Storing vital products with care

Annual Report 2020

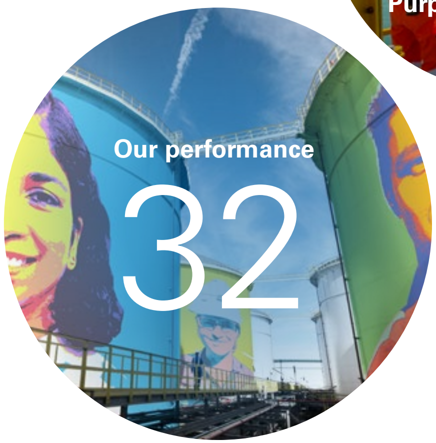
Storing vital products with care

We store products that are vital for everyday life. The energy that allows people to cook, heat or cool their homes and commute to work. The chemicals that enable companies to manufacture millions of useful products. The edible oils to prepare food. Vopak is the world's leading independent tank storage company and we take pride in **storing vital products with care**, for a growing world population.

Cover page

The symbols used on the cover represent just some of the end-uses of the products we handle: polymers in clothes, energy to heat houses and charge laptops, cosmetics, chemicals and coatings used in headsets and computer screens.

In this report



Vopak at a glance

at year-end 2020

Royal Vopak is the world's leading independent tank storage company. With over 400 years of history and a focus on sustainability, we ensure safe, clean and efficient storage and handling of bulk liquid products and gases for our customers. By doing so, we enable the delivery of products that are vital to the economy and the daily lives of people across the globe, ranging from chemicals, oils, gases and LNG to biofuels and vegoils. We are determined to develop key infrastructure solutions to facilitate the transition of the world's changing energy and feedstock systems. At the same time, we invest in digitalization and innovation to improve our performance and our service to our customers. Vopak is listed on Euronext Amsterdam and is headquartered in Rotterdam, the Netherlands.

Number of terminals
70

Number of countries
23

Storage capacity
In million cbm
35.6
34.4 (2019) | 35.6 (2020)

Market capitalization
In EUR billions
5.4

Number of employees
In FTE
5,637
17% | 83%

Total Injury Rate (TIR)
In 200,000 hours worked by own personnel and contractors
0.37
0.34 (2019) | 0.37 (2020)

FY2020 EBITDA[1]
in EUR millions
-excluding exceptional items-
792

FY2020 EPS[1]
in EUR
-excluding exceptional items-
2.42

FY2020 ROCE[1]
-excluding exceptional items-
11.6%

1 For a reconciliation between the IFRS numbers and the amounts excluding exceptional items, reference is made to note 2.2 of the financial statements.

January
- Vopak finalized the divestment of its terminal at Algeciras, Spain, completing the European divestment program announced in 2019.
- PT2SB in Malaysia repaid part of its preference share capital following the completion of new financing arrangements for the associate industrial terminal.

February
- Vopak announced plans to expand its Vopak Shanghai – Caojing Terminal, adding 65,000 cbm of extra capacity for chemical gas products. This industrial terminal serves chemical plants located in and around the Shanghai Chemicals Industry Park.
- Vopak started a share buyback program to return EUR 100 million to shareholders over the course of 2020.

March
- Pengerang Independent Terminals (PITSB) in Malaysia commissioned an additional 215,000 cbm of capacity, to serve the Singapore Straits – Asia's main energy hub in Asia.

April
- Vopak and Keppel Data Centres agreed on a feasibility study into new LNG and hydrogen infrastructure as part of Singapore's Floating Data Centre Park development.
- Vopak announced its initial investment in the 50/50 joint venture Vopak Moda Houston terminal located in the Houston Ship Channel, including 46,000 cbm capacity of various gas tanks and a new jetty for the storage and handling of chemical gases.

June
- Vopak finalized its expansion project at Bahia Las Minas in Panama, adding a further 40,000 cbm to bring total capacity at the terminal to 375,000 cbm.

July
- Vopak issued over USD 500 million equivalent of debt in the US private placements market.

August
- Vopak's terminal at Vlissingen in the Netherlands brought a further 9,200 cbm of pressurized storage capacity into operation for LPG and chemical gases.

September
- Vopak and BlackRock agreed to buy three US Gulf Coast industrial terminals from Dow for USD 620 million. The terminals have a combined capacity of 852,000 cbm and will serve three key production complexes of Dow.
- Vopak commissioned 160,000 cbm capacity at its Durban terminal in South Africa, supporting the import of cleaner and lighter fuels into the country.

October
- Vopak and Chandra Asri agreed on a new partnership to explore opportunities for industrial infrastructure services in Cilegon in Indonesia.

November
- Vopak announced plans to add 20,000 cbm for chemical products to its Alemoa terminal in Brazil, further strengthening the company's position in Santos, Latin America's leading port.
- Vopak brought its 100,000 cbm Lesedi terminal near Johannesburg, South Africa, into operation. The terminal is connected directly to Durban via a multipurpose pipeline.

December
- Vopak and ExxonMobil agreed on a partnership to explore the feasibility of an LNG import terminal in South Africa.
- Vopak and its partners started construction of the 25 megawatt Vopak Solar Park Eemshaven located in the Netherlands.

CEO statement

In a challenging year, Vopak continued fulfilling its role in society by storing vital products with care. We stay committed to innovation and a more sustainable world.

Eelco Hoekstra
Chairman of the Executive Board and CEO of Royal Vopak

While the Covid-19 health crisis will hopefully subside in 2021, its long-term effects on the global economy, the energy transition and society at large are still to be defined. In any case, its impact is likely to be felt throughout the decade. On the positive side, the pandemic led many to rediscover the values of health and community; it also showed that global cooperation and concerted action are possible and key to address the challenges and opportunities of our time. This time calls for public parties and businesses to join forces for a sustainable economic recovery and climate action.

"We delivered good results in a more volatile business environment."

At Vopak, we store vital products with care. Through our global network, we enable society to function by ensuring access to products that meet people's everyday needs – including chemicals to produce disinfectants, face masks and other protective equipment. We aim to be the sustainability leader in our industry and live up to our purpose. We care for safe, clean and efficient storage. We care for the safety, health and wellbeing of our employees, contractors and neighbors. We care for the capital our investors entrust us with. We care for a resilient and sustainable society.

Ensuring business continuity

I am extremely proud of all the colleagues, contractors and other port workers who went the extra mile to enable Vopak to maintain business as usual in unusual circumstances. They are Vopak's own heroes, working every day in spite of challenging circumstances. Our strategy to be leading in digital, allowed us to move overnight to remote working from home where possible. Ours is a physical business, so presence at the terminals is key. With stringent measures in place to protect their health, many colleagues continued their work at our terminals to ensure business continuity. With agility and teamwork, we found ways to manage the situation effectively. Safety observation rounds continued. Thankfully, we did not record any severe personal safety or process safety incidents. We also progressed with our sustainability ambitions.

It was hard work to realize our business performance plans, which had appeared so realistic at the beginning of 2020. Nonetheless, despite significant headwinds in chemicals and in foreign exchange movements, as well as project delays due to the pandemic, we continued to focus on both short-term performance and long-term value creation. We worked to improve in safety and health. We maintained solid governance and control. And we stepped up efforts to deliver on our 2020 financial results and cost reductions. We proved resilient and defended our financial performance in 2020.

Transforming our portfolio

We delivered strongly on our strategic agenda and the transformation of our portfolio. I was particularly excited about the major acquisition of three industrial terminals from Dow along the US Gulf Coast, in partnership with BlackRock. This is the fruit of our decade-long dedication to contribute to the long-term success of our customers. It was also a reward for our consistent focus on expanding our footprint in industrial terminals, which organize product flows for entire petrochemical clusters in a safe, sustainable and efficient way.

With the same dedication, we continued to drive the transformation of our portfolio towards lighter fuels, chemicals and new energies. We made progress with our four LNG terminals and our LNG business development funnel. We upgraded and expanded our chemicals terminals in Rotterdam, Antwerp and Houston, while the Rotterdam Botlek team made improvements in managing out-of-service capacity through its turnaround project. And we increased the share of lighter fuels in Panama, Australia and South Africa. We will stay on course in the coming years, with a continued focus on the transformation of our portfolio and through growth in industrial terminals, gas and chemicals.

"We are ready for the world of tomorrow. We strive to live up to our purpose."

Over the past years, our activities have been moving beyond storage, with a stronger focus on organizing infrastructure for industrial complexes and facilitating new supply chains. In the field of new energies, we are accelerating in four focus areas: facilitating new value chains by developing infrastructure solutions for hydrogen, CO_2 and low-carbon feedstocks, as well as developing flow batteries.

In hydrogen, our teams are driving a range of options in our new business development funnel. We explore how to facilitate imports of green hydrogen to the Netherlands and Germany, with potential supply chains originating in Southern Europe, Morocco, the Middle East and South America. We also work on infrastructure solutions to help the industry in the port of Rotterdam decarbonize through large-scale use of blue hydrogen. In Singapore, we are exploring the potential of low-carbon ammonia for shipping and of flow batteries. To meet the rising demand of biofuels in Northwest Europe, we will expand storage in the port of Rotterdam for waste-basted renewable feedstocks for the production of biodiesel.

In 2021, some new energies projects should start materializing. We now have a healthy funnel of new energies projects in our focus areas, and I am confident that we will continue to build upon the progress reached so far. On top of that, we are building a solar park in the North of the Netherlands, which will enable us to gain understanding of the field of renewable electricity as an operator and minority investor and provide electricity to the equivalent of 8,000 Dutch households.

Driving digital innovation

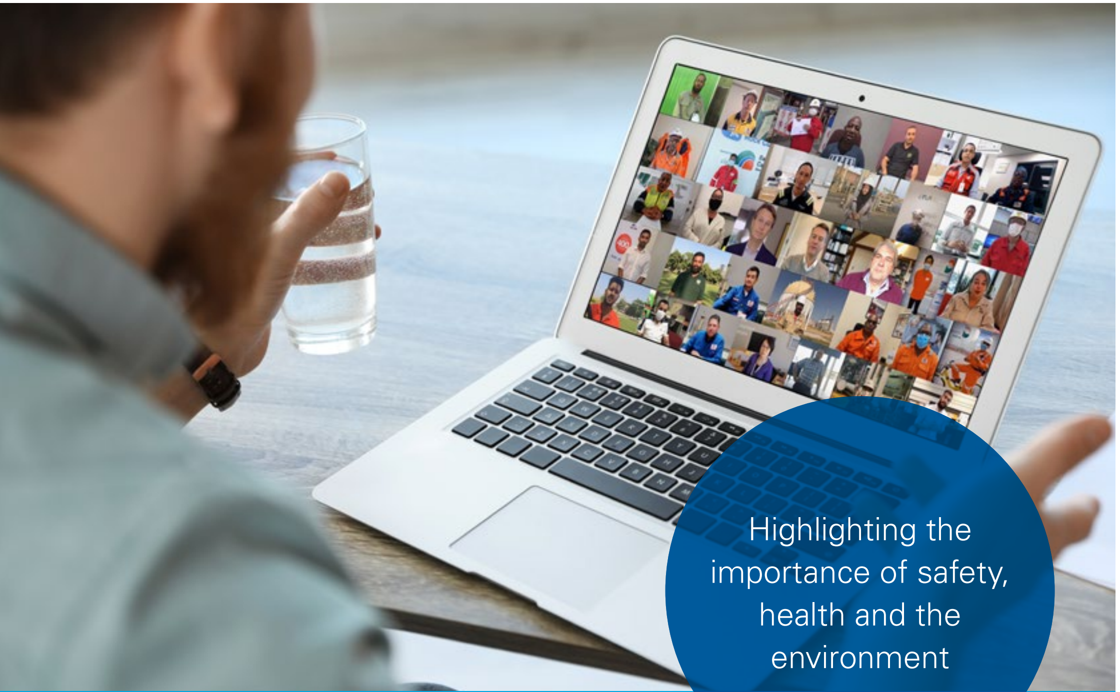
The pandemic highlighted the benefits of our digital transformation. It is no small achievement that our teams managed to ensure that all our systems kept running smoothly, enabling us to maintain contacts with colleagues, customers and many other stakeholders. Our digital modernization program is moving full steam ahead. Our IT system for customer operations interface MyService is now live at 14 locations, including Malaysia, Singapore, the United States, Colombia, Venezuela and Panama. And our finance & procurement platform, Oracle Cloud, works at nine locations, among which the Netherlands, Singapore, the United States, Panama and Australia. Our investments in digital innovation help us improve safety, sustainability and efficiency, provide better service to customers, and more generally become a data-driven company. The latter paves the way for further digital innovation. Via Vopak Ventures, which consists of a Digital Fund and a Sustainability Fund, we invested in a few promising start-ups and scale-ups, including platform technologies. As the global leader in our industry, we aim to contribute to enhancing port logistics and supply chains around the world, adding value beyond the boundaries of our own terminals and our customers' operations.

Making a difference

We are getting ready for the world of tomorrow. We strive to live up to our purpose by focusing on delivering long-term value creation for society at large. By contributing to those United Nations Strategic Development Goals where we can make a difference. By managing our environmental and carbon footprint and setting targets to reduce greenhouse gas emissions and emissions to air, water and soil. And by continuing to promote diversity and inclusion, and care for our employees, contractors and communities. Vopak wants to be a force for good in our communities. I deeply respect the efforts of all the colleagues who allow us to realize that ambition. A good example are the Covid-19 donations sponsored by the Vopak WeConnect Foundation, as well as many other initiatives led by colleagues to help provide relief in our communities.

On behalf of the Executive Board, let me wholeheartedly thank our colleagues, contractors and partners for their dedication and hard work to ensure safe and uninterrupted services in a challenging year for all of us. I also thank our customers, shareholders, authorities and our communities for their trust and support, which enable us to play our role in society. Finally, my gratitude goes out to the health workers, teachers, policewomen and -men, relief workers and government officials and all the other people who worked tirelessly to care for all of us.

Eelco Hoekstra
Chairman of the Executive Board and CEO of Royal Vopak



Highlighting the importance of safety, health and the environment

Care for Safety, Health & Environment (SHE) is our core value

The virtual SHE Day in Malaysia was held to remind colleagues to continuously live up to our core value and watch out for each other while facing challenges of the Covid-19 pandemic.

Safety, health and environment has become even more important as we all had to embrace a new way of working in 2020. Members of Vopak's Executive Board and Global Operations & Technology joined this online celebration.

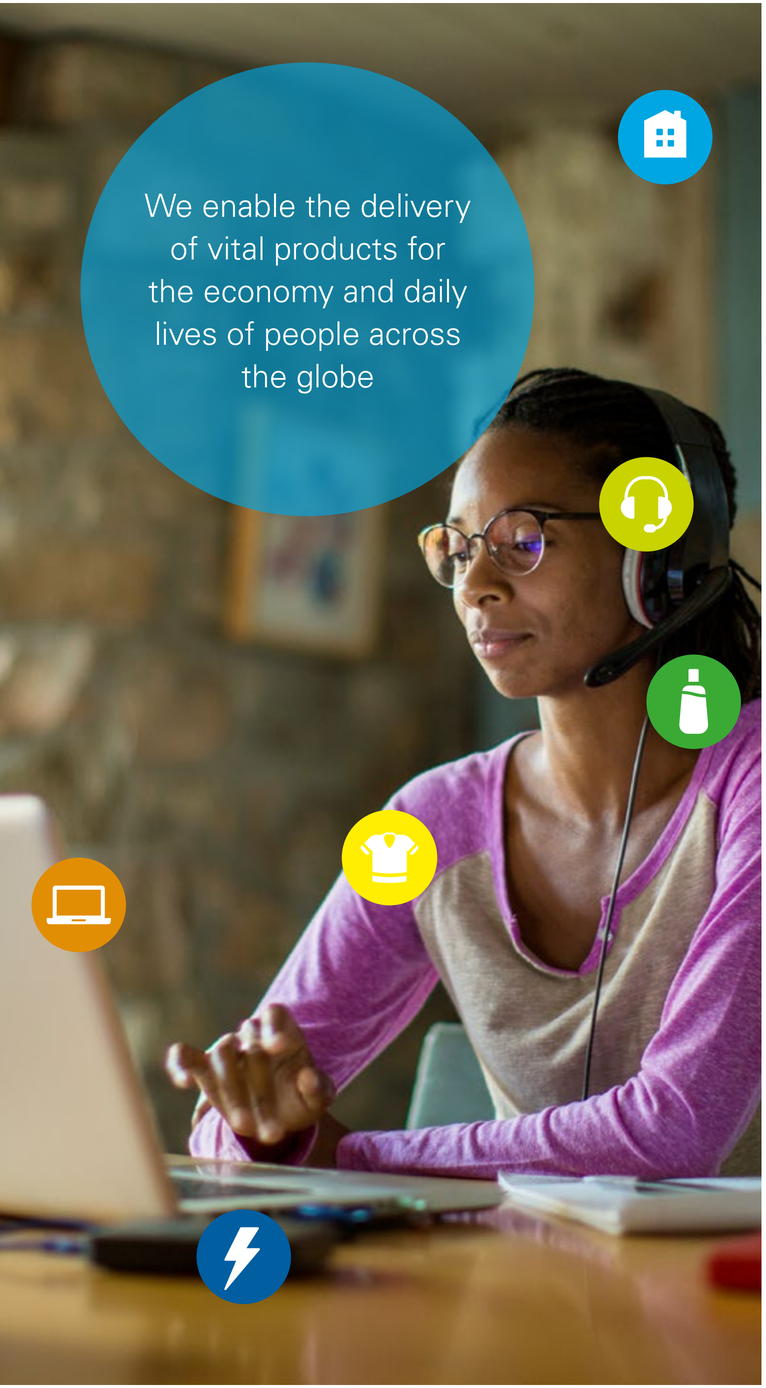
LNG feasibility study for South Africa

Vopak and ExxonMobil sign memorandum of understanding

Vopak will work together with ExxonMobil to assess the commercial, technical and regulatory aspects of an LNG regasification terminal in South Africa with the aim to bring LNG into the country.

The companies have successfully worked together for several decades. Future projects that would come from this study can help ensure the security of South Africa's gas supply and may have the potential to help improve air quality in South Africa.

Purpose & strategy



Our purpose: storing vital products with care

Demand for energy, food and chemicals is growing as populations increase and become more prosperous. As the world's leading independent tank storage company, we connect supply and demand for these products and enable the delivery of products that are vital to the economy and daily lives of people across the globe.

To do so, we operate a global network of storage and logistics terminals at strategic locations along major trade routes. We ensure safe, clean and efficient storage and handling of bulk liquid products and gases for our customers.

Storing vital products

Our work enables people to meet basic needs: to cook and heat their homes, go to work and travel the world. We help maintain homes, allow factories to operate and companies to manufacture useful products that people use in their daily lives. Our long-term success depends on our ability to innovate and respond to changing demand from society and the markets in which we operate. Vopak is determined to develop key infrastructure solutions to facilitate the transition of the world's changing energy systems. Today, we store chemicals, oil, gases, biofuels and edible oils. In the future, we also expect to store products like hydrogen and provide infrastructure for CO_2.

...with care

While the products in our tanks are crucial to people's everyday lives and to the economy, they can impact people's health and the environment if badly stored or handled. It is our role and responsibility to ensure safe, clean and efficient storage. We have a commitment to care, which extends to all our stakeholders, including our colleagues and contractors, our customers and the communities in which we operate.

Our strategy

Vopak operates a global network of terminals worldwide. Through these terminals, we enable the delivery of products for the energy, chemicals and food & agriculture industries.

Our network of terminals helps customers deliver their products to market. We adapt to constantly changing markets and product flows, resulting from shifts in climate policies, in geopolitics and the development of new energy sources and cleaner fuels. At the same time, we have seen increased digitalization and the introduction of new technologies – these create significant opportunities for our business. To respond effectively to these changes, we need to be flexible. We also need to have a long-term vision not only of the best locations for our terminals, but also of the products and infrastructure that society will use in the years ahead.

In 2020, our strategy continued to be robust, despite the Covid-19 pandemic. We put in place effective controls to continue operations and protect people working at our facilities. No material changes were required to our strategy, goals or objectives. All terminals remained operational and there were no significant disruptions to business continuity.

Strategic tank model

Our strategic tank model is based on leadership pillars and a foundation that support us in creating value for all our stakeholders including society at large as shown on the next page.

Leading assets in leading locations

In our business, location is vitally important. Over the years, we have grown our portfolio of terminals; we have strengthened Vopak's value proposition across the company's strategic terminal types:

- New energy & feedstocks
- Gas terminals
- Industrial terminals
- Chemicals terminals
- Oil terminals.

Our aim is to have a diverse portfolio of terminals – a strong asset base at a competitive cost of ownership.

In deciding where to locate or acquire our terminals, we consider a number of factors: patterns of supply and demand, international trade, the location of industrial clusters, population growth and sustainability. Given that production often is not located close to demand, global growth in demand will increase trade flows, and open up opportunities for Vopak.

Operational leadership

Vopak has high standards in safety, sustainability, service and costs – this is how we aim to differentiate ourselves from our competitors. Safety is our first priority. We abide by existing rules and regulations as a minimum – and adopt best practice where possible. Our aim is to be an industry leader in designing, engineering and commissioning new assets, in project management and in operating and maintaining our existing terminals.

Vopak's terminals are governed by global standards that often go beyond local regulatory requirements. We realize that our license to operate and our license to grow depend on our ability to manage our facilities safely and responsibly. We have policies, standards, systems, toolkits and core processes that support our ambitions in this area. We provide extensive training programs for both employees and contractors. When selecting contractors, safety performance and experience are critical qualifying criteria. We look at ways of introducing new, safe and more sustainable technologies to improve our systems and processes. We also apply sustainability criteria to our key suppliers.

Service leadership

We operate efficiently, by keeping costs down and shortening processing times where possible. In doing so, we help improve customers' business performance. In this area, we are committed to constant improvement – by listening to our customers and anticipating their needs. Wherever we operate, our goal is to be the best in port. We regularly survey customers, so we can use their feedback to improve our services. Vopak plays a fundamental role in customers' supply chains, providing vital infrastructure. We realize we can add value here by providing customers with easy access to real-time information – on loading and waiting times, for example. We have built long-term trust with our customers not only through high levels of customer service, but also through our commitment to safety and sustainability.

Technology leadership

We are using more digital technologies. These help us improve safety and customer services; in many areas, they allow us to work more efficiently, saving costs and energy. With technology, we are better connected to our customers. Data analytics allows us to speed up supply chains both for ourselves and our customers. We can also bring in external data using our new API-based platform.

Increasingly, at Vopak, we work with mobile devices providing us with real-time information. At the same time, sensors and meters are allowing us to develop smarter terminals – and plan maintenance work more effectively.

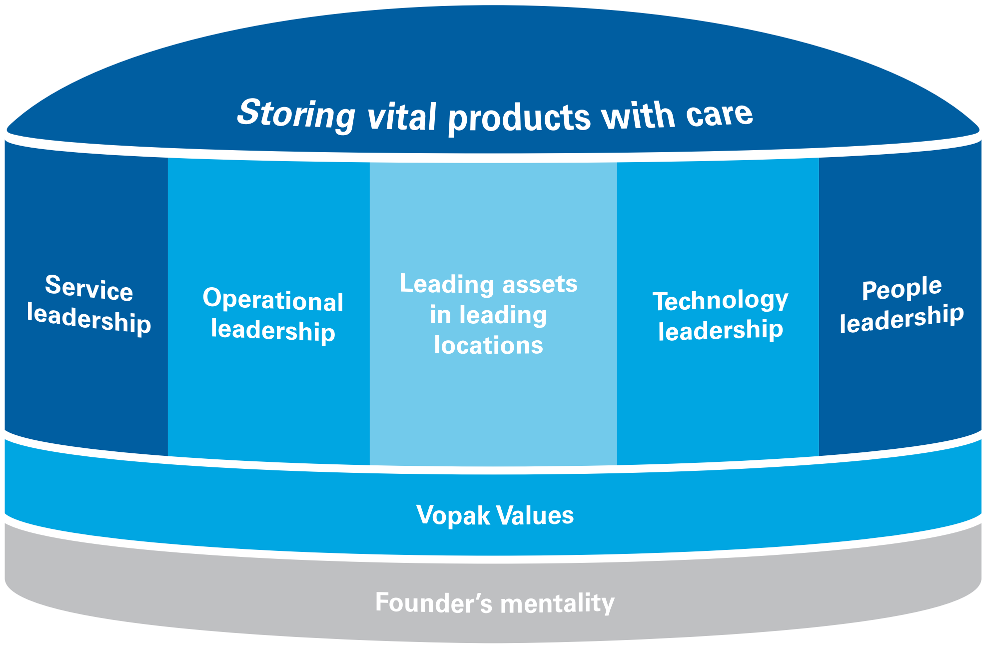
People leadership

Our people are vital to our company and performance. As an employer, we want to inspire and challenge our people. We are helping them develop the right capabilities and leadership skills, and we aim to instill high standards of ethics and integrity. Our aim is for a highly motivated, skilled, agile and diverse workforce and an inclusive culture. We want to have the right people with the right skills, in the right place and time. We also need to attract new talent – to do so, we have a strong focus on career development and on-the-job learning. Our employee appraisals address not only past performance but also future development. In our salaries and benefits, we look to reward individual performance, and encourage employees to pursue assignments outside their home countries.

Vopak values and founder's mentality

Underpinning these leadership pillars is Vopak's foundation – our founder's mentality and our Vopak values. Our founder's mentality involves not limiting ourselves to what we know now, or what has worked in the past, but being always open to new solutions and opportunities – always applying an entrepreneurial approach. The Vopak Values are the foundation of our approach to business. They act as a guide to decision-making, and serve as the company's moral compass. It is this foundation that allows us to work together, to live up to the company's purpose – and to invest in the long-term success of both Vopak and its stakeholders.

Strategic tank model

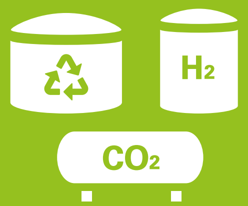


Sustainable Development Goals

Vopak supports the Sustainable Development Goals (SDGs) and specifically embraces five SDGs. These are the areas where we believe we can create the most value for stakeholders and society as a whole – by supporting the transition to better, lighter fuels and low-carbon energies, in providing a safe working environment, in preventing air, water and soil pollution, and in building resilient, sustainable infrastructure at ports around the world.

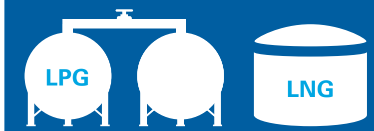
SDG	Vopak's contribution	Ambitions & targets
Ensure access to affordable, reliable, sustainable and modern energy for all Take urgent action to combat climate change and its impacts	Vopak contributes to facilitating energy security and the energy transition by creating reliable access to energy and developing infrastructure solutions for future low-carbon energy and feedstock ecosystems, facilitating new product flows like hydrogen, ammonia and CO_2. Our main contribution to combating climate change is in facilitating solutions that enable producers and customers along the value chain to reduce their CO_2 footprint. We also aim to reduce our own carbon footprint and improve our energy efficiency. We aim to minimize the negative impact of our activities on climate.	• Facilitate introduction of lighter, cleaner and less polluting fuels • Develop new infrastructure solutions for low-carbon energy and feedstocks • Our ambition is to be climate neutral by 2050
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	In storing vital products today and tomorrow, safety is our first and foremost priority. This includes ensuring a safe and secure working environment for all people working at and for Vopak.	• Zero fatalities and major incidents and reduce Total Injury Rate (TIR) • Improve diversity in management in terms of both gender and nationality
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	To realize our purpose, we develop, maintain and operate reliable, sustainable terminal infrastructure in ports around the world. We adopt and invest in environmentally sound technologies and processes. We explore the introduction of more sustainable technologies and processes and work on the digital transformation of our company.	Industry leader in: • Sustainability, service delivery and efficiency standards • Design and engineering of new assets • Project management and commissioning of new assets • Operating and maintaining existing assets throughout the Vopak network
Ensure sustainable consumption and production patterns	We strive for environmentally sound management of the products we store and handle, and we work hard to minimize any negative impact on the environment, in particular by reducing releases to air, water and soil.	• Reduce Process Safety Event Rate (PSER) • Reduce releases of harmful products to the environment • No uncontained spills

New energy & feedstocks



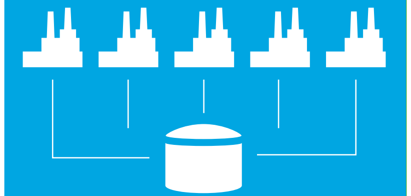
Vopak actively pursues opportunities in new energies and sustainable feedstocks. We aim to develop infrastructure solutions for the world's changing energy and feedstock systems. Our strategy for new energies is to facilitate new supply chains for hydrogen, CO_2 and new feedstocks, as well as develop flow batteries. Vopak has made first investments in hydrogen and is exploring further opportunities in Europe and beyond. In Asia, we are exploring the potential of low-carbon ammonia and flow batteries.

Gas terminals



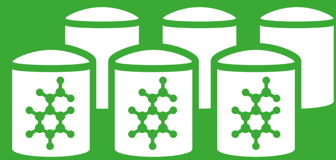
Vopak is expanding its gas storage – in response to increased demand from petrochemicals, gas-fired power plants and transport. Vopak continues to contribute to the energy transition by introducing new infrastructure for cleaner fuels like LPG and LNG. We own and operate LPG terminals in the Netherlands, China and Singapore; we have LNG facilities in Colombia, Mexico, the Netherlands and Pakistan.

Industrial terminals



Petrochemical clusters are becoming larger and more complex, making logistics integration even more crucial. Industrial terminals have a single operator, typically serving multiple plants at the same time. This makes optimizing terminal logistics easier. Many petrochemical clusters adopt this model because of the size and complexity of their operations. Industrial terminals typically have long-term customer contracts – since terminals are integrated into the customer's facility. We operate industrial terminals in the US, Europe, Middle East, Asia and China.

Chemical terminals



Demand for chemicals storage is growing. Vopak operates a global network of chemicals terminals; in particular, we have a strong presence in key hub locations, including Antwerp, Rotterdam, Singapore and Houston. Besides growth opportunities, we are also looking at ways of operating our terminals more efficiently and further strengthening customer service.

Oil terminals

Vopak operates oil hub terminals located strategically along major shipping routes, where suppliers, customers and traders are active. These include Rotterdam, Fujairah and the Singapore Strait. We also play an important role in ensuring countries with structural oil supply deficits have adequate access to energy imports.

Excellent safety performance with more than 1,000 contractors on site

Successful expansions in South Africa

Vopak is a key service provider in the fuel supply market in South Africa, due to our strategic locations in Durban and Lesedi.

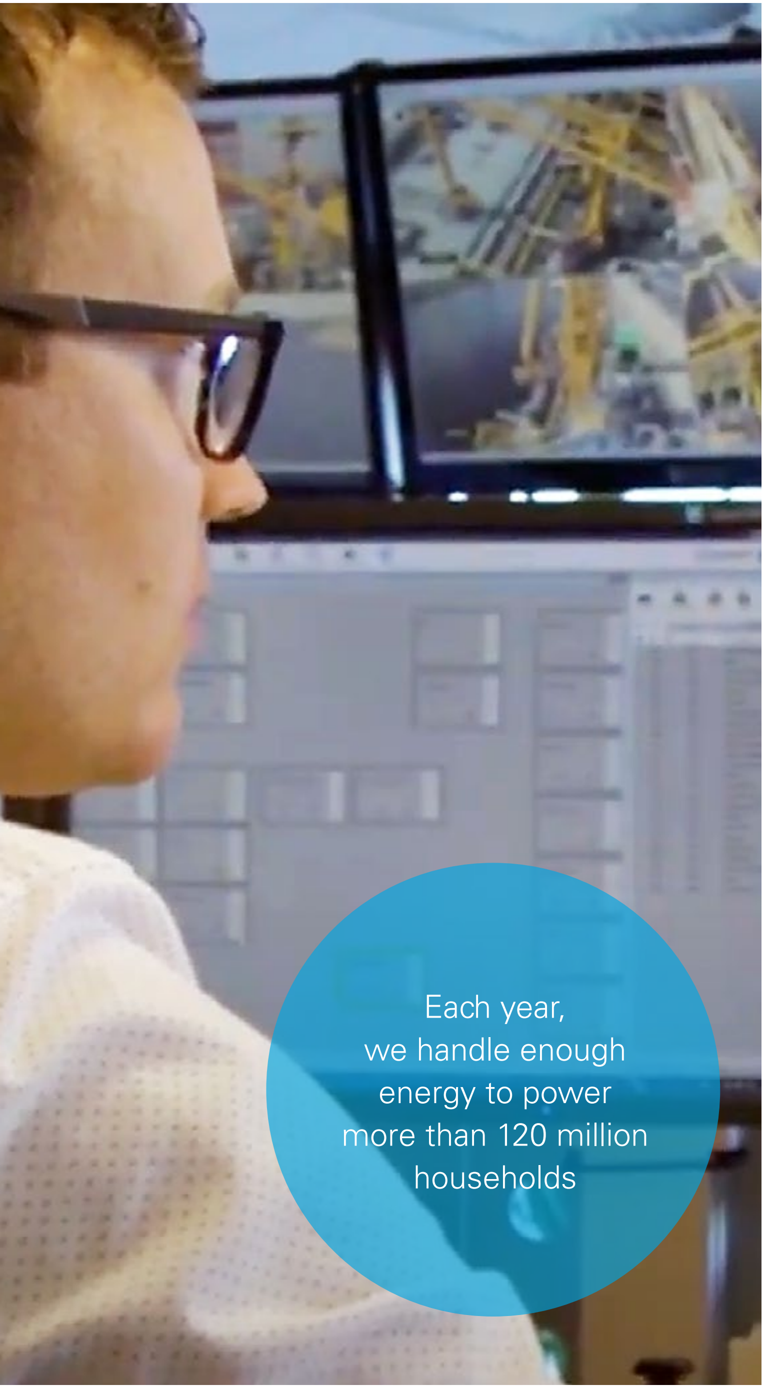
Excellent safety performance was achieved during the project as a direct result of the dedication to safety from local management, combined with on-site supervision. By expanding our storage capacity our customers can meet the growing demand for cleaner fuel.

Capacity equal to an average consumption of approximately 8,000 Dutch households

Start of construction Vopak Solar Park Eemshaven

Vopak Solar Park Eemshaven is a joint venture with the parties Groningen Seaports, Vopak and funds managed by Whitehelm Capital.

The solar park will be built on 19 hectares of land around the Vopak Terminal Eemshaven, in the Netherlands. The new solar park will have a capacity of approximately 25 megawatts, with the first green power expected to be supplied to the electricity grid in the third quarter of 2021.



Our value creation

Our long-term value creation takes key socio-economic issues into account. We aim to create value for all our stakeholders – from customers and business partners to investors, employees and local communities. Vopak's business, financial and investor strategies are founded on this principle.

The products we handle provide power, energy for light, cooking and heating, and form the basis of millions of useful products and household goods. We handle enough energy each year to power more than 120 million households.

Through the payment of taxes, dividends for shareholders and salaries for employees, we create financial value. We enable efficient services that benefit our customers and the wider communities we serve. We also create social value – our engagements with different stakeholders like governments, business partners and our communities are proactive and transparent, and help us work together in a mutually beneficial manner, building long-lasting relationships based on trust.

At the same time, we are aware that, through our business activities, we may also deplete value – through accidents, for example, or damage to the environment. That's why we work hard to minimize these impacts. In operating our business, we also consume resources – we invest in our facilities and terminals and make use of natural resources like water and energy. We manage these resources to the highest level of responsibility.

Value creation model

Our value creation model[1] is shown on the next page. This model describes both the resources we consume (inputs) and the value we create or deplete during the course of our business (outputs). Importantly, this model allows us to identify where particular strategies or investments may create value for one stakeholder group, but reduce value for another.

1 Vopak's model is based on the framework published by the International Integrated Reporting Council (IIRC). For more information, see www.integratedreporting.org.

Input

People
Time, expertise and resources of both employees and contractors
- **5,637 employees (in FTE) and more than 10,000 contractor person-years**
- **Average 36 hours spent on training and development per employee**

Systems & Processes
Company-wide systems, processes, controls and minimum standards
- **EUR 44 million invested in IT infrastructure and systems**
- **Vopak Fundamentals on Safety**

Social & Relationships
Relations with stakeholders, including customers, business partners, governments, authorities and local communities
- **More than 500 customers globally**
- **More than 50 joint venture partners around the world**

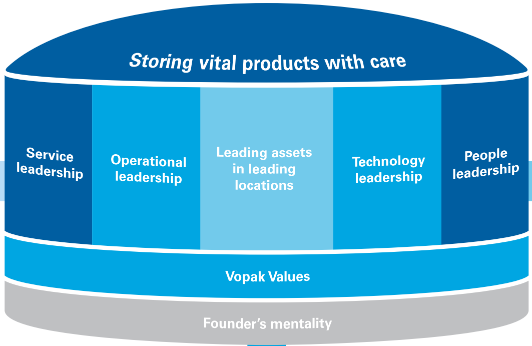
Financial
Available funds, including equity, debt, storage fees and other forms of revenue
- **EUR 3.0 billion in shareholders' equity**
- **EUR 2.6 billion in interest bearing debt**

Terminals & Equipment
Vopak's network of terminals, including storage tanks, pipelines, jetties and other facilities
- **70 terminals in operation globally**
- **35.6 million cbm in storage capacity**

Natural
Natural resources, including energy and water, as well use of land and sea for company facilities
- **4.1 billion KwH in energy consumption (direct and indirect) of which 64% from renewable sources**
- **1,550 hectares of land**

We create value for our stakeholders and society

In 2020, we handled 170 million metric tons of products for society



Business environment changes: energy transition, sustainability & digitalization

Outputs

Impact[1]

People
- **Employee engagement score of 85%**
- **EUR 406 million in salaries, benefits and pension contributions**
- **Total Injury Rate[2] of 0.37**

Systems & Processes
- **Safely handled 170 million metric tons of products**
- **Process Safety Event Rate[2] of 0.14**

Social & Relationships
- **Net Promoter Score of 67**
- **EUR 260 million in payments to contractors, suppliers and other business partners to operate our business**

Financial
- **EUR 325 million paid to investors in dividends, share buybacks and interest**
- **EUR 55 million paid in income tax**
- **Investments of EUR 525 million in new growth projects**

Terminals & Equipment
- **EUR 271 million spent on sustaining and service improvements**
- **Increase in total storage capacity of 1.6 million cbm**

Natural
- **Societal impact of VOC emissions reduced by 19% compared to 2016**
- **GHG emission of 444,150 metric tons of CO_2 equivalents**

Outcomes

Customers
We continued to deliver product to customers safely and efficiently – without serious process incidents; we were able to maintain operations through the year despite the Covid-19 pandemic. Customer service levels, as measured by NPS, increased further – confirming that customers appreciate our service levels.

Employees & contractors
Total injury rate slightly deteriorated, however severity of personal incidents was lower than last year; The sickness absence rate was kept low at 2.2%, despite Covid-19 challenges. Salaries, benefits and pension contributions were in line with last year. Employees receive a fair and liveable compensation; again, all countries were found to be compliant with the living wage principle.

Investors
Payments to investors increased by more than 30%, reflecting higher dividends and the share buyback program. Value was lost, however, through lower share prices which declined by 11%. We continued to invest in our business, increasing overall storage capacity by 5% mainly in Asia and the Americas. New growth projects were announced in China, Brazil and the US.

Governments & authorities
We continued to support public services through tax payments. We paid a fair tax in the countries in which we operate. We also complied with all safety, health and environmental protection laws. Again, in 2020, we received no fines for non-compliance in these areas.

Local communities
During 2020, we continued to reduce societal impact of our VOC emissions in line with our investment program. We increased GHG emissions as a result of our increased portfolio. Despite improved energy efficiency, GHG intensity further increased. The number of uncontained spills increased.

Business partners & suppliers
In 2020, total payments to suppliers and other business partners reduced. We continued to invest in joint ventures around the world. New opportunities for business partners were also created through capacity expansion and conversions at several major terminals.

1 More information on the United Nations Sustainable Development Goals that connect to the heart of our activities can be found on page 11.
2 Number of injuries for every 200,000 hours worked by employees and contractors.

Our responsible business conduct

Vopak aims to create value for all our stakeholders including society at large. Our approach to responsible business conduct is based on care for people, planet and profit.

This principle is built into our purpose as a company: storing vital products with care. We strive to be a responsible member of society and the communities in which we operate, a company that our employees and contractors may be proud to work for. To achieve this, everyone at Vopak needs clear guidance, through ground rules and policies.

Our moral compass

Vopak Values

The Vopak Values are the foundation of our approach to business. It's vital that our employees, contractors and joint venture partners understand and share these values.

There are five values in all:

- Care for safety, health and the environment
- Integrity
- Team spirit
- Commitment
- Agility

These values are embedded in our policies and frameworks, including our Code of Conduct. They act as a guide to decision-making, and serve as the company's moral compass.

Code of Conduct

Vopak's Code of Conduct sets out our expectations with regard not only to safety and the environment, but also to human rights, non-discrimination, fraud and corruption. The Code also includes provisions on anti-money laundering and compliance with international sanctions. These are important topics for Vopak as we operate worldwide, including in countries with higher risk of corruption and poorer human rights. The Code is applicable to all Vopak employees and contractors – we provide regular training in the Code to ensure high standards. We also have a whistleblower policy, allowing employees and other stakeholders to report alleged Code of Conduct violations in confidence. We follow up on all complaints, and take remedial action where needed.

Sustainability Policy

Our choices today must contribute to our long-term relevance in society and the well-being and development of future generations. We are committed to minimizing the negative effects of our business activities on people's safety, health and well-being. We do this by prioritizing personal and operational safety, and working hard to reduce our environmental footprint. We invest in training, talent development and in building a diverse and inclusive workforce. We contribute to a more sustainable economy by introducing more sustainable technologies, processes and facilitating the energy and feedstock transitions.

Our ambition is to be the sustainability leader in our industry and live up to our purpose: storing vital products with care.

Safety and health

We handle hazardous products – so safety is our number one priority. We have company-wide safety principles, the Vopak fundamentals. Care for safety, health and the environment is built into both our Code of Conduct and our Supplier Code. We provide rigorous safety training to those working at Vopak locations.

Vopak's safety fundamentals include guidelines on transferring products, managing change, on permits, lock-out – tag-out, excavation, motorized vehicles, and working in confined spaces and at heights – a common cause of accidents in the industry. As a minimum, we comply with laws and regulations. We systematically discuss and report work-related injuries, fatalities and illnesses[1], as well as safety incidents like spills and fires, with a view to further strengthening our Safety, Health & Environment (SHE) performance. Since 2019, we are rolling out our Trust & Verify program. The aim of this program is to increase awareness of safety issues, and to encourage a culture of personal accountability throughout the company. We are also bringing in more technology which helps us to identify risks sooner, often in real time. This gives us the opportunity to intervene early and prevent incidents before they happen; it also allows us to work more remotely, and reduce the number of employees and contractors potentially at risk. All incidents – no matter how small – are reported, as are all near-misses. Reports are made directly in Enablon, our incident reporting system. Alerts are sent out following incidents, and every quarter management discusses safety performance and lessons learned.

Environment

We work to minimize damage to the environment – through harmful emissions, for example, or accidental spills. We have a clear responsibility, in this respect, to the communities in which we operate. Vopak has a robust environmental management process. We use API RP 754 – the American Petroleum Institute's recommended practice for the refinery and petrochemical industries. Our Environmental Management System is included in Vopak's internal standards (as part of our Environmental Impact Assessment and Soil & Groundwater Management). With environmental controls – as with safety – we make a point, in many cases, of going beyond legally-required minimum standards.

We have put in place a program of improvements at our terminals to further reduce emissions of VOCs (volatile organic compounds). VOCs can cause air pollution and may pose a health risk, which is why we assess not only the emissions themselves, but also their overall social impact – which we aim to reduce by at least 20%. We work hard to make our carbon footprint smaller and our ambition is to be climate neutral by 2050. Worldwide, we are responsible for approximately 1,550 hectares of land. So, it is important that we avoid spills that may contaminate local soil, groundwater, or the sea. Our aim is to have no uncontained spills. As part of our standards, we require our terminals to have secondary containment, often additional barriers or walls where there is risk of a spill – in tank pits, for example, pumps or loading stations. This secondary containment helps prevent spills seeping into the nearby environment. As a result, spills that do occur are contained and cleaned up as quickly as possible.

With regard to biodiversity, Vopak's impact assessments cover not only air quality and possible contaminations, but also emissions of light (which can have an effect on bird behavior and migration), as well as noise and possible risks to archaeological sites. Hazardous waste is regulated through our Waste Management standard; this applies to all entities.

Preparing for emergencies

Given the nature of our business, there's always the possibility of a safety incident. Our Terminal Health Assessment (THA) and Assure program focuses on major accident prevention. Terminals are regularly audited to make sure they meet the standards. Our assets – tanks, pipelines, pumps and jetties – are regularly maintained. We have a rolling three-year maintenance program. All assets are properly designed, with safety paramount. The program also helps ensure we have employees able to respond quickly to emergencies and a safety-first culture to prevent accidents.

Vopak's terminals are equipped and tested annually on their emergency and crisis response. At our terminals, a typical Emergency Response Plan (ERP) includes different scenarios, as well as recommended responses and escalation procedures. Local authorities are also involved closely in drawing up these ERPs.

Human rights and decent work

We respect international human rights and labor rights[2]. We screen major investments for potential human rights issues. With regard to labor rights and decent work, we have identified locations most at risk of violations – in these locations, we verify that at least minimum conditions are being met. We also support the living wage principle, and work directly with contractors on health & safety standards, human rights, ethics and integrity. For employees, we provide competitive salaries and benefits – we reward performance and work closely with trade unions and other employee representative groups at our terminals and facilities. In addition to our own staff, we employ thousands of contractors across our operations. During 2020, these contractors outnumbered Vopak employees.

1 Vopak applies OSHA 1904, relating to record-keeping and reporting of occupational injuries, fatalities and illnesses.

2 As set out in the International Bill of Human Rights (which includes the Universal Declaration of Human Rights, the International Covenant on Civil & Political Rights and the International Covenant on Economic, Social & Cultural Rights). Vopak's policies are also based on a number of other international agreements, including: the International Labor Organization's (ILO) fundamental principles, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. Vopak seeks to uphold international labor and human rights across its operations, as well as with suppliers, business partners, works councils and trade unions, within the limits of local laws and regulations.

Contractors often work on construction sites, or on maintenance projects. We also provide regular safety and operational training to contractors; their obligations are set out clearly in our Supplier Code. Contractors and suppliers must comply with this Code, as well as with Vopak's Sustainability Policy, living wage approach and international human and labor rights standards[1].

Transparency

Our material issues

Vopak carries out periodic materiality analyses. Together with our stakeholders, we define the material societal, environmental and economic topics for our company. A full materiality assessment – based on input from various stakeholder groups was performed in 2019. Ranking the relevance of topics to stakeholders and the significance of the impacts, six key topics emerged as being the most material: process safety, business ethics & integrity, air quality (VOC and other air emissions), occupational health & safety, water pollution and innovation. In the Sustainability section we report in detail on the key topics and show the connectivity table – addressing each topic directly to our strategy. Other topics are reported based on compliance with regulatory requirements and our response to actual societal topics. Our approach and detailed performance on each material topic and information on the methodology used and process of the materiality analysis can also be found in the Sustainability section.

Material sustainability topics

Environmental topics
1 **Air quality: VOC and other air emissions**
2 Soil and groundwater pollution
3 **Water pollution**
4 Waste
5 Greenhouse Gas (GHG) emissions
6 Energy use
7 Water management
8 Biodiversity

Economic topics
9 **Business ethics and integrity**
10 Application of best practices
11 Customer acceptance and continuation
12 Financial performance
13 **Innovation**
14 Remuneration
15 Supplier acceptance and continuation
16 Taxation

Societal topics
17 **Process safety**
18 **Occupational health and safety**
19 Training and education
20 Nuisance
21 Labor conditions
22 Human rights
23 Diversity
24 Community engagement and charity

1 As set out by the International Labor Organization's (ILO) fundamental principles and the OECD Guidelines for Multinational Enterprises.

The Sustainability section presents information about the impacts of Vopak's activities on the society, environment and economy linked to our value creation process. The determination of (sustainability related) threats and opportunities that could potentially impact Vopak's portfolio and/or strategy forms an integral part of our strategic planning cycle. This is fully integrated into our risk management process, reference is made to the Governance, risk and compliance section.

Risk management

Safety, health and the environment are also built into our approach to risk management. We carry out regular risk surveys – and take action to mitigate risks. For 2020, the principal risks included climate change, the energy transition and the risk of a major safety incident. The company's principal risks remain largely unchanged compared with 2019. However, the Covid-19 pandemic has led to higher levels of uncertainty in these risk areas. Furthermore, three particular risks – market volatility, movements in oil & gas prices and cyber breaches in IT/OT systems – have become more apparent or have accelerated during 2020 (i.e. they have increased in probability – not impact – compared with the previous year).

Since the start of the Covid-19 pandemic the company has monitored developments closely. Scenario-based contingency plans and other mitigating actions were prepared and were ready to be put in place if needed. Fortunately, no significant disruptions to business continuity and limited impact on our operations was observed – all terminals have remained operational throughout the year.

Vopak's Executive Board has ultimate responsibility for risk management – we have an internal control framework, based on three lines of defense: operational controls at our terminals, oversight by divisional and global management, and internal audit, ensuring full compliance. Our internal control framework is regularly reviewed and updated, where necessary.

Climate change and societal developments are becoming increasingly important topics. On environmental controls, we support recommendations from the TCFD (Task Force for Climate-Related Financial Disclosures), and use this framework to assess climate-related risks and opportunities, and to stress-test our portfolio and strategy by using scenario analysis. For further details, see climate impact on Vopak in the Sustainability section.

Responsible tax

Vopak acknowledges that paying tax is part of its corporate social responsibility. In 2020, Vopak paid EUR 55 million in corporate income tax. Vopak complies with both the letter and spirit of the law. Vopak's business strategy is leading in where we pay tax. As a result, tax is being paid in the countries where the economic activities take place.

Additional information

Further information on these subjects and Vopak's system of corporate governance can be found in the back-end of this Report in separate sections on Sustainability (pages 54-91) and Governance, Risk and Compliance (pages 92-130).

The terminal is being modernized and expanded for the future

Botlek terminal future hub for vital product

The Botlek terminal in Rotterdam nears completion of its expansion of 15 state-of-the-art tanks to store vital products. One of these vital products is Styrene.

Styrene is a chemical used to produce plastic products which are important in our daily lives, for example, insulation material, gloves, car tires and pipes. With the new tanks and improved infrastructure, we can offer better service for our customers and provide meaningful contribution to society by storing vital products with care.

Teaching basic coding skills to primary and secondary school children

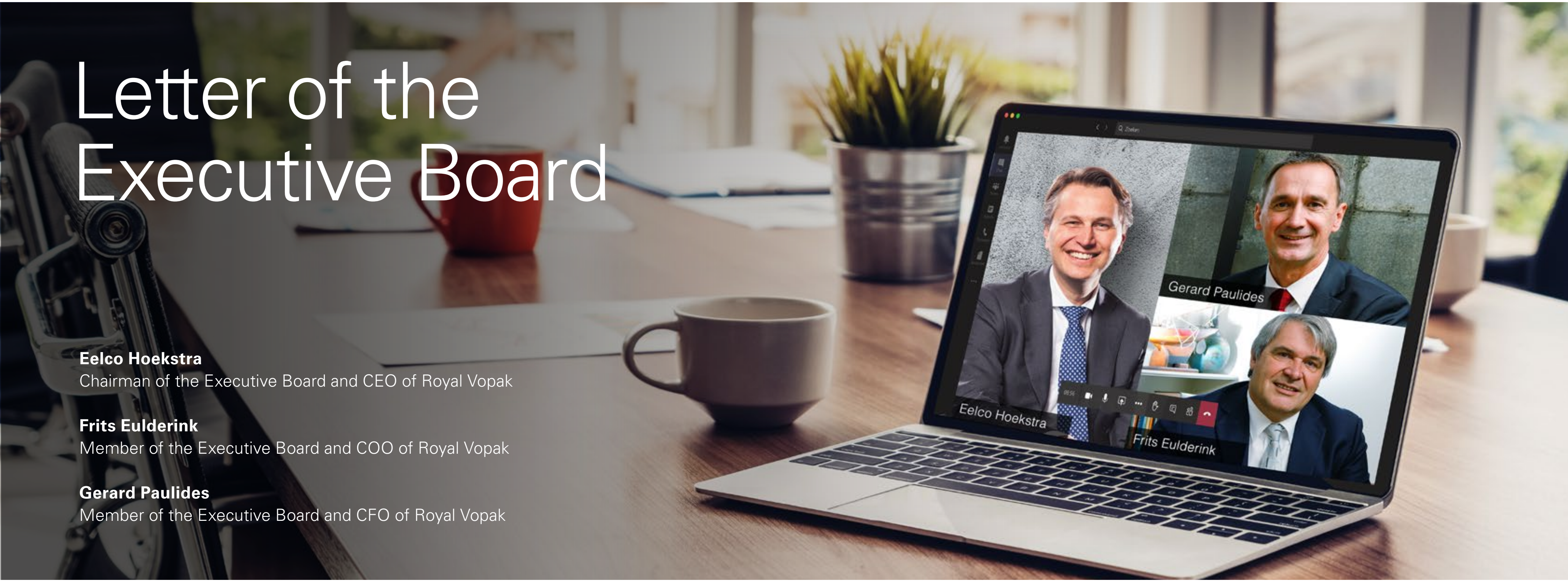
Care for our communities around the world

The Vopak WeConnect Foundation and PiFact0ry helped students in local community centers and neighboring schools in Singapore to enhance their digital literacy.

Students were provided with coding starter packs to learn the basic python programming language. The goal of the program is to pique students' interest in programming and enhance digital literacy.

Business & market

Letter of the Executive Board



Eelco Hoekstra
Chairman of the Executive Board and CEO of Royal Vopak

Frits Eulderink
Member of the Executive Board and COO of Royal Vopak

Gerard Paulides
Member of the Executive Board and CFO of Royal Vopak

2020 brought exceptional challenges to the world with the Covid-19 pandemic. Vopak has navigated well through these challenges and our strategy has proven robust.

During the year, we focused on maintaining services to our customers and financial performance, while prioritizing the health and safety of our people. At the same time, we continued to execute our strategy, creating long-term value by transforming our portfolio. We operated in a more volatile business environment with increased global economic uncertainty and growing awareness of sustainability by society and companies, while seeing digital technologies evolve at high speed.

Effective Covid-19 response

The Covid-19 pandemic impacted all our lives. We appreciate the extraordinary efforts and commitment of all people working for Vopak to keep our company performing and safely serving our customers and society by storing vital products with care. Our first priority in the Covid-19 response has been to protect the health and well-being of our people, their families and the communities in which we operate. We implemented business continuity plans and were able to quickly establish a new way of operating from home or at the terminal, while being supported by a well-organized IT infrastructure. We adapted governance and control measures to the new reality, and once this new operating model was established, we were able to concentrate once more on executing our strategy and business plans. We were able to keep all our terminals operating with minimum disruption and all our employees safe.

The pandemic introduced new uncertainties into our business environment. Our principal risks – climate change, an inadequate response to the energy transition and risks of a major safety incident – have not significantly changed. However, some risks have become more obvious, or have accelerated: market volatility, oil and gas market price development and volatility and the risk of cyber breaches. We have monitored developments closely throughout the year and scenario-based contingency plans and other mitigating measures were ready to implement, if needed.

Delivering on our strategy

Our strategy remains unchanged and proved to be well-suited to the current operating environment, despite changes brought by Covid-19. We continuously refresh our views on the strategic tank model that provided focus and served us well in the last years. Strategy delivery progressed well in 2020, and we continued investing in growth – more than EUR 500 million during the year, resulting in an additional 1.6 million cbm of capacity to meet growing customer demand, particularly in Asia and the Americas.

At the start of the year, we completed our European divestment program of four oil terminals and one oil terminal in China. We also announced the construction of a new chemical gases terminal in the US, capacity expansion for an industrial terminal in China and partnerships for industrial terminal developments. We have brought new capacity into operation in Indonesia, Malaysia, Vietnam, Panama and South Africa, albeit with some construction delays. We are further upgrading our chemicals terminals in the ports of Rotterdam and Antwerp to further improve our service delivery capabilities. Progress has also been made with the development of our LNG projects in Germany, China and Pakistan. An important milestone in our strategy delivery was the acquisition, in partnership with BlackRock, of three industrial terminals from Dow in the US. This transaction expanded our global network in industrial terminals and strengthened our leading position on the US Gulf Coast.

New energy systems are emerging and Vopak is well positioned to capture opportunities. In 2020, we pushed ahead with our pre-final investment decisions on new business developments of flow batteries, hydrogen and ammonia in Europe and Asia.

Implementation of our digital strategy is also progressing well. We continued to roll-out our cloud-based system for our terminals in an efficient virtual manner and expect to be ready by 2023. Extending our digital capabilities and the use of data and platforms are key to both Vopak's short-term performance and its long-term value creation. In 2020, we invested EUR 44 million in new technology, innovations and replacing our IT systems.

Performance

People

During 2020, our total injury rate deteriorated slightly, however the severity of personal incidents was lower than last year. We are committed to improving safety in 2021 with our Trust & Verify program. This program aims to further increase safety performance and encourage a culture of personal accountability throughout the company, helping us prevent severe incidents and ensure a safe working environment. We are also proud to support the living wage principle and provide a living wage to all employees. We have included this principle in our Supplier Code and are developing standards on health & safety, human rights, ethics and integrity with our contractors. We stepped up efforts to strengthen customer service and create an inclusive environment with a more diverse workforce. Developing new skills, particularly in IT and data, remains a priority for the company. In 2020, we further strengthened customer satisfaction, increasing our Net Promoter Score (NPS) to 67, up from 65 in 2019.

Planet

With our commitment to storing vital products with care, we are helping meet the needs of a growing global population and society's wider environmental goals. Safety for employees, contractors, communities and the environment remains our main priority. We will seek to further reduce our environmental footprint. Emissions of Volatile Organic Compounds (VOCs) constitute the most significant environmental risk from our operations. Our multi-year improvement program to reduce the VOC emissions has made significant progress, and social impact from these emissions has been reduced by 19% compared to 2016. Our ambition is to be climate neutral by 2050. Following our annual climate day, we reconfirmed that we are well placed to respond to risks and opportunities arising from the transitional and physical effects of climate change.

Profit

We delivered EBITDA growth (post-divestments) in a more volatile business environment. We have outperformed on costs to defend EBITDA and delivered on growth projects. However, some projects have been delayed due to Covid-19 and we suffered from significant currency translation headwinds. In 2020, we captured opportunities in our oil storage portfolio, resulting in improved occupancy rates. At the same time, we experienced reduced throughput for chemicals, particularly in Houston and Singapore.

We successfully issued new debt in the US private placement market, and completed our EUR 100 million share buyback program, increasing distribution to shareholders. Our share buyback program was complementary to our continued investments in growth, sustaining, service improvement and IT capex.

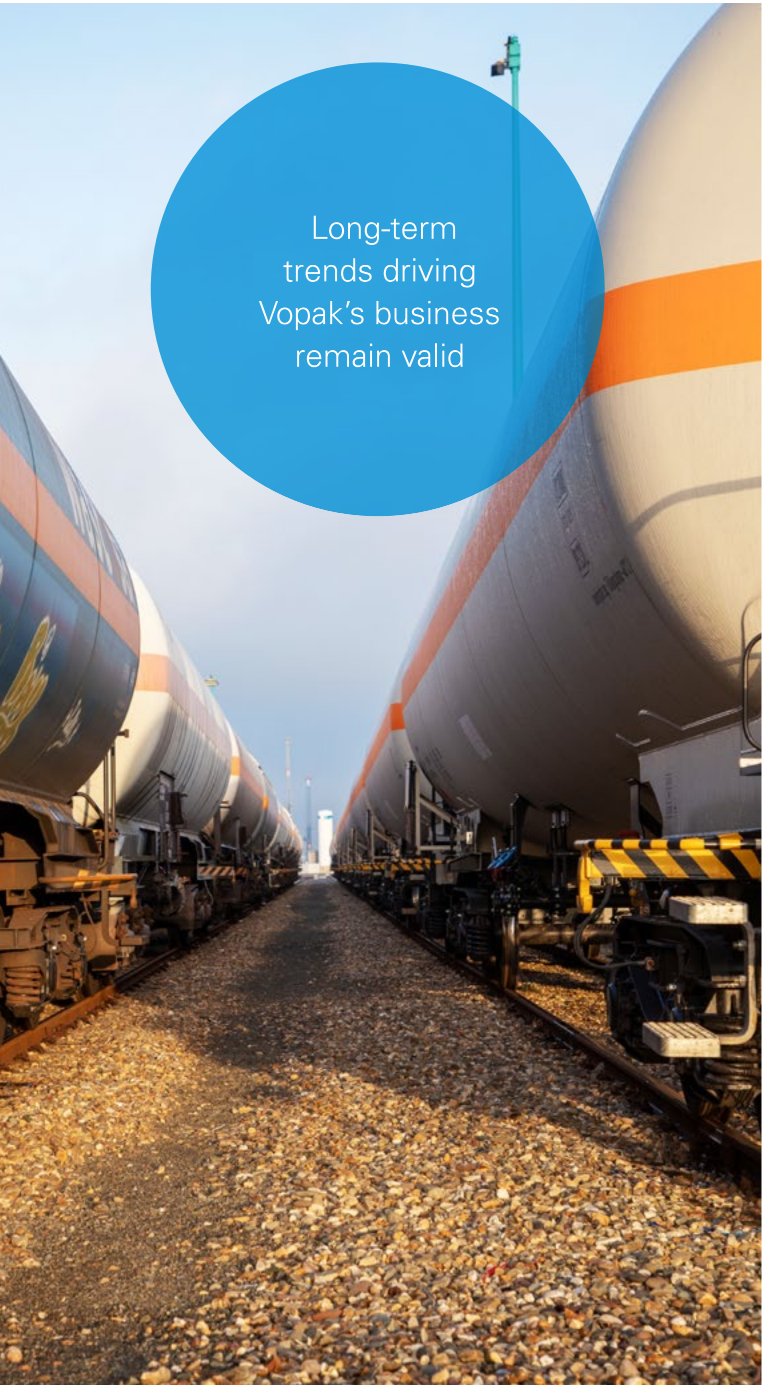
We propose to increase our annual dividend to EUR 1.20 per ordinary share, an increase of 4%. This increase reflects our continued resilient performance throughout a turbulent 2020.

Looking ahead

We are committed to position our company for long-term developments, particularly continuing growth in Asia and the US and strategically shifting toward more sustainable forms of energy and feedstocks. We continue investing in growth and aim to allocate the majority of our growth investments to industrial, gas and new energies infrastructures.

For 2021 and beyond, we will keep storing vital products with care to make a meaningful contribution to society, enabled by our financial performance.

The Executive Board



Our business environment

Vopak operates in an ever-changing environment. Our business is global, but we are also subject to local conditions. 2020 was disrupted by the Covid-19 pandemic and its impact on people, businesses and the global economy.

Despite the availability of effective vaccines toward the end of 2020, the pandemic and its knock-on effects are expected to have a lasting impact in many areas. Key global trends supporting Vopak's business remain relevant and the move toward a cleaner and low-carbon energy economy has accelerated, providing opportunities to grow and develop new infrastructure solutions and service offerings.

Covid-19 and its economic impact

With Covid-19, the world witnessed an unprecedented event that impacted people's lives as well as countries and economies in ways that may be considered unparalleled in recent history. Lockdowns, loss of jobs and greater uncertainty led to a shift in consumer behavior setting in motion a worldwide economic contraction. The damage represents one of the largest economic shocks the world has experienced in several decades, despite extraordinary efforts by governments to counter the downturn with fiscal and monetary policy support.

At the beginning of 2021, there are signs of improvement in some regions of the world while the virus is still spreading in others. As China re-opened its markets and lockdowns ended, its economy started to regain strength, whereas in Europe the resurgence of infections is forcing countries to restrict mobility and large-scale gatherings. Restrictions are expected to continue until vaccines are distributed. GDP growth is expected to recover somewhat in 2021 after a significant drop in 2020. However, a full recovery may not materialize until well into 2022.

Long-term developments

Despite Covid-19, the long-term trends driving Vopak's business remain valid. These include population growth in emerging economies and increased urbanization. In non-OECD countries, we expect prosperity to increase, with the continued rise of the middle class, particularly in Asia and Latin America, leading to higher consumption and increased demand for the products we handle.

Geopolitical tensions and specifically sanctions continued to have an impact on trade. After a period of increasing tensions globally, geopolitical and trade tensions are expected to reduce somewhat in 2021 with a new US administration.

Energy transition & sustainability

Awareness of climate change and the need to reduce CO_2 emissions have continued to grow in 2020. A number of governments as well as large industries have committed to reducing CO_2 emissions. Countries are announcing or bringing forward bans on the sale of combustion engine vehicles to reduce climate change and promote the energy transition. As a result, electric vehicle sales are expected to increase significantly in Europe.

Circular economy and sustainability remain key topics with the need to intensify recycling, reduce waste and limit pollution from discarded plastic. In 2020 however, we saw an increase in the use of plastics for packaging as e-commerce increased substantially as a result of lockdown measures.

Impacted by the Covid-19 pandemic, total demand for energy dropped by about 5% in 2020. Energy demand is expected to recover beyond its 2019 level, though this may take a few years. The energy mix is expected to shift towards cleaner and renewable sources with solar energy forecast to gain a significant share of energy generation over the next decades.

Trends in our markets

Chemicals

Chemicals business fundamentals remain fairly strong in the medium to long-term, despite a decrease in demand due to the Covid-19 pandemic and the effects of increased production capacity. The steepest fall in demand has been for durable goods (automotive, construction, textiles and electric appliances), partially offset by robust demand in consumable consumer goods, such as packaging, cleaning, healthcare and pharmaceutical products. By the end of 2020, basic chemicals demand had mostly recovered to pre-Covid-19 levels, though demand for the year as a whole was lower than 2019.

During 2020, China continued investing in new production in an effort to increase self-sufficiency, while the US continued to build on its feedstock advantages from shale gas, and was also impacted by low oil prices and volatility. In 2020, Northeast Asia and North America have added almost 10 million tons of new ethylene capacity, representing around 80% of all additions globally. This overbuild will lead to declining operating rates and lower chemical prices at least until total chemical demand recovers to pre-pandemic levels. The chemical industry is under increasing pressure to act on climate change and circularity by recycling plastics and chemicals. Through alliances and a strong push in R&D, the industry is cooperating along the supply chain to address global plastics waste.

Oil

The year 2020 saw high volatility in the world's oil markets. A price war started during the first quarter, increasing crude production at a time when Covid-19 was spreading with demand dropping by over 20% in the following quarter. Massive crude and petroleum product surpluses increased global oil stocks rapidly, and market structures reached unprecedented levels. With Covid-19 affecting demand, OPEC was quick to reduce oil production, and global stock levels started to come down during the third quarter. With lower crude oil production and recovering demand, crude oil prices rose from $20 per bbl to more than $50 per bbl toward the end of the year. Oil prices are expected to remain under pressure until the economic recovery has fully taken place.

As a result of Covid-19, the peak in global oil demand is expected to be reached earlier than previously expected – sometime in the late 2020s or early 2030s. Oil demand may already have peaked in OECD countries; it is still expected to continue increasing in emerging countries as a result of population growth and rising incomes. Demand for petrochemicals will continue to support oil demand with more refineries pursuing downstream integration as a way of improving refining margins. According to the International Energy Agency (IEA), total oil demand was 91.2 million barrels per day in 2020, down from 101.5 million barrels per day expected prior to Covid-19.

During 2020, refinery margins were poor, with global refining capacity additions reaching 2.4 million barrels per day, while demand was running at 10 million barrels per day below original estimates. More than half of the recently new-built modern refining capacity is located in China. Older and less efficient processing units, most exposed to shutdowns, are mainly located in mature markets. In 2020, refinery closures were announced in North America, Europe and OECD Asia.

Gas

In 2020, there were reduced supplies of LPG as a result of reductions in upstream oil & gas production and lower refinery runs. Nonetheless, seaborne trade helped bring regional surpluses to deficit regions, especially to countries importing for the residential sector during Covid-19 lockdowns, such as India, Indonesia and Brazil. Demand for LPG was boosted by the start-up of eight new petrochemical plants in China, using LPG as feedstock. These plants were able to benefit from the waiving of import duties on US LPG under the US-China trade deal.

LNG has been least affected by the pandemic, with demand in 2020 dropping just 2%, compared with 2019. Even so, the decline in demand resulted in forces majeures being declared by LNG off-takers, affecting mainly US exporters. Originally, 60 million tons of liquefaction FIDs were expected for 2020. However, only one LNG liquefaction project was announced on the export side as a consequence of low oil and gas prices – representing 3 million tons on the North American West Coast.

During the year, sustained low LNG prices resulted in increased coal-to-gas switching. Low LNG prices stimulated gas demand for power in certain regions of India at the expense of coal-fired power generation. Low prices are also encouraging increased use of LNG in marine shipping.

Despite short-term market turmoil, the outlook for LNG remains solid with the industry expected to grow demand by more than 35% to 480 million tons by 2030.

Vegoils & biofuels

During 2020, we continued to see steady growth in demand for vegoils, driven in part by increased use of vegoils in biofuels. Meanwhile, demand continues to grow steadily in key end-markets, such as food and personal care. Lower supply of vegoils, mainly from Latin America, put upward pressure on prices. Even so, exports and trade of vegoils remained steady in 2020.

New energies

In recent years, we have seen a sharp rise in consumption of renewables, like wind and solar power. According to the IEA, renewables are forecast to grow significantly over the next five years. In the short term, however, it is likely that the world will remain dependent on traditional fossil fuels. Currently, only 4% of energy for transport, for example, comes from renewables.

Many industries cannot yet rely on renewable electricity to generate high-temperature heat. More work is also needed on battery technology to store renewable energy and smooth out fluctuations in supply and demand.

Competition

Capital from long-term financial investors like infrastructure funds continues to flow into the storage market, encouraged by low borrowing costs.

Many oil storage terminals in key hubs and secondary locations have increased occupancy levels supported by the favorable oil market structure during 2020. At the same time, the chemical storage market witnessed lower throughputs and higher-than-usual stock levels in most regions as the pandemic spread across the globe suppressing demand for durable goods.

Gas continues to fulfill its role as a sustainable transition fuel and feedstock, with gas storage providers benefitting from this momentum as seaborne gas trade (LNG & LPG) is growing across the globe.

As an independent service provider, Vopak never owns the products that it stores for its customers

Our business

We ensure safe, clean and efficient storage and handling of bulk liquid products and gases for our customers. By doing so, we enable the delivery of products that are vital to the economy and the daily lives of people across the globe.

Vopak and its predecessors have been serving customers for more than 400 years. We know how to adapt to changing times and identify opportunities in a world transforming faster than ever. We are building an organization that reflects smart insights from innovation and digitization.

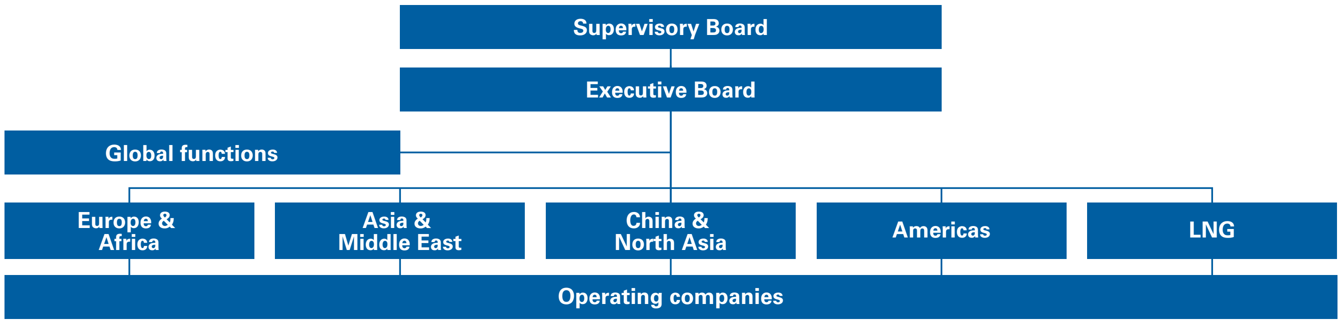
Our business is organized into five divisions: Americas, Asia & Middle East, China & North Asia, Europe & Africa and LNG. Vopak is headquartered in Rotterdam, and listed on Euronext Amsterdam.

Products we store

We store and handle a variety of liquid or liquefied products. These include:

- Chemicals (methanol, xylenes, styrene, alpha olefins, isocyanates, MEG)
- Gas (LNG, LPG, ethylene, butadiene, ammonia)
- Oil products (crude oil, fuel oil, diesel, jet fuel, gasoline, naphtha)
- Vegoils and biofuels.

As an independent service provider, Vopak never owns the products that it stores for its customers.



Our business

We operate storage terminals at seaports around the world; these terminals comprise storage tanks, jetties, truck loading stations and pipelines, and provide access to road, rail and pipeline networks. In many instances, we store our customers' products for extended periods at these terminals. Vopak provides common storage and logistics services to customers. Consequently, our customers are able to benefit from economies of scale; they do not have the direct cost of owning and maintaining complex infrastructure. By optimizing storage and handling processes and operating more efficiently, we save our customers time and money, and allow them to concentrate on their core business.

At our terminals, we take bulk delivery of products: oils, gases and chemicals. These products are unloaded into our storage tanks. During storage, we maintain product quality, often under tightly controlled conditions – in some cases, we heat or blend products together, according to customer specifications. In all processes, we follow strict rules that stress the importance of safety and protecting the environment. On request, products are pumped from storage tanks to our customers. Our aim is to transit products as quickly and efficiently as possible, helping connect supply and demand and ensuring delivery of vital products to society.

Our customers

Our customers are producers, manufacturers, distributors, governments and traders. They include leading international, regional and national chemical, oil and gas companies. Most of our customers have been with us for several decades. Vopak's terminals connect directly with national grids and distribution networks. In many cases, we handle feedstock (products used in industrial processes); in others, products go directly to end-users. More than 80% of our revenue comes from take-or-pay storage fees paid by customers. Vopak's ambition is to be a strong link in customers' supply chains. Much of our business is long-term: typically, contracts for gas last 5-20 years. Chemicals and oil storage contracts tend to be shorter term, with tenure of 0-5 years. In 2020, over 49% of our revenue came from contracts with an original contract duration of three years or more.

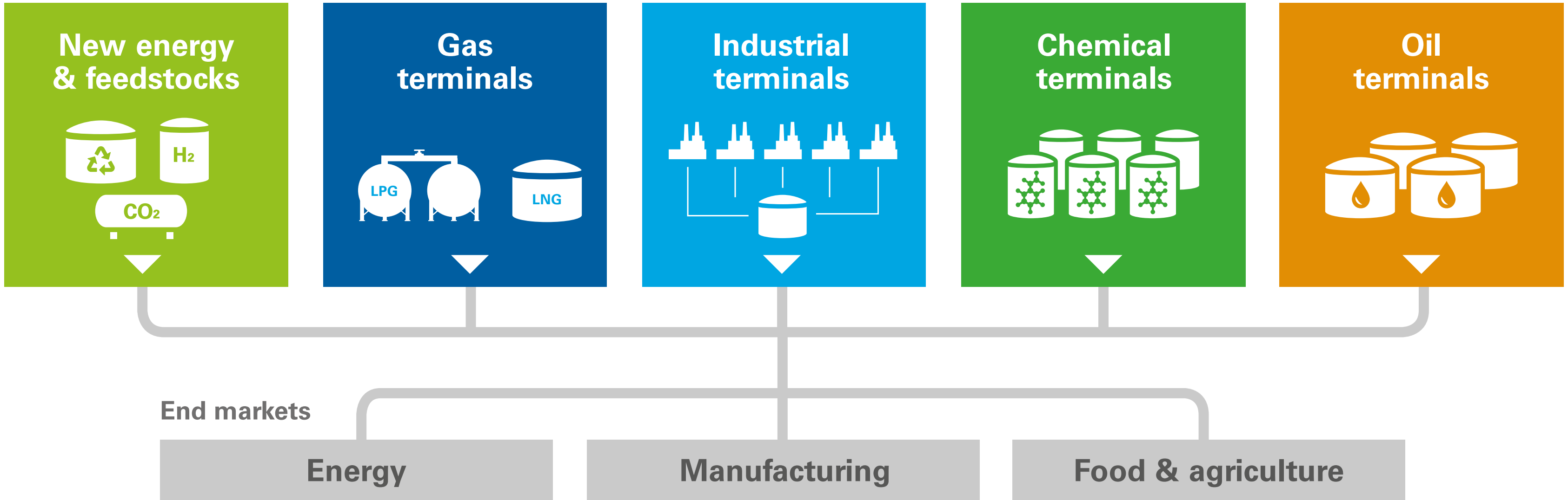
Our suppliers

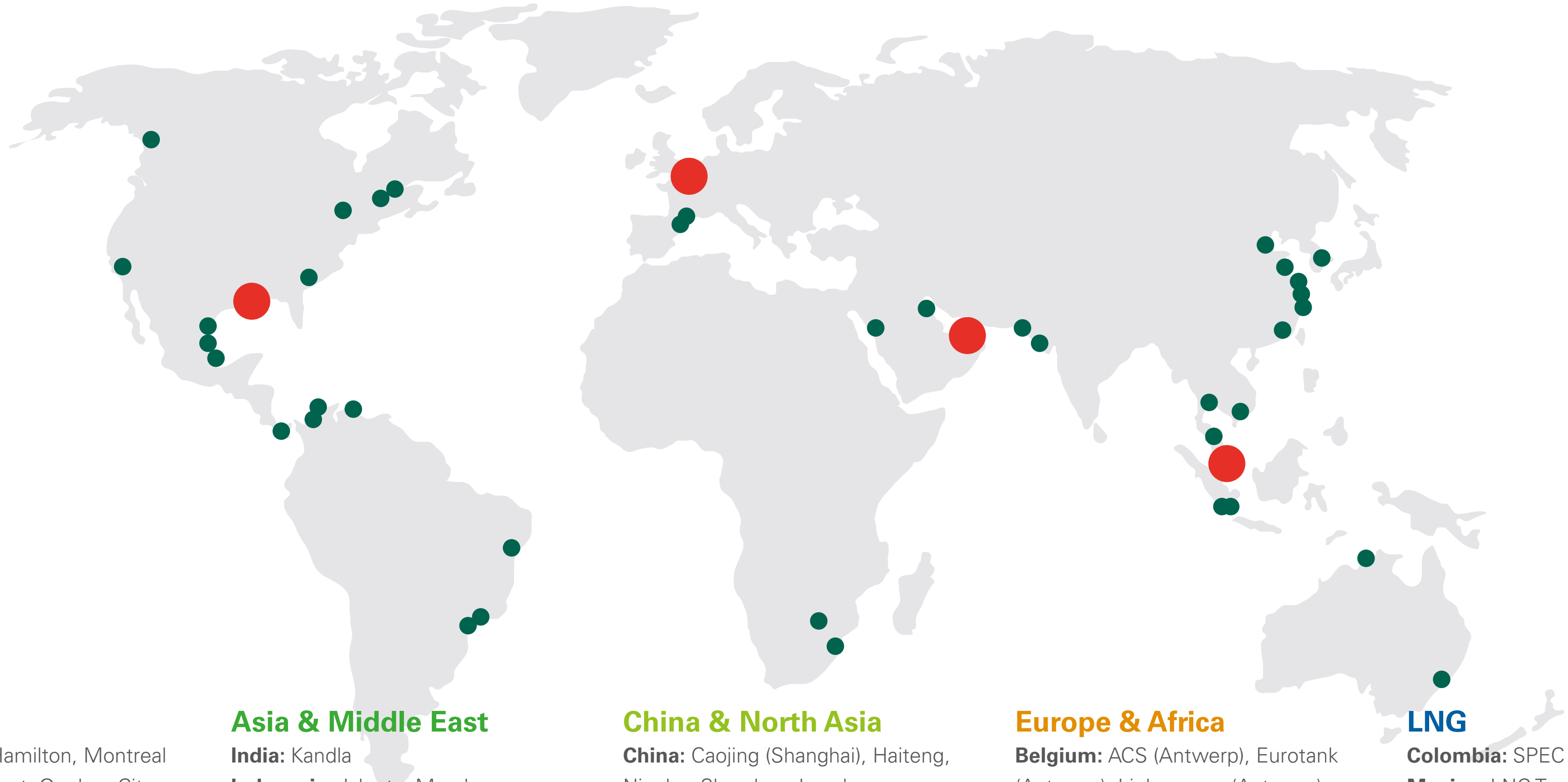
Our suppliers vary from global vendors, used for equipment and IT automation, to local service and construction suppliers. We aim for long-term partnerships and to ensure continuous improvement on quality, efficiency and safety. In line with our Sustainability Policy and Vopak's Code of Conduct, we require our suppliers, contractors (and their sub-tier suppliers and contractors) to adhere to our Supplier Code.

Vopak's role in different value chains

We provide storage and handling services to serve three principal end markets: energy, manufacturing and food & agriculture. Our terminals play a key role supplying products to people and communities around the world.

Vopak's role in different value chains





Americas

Canada: RIPET, Hamilton, Montreal East, Montreal West, Quebec City
US: Deer Park (Houston), Freeport, Plaquemine, St. Charles, Long Beach, Los Angeles, Savannah
Brazil: União Vopak, Alemoa, Aratu
Colombia: Barranquilla, Cartagena
Mexico: Altamira, Coatzacoalcos, Veracruz
Panama: Bahia Las Minas, Vopak Panama

Number of terminals: 22
Storage capacity: 5.3 million cbm

Asia & Middle East

India: Kandla
Indonesia: Jakarta, Merak
Australia: Darwin, Sydney
Malaysia: Kertih, PITSB, PT2SB
Singapore: Banyan, Penjuru, Sakra, Sebarok, Jurong Rock Caverns
Thailand: Thai Tank Terminal
Saudi Arabia: Chemtank, SabTank – Al Jubail, Sab Tank – Yanbu
Pakistan: Engro Vopak Terminal
UAE: Vopak Horizon Fujairah

Number of terminals: 19
Storage capacity: 15.5 million cbm

China & North Asia

China: Caojing (Shanghai), Haiteng, Ningbo, Shandong Lanshan, Tianjin Lingang, Zhangjiagang
South Korea: Vopak Terminal Korea
Vietnam: Vopak Vietnam

Number of terminals: 8
Storage capacity: 2.8 million cbm

Europe & Africa

Belgium: ACS (Antwerp), Eurotank (Antwerp), Linkeroever (Antwerp)
Spain: Terquimsa Barcelona, Terquimsa Tarragona
Netherlands: Maasvlakte Oil Terminal (Rotterdam), Botlek (Rotterdam), Chemiehaven (Rotterdam), Eemshaven, Europoort (Rotterdam), Laurenshaven (Rotterdam), TTR (Rotterdam), Vlaardingen, Vlissingen
South Africa: Durban, Lesedi

Number of terminals: 16
Storage capacity: 10.7 million cbm

LNG

Colombia: SPEC LNG
Mexico: LNG Terminal Altamira
Netherlands: Gate terminal (Rotterdam)
Pakistan: Engro Elengy Terminal

Number of terminals: 4
Storage capacity: 1.2 million cbm

● Hub terminal ● Terminal

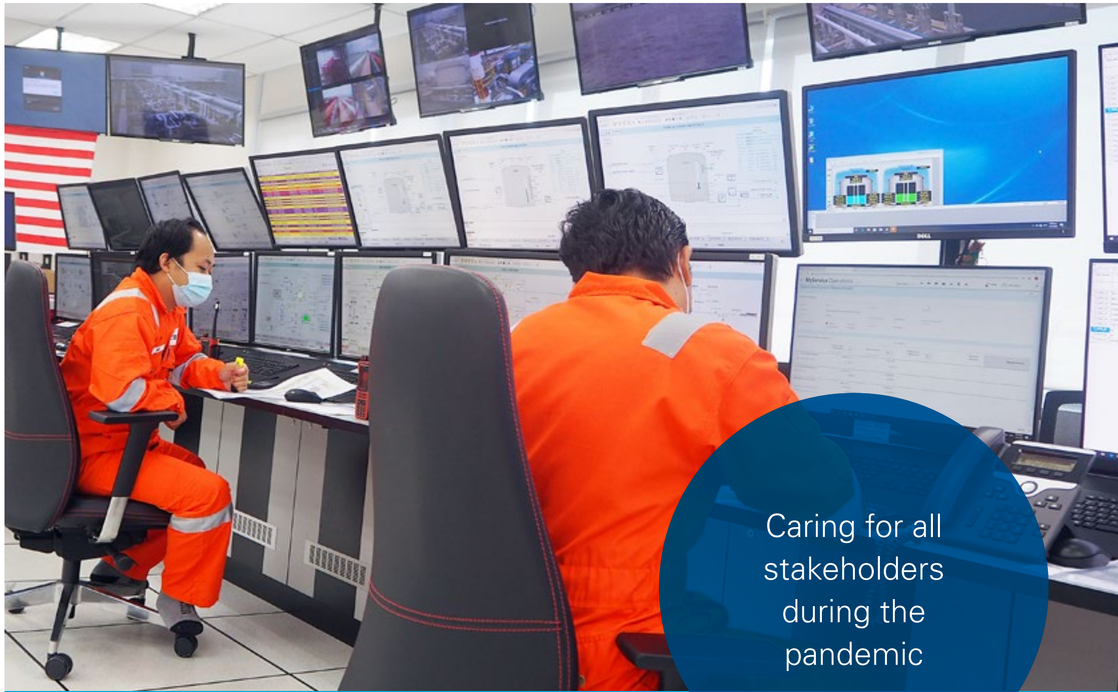
Note 1: Map shows Vopak terminals in operation at 16 February 2021.
Note 2: Our terminal in Venezuela is formally part of the Global functions and is not part of any of the divisions.

Gender diversity and inclusion supporting our value agenda

Female operators in South Africa storing vital products with care

Vopak constructed a new terminal near Johannesburg that has a crucial role in the fuel supply. It is not only the strategic location of Vopak Lesedi terminal that makes it noteworthy but also the high percentage of women working in our operations.

More than 50% of the operators are women, mainly from the local community. They take care of the safe receipt of the fuel from the pipeline into the terminal and the efficient and safe loading of the trucks that will transfer the fuel to Johannesburg.



Caring for all stakeholders during the pandemic

Our local heroes during challenging times

Despite the Covid-19 pandemic all our terminals worldwide were operational in 2020. Our frontline colleagues quickly adapted to the situation and continued caring for products essential to society.

Colleagues have been taking extra precautions globally building on Vopak's safety culture. This is fulfilled by strictly following guidance from local governments and adapting work methods in order to continue to operate safely.

Performance & outlook

Our performance

Key performance figures

	2020	2019
Safety performance		
Total Injury Rates (TIR), own employees and contractors (per 200,000 hours worked)	0.37	0.34
Lost-time Injury Rate (LTIR), own employees and contractors (per 200,000 hours worked)	0.17	0.18
Process Safety Events Rate (PSER), own employees and contractors (per 200,000 hours worked)	0.14	0.16
Financial performance (in EUR millions)		
Revenues	1,190.0	1,252.6
Group operating profit before depreciation and amortization (EBITDA)	789.4	1,038.5
Group operating profit before depreciation and amortization (EBITDA) -excluding exceptional items-	791.5	829.8
Group operating profit EBIT	489.9	747.8
Group operating profit EBIT -excluding exceptional items-	492.0	539.1
Net profit attributable to holders of ordinary shares	300.9	571.0
Net profit attributable to holders of ordinary shares -excluding exceptional items-	305.8	357.8
Cash flows from operating activities (gross)	822.2	709.7
Cash flows from investing activities (including derivatives)	- 584.5	- 256.1
Average capital employed	4,164.5	4,247.3
Return on capital employed (ROCE)	11.6%	12.4%
Return on equity (ROE)	10.1%	12.5%
EBITDA margin excluding result joint ventures and associates	51.4%	50.8%
Capital and financing (in EUR millions)		
Equity attributable to owners of parent	2,980.7	3,047.3
Total interest-bearing debt	2,589.4	2,335.3
Senior net debt : EBITDA	2.52	2.75
Total net debt : EBITDA	2.75	2.75
Interest cover (EBITDA : net finance costs)	10.9	10.4

	2020	2019
Key figures per ordinary share (in EUR)		
Basic earnings	2.38	4.47
Basic earnings -excluding exceptional items-	2.42	2.80
Diluted earnings	2.38	4.47
Diluted earnings -excluding exceptional items-	2.41	2.80
(Proposed) dividend	1.20	1.15
Total number of shares outstanding	125,740,586	127,835,430
Business performance		
Storage capacity end of period (in million cbm)	35.6	34.4
- subsidiaries	18.2	18.2
- joint ventures and associates	13.5	12.3
- operatorships	3.9	3.9
Occupancy rate subsidiaries (average rented storage capacity)	88%	84%
Total number of employees end of period (in FTE)	5,637	5,559
Contracts > 3 years (as % of revenues)	49%	44%
Contracts > 1 year (as % of revenues)	91%	80%
Information on a proportional basis		
Group operating profit before depreciation and amortization (EBITDA) -excluding exceptional items-	972.3	980.7
Occupancy rate subsidiaries, joint ventures and associates	90%	84%
Net interest-bearing debt	3,620.5	3,280.2
Sustaining, service improvement and IT capex	329.2	321.7
Environmental performance		
Societal impact reduction of our VOC emissions	19%	6%
Total amount of uncontained spills (metric tons)	327	21
- Soil & groundwater (metric tons)	301	19
- Water (metric tons)	26	2
Total carbon emissions (kilotons – scopes 1 and 2)[1]	441.2	408.5
Business ethics & integrity		
Fines for permit violations (amount, EUR million)	0	0
Employees completed the Code of Conduct training (in %)	>88%	>90%

1 scope 1 relates to direct emissions (from sources owned or controlled by Vopak), scope 2 relates to indirect emissions (from generation of purchased energy).

Financial performance

Operating results

Revenues

During 2020, Vopak generated revenues of EUR1,190.0 million, compared to EUR 1,252.6 million in 2019. Excluding the negative currency translation effect of EUR 29.4 million, the decrease amounted to EUR 33.2 million (-3%). Higher revenues were generated by the additional capacity rented out due to contango oil markets and IMO 2020 converted capacity whereas divestments of the terminals in Algeciras, Amsterdam and Hamburg lowered revenues by EUR 99.1 million.

The average occupancy rate for Vopak's subsidiaries (i.e. excluding joint ventures and associates) in 2020 was 88% compared to 84% in 2019. The increase is largely caused by contango developments in the oil markets, whereas storage demand in other market segments remained solid.

Vopak's worldwide storage capacity increased with 1.2 million cbm from 34.4 million cbm per the end of 2019 to 35.6 million cbm per the end of 2020, reflecting divestments of 0.4 million cbm and newly commissioned capacity of 1.6 million cbm.

Expenses

Personnel expenses

In 2020, personnel expenses -excluding exceptional items- amounted to EUR 331.9 million, a decrease of EUR 14.1 million (-4%) compared to EUR 346.0 million in 2019. Excluding the positive currency translation effect of EUR 6.2 million, the decrease amounted to EUR 7.9 million. This decrease can be largely attributed to the downward effects of the divestments, while regular annual merit increases partly offset this effect.

During 2020, Vopak employed, in FTEs, an average of 4,355 employees (2019: 4,345), excluding joint ventures and associates. This comprises 3,758 own employees (2019: 3,768) and 597 temporary employees (2019: 577).

An exceptional gain of EUR 0.7 million was recognized in 2020 (2019: exceptional loss of EUR 1.0 million). This was mainly the result of a reversal of a provision recorded because of uncertainty that was resolved with respect to renewal of an expiring land lease contract for our terminal in Quebec City in Canada. Including exceptional items, total personnel expenses for 2020 amounted to EUR 331.2 million compared to EUR 347.0 million in 2019.

Other operating expenses

Operating expenses -excluding exceptional items- decreased by EUR 27.1 million (-10%) to EUR 259.6 million (2019: EUR 286.7 million). Excluding the positive currency translation effect of EUR 5.6 million, the decrease amounted to EUR 21.5 million. This decrease was, for an amount of EUR 24.3 million, caused by the divestments of the terminals in Algeciras, Amsterdam and Hamburg whereas expenses related to new capacity, business development projects and IT projects increased.

In 2020 an exceptional item of EUR 1.7 million was recorded (2019: EUR 1.5 million) related to the divestment of Algeciras which was completed in January 2020. Furthermore, in December 2020, an exceptional gain of EUR 0.8 million was recognized in relation to the partial reversal of an environmental provision for our terminal in Quebec City in Canada as a result of the uncertainty with respect to renewal of the land lease contract that was resolved during the year.

Including exceptional items, total other operating expenses in 2020 amounted to EUR 260.5 million compared to EUR 288.2 million in 2019.

Cost efficiency measures were delivered, the total cost level for 2020 amounted to EUR 591 million, below the revised target of EUR 600 million and the 2019 cost base of EUR 633 million.

Result joint ventures and associates

In 2020, the result of joint ventures and associates -excluding exceptional items- amounted to EUR 166.0 million, a decrease of EUR 10.5 million (-6%) compared to EUR 176.5 million in 2019. The currency translation effect had a downward effect of EUR 2.4 million. In 2019, the result of joint ventures included a positive impact of customer settlements at Vopak Terminal Haiteng that was not present in 2020. In the fourth quarter of 2020, our associate industrial terminal (PT2SB) in Malaysia recognized an accounting loss of EUR 19.8 million (Vopak share), partly in connection with prior year. This was related to this terminal being fully commissioned, and settlement of various customer contract discussions. As well as finalizing the accounting of several specific non-cash items related to depreciation charges on fixed assets and deferred tax liabilities in connection with the complex tax environment. The associate industrial terminal PT2SB in Malaysia, is expected to repay around EUR 50 million (Vopak share) of share capital repayments, in 2021 or 2022.

In 2020, an exceptional loss of EUR 4.8 million (2019: loss of EUR 14.7 million) was recognized in the result of joint ventures and associates relating to the transaction costs for the acquisition of the Dow terminals in the Americas.

The Group's result of joint ventures and associates -including exceptional items- for 2020 amounted to EUR 161.2 million compared to EUR 161.8 million in 2019.

Group operating profit before depreciation and amortization

Group operating profit before depreciation and amortization (EBITDA) -excluding exceptional items- and including the net result of joint ventures and associates, decreased by EUR 38.3 million (-5%) to EUR 791.5 million (2019: EUR 829.8 million).

Excluding the negative currency translation effect of EUR 20.6 million, the decrease amounted to EUR 17.7 million. Adjusted for the effect of the divestments of the terminals in Algeciras, Amsterdam and Hamburg (EUR 58.0 million decrease), EBITDA increased by EUR 40.3 million, reflecting resilient business performance including the effects of newly commissioned capacity, contango oil markets, IMO 2020 converted capacity and reduced chemicals throughput.

Including exceptional items, Group operating profit before depreciation and amortization (EBITDA) for 2020 amounted to EUR 789.4 million compared to EUR 1,038.5 million in 2019. The exceptional items for 2020 also includes EUR 33.0 million relating to the 2019 divestment of the 49% equity share in the joint venture Vopak SDIC Yangpu Terminal in Hainan, which is recognized as Other operating income.

Group operating profit

Group operating profit (EBIT) -excluding exceptional items- amounted to EUR 492.0 million; a decrease of EUR 47.1 million (-9%) compared to EUR 539.1 million in the same period of 2019. Excluding the negative currency translation effect of EUR 14.8 million and the effect of the divestments of EUR 48.3 million, the increase amounted to EUR 16.0 million.

Including exceptional items, Group operating profit (EBIT) for 2020 amounted to EUR 489.9 million compared to EUR 747.8 million in 2019.

ROCE -excluding exceptional items- of 11.6% compared to 12.4% in 2019.

Cash flows from operating activities and working capital

Cash flows from operating activities (gross) amounted to EUR 822.2 million in 2020 (2019: EUR 709.7 million). This increase of EUR 112.5 million was mainly related to net cash inflows from non-hedging derivatives positions held for intra-group financing positions as well as higher dividends received from joint ventures and associates.

Strategic investments and divestments

Cash flows from investing activities

Total cash flows from investing activities (including derivatives) for 2020 amounted to a net cash outflow of EUR 584.5 million (2019: net cash outflow of EUR 256.1 million). Cash outflows for total investments increased with EUR 37.3 million reflecting continued capital allocation to growth. Cash inflows from proceeds of disposals and repayments decreased with EUR 304.1 million compared to 2019, mainly in relation to the divestments of 2019.

Total investments amounted to EUR 844.0 million (2019: EUR 806.7 million), of which EUR 612.5 million was invested in property, plant and equipment (2019: EUR 589.7 million). Investments in joint ventures, associates and other equity investments, including acquisitions, amounted to EUR 189.7 million (2019: EUR 180.4 million).

Vopak continued to invest in growth of its global terminal portfolio and invested EUR 525.3 million in the expansion of existing terminals and the construction of new terminals in among others South Africa, the US and China in 2020 (2019: EUR 499.8 million). The impact of governmental restrictions related to Covid-19 resulted in construction delays for some developments, most noticeably South African projects Lesedi and Durban, which were already delayed.

For the period 2020-2022, Vopak indicated to spend EUR 750 million to EUR 850 million for sustaining and service improvement capex, subject to additional discretionary decisions, policy changes and regulatory environment. The sustaining and service improvement capex for 2020 amounted to EUR 271.1 million (2019: EUR 262.1 million).

As part of the strategic direction for the period 2020-2022, Vopak indicated to invest annually EUR 30 million to EUR 50 million in IT capex to complete Vopak's digital terminal management system. In 2020, EUR 44.0 million was invested in new technology, innovation programs and IT projects (2019: EUR 37.6 million).

Divestments and repayments

Total cash inflows from disposals and repayments in 2020 amounted to EUR 256.8 million (2019: EUR 560.9 million). In January 2020, the associate industrial terminal PT2SB in Malaysia repaid part of its preference share capital following the completion of financing arrangements resulting in a cash inflow of EUR 85 million for Vopak. On 31 January 2020, Vopak completed the earlier announced divestment of its 100% shareholding in the terminal in Algeciras, Spain, generating a cash inflow of EUR 135 million. In 2020, the remaining consideration of EUR 33 million was received in relation to the divestment of its 49% equity share in the joint venture Vopak SDIC Yangpu Terminal in Hainan, China.

Depreciation and amortization

Depreciation and amortization charges amounted to EUR 299.5 million, which was EUR 8.8 million (3%) higher than prior year (2019: EUR 290.7 million). Excluding the positive currency translation effect of EUR 5.8 million, the increase amounted to EUR 14.6 million. Lower depreciation and amortization charges due to the divestments of the terminals in Algeciras, Amsterdam and Hamburg (EUR 9.7 million decrease) were more than offset by higher depreciation and amortization charges from completed projects.

Impairments

In 2020, net impairments were recognized for the amount of EUR 30.1 million (2019: EUR 17.2 million). In the fourth quarter an impairment was recognized for the Vopak Bahia las Minas terminal in Panama for an amount of EUR 42.9 million. The impairment is primarily related to the business environment in which the terminal currently operates. Slow progress with offshore bunkering opportunities is limiting the demand and the growth potential of the Atlantic bunker market in Panama.

In 2019, the Quebec City terminal in Canada was fully impaired due to uncertainty with respect to renewal of the land lease contract. In 2020, this impairment has been fully reversed which, offset by depreciation of expenses, resulted in an exceptional gain of EUR 12.8 million in 2020.

This reversal was the result of positive and ongoing discussions with the local authorities.

Capital structure

Equity

The equity attributable to holders of ordinary shares decreased by EUR 66.6 million to EUR 2,980.7 million (31 December 2019: EUR 3,047.3 million). The decrease mainly resulted from the ordinary shareholder dividend payments in cash of EUR 146.1 million, as well as the impact of the share buyback and purchases of treasury shares of EUR 108.1 million and the other comprehensive income of EUR 120.5 million. This decrease was partly compensated by the addition of the net profit for the period of EUR 300.9 million.

Debt

The total interest-bearing debt increased with EUR 254.1 million to EUR 2,589.4 million (31 December 2019: EUR 2,335.3 million), to a large extent reflecting increased lease liabilities as a result of new extensions of long-term land lease contracts.

Net repayments of interest-bearing loans and short-term borrowings during 2020 amounted to EUR 207.0 million (2019: EUR 38.6 million). The Revolving Credit Facility was fully available for the total amount of EUR 1.0 billion as at year-end 2020 (2019: EUR 100 million utilized).

As at 31 December 2020, an equivalent of EUR 1,606.2 million (2019: EUR 1,467.2 million) was drawn under private placement programs with an average remaining term of 6.7 years (2019: 6.3 years) in addition to EUR 122.9 million (SGD 200 million) funded by banks at the level of Vopak Terminals Singapore, with an average remaining term of 2.6 years.

The Senior net debt : EBITDA ratio was 2.52 as at year-end 2020 (31 December 2019: 2.75), well below the maximum agreed ratios in the covenants with the lenders.

Net finance costs

In 2020, the Group's net finance costs -excluding exceptional items- amounted to EUR 86.3 million, which is in line with EUR 87.5 million in 2019. The decrease in the interest on interest-bearing loans of EUR 16.3 million is mainly in connection with lower average net-debt compared to prior year and was to a large extent offset by lower capitalized interest of EUR 9.5 million caused by commissioning of expansion projects at subsidiaries during the year.

The average interest rate over the reporting period was 3.7% (2019 4.1%). The fixed-to-floating ratio of the long-term interest-bearing loans, including interest rate swaps, amounted to 83% versus 17% at year-end 2020, compared to 85% versus 15% in the prior year.

Cash flows from financing activities

The cash outflow from financing activities amounted to EUR 218.7 million (2019: outflow of EUR 355.3 million). This amount consisted mainly of dividend payments of EUR 146.1 million to ordinary shareholders, dividend payments of EUR 24.6 million to non-controlling interests, repurchases of own shares of EUR 108.1 million, finance costs payments of EUR 94.0 million and lease payments of EUR 26.7 million. Net proceeds from interest-bearing loans and short-term financing were EUR 207.0 million (2019: payments of EUR 38.6 million).

Income taxes

Income tax expenses -excluding exceptional items- amounted to EUR 70.3 million in 2020, an increase of EUR 9.3 million (15%) compared to EUR 61.0 million in 2019. The effective tax rate -excluding exceptional items- was 17.3% compared to 13.5% in 2019. This increase was mainly due to changes in earnings and the applicability of participation exemptions thereto and differences in corrections for previous years.

Income tax expenses -including exceptional items- amounted to EUR 73.1 million in 2020, an increase of EUR 14.8 million compared to EUR 58.3 million in 2019. The effective tax rate -including exceptional items- was 18.1% compared to 8.8% in 2019. This increase was mainly due to changes in earnings and the applicability of participation exemptions thereto and differences in corrections for previous years.

Net profit attributable to holders of ordinary shares

Net profit attributable to holders of ordinary shares -excluding exceptional items- amounted to EUR 305.8 million, a decrease of EUR 52.0 million (-15%) compared to EUR 357.8 million in 2019. Earnings per ordinary share -excluding exceptional items- amounted to EUR 2.42 in 2020, which was 14% lower compared to EUR 2.80 in 2019.

Net profit attributable to holders of ordinary shares -including exceptional items- amounted to EUR 300.9 million compared to EUR 571.0 million in 2019. Earnings per ordinary share -including exceptional items- amounted to EUR 2.38 (2019: EUR 4.47).

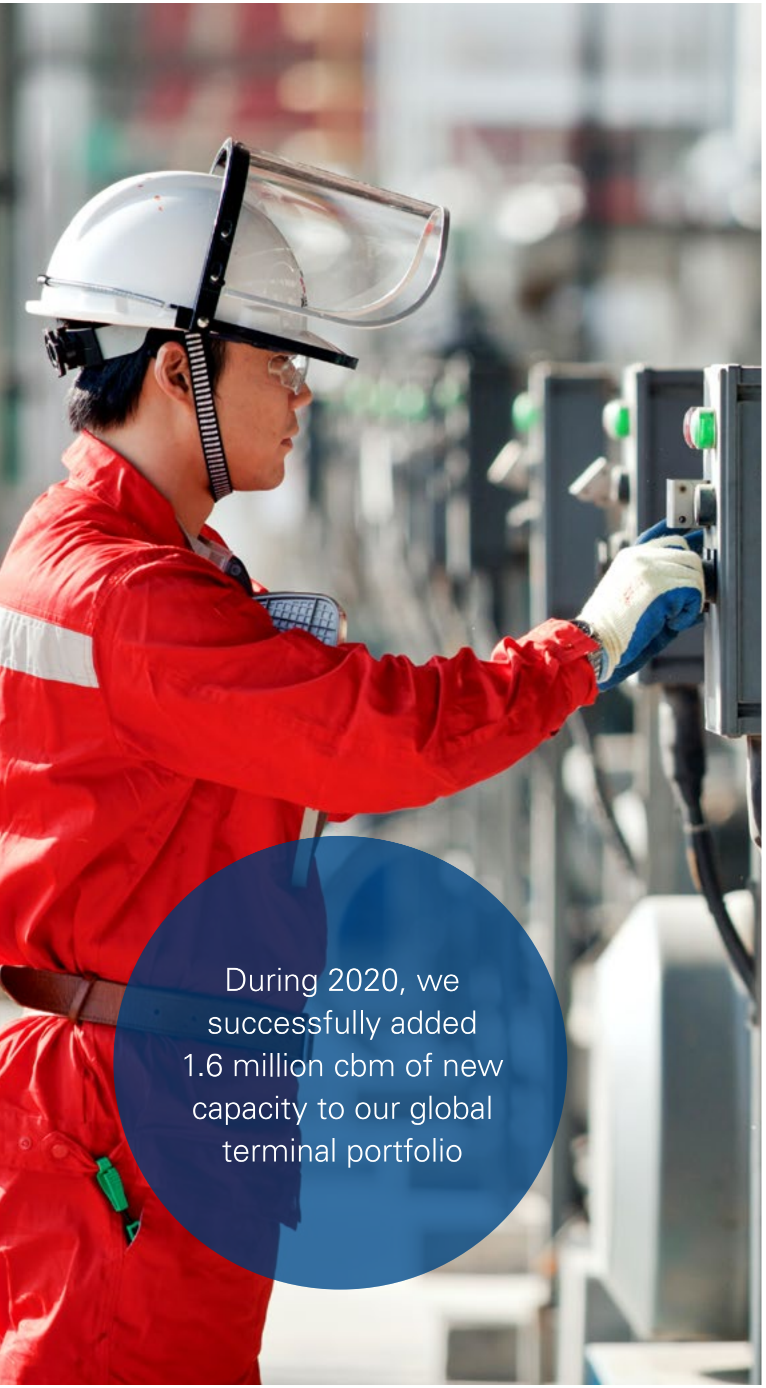
Joint ventures and associates

Joint ventures and associates are an important part of the Group for which equity accounting is applied. The effects of non-IFRS proportional consolidation on the statement of financial position and statement of income of the Group are presented in the section Additional information.

Dividend proposal

Vopak's dividend policy targets to pay an annual stable to rising cash dividend in balance with a management view on a payout ratio range of 25-75% of the net profit excluding exceptional items attributable to holders of ordinary shares and subject to market circumstances. The net profit excluding exceptional items that forms the basis for dividends to be declared may be adjusted for instance for the financial effects of one-off events, such as changes in accounting policies, acquisitions and divestments.

Vopak proposes a dividend of EUR 1.20 per ordinary share over 2020 (2019: EUR 1.15) to the Annual General Meeting of 21 April 2021. The dividend increase reflects Vopak's continued resilient performance throughout a turbulent 2020. The dividend payout ratio will amount to 50% of earnings per ordinary share excluding exceptional items (2019: 41%).



Leading assets in leading locations

In line with our strategy, we are continuing to shift more capacity to East of Suez and to the Americas, and to seize new opportunities for growth, particularly in industrial and gas terminals. Furthermore, we are pursuing growth opportunities in new energies.

Factors driving leading assets in leading locations:

- Growing Asian and non-OECD economies, led by China and India, pushing up demand in these countries for the products we handle
- Continued demand for infrastructure to accommodate increased levels of international trade between supply points and consuming centers
- Rising concerns over climate change and opportunities for accelerating demand for cleaner forms of energy and new, more sustainable business models.

Increasing storage capacity

During 2020, we successfully added 1.6 million cbm of new capacity to our global terminal portfolio. Covid-19 resulted in some project delays because of lockdown restrictions – most notably in South Africa; however, the overall value of our growth projects was not affected.

- In gas, we completed a 9,200 cbm expansion at our Vlissingen terminal in the Netherlands. We are currently working on a 65,000 cbm chemical gas expansion at our Shanghai Caojing terminal in China, and are investing in our joint venture terminal Vopak Moda Houston in the US, which will add another 46,000 cbm in chemical gas storage. In LNG, we are focusing on increasing capacity utilization by adding customers and new services to existing and recently acquired LNG terminals.
- In industrial terminals, we together with our partner have acquired three terminals from Dow, totaling 852,000 cbm of additional capacity on the US Gulf Coast. In addition, Vopak signed an LOI with Chandra Asri Petrochemical to collaborate in the industrial infrastructure business in Indonesia. At the same time, our pipeline of projects is well filled and reflecting the strategic direction to increase industrial growth opportunities in the global network.
- In chemicals hubs and distribution terminals, we launched two expansion projects in the Americas with an additional 20,000 cbm at Alemoa, Brazil, and another 40,000 cbm at Altamira, Mexico, as well as two service improvement projects in the Netherlands, at our Vlaardingen and Botlek terminals.
- In oil, we strengthened our hub positions by adding capacity at Pengerang, Malaysia, and expanding capacity at our terminal in Panama. In fuels distribution, we successfully commissioned a new terminal in Lesedi, South Africa, and added capacity at our existing terminal in Durban, South Africa, and in Jakarta, Indonesia, reflecting our continued focus on oil-deficit countries.

New Energies & Vopak Ventures

In the years ahead, sustainable energy demand will increase, especially as governments and consumers in some parts of the world shift away from fossil fuels. For Vopak, there are clear opportunities in this area. We remain committed to our new energy strategy and set up Vopak Ventures to identify investment opportunities in start-ups and new technologies. Currently, Vopak Ventures has four investments focused on facilitating new sustainable solutions in areas including zero emission fuels (such as hydrogen) and green feedstocks for the industrial and recycling sectors. Vopak Ventures has another five investments focused on digitalization to improve customer service making our operations and our industry safer as well as more efficient and effective.

Looking ahead

The Covid-19 pandemic and its knock-on effects are expected to have a lasting impact although long-term trends driving Vopak's business remain valid. For the coming years, we have a growth strategy that will focus on:

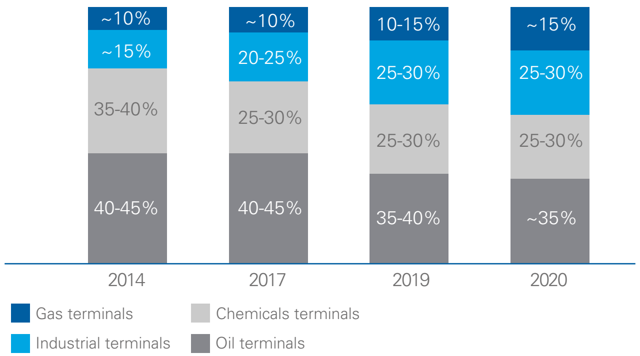
- Expanding our portfolio of gas terminals, adding new capacity, as well as strengthening and expanding existing sites. For LNG, our emphasis remains on regasification terminals, developing both off-shore FSRU projects and land-based sites. For LPG, we will concentrate on light feedstock for PDH plants and crackers, while for energy related use, the focus will be on imports for residential short markets. We will also pursue export oriented terminal projects in growing LPG surplus markets.
- Expanding our industrial terminal footprint through adding new capacity to support crackers and integrated projects in Asia, the Middle East and US Gulf Coast. In addition, we will explore further opportunities in industrial terminal carve-outs which have potential in more mature markets such as Europe and the Americas.
- Strengthening our position at chemicals hubs by connecting to industrial customers and expanding chemicals distribution capacity in short markets.
- Further strengthening our position in the main key hub locations by adapting our terminals to enhance customer value and increase connectivity. In distribution locations, we will look for growth in oil-deficit countries and monitor our position in mature markets to identify the need to adjust the portfolio.
- Investigating possible growth in new energies, with a focus on four areas: hydrogen, storage of CO_2, flow batteries, and new feedstocks for the chemicals industry.

With this strategy we will continue to shift our portfolio. We aim to allocate the majority of our growth investments to industrial, gas and new energies infrastructures. Our positive views on chemicals have not changed. New growth investments in oil infrastructure are expected to be reduced and will mostly be targeted towards strengthening our leading hub positions.

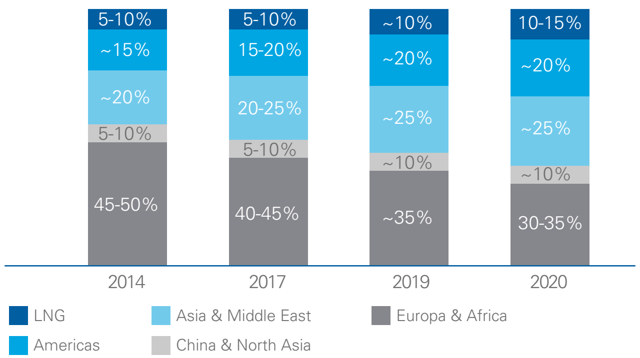
In 2020, we invested more than EUR 500 million in growth investments, in line with our ambitions. For 2021, we have the ambition to allocate EUR 300 million to EUR 350 million to growth investments through existing committed projects, new business development and pre-FID feasibility studies in new energies including hydrogen.

Our expansion in industrial terminals will depend on customers' own investments in integrated chemicals plants.

Proportional revenue by product category



Proportional revenue by division



We did not experience any major injuries or incidents in 2020

Operational leadership

In 2020, we continued to invest in improving our safety, health, environmental and operational performance. We have an extensive sustaining and service capex program in place to maintain the integrity of our assets, comply with new legislation and improve customer service.

Factors driving operational leadership:

- Commitment to safety
- Commitment to sustainability
- Performance improvement for greater efficiency and service in our operations
- Designing the right terminals for the future and delivering projects according to plan
- Effective asset management

Commitment to safety

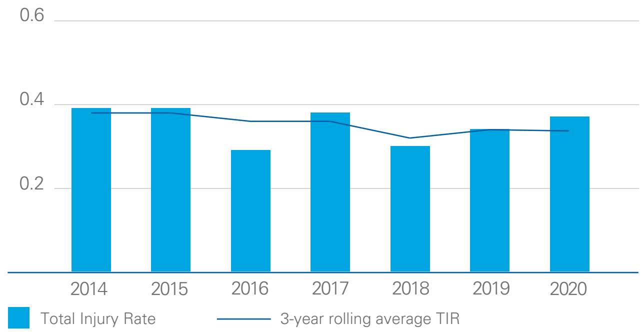
Fortunately, we did not experience any fatalities or major injuries leading to the permanent disability of any employees or contractors in 2020. This is in line with our targets of zero fatalities and zero serious injuries. There was an increase in the total injury rate for our employees and contractors – from 0.34 to 0.37. These were minor injuries, without permanent consequences for the individuals involved. On process safety, we managed to reduce the process safety event rate from 0.16 to 0.14.

Our aim is to bring our TIR three-year rolling average down to a maximum of 0.20, and our PSER to a maximum of 0.16 by 2024.

In 2020, we continued to roll-out our Trust & Verify Program. This roll-out is expected to be complete by 2021. Trust & Verify is based on two very straightforward questions: "Am I in control?" and "How do I know that I am?". By answering these questions, our aim is to strengthen personal accountability for safety issues.

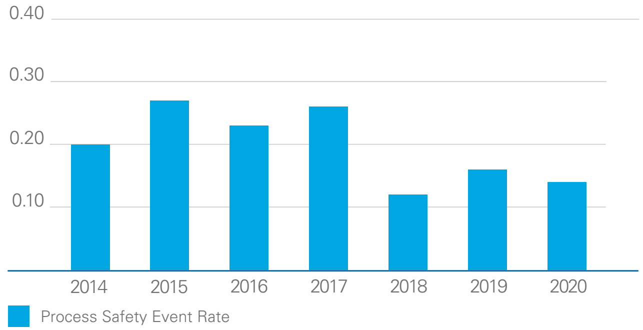
Total Injury Rate

Own employees and contractors per 200,000 hours worked



Process Safety Event Rate

Own employees and contractors per 200,000 hours worked



Trust & Verify covers all employees – from operators to members of the Vopak Executive Board. We regard safety as our first priority – it is also a key component in our social license to operate.

Alongside Trust & Verify, we have extensive training programs. In 2020, Vopak employees spent an average 36 hours in training compared to 50 hours in 2019. This reduction is largerly due to Covid-19 limitations. We have incorporated safety into internal policies and guidelines, including our Code of Conduct – it is an important part of our Learning Management System. Through our Assure and Terminal Health Assessment (THA) audit programs, we validate our terminals are being safely operated.

Various innovations and technologies are piloted and implemented to improve safety but also efficiency and service. Amongst others artificial intelligence, robotic tank cleaning and drone inspections are used to reduce safety risks.

Commitment to sustainability

We aim to keep our VOC emissions to a minimum to protect the health of both employees and communities living close to our facilities. We are currently investing EUR 40 million to reduce VOC emissions, focusing on those areas where we have the highest social impact.

In 2020, 55 projects are completed at 17 locations, resulting in a societal impact reduction of 19% compared to 2016. We also work to limit CO_2 emissions from our facilities by reducing energy consumption and switching to renewables. In 2020, our scope 1 and 2 greenhouse gas emissions totaled 444,150 metric tons, up 9% from 2019 due to the changes in the portfolio. Our ambition is to be climate neutral by 2050.

We also work to avoid spills; our goal is for zero uncontained spills. In 2020, uncontained spills amounted to 327 metric tons, mainly due to a spill that occurred in Singapore towards the end of the year. All reportable spills were remediated immediately according to the Vopak Way standards

For more detailed information on our sustainability performance, we refer to the Sustainability section of this report.

Performance improvement for greater efficiency and service in our operations

We strive to continuously improve our operational performance by improving the service delivery to our customers and the efficiency of our operations. In 2020, we have implemented our new terminal management system 'MyService' at 14 terminals and will continue to implement it at other terminals in the coming years. The system enables our terminals to improve process efficiency, realtime working and performance management using a set of performance dashboards. Through innovative digital solutions we aim to further excel for instance in the area of energy efficiency. First results have been delivered.

Designing the right terminals for the future and delivering projects according to plan

Conceptual design of new terminals and terminal expansions is executed at a centralised level to create maximum synergies. During 2020, the Global Engineering group delivered 35 engineering packages, worked on new energy projects and professionalised the estimating capabilities.

Early 2020 the new project control standard was implemented, with improved reporting standards and team quality. During 2020 many new projects were commissioned across the globe.

Effective asset management

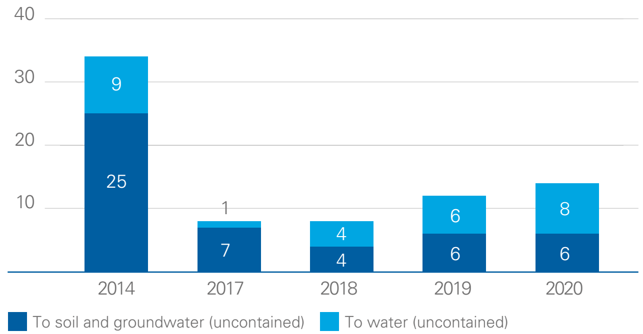
We carry out regular maintenance of our terminals and other facilities to ensure continued efficiency. Maintenance can be needed to correct existing operational problems, or to prevent new problems from developing. Our maintenance staff receive regular training and instruction to enhance their skills and further improve efficiency.

During 2020, we launched our Maintenance Improvement Project (MIP), to update our processes, enhance system support and add new functionalities to improve effectiveness and efficiency. MIP is currently being piloted at our Vlaardingen and Sebarok terminals.

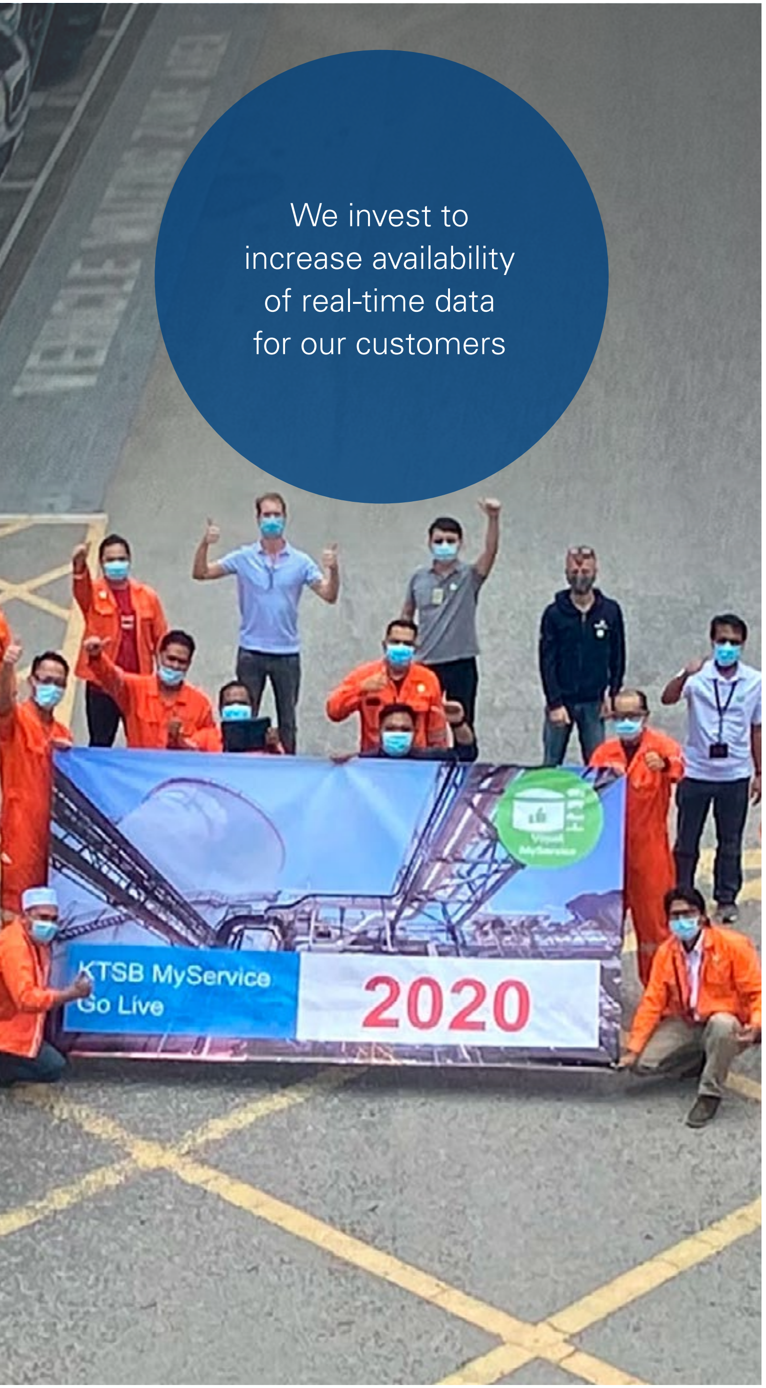
Of all our facilities, tanks require the most maintenance – consequently, in 2020, we started a Tank Turnaround Excellence program at four terminals in our key hub locations to increase efficiency and effectiveness during execution.

Reportable spills

total number



We invest to increase availability of real-time data for our customers



Service leadership

In recent years, there has been a steady increase in our Net Promoter Score (NPS) that improved again in 2020. With new digital technologies, we have an opportunity to further improve customer service and make supply chains safer and more efficient.

Factors driving service leadership:

- Increased availability of real-time data, fueled by the advance in new digital technologies
- Demand among customers for higher standards of service and efficiency, as well as for more sustainable processes and business practices
- Heightened competition in some markets, due partly to an influx of new capital from financial investors
- Customers increasingly tendering out gas and industrial terminal projects.

Despite Covid-19, we have been able to continue servicing our customers globally. Across all divisions and operating companies we have robust business continuity plans in place that were activated on the outbreak of the pandemic, including the formation of crisis management teams across the organization. The initial and primary focus was to ensure the safety and health of our people and the continuation of services to our customers. Measures taken varied by country, were catered to the local situation, applicable laws and regulations, and were reviewed regularly.

At the start of 2020, we started up the capacity converted for IMO2020 compliant fuel oil in Rotterdam, Singapore and Fujairah. With investments of EUR 40 million, we are now able to meet the new storage requirements and are successfully servicing customers active in the low sulfur fuel oil market. Panama is still a developing market for us.

Enhanced service through connectivity

We invest constantly to improve customer service. Our aim is always to be best in port in terms of safety, sustainability, operational and service delivery. We improve our service along three lines of action:

- Using digital technology and real-time data to optimize supply chains
- Upgrading our terminals and other facilities to optimize operational capabilities and efficiency
- Continuously improving processes and integrating lessons learned from customer complaints.

In 2020, we continued the roll-out of our MOVES program, and have now implemented MyService – our new terminal management system – at 14 terminals. With this new system, we will enable real-time data sharing and connectivity to better service our customers and optimize our operational process. We have developed our own software for our two most critical processes – 'order to cash' and 'arrival to departure'. This gives us control where we need it most, where customers typically demand flexibility and service differentiation. We have also developed a set of performance dashboards to support terminal management in optimizing terminal operations and service. In the coming years, MyService will be implemented at other terminals as well.

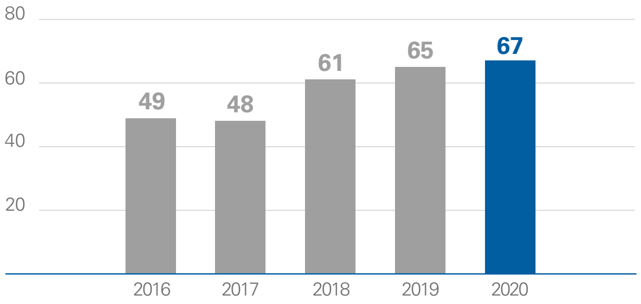
At our Deer Park terminal in Houston, we're using data analytics to reduce demurrage for customers. Our MOVES program supports this by giving employees access to real-time data, and by further integrating operations and sales. With this approach, our customer service teams have access to a real-time overview of planning and logistics.

We place strong emphasis on learning from customer complaints and sharing lessons learned across our network of terminals. Data analytics are also becoming more important in analyzing and improving our operational performance. We have started to use the latest communication tools (like Google Currents, Google file sharing) to link terminals across the world. In this way, despite time zone differences, we can track service performance for individual customers and ensure best practice is implemented across the network.

Consistent customer experience and customer loyalty

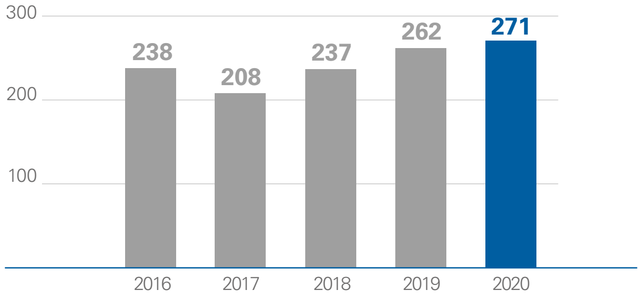
Through regular operational reviews and stewardship meetings, we work closely with our customers to improve our service delivery. Our customers expect high levels of service from Vopak; through our operations, we look to provide a consistent customer experience. Company-wide standards in areas such as safety and sustainability help us achieve this. We use NPS to measure customer loyalty. In 2020, our NPS rose further to 67 points, up from 65 in the previous year; most of this may be attributed to our continuous focus on front-line execution. As part of our NPS surveys, customer responses are carefully followed up and translated into service improvement actions.

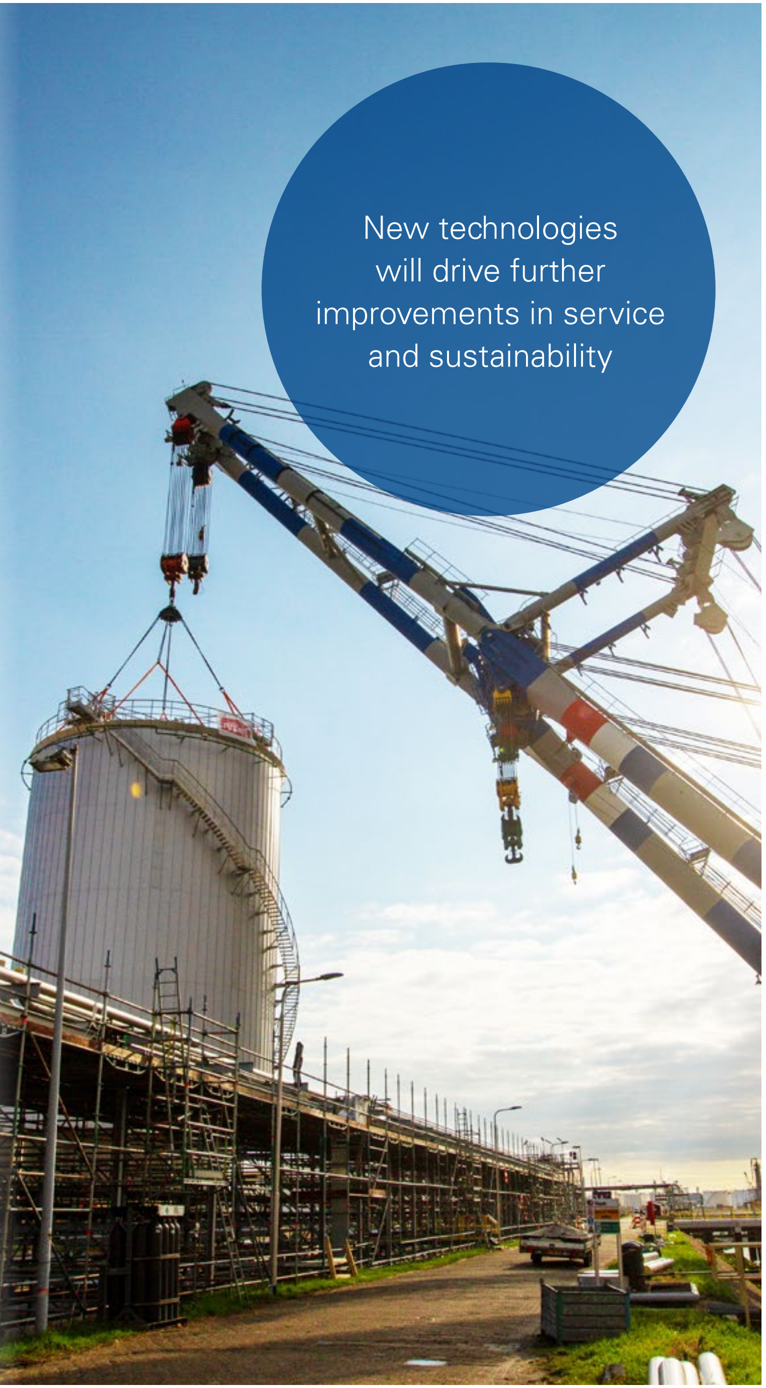
Net Promoter Score



Sustaining & service improvement capex

in EUR million





Technology leadership

During 2020, we continued the execution of our IT modernization program. New technologies will drive further improvements in customer service, efficiency and safety. Our investments in IT over the past few years allowed us to switch quickly to remote working when Covid-19 restrictions came into force.

Factors driving technology leadership:

- Continued advance in new technologies and innovation
- Increased need to innovate to remain the leading tank storage company
- Increased availability and importance of data
- Emergence of new cyber threats and growing importance of cyber security.

In 2020, we introduced new cloud-based finance and procurement systems at 27 of our terminals. At a further 14 terminals, we implemented our terminal management system MyService. Vopak's joint venture partners appreciate our IT solutions for operating our joint terminals. They increasingly see the value of using our IT solutions as an additional reason to be part of Vopak's global network. Vopak's IT strategy is cloud based. In 2020, we successfully transferred the on-premise data warehouse to the cloud.

New technologies and innovation

In recent years, we have accelerated our use of new digital technologies. Our approach is based on four paths: modernizing our IT systems; digitizing and connecting our terminals (MOVES); strengthening cyber security (COINS); and digital innovation and platforms. As part of the MOVES program, our old legacy IT system will be phased out as from 2022.

For our two most critical processes – 'order to cash' and 'arrival to departure' – we have developed our own software (PaaS – Platform as a Service). For non-core processes, we are using off-the-shelf solutions (SaaS – Software as a Service).

Asset management platform

The key driver behind our approach to digital is the use of real-time data in our operations and customer interactions. This creates both a safer operation and a more efficient and effective way of working. In 2020, we digitized our asset management at our Vlaardingen terminal using a digital twin in a newly designed digital environment. By connecting new sensors to our legacy valves and pumps, we are able to monitor and manage their behavior in a digital model in real time. This should ultimately result in lower maintenance and inspection costs.

At our Europoort terminal in Rotterdam, we have introduced drone inspections, with the aim of saving costs and more efficient complying with standards. Using drones, we have access to a more continuous flow of data – the basis for a digital inspection environment that can be linked to our maintenance application. At our Singapore terminals, we have also started to use drones for underwater jetty inspections. These pilots are aimed to be scaled up through the rest of our network.

Supply chain platform

At Houston, we have finalized a successful pilot with two major customers to exchange real-time data relating to the internal processes at our terminal. With our MyService Terminal Management System, we are able to share relevant real-time data with clients who, in turn, can use this information to optimize their planning resulting in cost savings within their supply chains. In 2021, we will provide other customers in Houston with the same benefits.

In 2020 Vopak Agencies started its new digital services with a new 'always-on-board' offer. This enables Vopak Agencies to deliver services without its employees needing to be physically on board a vessel. Feedback from captains suggests they already recognize the increased efficiency from this new service.

Energy management platform

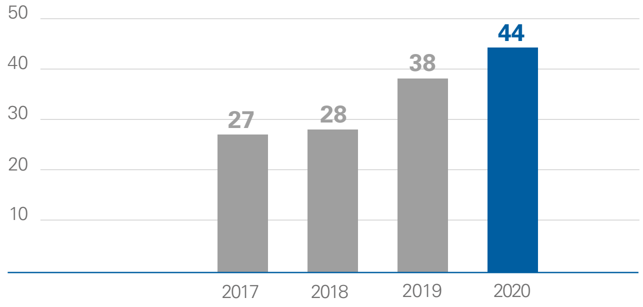
At our Savannah terminal in the US, we introduced sensors, providing real-time data on our energy consumption. Using this data, we managed to reduce our energy costs at Savannah. Based on this success, we are introducing the same approach at Houston and other terminals. Meanwhile, at Europoort, we have initiated a pilot project which aims to use solar foils on tanks to generate clean energy for internal consumption and contribute to our sustainability objectives in lowering our carbon footprint. In addition, we launched a study in Singapore to investigate the potential use of flow batteries in storing and supplying green energy at industrial locations. At the end of 2020, we and our partners in the project, announced that Vopak Solar Park Eemshaven is starting construction of its solar park located in Eemshaven in the province of Groningen. The new solar park will have a capacity of approximately 25 megawatts, with the first green power expected to be supplied to the electricity grid in the third quarter of 2021.

Cyber security: our COINS program

Increased use of digital technologies requires more focus on data security. In 2020, we further strengthened IT security by introducing Privileged Access Management, as well as segmenting our IT and OT networks – limiting the spread of a potential cyber attack or mitigating the damage to a particular network segment. At the end of 2020, we started implementing our secured Edge Architecture for segmenting IT and OT domains. The Edge component, installed at every terminal, will play an important role in achieving our data driven ambitions.

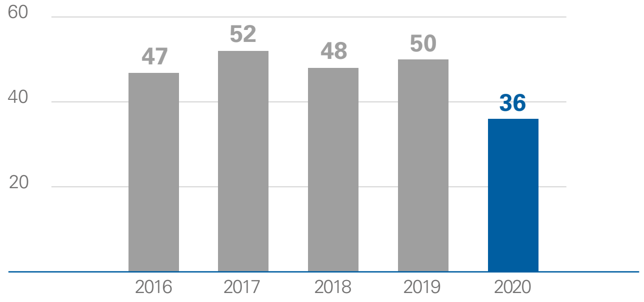
Investments in IT

in EUR million



Annual training hours

Average number of training hours by employee during year



People leadership

We're committed to an open and inclusive culture where our people can work safely and develop their full potential. We believe that each individual has the right to be treated with respect and dignity, and work in a professional atmosphere that promotes equal opportunities and prohibits discrimination or harassment on the basis of race, color, national origin, religion, gender, sexual orientation, age, political orientation or trade union membership, allowing everyone at Vopak to develop their full potential.

Factors driving people leadership:

- Our response to Covid-19 to protect people working at our terminals
- Making of a more diverse and inclusive workplace
- Making our company a learning organization
- Updating our skills to respond effectively to the energy transition and digital transformation.

We employ an international workforce of more than 5,600 people in our terminals and office locations.

Vopak Values in practice to protect our people

This year was marked by Covid-19 and our people's response to the pandemic. Our first priority has been to protect the health and well-being of our people, their families, the communities in which we operate, and to adhere to local government instructions. We've made several choices that allowed us to keep our terminals operational and service our customers, using our Vopak Values as guidance: Care for Safety, Health and the Environment, Agility, Team Spirit, Commitment and Integrity:

- We equipped our terminal operations teams with new PPE to ensure safety protocols were updated to face the threat from Covid-19. Staffing levels at terminals were reduced during the pandemic.
- Where necessary, the layout of terminals and offices were rearranged and re-equipped to ensure a safe return to work.
- Global guidelines for teleworking were implemented, ensuring proper governance of the new way of working.
- Support was provided to employees working remotely (including leadership tips, resources to allow home office working, team-building exercises, and tokens of appreciation delivered to employees' houses).
- Our expat desk managed to keep all employees and their families safe – some of them were repatriated internationally to their home countries.
- Through our We Connect foundation, we provided support to more than 20 initiatives in the communities where our employees live.

Diversity and Inclusion

Our focus is on increasing diversity in terms of gender, regional origin and competences. Our aim is to increase the percentage of women in senior management positions at Vopak to 20% by 2023.

In 2020, we focused on three lines of action:

- We reviewed and modernized our policies and terms of employment. We have implemented more flexible schedules, extended maternity and other parental leaves, introduced telecommuting policies, executed equal-pay-for-equal-job studies and aligned our variable pay to attract a more diverse pool of talent.
- We set targets by division for recruitment at entry-level, talent pipeline, promotions and senior management positions. Each Vopak business has and follows clear diversity targets. At the start of the year, 14% of our senior management group were women; by the end of 2020, that had increased to 16%. During the year, several management positions were occupied by women for the first time, including terminal managers and maintenance managers.
- We continued our work to further increase diversity awareness within the company, promote an inclusive culture and foster more inclusive behavior. We created a new Diversity Advisory Board to create and channel practical ideas, find diversity role models who can step forward and inspire and to promote diversity and inclusion at Vopak. We launched an unconscious bias pilot training to improve the awareness of the importance of diversity and inclusion.

Creating a data-driven learning Organization

With the implementation of the MOVES program, new technologies and further digitalization are being introduced. In future, it's clear that, across the company, we will need new skills, which we will either need to develop internally or else recruit from outside. Technology is changing the way we work – this is as much about culture as a digital change.

Our MyPulse HR common system allows us to reach all Vopak employees with e-learning for onboarding or job changes, system updates and any other training needs. The system issues reminders, records and reports results from training, allowing management to follow up and address any areas of weakness or underperformance.

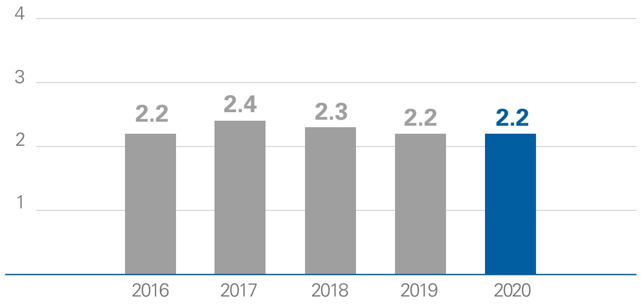
During 2020, we continued to make improvements to MyPulse to include the learning module MyLearningOperations. MyPulse also provides employees with easy access to Vopak's Code of Conduct, Privacy Code, Sanctions Compliance, and commercial or performance management systems. In 2020, improvements were made with the launch and release of new modules, including the Expense Reporting, Time and Attendance, Payroll Interfaces, Manager and HR Reporting, and Recruitment. MyPulse has helped standardize and simplify our HR processes. HR is using data to make organizational decisions and become more efficient.

Updating our skills

Business development efforts in new energies and feedstocks require a new set of competences that we expect to see growing across the organization. In 2020, we decided to create a new global team to pursue opportunities in these segments. The digital transformation within Vopak has also been supported by ongoing re-skilling and onboarding of teams to implement our innovation initiatives, from terminal automation to new systems deployment.

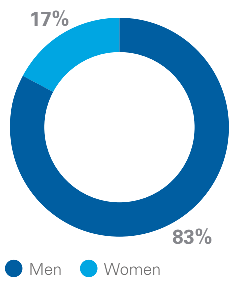
Sickness rate

As percentage of own employees

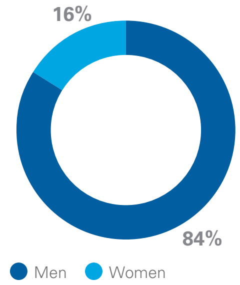


Gender diversity

All employees



Senior management[1]



1 Senior management composition: salary scales at or above 19, excluding Board level.

Talent attraction & retention

Our career website, careersatvopak.com, was updated in 2020, with European, Asian and Chinese versions. Our websites not only position us as a dynamic and diverse employer, but also help us run an efficient recruitment process, extending the use of data and reducing intermediary costs.

In 2020, we also continued our cooperation with the Oxford Saïd Business School, implementing our Accelerate 2 Lead program. Our talent development programs, initially launched in 2019, have been very successful – in 2020, 70% of the Accelerate 2 Lead graduating class were promoted to senior jobs. A new class will be launched in 2021.

Employee engagement, salaries & benefits

Vopak engages continuously with its employees, including through regular negotiations on pay and benefits. In 2020, we paid EUR 406 million in employee expenses – 75% in salaries, the remainder in benefits (including social security charges and pensions). Over recent years, we have provided transparency in our approach to incentive and merit-based pay. A gender pay gap analysis was performed in the Netherlands, the US and China in 2020. The outcomes confirmed that we do not have a structural gender pay gap for people in the same grade and no actions needed to be taken.

Vopak WeConnect

Vopak encourages its employees to take an active role in their local communities. Through the Vopak WeConnect Foundation, employees work on projects to empower teenagers and young adults, in close cooperation with local community groups and/or partner organizations.

Vopak WeConnect has a clear mission: to open up new horizons for young people, increase their future job readiness and inspire them to work with others across cultures, languages and social backgrounds.

Vopak WeConnect projects cover all Vopak divisions with projects running in the US, Latin America, Asia, Middle East, China, Europe and Africa.

In 2020, the Vopak WeConnect Foundation reached out to the local communities by making one-off donations available to help the most vulnerable youth and their families during the Covid-19 pandemic. Vopak employees played an active role in identifying local needs and handing out food baskets, meals, hygiene essentials, school supplies, and providing refurbished laptops and licences for online learning.

Living wage

In line with Vopak's commitments under the UN Global Compact, Vopak supports the living wage principle in the UN's Declaration on Human Rights. The goal of a living wage is to allow a worker to afford a basic, adequate standard of living through employment without government subsidies. Our policy is to pay local Vopak staff at least a living wage. Breaches can be reported by all employees and other external persons.

To ensure our employees' wages meet (or exceed) the living wage standards, we carry out annual living wage assessment. In 2020, all countries were found to be compliant with the living wage principle[1] and no issues were identified, similar to last year.

The living wage principle is also included in the Vopak Global Supplier Code and in the company's global supplier and contractor performance management program, so that its application is not limited to Vopak employees only.

1 Due to the lack of official indicators and accurate benchmarks available to measure basic work and living standards as a result of the economic situation in the country, the Vopak wages paid to staff in Venezuela can only be assessed informally.

A large scale project was successfully executed under exceptional circumstances

Construction continued in Qinzhou, China during the pandemic

Construction work at the Qinzhou terminal is back on track after Covid-19 restrictions related interruptions. Despite, the project achieved one million safe working man hours.

Vital products such as methanol will be stored at this terminal in China. Methanol is prevalent in our daily lives, not only is it used to produce synthetic fiber, it can also be a more sustainable fuel source alternative.

Our care extended to people in our local communities

Our colleagues supported local communities during Covid-19 lockdown

Vopak encourages employees to take an active part in their local communities. During the pandemic, we have seen many Vopak colleagues lend a helping hand in their local communities.

Several terminals made donations to support local healthcare services, emergency response efforts or set up their own fundraising program. Through the Vopak WeConnect Foundation, 20 donations for Covid-19 have been organized to alleviate the needs of young people and their families, providing essentials such as meals, school supplies and face masks.

Chris Robblee
President Vopak Americas

"We are well positioned to support our customers with logistical solutions. Our business across the Americas has proven resilient to unprecedented challenges and we have been exploring new opportunities in the region. These opportunities complement Vopak's capabilities and seek a clear path to profitability and balancing risks with partnerships. We are extremely proud of all our employees for taking the necessary precautions and working from home where possible. We are also proud to be servicing all our customers across the Americas by putting our best practices and technology to work to ensure our terminals are operated safely and efficiently."

Americas

Number of terminals[2]

22

Share of EBITDA

In % of EBITDA from all divisions -excluding exceptional items-

22% 2019: **19%**

Total storage capacity

In million cbm[2]

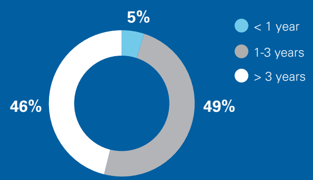
5.3 2019: **4.4**

Total Injury Rate (TIR)

For every 200,000 hours worked for own personnel and contractors

0.40 2019: **0.26**

Original contract duration



Americas

Division developments

Over the course of this year, our primary focus has been the safety of our people and customer service. All our terminals remained operational, and we are very proud of how our colleagues have managed 'business as usual in unusual times'.

In 2020, we acquired three industrial terminals along the US Gulf Coast. In addition, we continued expansion projects at Veracruz in Mexico, Deer Park and our joint venture Vopak Moda Houston in the US. At the same time, we pushed ahead with construction of a new industrial terminal at Corpus Christi.

The Americas Division contributed to Vopak's digital transformation and MOVES program with successful implementations in both North and Latin America. In line with Vopak's vision of becoming a more diverse and inclusive company, we developed and implemented a Diversity and Inclusion Program.

Market overview

Vopak's storage and handling business throughout the Americas proved resilient to the unprecedented events of the global pandemic affecting our key markets. After a sluggish first half year, we saw demand for chemicals recovering in the second half of 2020, as economies started to reopen, with a gradual improvement in both volume and sales. Outside the US, there are clear opportunities in Latin America stemming from continued economic growth and energy sector deregulation.

The petrochemical industry continues to evolve in the Americas, with companies reviewing ownership of assets. Best-owner mindset enables petrochemical companies to divest assets – including marine terminals – to release value that can then be redeployed on core activities, like the Dow transaction.

In 2020, we benefited from new distribution capacity at our Alemoa and Veracruz terminals in the supply-short markets of Brazil and Mexico. We also benefited from the strong storage demand in Canada, driven by contango oil markets.

Financial performance

In 2020, the Americas division posted solid results, supported by robust cost efficiency measures launched immediately after the onset of the global Covid-19 pandemic.

Americas reported an increase in revenue and EBIT for 2020 – excluding exceptional items. Revenue increased by 3%, with new capacity in Mexico, Brazil and Panama more than offsetting the negative impact of Covid-19 on variable chemical revenues. EBIT increased by 16%, due to higher revenue and further cost efficiency measures.

Slow progress with offshore bunkering opportunities in Panama resulted in an impairment whereas positive and ongoing discussion on land lease renewals resulted in a reversal of an earlier impairment in Canada.

In EUR millions	2020	2019
Revenues	322.9	313.7
Operating profit before depreciation and amortization (EBITDA)[1]	188.4	165.2
Operating profit (EBIT)[1]	126.0	108.5
Average capital employed	829.8	707.8
Storage capacity (in million cbm)[2]	5.3	4.4
Occupancy rate subsidiaries	92%	91%
Proportional occupancy rate	92%	91%
Propotional EBITDA[1]	188.2	164.1

1 Excluding exceptional items.
2 At 16 February 2021.

Asia & Middle East

Michiel Gilsing
President Vopak Asia & Middle East

"Across the region, we are progressing well with our strategy execution, despite Covid-19 challenges. Our service delivery is at a high standard and customer satisfaction reached an all-time high, supported by the continued digital transformation and safety performance. All of these were possible thanks to the commitment and dedication of our people who worked tirelessly to ensure we store vital products with care.
In 2021 and beyond, we will continue to develop our portfolio, digitize our processes and invest in our people. I am convinced that these measures will help us to emerge more resilient and differentiated in our markets."

Asia & Middle East

Number of terminals[2]

19

Share of EBITDA

In % of EBITDA from all divisions -excluding exceptional items-

33% 2019: **35%**

Total storage capacity

In million cbm[2]

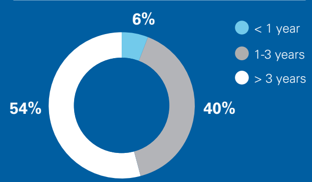
15.5 2019: **15.1**

Total Injury Rate (TIR)

For every 200,000 hours worked for own personnel and contractors

0.22 2019: **0.14**

Original contract duration



Division developments

On safety and sustainability, our performance continued to be significantly above market average standards by focusing on improving personal safety, processes and integrity of our assets. Our customers also appreciated and valued our consistently high standards of service especially during this challenging year. Our NPS reached an all-time high of 65 this year.

Projects in Indonesia and Australia, some of our key distribution markets, progressed well. Expansions in Jakarta and Merak were commissioned in the second half of 2020, with a Covid-19 related delay – while our expansion in Sydney is on track for completion in 2021. We also signed a Letter of Intent with Chandra Asri, Indonesia's largest integrated petrochemical company, for a new partnership in industrial terminals. In addition, we have brought new capacity into operation in Pengerang, Malaysia, to meet increased customer demand.

With regard to new energies, we launched a study in Singapore to investigate the potential use of flow batteries in storing and supplying green energy at industrial locations. We continue to explore potential new technologies to improve safety and efficiency in our operations – for example, in Singapore we rolled out drone solutions and piloted the use of autonomous surveillance rovers at our terminals.

Market overview

Supported by contango conditions in world oil markets, we saw increased storage demand in Singapore, Malaysia and Fujairah. 2020 also saw the implementation of IMO 2020 regulations, reducing maximum sulphur in marine fuels to 0.5%, supporting demand for our infrastructure in main bunkering locations. However, restrictions in air travel as a result of Covid-19 led to lower demand for jet fuel, resulting in less volume in jet distribution in Australia. Despite volatile chemical distribution markets our industrial terminals in Asia and Middle East showed rather stable performance due to the contract structure. Chemicals storage demand in distribution markets remained challenging across Asia, but held up by new opportunities as demand for chemicals soared in medical and personal care products. Our strong contract portfolio with many long-term take-or-pay contracts support the resilience of our business performance during the downturn.

Financial performance

The division reported a 13% decrease in EBIT for 2020, excluding exceptional items. Earnings were supported by the oil contango, which benefited our oil hub terminals in Singapore, Malaysia and Fujairah. Although, financial performance was impacted negatively by an accounting loss recognized at our associate industrial terminal (PT2SB) in Malaysia, partly in connection with prior year. This was related to this terminal being fully commissioned, and settlement of various customer contract discussions. As well as finalizing the accounting of several specific non-cash items related to depreciation charges on fixed assets and deferred tax liabilities in connection with the complex tax environment. Occupancy rates improved from last year as a result of the oil contango.

In EUR millions	2020	2019
Revenues	289.3	305.0
Operating profit before depreciation and amortization (EBITDA)[1]	276.6	309.1
Operating profit (EBIT)[1]	213.1	245.8
Average capital employed	1,123.6	1,458.5
Storage capacity (in million cbm)[2]	15.5	15.1
Occupancy rate subsidiaries	87%	81%
Proportional occupancy rate	91%	85%
Propotional EBITDA[1]	319.6	326.6

1 Excluding exceptional items.
2 At 16 February 2021.

Chen Yan
President Vopak China & North Asia

"I am very pleased with our achievements in 2020. We managed the Covid-19 situation very well in the division. We achieved good financial and operational results under more difficult circumstances and have significantly progressed on our growth agenda.
We have established a strong competitive industrial terminal position and further enhanced our brand name in terms of both safety performance and service delivery.
I am confident that we will build upon this momentum and achieve good results in 2021 and beyond."

China & North Asia

Number of terminals[2]

8

Share of EBITDA

In % of EBITDA from all divisions -excluding exceptional items-

7% 2019: **7%**

Total storage capacity

In million cbm[2]

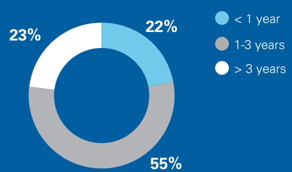
2.8 2019: **2.8**

Total Injury Rate (TIR)

For every 200,000 hours worked for own personnel and contractors

0.11 2019: **0.08**

Original contract duration



China & North Asia

Division developments

Vopak operations in China and North Asia managed the Covid-19 situation well. Vopak's business performance was positive, in contrast to some other businesses in our region that were severely impacted by lockdowns. China's economy was first to recover, starting in the second half of 2020 and the economies of South Korea and Vietnam followed suit.

Our new 290,000 cbm industrial terminal in Qinzhou is scheduled for commissioning in Q2 2021. We managed to secure a number of long-term industrial contracts at Caojing to support growth in our customers' businesses there. Early in 2020, we successfully commissioned our expansion project in Vietnam, adding 20,000 cbm in chemicals storage and handling. In 2020, we also received final payments from the divestment of our 49% stake in the Yangpu oil terminal in Hainan at the end of 2019.

Market overview

In China, despite Covid-19, we are seeing continued investment in petrochemicals from both multinational and state-run companies, creating opportunities for Vopak in industrial terminals. Although we saw healthy occupancy rates in 2020, the distribution business remains highly competitive. In China, the majority of our terminals serve industrial customers with long-term contracts, therefore less vulnerable to short-term market fluctuations. Vopak upholds high standards in terms of safety and environmental protection, which continues to be well recognized by government authorities and customers.

China's overall petrochemical demand recovered after a sharp fall in the first half of the year as a result of Covid-19. Consequently, most of our industrial customers have been able to return to normal run rates and benefitted from low feedstock costs.

In South Korea, we continued to experience stable occupancy rates thanks to long-term contracts. Throughput numbers, however, were negatively impacted, mainly because of reduced exports due to lockdowns.

Vietnam posted positive economic growth in 2020, albeit at a lower rate due to the impact of Covid-19. We are already seeing a gradual recovery in the export market and we expect this recovery to accelerate, going into 2021.

Financial performance

EBIT from China & North Asia, excluding exceptional items, decreased by 11% in 2020 to EUR 45.4 million. The decrease reflects the impact of customer settlements benefitting 2019. Performance in 2020 was supported by strong demand for chemical storage services in a volatile market. Our results included an exceptional gains of EUR 33 million from the sale of our stake in the Yangpu terminal in Hainan.

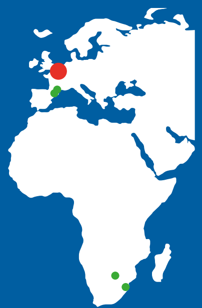
Long-term prospects for the division remain positive, with economies in our division expected to recover and sustain healthy growth in the coming years.

In EUR millions	2020	2019
Revenues	42.0	38.9
Operating profit before depreciation and amortization (EBITDA)[1]	56.9	62.4
Operating profit (EBIT)[1]	45.4	50.8
Average capital employed	420.0	404.0
Storage capacity (in million cbm)[2]	2.8	2.8
Occupancy rate subsidiaries	80%	75%
Proportional occupancy rate	89%	70%
Propotional EBITDA[1]	86.9	100.5

1 Excluding exceptional items.
2 At 16 February 2021.

Patrick van der Voort
President Vopak Europe & Africa

"Throughout 2020, we have been able to serve our customers without interruption notwithstanding Covid-19 disruptions.
However, project execution faced challenges causing some delays in new-built capacity.
Looking beyond 2020, we see that the energy landscape in Europe is changing. We believe that the energy transition will create opportunities for Vopak to develop new low-carbon or carbon-neutral infrastructure.
In refining centers Rotterdam and Antwerp we see optimization and integration opportunities with downstream chemical plants to strengthen our role as distribution hub for the region."



Europe & Africa

Number of terminals[2]

16

Share of EBITDA

In % of EBITDA from all divisions -excluding exceptional items-

33% 2019: **34%**

Total storage capacity

In million cbm[2]

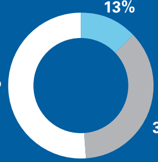
10.7 2019: **10.4**

Total Injury Rate (TIR)

For every 200,000 hours worked for own personnel and contractors

0.82 2019: **0.95**

Original contract duration



Europe & Africa

Division developments

While Covid-19 may have dominated the agenda, we were nevertheless able to make steps in achieving our strategic objectives in Europe & Africa.

In January 2020, we completed the divestment of our terminal at Algeciras, Spain. At the same time, we started operations at the Europoort terminal for IMO 2020, our investment in low-sulphur fuel oil infrastructure.
In South Africa, our Growth 4 brownfield project in Durban and our new Lesedi terminal were commissioned, despite delays, also due to Covid-19. At Lesedi near Johannesburg, we built an additional 100,000 cbm in fuel storage, connected by pipeline to our Durban terminal.

At Vlissingen, we completed construction of two gas storage bullets, adding 9,200 cbm of storage capacity. In Antwerp, we brought a new jetty into operation at our Linkeroever terminal. We are also expanding chemicals storage at Rotterdam and Antwerp, and started working on expanding our terminal at Vlaardingen. With regard to new energies, we started building a solar energy park adjacent to our terminal at Eemshaven and continued to investigate projects in infrastructure for CO_2 storage, hydrogen and flow batteries.

Market overview

Covid-19 had a major influence on markets in Europe & Africa. There was an increase in demand for oil storage due to the drop in oil demand as a result of the pandemic. In the chemicals sector, we experienced lower throughput levels, related to lower consumption of durable goods, offset by the increased need for chemicals in consumables such as cosmetics, cleaning products and food & drink. Manufacturers took time to respond to these changes, leading to increased demand for storage. We saw similar developments in edible oils, biodiesel, LPG and chemical gases.

Across Europe, the energy transition and sustainability are high on the agenda. This has long-term implications for Vopak; it will create new opportunities for growth, but it might also bring a decline in other markets and could require additional investment to comply with more stringent emission controls. We expect the demand for storage for chemicals and gases to continue to grow, given the increased availability of competitive chemical feedstocks in the US and the Middle East and the long-term expected growth in demand for chemical products.

Financial performance

Revenues for Europe & Africa declined in 2020, due to the divestments in 2019 and early 2020. Excluding divestment impact, revenues would have shown a healthy increase.
Occupancy rates improved as a result of increase in demand for storage, though part of our capacity has been out of service due to the turnaround of our chemicals terminal infrastructure (Botlek) and other planned maintenance activities at Europoort.
EBIT for Europe & Africa, excluding exceptional items, was lower, however post-divestments grew by 20% compared to 2019.

In EUR millions	2020	2019
Revenues	532.9	590.3
Operating profit before depreciation and amortization (EBITDA)[1]	275.1	299.9
Operating profit (EBIT)[1]	129.9	156.6
Average capital employed	1,382.7	1,867.2
Storage capacity (in million cbm)[2]	10.7	10.4
Occupancy rate subsidiaries	88%	83%
Proportional occupancy rate	88%	83%
Propotional EBITDA[1]	276.1	301.6

1 Excluding exceptional items.
2 At 16 February 2021.

Kees van Seventer
President Vopak LNG

"During 2020, activity at our terminals remained at high levels, and our teams did a remarkable job in operating safely and securing business continuity given the Covid-19 outbreak. Projects to expand our existing capacity or set up new locations were broadly unaffected by the pandemic disruptions. As a result, we aim to continue on the same steep growth path as before the pandemic. Recovery from the crisis offers additional opportunities that contribute to a more sustainable energy sector. Hydrogen optionality, carbon capture storage and Bio-LNG play an acceleration role in our business development plans. The switch from coal-fired electricity to gas will continue."

LNG

Number of terminals[2]

4

Share of EBITDA

In % of EBITDA from all divisions -excluding exceptional items-

5% 2019: **4%**

Total storage capacity

In million cbm[2]

1.2 2019: **1.2**

Total Injury Rate (TIR)

For every 200,000 hours worked for own personnel and contractors

0.38 2019: **0.00**

LNG

Division developments

Vopak LNG responded well to the Covid-19 pandemic. All terminal activities continued with precautionary measures securing busines continuity.

In 2020, we focused on integrating two LNG import terminal acquisitions made in the previous year. We explored further growth opportunities: each of our current four LNG terminals are evaluating sizable opportunities to increase business via additional commercial investments. Further progress was also made with the development of our LNG projects in Germany, China, Pakistan, Hong Kong and South Africa.

Market overview

In 2020, overall LNG demand was slightly lower compared with 2019 due to lockdowns introduced to stop the spread of Covid-19. This is the first time the LNG market has witnessed a decrease in demand in more than five years. The pandemic had its effect on prices as well, pushing them below $2/mmbtu during the second quarter. Even so, in the second half of the year, as the winter season approached in the Northern Hemisphere, LNG prices recovered rapidly.

The low LNG price during the year, encouraged more coal-to-gas switching, especially in India and China. The low price environment is also supporting further penetration of LNG in the marine shipping world. Fortunately, with long-term take-or-pay contracts in place, Covid-19 had only a marginal impact on the LNG division's commercial results.

The long-term outlook for LNG remains positive, and we aim to expand Vopak's current LNG footprint by adding more locations in the next few years.

Financial performance

The LNG division comprises joint venture and associate terminals and therefore has no revenues recognized at subsidiaries. The LNG results include all costs related to the LNG divisional and business development activities.

EBIT -excluding exceptionals items- from our LNG division, increased by 12% to EUR 42.6 million, due to continued growth in LNG throughput during the year. Results were also supported by contributions of the SPEC LNG terminal in Colombia that was acquired in 2019.

In EUR millions	2020	2019
Operating profit before depreciation and amortization (EBITDA)[1]	42.6	38.1
Operating profit (EBIT)[1]	42.6	38.1
Average capital employed	364.5	282.9
Storage capacity (in million cbm)[2]	1.2	1.2
Proportional occupancy rate	97%	96%
Propotional EBITDA[1]	149.6	132.8

1 Excluding exceptional items.
2 At 16 February 2021.

Outlook

We have set out a clear growth strategy for our terminals. Next year, we will continue to push ahead with this strategy, investing in additional infrastructure and storage capacity and expanding our use of new digital technologies.

The Covid-19 pandemic will continue to impact economies even after the virus is fully under control, with vaccines widely available. Until then, any resurgence in infections may force countries once more to restrict mobility and avoid large-scale gatherings; this, inevitably, will impact consumer behavior, GDP growth and energy demand.

- In 2021, the global economy is expected to recover and grow in the second half of the year. Some customers might be impacted by a further drop in consumer demand. Customers active in trading will benefit from increased volatility in commodity prices.
- Worldwide, the shift to sustainability is gaining ground. Changes in the world's energy mix and measures to reduce CO_2 emissions to limit the impact of climate change are likely to accelerate. Governments will play a key role through regulation and policies, introduced to support the 2015 Paris Climate Agreement objectives. Investment levels and operational costs might be impacted by environmental legislation to reduce emissions and standards like carbon tax.
- Many countries have taken exceptional fiscal monetary measures in response to stimulate local business and economy after the severe impact of Covid-19. Based on the duration of the crisis, governments might amend their policies.
- Lessons from Covid-19 will become part of a new reality and our new way of working. This has positive aspects – for example, lower travel costs and reduced need for office space.

The pandemic has introduced more uncertainty into our business environment. We see opportunities for growth, but we recognize that growth is unlikely to be linear. The majority of growth investments will be allocated towards industrial, gas and new energies infrastructures. Our positive views on chemicals have not changed. New growth investments in oil infrastructure are expected to be reduced and will mostly be targeted towards strengthening our leading hub positions.

We continue to seek opportunities to reduce our environmental footprint and implement our sustainability roadmap towards our ambition is to be climate neutral by 2050.

Sustainability

"It's not a matter of choosing between profitability and our planet: It is a symbiosis of both. Without profitability, capital, growth and the right people a company does not have the resources to develop and grow sustainable processes and new energies."

Sustainability and notes

Introduction to sustainability

Sustainability is about meeting the needs of the present without compromising the ability of future generations to meet their own needs. To live up to our purpose, we act to contribute to a more sustainable society by facilitating the introduction of vital products of the future. Through our care for people, planet and profit, we aim to create value for all our stakeholders. Our choices today must contribute to our long-term relevance in society and the well-being and development of current and future generations.

The Executive Board determines Vopak's purpose, strategy, value creation, business conduct and performance (all including sustainability) and is ultimately responsible for the implementation of Vopak's Sustainability Policy. This responsibility is delegated to division management and to the management of our operating companies. The global departments support the divisions and operating companies in acting on this responsibility. All Vopak employees have a shared responsibility with regard to sustainability as laid down in the Vopak Values, Code of Conduct, our Sustainability Policy and our sustainability targets.

As reflected in our Sustainability Policy, our ambition is to be the sustainability leader in our industry and live up to our purpose: storing vital products with care. The approach and programs to achieve this are integrated into our business decision making.

Targets on our key indicators are set at group, divisional and operating company level. Progress is monitored by the Executive Board and Supervisory Board as part of regular business monitoring and systematically reviewed on a quarterly basis.

Structure of this sustainability section

The purpose of the sustainability information in our Annual Report covering the financial year 2020, is to:

- Respond to the key topics and expectations from our stakeholders
- Respond to relevant societal topics
- Comply with laws and regulations.

This, together with our interpretation of people, planet and profit, and our acknowledgment of their interdependencies, is used as the basis for the structure and information in this section:

- Care for our societal impact (people)
- Care for our environmental & climate impact (planet)
- Care for our economic impact (profit).

Impact of Vopak versus impact on Vopak

This sustainability section presents information about the impacts of Vopak's activities on the society, environment and economy linked to our value creation process. The determination of (sustainability related) threats and opportunities that could potentially impact Vopak's portfolio and/or strategy forms an integral part of our strategic planning cycle. This is fully integrated into our risk management process, reference is made to the Governance, risk and compliance section.

Disclosures on the potential impact(s) of climate change on Vopak are reported as part of the Care for our economic impact (profit) section and our impact on climate change (through GHG emissions) are included within the Care for our environmental & climate impact (planet) section in this sustainability section.

We aim to be clear and transparent towards our stakeholders regarding our vision, our sustainability policy, objectives and performance. Vopak informs its stakeholders actively about its sustainability performance. This has two benefits:

- It enhances the support for and credibility with regard to the way Vopak manages its sustainability goals and related topics.
- It enables a dialogue with stakeholders and the communities in which Vopak operates, which helps us gain insights and improve our performance in the area of sustainability.

Materiality versus demand for other topics to be reported
We strive to be transparent and report relevant and balanced information. This section contains an explanation of (1) our societal, environmental and economic impacts, (2) our ambitions, how we want to achieve these and presents the developments and (3) performance in 2020 based on topics identified as material for Vopak.

Vopak's GRI Content Index provides all necessary references to those GRI indicators in scope (as well as explanation for any indicators not reported on). This Index may be found on our website: https://www.vopak.com/sustainability/gri-content-index.

Impact of Covid-19 pandemic

The pandemic spread of Covid-19 (Coronavirus) has a significant impact on all people and organizations around the world. Our main focus is on the health of the people working at our terminals, offices or at home around the world and to limit the spread of the Coronavirus, to manage the impact on our business and to assess the impact on the economy and society. Therefore, we have put global and local measures into place to protect our employees, their families and our operations based on information provided by the World Health Organization, national and local health authorities. To date, we have observed a limited impact on our operations. All our terminals are operational and there have been no significant disruptions to business continuity. The new circumstances did not lead to a deteriorated performance on safety and environmental impacts.

Governance and basis of preparation

Note 1. Basis of preparation

Reporting criteria

In recognition of the fact that sustainability is a core element of our strategy and operations, we combine our Sustainability Report with our Annual Report.

The information on Vopak's sustainability performance in this report has been prepared in accordance with the Sustainability Reporting Standards Comprehensive option of the Global Reporting Initiative (GRI Standards as published in 2016, unless stated otherwise), to communicate and understand organizations' societal, environmental and economic impacts. The Standards are designed to enhance the global comparability and quality of information on these impacts, thereby enabling greater transparency and accountability for organizations.

We subscribe to the view that good corporate reporting should result in the communication of a clear, concise and integrated story that explains how our company's resources are creating value for its stakeholders. As such, Vopak's Annual Report also applies the principles of the Integrated Reporting Framework by the International Integrated Reporting Council (IIRC).

Climate-related disclosures have been prepared by using the framework as issued by the Task force on Climate-related Financial Disclosures (TCFD). Disclosures on the potential impact(s) of climate change on Vopak including a description of our governance, strategy and risk management in line with the requirements of TCFD are reported as part of the care for our economic impact (profit) section. Our impact on climate change (through GHG emissions) is further explained in Note 11. Our impact on climate change: GHG emissions.

Financial KPIs are reported based on information included in the company's Financial Statements, prepared in accordance with IFRS as adopted by the European Union.

Reporting principles

Our sustainability reporting principles are based on the reporting principles in the GRI Standards, where necessary supported by internally developed standards and guidelines unless otherwise specified. Throughout the Annual Report, we have indicated how we applied the GRI reporting principles, such as materiality, stakeholder inclusiveness and reliability.

Reporting period

The reporting period for the sustainability information in this Annual Report is the 2020 financial year, covering Vopak's activities from 1 January 2020 to 31 December 2020. This report builds on the previous Annual (Sustainability) Reports.

Reporting process and assurance

As in previous years, Vopak has voluntarily requested its external auditor to provide limited assurance on its sustainability reporting. For the Assurance Report of our independent auditor, reference is made to the Assurance report of the independent auditor.

The sustainability data used in this report was obtained from our global consolidation and management reporting system and from the HR management, compliance management, operational (safety and environment) management reporting systems and other management reporting systems.

All data is consolidated by our Global Operations function and reviewed by the Global Control and Business Analysis function. Responsibility for reporting on sustainability is currently assigned to the Global Operations function. We have a continuous focus to further embed the material topics into the responsibilities of relevant departments, strengthening our non-financial data collection process and proceeding with further integration into our reporting processes. At least on a quarterly basis, key sustainability topics are reported to the Strategic Committee, Executive Board and the Supervisory Board. Once a year, we organize a full day review of our strategy and a thematic day on climate change. Key topics and stakeholder concerns were discussed in Supervisory Board meetings. For more information, reference is made to the Supervisory Board report.

For further details on the governance and control framework, reference is made to the Governance, risk and compliance section.

Change in reporting policies for 2020

Vopak has not applied any new reporting standards for 2020.

Sustainability Roadmap

Vopak is in the process of preparing an updated Sustainability Roadmap.
The roadmap will provide an improved overview of the key sustainability topics with clear objectives that we focus on as a company. It specifies our actions and integrates sustainability even stronger into our global processes and investment decisions. As with our current Sustainability Roadmap our updated version will be integrated into our incentive program.

For the year 2021, after finalization and formal approval of the Roadmap, we plan to update our reporting in the annual report accordingly.

Reporting adjustments of historical data

There have been no adjustments to information provided in previous reports.

Basis of consolidation

For sustainability reporting purposes, Vopak consolidates data from its headquarters, division offices and those entities under its operational control (unless acquired within the last 12 months), and from entities that report voluntarily although they are not under our operational control.

Unless otherwise stated, the sustainability information in this report includes all information for Vopak's principal subsidiaries, joint ventures and associates (as noted in Note 9.11 Principal subsidiaries, joint ventures, associates and investments of the Consolidated Financial Statements).

An entity under operational control implies:

- Application of Vopak´s operational standards
- Adoption of Vopak´s Code of Conduct
- Being part of the three-year cycle of Vopak´s Terminal Health Assessments (THA) or equivalent

In consolidating data, we apply the following principles:

- **Greenfield** Undeveloped land acquired to build a new terminal is deemed to be within reporting scope from the day of acquisition
- **Brownfield** When an existing terminal is expanded, these activities are deemed to be within reporting scope
- **Acquisition** When a terminal is acquired and operations are continued, there is a grace period of one year before the terminal is brought within the scope of sustainability reporting. During this grace year, all data must be reported and monitored in our internal reporting system
- **Divestment** When terminals are closed or sold, they are removed from reporting scope from the date of divestment, data until the date of divestment is still included.

Consolidation scope and boundaries

Entities that do not meet the consolidation criteria are shown in the table below, which reconciles the storage capacity reported in the financial statements to that used for sustainability reporting purposes:

In million cbm	2020	2019	2018	2017	2016
Total storage capacity according to Vopak Financial Statements[1]	**35.6**	**34.4**	**37.0**	**35.9**	**34.7**
Temporarily out-of-scope due to grace period after acquisition[2]					
Bahia Las Minas, Panama	–	–	–	–	- 0.5
Elengy Terminal Pakistan	–	- 0.2	- 0.2	n/a	n/a
SPEC, Colombia	- 0.2	- 0.2	n/a	n/a	n/a
Vopak Industrial Infrastructure Americas, US	- 0.8	n/a	n/a	n/a	n/a
Out-of-scope as no operational control					
Sabtank (Jubail), Saudi Arabia[3]	- 1.5	- 1.5	- 1.5	- 1.5	- 1.5
Sabtank (Yanbu), Saudi Arabia[3]	- 0.3	- 0.3	- 0.3	- 0.3	- 0.3
Chemtank (Jubail), Saudi Arabia	- 0.6	- 0.6	- 0.5	- 0.5	- 0.2
Maasvlakte Olie Terminal (MOT), The Netherlands	- 1.1	- 1.1	- 1.1	- 1.1	- 1.1
Ridley Island Propane Export Terminal (RIPET), Canada	- 0.1	- 0.1	n/a	n/a	n/a
Vopak Ventures - equity investments	–	–	–	n/a	n/a
Estonian Railway Services (ERS - part of Vopak E.O.S.), Estonia[4]	n/a	n/a	–	–	–
Total out of scope for sustainability reporting	**- 4.6**	**- 4.0**	**- 3.6**	**- 3.4**	**- 3.6**
Total storage capacity according to the sustainabilty scope	**31.0**	**30.4**	**33.4**	**32.5**	**31.1**

1 One terminal does not meet the consolidation criteria, but does report sustainability information voluntarily: Vopak Terminals Korea.
2 In 2016, Vopak started to manage and operate Chevron's existing 509,000 cbm terminal at Bahia Las Minas, in Panama. According to the consolidation criteria, the terminal is in scope for sustainability reporting as from 1 January 2017. Elengy Terminal Pakistan (acquired as per end of December 2018) is in scope as from 1 January 2020 and SPEC, Colombia (acquired as per end of September 2019) will be in scope as from 1 January 2021. The three industrial terminals acquired as per December 2020 (Vopak Industrial Infrastructure Americas on the U.S. Gulf Coast) will be in scope as from 1 January 2022.
3 The Sabtank terminals report on safety data only for our internal reporting purposes, but has been excluded for external reporting purposes since we started sustainability reporting in 2008.
4 Vopak E.O.S. was divested as per April 2019.

For capacity developments, reference is made to the Leading assets in leading locations section of the Annual report, and notes 3.1 Acquisition and divestment of subsidiaries and 3.5 Joint ventures and associates of the Consolidated Financial Statements.

Note 2. From stakeholder engagement to materiality

Together with our stakeholders, we define the material societal, environmental and economic topics for our company. In 2019, we conducted a full materiality assessment.
For the methodology used, details on the materiality process and changes since our last report, reference is made to our website: https://www.vopak.com/sustainability/stakeholder-engagement.

The table below summarizes the expectations and interests of our stakeholders and the topics that they regard as key topics. It should be noted that this reflects the overall outcome per stakeholder group from our stakeholder engagement. Expectations, interests and key topics vary for each individual stakeholder.

Our response to the overall key topics and concerns of our stakeholders is embedded in the notes to the topics in this Sustainability section.

Stakeholder group	Expectations	Key topics	How we engage them
Youth	To be relevant in the future, young people deem it important that a company as Vopak acts responsible in its environmental and societal behavior.	• Air quality: VOC and other air emissions • Greenhouse gas emissions • Soil and groundwater pollution • Water pollution	• Vopak WeConnect projects • Face-to-face meetings • Information on our website and social media channels
Customers	Increasingly put sustainability high on their agenda and require Vopak, as an important link in their supply chain, to at least align its sustainability policy with theirs.	• Business ethics and integrity • Applications of best practices • Occupational health and safety • Process safety	• Face-to-face meetings • Calls, emails, conferences • Internal & external audits
Business partners	Looking for long-term relationships to realize growth based on mutual trust and value creation.	• Application of best practices • Process safety • Customer acceptance and continuation	• Face-to-face meetings • Calls, emails, conferences • Internal & external audits
Authorities & governmental organizations	Respect (stricter) regulations, control and perform safely.	• Business ethics and integrity • Nuisance • Air quality: VOC and other air emissions • GHG emissions	• Face-to-face meetings • Written contacts • Information on our website • Open houses & site visits • Participation in public hearings & conferences
Financial and capital markets	Increasingly take a long-term appreciative view of companies that aim for sustainable profitability.	• Financial performance • Business ethics and integrity • Customer acceptance and continuation	• Presentations, webcasts, roadshows with analysts and investors at least every quarter • Individual meetings • Capital Markets Day • General Meeting of Shareholders
Neighbors and local communities	Increasingly require Vopak to engage with them to address matters such as stench and odors.	• Air quality: VOC and other air emissions • Business ethics and integrity	• Face-to-face meetings • Written contacts • Information on our websites and social media channels • Open houses & site visits • Participation in public hearings & conferences • Vopak WeConnect projects
NGOs	NGOs expect Vopak to be a responsible, transparent, cooperative and trustworthy partner.	• Air quality: VOC and other air emissions • Business ethics and integrity • Process safety • Water pollution	• Face-to-face meetings • Written communications • Information on our websites and social media channels • Open houses & site visits • Participation in public hearings & conferences • Vopak WeConnect projects
Suppliers	Suppliers value long-term relationships and expect a safe and healthy workspace and fair treatment.	• Suppliers acceptance and continuation • Customer acceptance and continuation • Financial performance	• Face-to-face meetings • Quarterly calls with Tier 1 and Tier 2 suppliers • Contracts • Site visits • Supplier visits
Employees	Value a company that cares, helps to develop their talents and offers training programs to develop the full potential of every individual.	• Process safety • Financial performance • Occupational health and safety	• Daily work relationships • Training and human resources cycles • Employee engagement survey • Intranet, mail, internal social media – townhall sessions (digital)
Senior management	Determines the overall long-term strategy on our 'License to Operate' and our expansion plans and ensure continued value creation for stakeholders.	• Process safety • Business ethics and integrity	• Ongoing internal dialogues • LEAD program

Materiality

Our materiality topics reflect the impacts of Vopak on the society, the environment and the economy. The 24 topics that are identified, are classified as either:

- **Key topics:** We aim to fulfill a leading role with regard to these topics and have integrated these topics into our strategic sustainability priorities
- **Topics to monitor:** We want to demonstrate our social responsibility with regard to these topics. We measure and report on parts of these topics in our report
- **Other topics:** These are important topics for Vopak and are managed accordingly.

The materiality matrix showing the ranking of the 24 topics can be found at the Purpose & strategy section. According to the ranking of topics determined as most relevant across stakeholder groups and ranked as the most significant impact of our business, six key topics emerged as being the most material. We report in detail on the six key topics. All other topics reported in this section are based on compliance with regulatory requirements and our response to actual societal topics. On these other topics, we report on our management approach.

Care for our social impact

People

17 **Process safety**
18 **Occupational health and safety**
19 Training and education
20 Nuisance
21 Labor conditions
22 Human rights
23 Diversity
24 Community engagement and charity

Care for our environmental & climate impact

Planet

1 **Air quality: VOC and other air emissions**
2 Soil and groundwater pollution
3 **Water pollution**
4 Waste
5 Greenhouse Gas (GHG) emissions*
6 Energy use
7 Water management
8 Biodiversity

Care for our economic impact

Profit

9 **Business ethics and integrity**
10 Application of best practices
11 Customer acceptance and continuation
12 Financial performance
13 **Innovation**
14 Remuneration
15 Supplier acceptance and continuation
16 Taxation

* Reporting on greenhouse gas (GHG) emissions
Although GHG emissions is not ranked as key topic in our stakeholder engagement, the Executive Board considers this to be strategic.
Therefore, we have set a long-term target and report transparently on our GHG emissions. Reference is made to Note 11. Our impact on climate change: GHG emissions.

Note 3. Connectivity

The set-up of this sustainability section is based on the topics and outcomes from Vopak's materiality assessment. The table below reconciles the six key topics to our value creation model, the strategic leadership areas, the corresponding risks, disclosures on management approach, performance and outlook, and the topic-specific GRI Standards. It also provides the link with the UN Sustainable Development Goals (SDGs).

For more information on our strategic leadership areas, reference is made to the Performance & Outlook section. Our governance with regard to the sustainability-related risks and opportunities is integrated into our governance and risk management processes; for more information, reference is made to the Governance, risk and compliance section. Topic-related KPIs are included in Consolidated Sustainability performance and corresponding notes.

Key topic Vopak	Corresponding value creation capital	Corresponding SDG	Corresponding strategic pillar	Corresponding risk in Risk Paragraph	Corresponding performance notes	Corresponding GRI Standard
Care for our societal impact						
Occupational health and safety	People	8 DECENT WORK AND ECONOMIC GROWTH	• Operational leadership • People leadership	8	Note 4. Occupational health and safety	• GRI 403: Occupational Health and Safety (2018 version)
Process safety	Natural Social & Relationships	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Operational leadership • Service leadership	8	Note 5. Process safety	No corresponding GRI topic-specific standard
Care for our environmental & climate impact (planet)						
Air quality: VOC and other air emissions	People Natural	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Operational leadership	8	Note 12. Air quality: VOC and other emissions	No corresponding GRI topic-specific standard
Water pollution	Natural	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Operational leadership	8	Note 13. Water pollution	No corresponding GRI topic-specific standard
Care for our economic impact (profit)						
Business ethics and integrity	People Social & Relationships		People leadership	13	Note 20. Business ethics and integrity	• GRI 205: Anti-Corruption • GRI 307: Environmental Compliance • GRI 419: Socio-economic Compliance
Innovation	Systems & Processes	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION	• Operational leadership • Technology leadership	3 10	Note 21. Innovation	No corresponding GRI topic-specific standard

Consolidated Sustainability Performance

	2020 target	Performance					2021 target	Long-term target	Note
		2020	**2019**	**2018**	**2017**	**2016**			
Care for our societal impact (people)									
Occupational health and safety									4
Fatalities, own employees & contractors	0	0	1	2	2	0	0	Our first priority is to have zero fatalities and zero major incidents	
Total Injury Rate (TIR), own employees & contractors (per 200,000 hours worked)	0.27	0.37	0.34	0.30	0.38	0.29	0.27		
Process safety									5
Major process incidents	0	0	0	0	0	0	0	Our first priority is to have zero major process incidents	
Process Safety Events Rate (PSER), own employees and contractors (per 200,000 hours worked)	0.17	0.14	0.16	0.12	0.26	0.23	0.16		
Human rights and decent work									6
Total number of employees (in headcount)		5,688	5,697	5,833	5,657	5,555		A living wage for all own employees and our main suppliers and contractors	
- Percentage of employees with a living wage	100%	100%	100%	100%	100%	N.R.	100%		
Diversity									7
Percentage of women in senior management positions		16%	12%	N.R.	N.R.	11%	Progress to achieve long-term target	Increase the proportion of women in Vopak's senior management positions to at least 20%	
Care for our environment and climate impact (planet)									
GHG emissions									11
Total GHG emissions - scope 1 & 2 (metric tons)	Increase energy efficiency and seek opportunities for renewables	444,150	408,475	417,409	402,256	426,576	Increase energy efficiency and seek opportunities for renewables	Our ambition is to be climate neutral by 2050 and to remain the industry leader in sustainability in the period up to 2030 and 2050	
- Direct GHG emissions - scope 1 (metric tons)		207,078	154,807	165,720	166,917	186,142			
- Indirect GHG emissions - scope 2 (metric tons)		237,072	253,668	251,689	235,339	240,434			
Air quality: VOC and other air emissions									12
Societal impact reduction of our VOC emissions		19%	6%	Q.R.	Q.R.	Q.R.	Progress to achieve long-term targe	Reduce our societal impact by more than 20% compared to 2016	
Water pollution									13
Total number of reportable spills	Ensure effective spill prevention and secondary containment in high risk areas	8	6	4	1	9	Ensure effective spill prevention and secondary containment in high risk areas	Ensure integrity of the environment: Zero uncontained spills of harmful products	
Total product spilled (reportable spills in metric tons)		26	2	1	1	18			
Soil and groundwater pollution									14
Total number of uncontained reportable spills		6	6	4	7	25			
Total product spilled (uncontained reportable spills in metric tons)		301	19	29	25	145			
Our economic impact (profit)									
Business ethics and integrity									20
Number of fines from permit violations		0	1	0	2	2	0	Zero permit violations and no violations of Code of Conduct	
Amount of fines from permit violations (in EUR thousands)		0	0	0	2,124	96	0		
Total number of breaches of Code of Conduct	0	6	13	3	8	3	100% completion of Code of Conduct training for own employees		
Innovation		Q.R.	Q.R.	N.R.	N.R.	N.R.	Annual EUR 10 million investment available to achieve long-term target	Our aim is to remain industry leader by improving safety, service and efficiency	21

N.R. Not reported as topic was not in sustainability reporting scope.
Q.R. Only qualitative reporting.

Care for our societal impact (people)

Vopak is storing vital products with care. Our care starts with the people who work for our company and extends to the communities in which we operate and society at large. We aim to ensure that all the products we store are taken care of in the right environment and the right manner. We are aware that safety depends, in part, on the way we build our terminals. The products we store are useful for society, but some can be potentially harmful to the environment or can endanger people's health if stored or handled inappropriately. Our first responsibility is to provide safe, clean and efficient storage. We must ensure that our employees and contractors can return home safely after each working day, and create value for all our stakeholders, from shareholders to neighboring communities. Our ambition is to be the sustainability leader in our industry and to live up to our purpose of storing vital products with care. We strive to be a responsible member of the communities in which we operate.

Value creation capital	Input	Output & Outcome	Impact
People	Employees provide their time, expertise and knowledge. We also use contractors and other service providers in our operations. We invest in training and talent development to build a skilled, diverse workforce.	We develop our people, train them in new skills, motivate them, and aim to provide a healthy and safe working environment for both employees and contractors.	8 DECENT WORK AND ECONOMIC GROWTH
Social & Relationships	To carry out our business, we rely on relationships with stakeholders. These include our customers – in addition to our employees, suppliers, business partners and governments. We also need the continued goodwill of the local communities in which we operate. Together, these relationships provide our 'license to operate and grow'.	As Vopak, we handle hazardous products with care. We ensure safe delivery of these products to our customers, providing a vital link in the supply chains for oil, gas, chemicals and vegoils. We facilitate novel clean(er) products through appropriate infrastructure.	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Natural	To run our business, we use natural resources, such as energy and water. We also hold areas of land and sea to build and operate our terminals.	We work to minimize our negative effects on the environment – by reducing both vapor and GHG emissions and pollution to air, water and soil.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION

Note 4. Occupational health and safety

Definition, reporting policies and boundaries

Related topic	Materiality matrix no. 18
Occupational health and safety	*This includes the impact of fatalities, incidents, sickness, exposures to operational hazards and long-term exposure to chemicals.*

8 DECENT WORK AND ECONOMIC GROWTH

Reporting policies

Occupational health and safety are managed and reported according to OSHA 1904.
The safety rates (Total Injury Rate (TIR) and Lost Time Injury Rate (LTIR)) are calculated as number of incidents per 200,000 hours worked.

Boundaries

Safety relates not only to Vopak employees, but also to the employees of our contractors when they are working on our sites. Sickness is only reported for our own employees.

Management approach

At Vopak, we operate a global network of terminals and we handle a wide range of liquid and gaseous products and feedstock for the chemical, petrochemical and agricultural industry. If handled incorrectly the products that we store can endanger the health and safety of our employees, contractors and everyone within the community surrounding our facilities.

Therefore, we store and handle these products according to the latest standards, best practices and applicable legislation. It is our responsibility to keep our employees, contractors and neighbors safe from any incident occurring during the operation of our facilities and storage of the products.

Our global standards cover key operational and maintenance processes. In the daily operation and maintenance of our terminals, we encounter non-routine activities that are managed with additional control measures such as control of work procedures. Every Vopak employee, contractor and service provider is required to adhere to our Safety, Health and Environmental requirements, which are formalized through employment and service contracts, in all locations and at all times. Safety committees are organized on a terminal level at all terminals. In addition to safety, we strive for a healthy workforce. In several countries, Vopak encourages its employees to incorporate more healthy elements into their lifestyle through, for instance, company sports events, health checks, advice on diet, a healthy variety of food in the company's canteens and work-life balance initiatives.

We monitor and report any safety incident at our facilities involving our own employees, contractors and third parties. We also monitor our employees periodically for any effects of exposure to the chemicals we handle and store. It is the obligation of everyone at a Vopak facility to report any (potential) safety or health issue in the reporting system Enablon accessible by all employees.
We strongly believe that all safety incidents can be prevented and are committed to the goal of zero personal incidents.

Occupational safety

	2020 Target	2020 Performance	Long-term ambition
Occupational health and safety Fatalities (own employees and contractors)	0	0	Our first priority is to have zero fatalities and zero major incidents
Total Injury Rate (TIR), own employees and contractors (per 200,000 hours worked)	0.27	0.37	

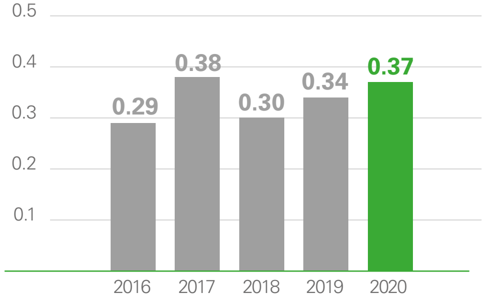
In 2020 we did not have a fatality, nor any major injury leading to a permanent disability of one of our employees or contractors. This is in line with our targets of zero fatalities and major incidents (those incidents leading to life changing injuries).

Safety is our first and foremost priority. At the end of each working day, each person at our terminals should return safely to their homes and families. We have to maintain our focus on how to further improve our safety culture, systems and hardware to ensure a safe working place for all.

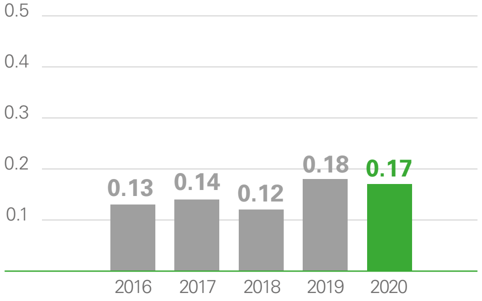
Occupational safety performance

	Own employees		Contractors		Combined	
	2020	2019	2020	2019	2020	2019
Fatalities	0	0	0	1	0	1
Lost time injuries (LTIs)	13	18	15	17	28	35
Restricted work cases (RWCs)	8	6	8	16	16	22
Medical treatment cases (MTCs)	4	2	14	7	18	9
Total Injury Count (TIC)	**25**	**26**	**37**	**40**	**62**	**66**
Total Injury Rate (TIR)	**0.47**	**0.49**	**0.32**	**0.28**	**0.37**	**0.34**
Lost Time Injury Rate (LTIR)	**0.25**	**0.34**	**0.13**	**0.12**	**0.17**	**0.18**

Total Injury Rate



Lost Time Injury Rate



Occupational safety rates per division

	Total Injury Rate		Lost Time Injury Rate	
	2020	**2019**	**2020**	**2019**
Americas	0.40	0.26	0.11	0.08
Asia & Middle East	0.22	0.14	0.11	0.06
China & North Asia	0.11	0.08	0.03	0.04
Europe & Africa	0.82	0.95	0.42	0.58
LNG	0.38	0.00	0.19	0.00
Global HQ	0.00	0.00	0.00	0.00
Total	**0.37**	**0.34**	**0.17**	**0.18**

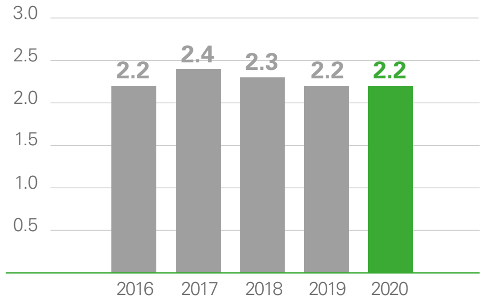
Despite continuous efforts to improve safety, we were not able to deliver in 2020 on our target (TIR of 0.27) with regard to personal safety.

Evaluation of the root causes of the personal incidents has identified that most cases occurred due to slips, trips and falls, impact by an object (construction/ maintenance) and strains from manual handling activities.

We are committed to further improve safety in 2021 with our 'Trust and Verify' program that was launched in 2018. This program, which is expected to be fully implemented in 2021, will further increase safety awareness and encourage a culture of personal accountability throughout the company, helping us prevent incidents and ensure a safe working environment. More information on the 'Trust and Verify' program as well as other programs and processes in place to improve safety can be found in the Operational leadership chapter.

Occupational health

Sickness Rate
in %



Sickness rate per division

	Sickness rate %	
	2020	**2019**
Americas	1.5	1.2
Asia & Middle East	1.6	1.6
China & North Asia	0.7	0.7
Europe & Africa	4.4	4.5
LNG	2.8	4.4
Global HQ	2.1	1.6
Total	**2.2**	**2.2**

In both 2019 as well as 2020, 47% of Vopak staff worked in areas of higher accident risk (mainly operational and maintenance staff at our terminals). There were no reported cases of employees suffering from occupational diseases.

Note 5. Process safety

Definition, reporting policies and boundaries

Related topic	Materiality matrix no. 17
Process safety	*This includes incidents of product contaminations, damages to installations, spills and other product losses of primary containment.*

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Reporting policies

Process safety is managed and reported according to the API standard RP 754 and events are measured based on the significance of the incident, with Tier 1 as the most significant.

Major process incidents are those Tier 1 events with the highest severity and catastrophic impact.

According to our materiality assessment, the topic of process safety includes incidents of contamination, fires, damage and loss of primary containment (LOPC).

A (product) contamination is any situation where a customer's product is out of contract specification and cannot be used as intended or is reduced in value, or needs unplanned after treatment (e.g. mixing, blending, sparging) due to the action of another substance on that product.

Contaminations and damages could be both process and non-process related. Both types of incidents are reported in this note. Examples of non-process contaminations are product damaged by overheating due to tank or line heating systems or due to lack of failure of nitrogen inerted atmosphere.

All Tier 1 and Tier 2 LOPCs are reported in this note. For more detailed reporting on spills, reference is made to Note 13. Water pollution and Note 14. Soil and groundwater pollution. Both terms – 'spills' and 'LOPCs' – are used to refer to the same definition: an unplanned or uncontrolled release of material from primary containment, including non-toxic and non-flammable materials.

The process safety event rate (PSER) is calculated as the total number of Tier 1 and Tier 2 incidents per 200,000 hours worked.

Boundaries

All Tier 1 and Tier 2 process safety events are reported in this note. This includes process-related incidents that create personal injuries involving employees, contractors and third parties.

With regard to damages, we have only included damages with a cost larger than EUR 50,000.

Management approach

The processes of storing and handling liquids and gases at a Vopak facility requires safety measures to prevent any incident related to the operations. All staff working at Vopak facilities are obliged to report process safety incidents via Enablon. Another core element is the constant monitoring and reporting of every process incident at our facilities and investigating the root cause in order to prevent similar incidents. We share the results of these investigations with all of our facilities by means of a written alert.

The 'Assure' program has enabled us to prioritize our process safety initiatives, and helped us meet our own expectations with regard to major accident prevention. Assure is based on global Vopak tools that were already available within our company. These include a selection of the 'Vopak Way Standards', 'Vopak Fundamentals' and key modules from 'My Learning Operations'. The program focuses on compliance in four areas:

People focuses on having a workforce with all necessary skills to safely operate and maintain our terminals, whilst generating and maintaining a good safety culture

Assets focuses on adequate maintenance of safety-critical assets and ensuring that new assets are properly designed and commissioned

Processes focuses on having in place the key organizational processes controlled through procedures and methodologies to safely operate and maintain our terminals

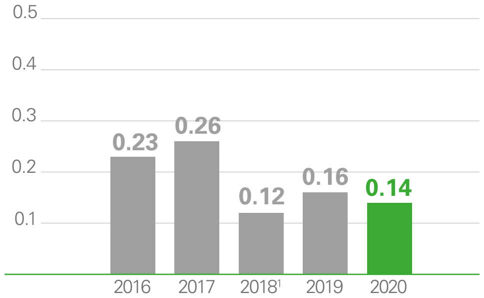
Legal requirement focuses on compliance with all legislation relating to major accident prevention. Implicit in this requirement is to know what legislation must be complied with, what this legislation demands and to be able to demonstrate that there are no gaps in our compliance.

Asset integrity is secured through the 3-Year Maintenance Program (3YMP), in which a risk-based approach is used to determine the level of maintenance required for key assets such as tanks, pipelines and plant control systems. The 3YMP is reviewed annually during the budget cycle, in addition to the routine maintenance activities. Consequently, the progress against this program is measured quarterly and benchmarked against the original plan, as part of our divisional reviews. In cases where additional maintenance is required, these requests are assessed and resourced to ensure that asset integrity is not at risk.

For all products stored at our terminals, we require a Material Safety Data Sheet from our customers in order to appropriately store and handle these products.

	2020 Target	2020 Performance	Long-term ambition
Process safety Major process incidents	0	0	Our first priority is to have zero major process incidents
Process Safety Event Rate (PSER), own employees and contractors (per 200,000 hours worked)	0.17	0.14	

Process Safety Event Rate



1 The significant improvement in our 2018 process safety performance is partially explained by the changed threshold levels of API RP 754. Our process safety incident classification has been aligned with the new API 754 standard. This means that some incidents have been downscaled to a lower tier classification, due to the impact of the incident (such as non-flammable edible oils). The impact of the application of the new standard in 2018 is that six LOPCs occurred in 2018, are classified as Tier 3 instead of Tier 2.

Process safety performance per division

	Tier 1 PSE Count		Tier 2 PSE Count		Tier 1 & Tier 2 PSE	
	2020	2019	2020	2019	2020	2019
Americas	0	1	3	1	0.12	0.05
Asia & Middle East	2	3	6	5	0.15	0.10
China & North Asia	1	1	1	1	0.09	0.09
Europe & Africa	3	10	3	6	0.17	0.44
LNG	2	1	0	0	0.38	0.30
Global HQ	0	0	0	0	0	0
Total	**8**	**16**	**13**	**13**	**0.14**	**0.16**

For 2020, we were able to meet our target (PSER of 0.17).

Process safety events per type

	Tier 1 PSE Count		Tier 2 PSE Count		Tier 1 & Tier 2 PSE	
	2020	2019	2020	2019	2020	2019
Fatality	0	0	0	0	0	0
Lost time injury (LTI)	1	4	0	0	1	4
Restricted work case (RWC)	0	0	1	0	1	0
Medical treatment case (MTC)	0	0	0	2	0	2
Loss of primary containment (LOPC)	7	12	12	11	19	23
Fire	0	1	0	0	0	1
PRD activation	0	0	0	0	0	0
Total	**8**	**16[1]**	**13**	**13**	**21**	**29**

1 In 2019, the Tier 1 Fire and one of the Tier 1 LOPCs occurred by the same event, therefore counted as one event in the total Tier 1 PSE Count.

Product contaminations

	2020			2019		
	PSE	Non-PSE	Total	PSE	Non-PSE	Total
Americas	2	3	5	3	2	5
Asia & Middle East	1	1	2	0	8	8
China & North Asia	0	3	3	0	2	2
Europe & Africa	4	4	8	0	13	13
LNG	0	0	0	0	0	0
Global HQ	0	0	0	0	0	0
Total	**7**	**11**	**18**	**3**	**25**	**28**

Damages (>50k EUR)

	2020			2019		
	Property	Product	Total	Property	Product	Total
Americas	1	0	1	2	0	2
Asia & Middle East	4	1	5	7	1	8
China & North Asia	1	0	1	1	0	1
Europe & Africa	7	1	8	5	0	5
LNG	1	0	1	0	0	0
Global HQ	0	0	0	0	0	0
Total	**14**	**2**	**16**	**15**	**1**	**16**

Note 6. Human rights and decent work

8 DECENT WORK AND ECONOMIC GROWTH

Related topic	Materiality matrix no. 22
Human rights	*This includes (but is not limited to) the fair treatment of employees and (sub-)contractors, respect for the rights of indigenous people and land use rights, as stated in our Code of Conduct and Supplier Code.*

Related topic	Materiality matrix no. 21
Decent work	*This includes, (but is not limited to) complying with the OECD guidelines, the possibility for employees to participate in collective labour agreements and Vopak ensuring that all its employees and contractors earn a living wage as stated in our Code of Conduct and Suppliers Code.*

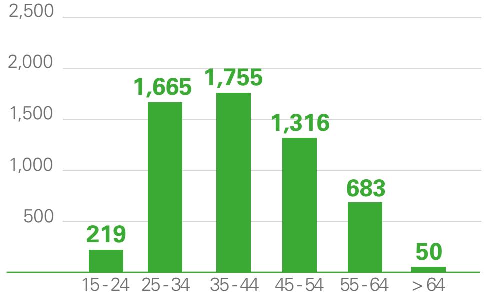
	2020 Target	2020 Performance	Long-term ambition
Human rights and decent work Total number of employees (in headcount)		5,688	
Percentage of employees with a living wage	100%	100%	A living wage for all own employees and our main suppliers and contractors

Our workforce

	2020	2019	2018	2017	2016
Total number of employees (in headcount)	5,688	5,697	5,833	5,657	5,555
- Percentage of male employees	83%	84%	84%	84%	85%
- Percentage of female employees	17%	16%	16%	16%	15%
- Percentage of employees with a living wage	100%	100%	100%	100%	N.R.

	Headcount	Gender		Employment type		Employment contract	
	31-Dec-20	Men	Women	Full-time	Part-time	Permanent	Fixed term
Americas	942	83%	17%	100%	0%	99%	1%
Asia & Middle East	1,434	84%	16%	99%	1%	94%	6%
China & North Asia	1,044	85%	15%	100%	0%	48%	52%
Europe & Africa	1,593	83%	17%	92%	8%	94%	6%
LNG	218	83%	17%	95%	5%	96%	4%
Global HQ	457	74%	26%	89%	11%	92%	8%
Total	**5,688**	**83%**	**17%**	**96%**	**4%**	**86%**	**14%**

Age distribution per 31 December 2020



Approximately 41% (2019: 41%) of our employees are employed under a Collective Labor Agreement (CLA), most of these employees work in the operations and maintenance departments at our terminals. We strive for long-lasting and healthy relationships with unions and works councils all over the world in the best interest of our employees and the Company.

Number of contractors

During 2020, Vopak hired contractors for in total over 10,000 person-years. The majority of our contractors are working on construction and maintenance projects.

Human rights

Vopak respects human rights as described in the United Nations (UN) Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, and accepts the responsibility for ensuring that all our entities respect human rights when conducting business.

The risks of potential human rights issues lay mainly in the area of construction and maintenance activities, which are often performed by contractors under our supervision. Driven by the many greenfield projects, as well as maintenance activities at our existing terminals, our contractors' exposure hours equal and mostly exceed that of our own employees, making contractor management equally important as that of Vopak employees.

Major investment proposals are required to be screened for potential human rights issues. Our screening is based on the country in which the project is being carried out and the characteristics of the investment proposal. The screening includes an assessment of the regions where the risks of human rights issues are high. For these projects, specific agreements are made between all the stakeholders in the project which detail the manner in which parties will uphold human rights. All partners, contractors and suppliers are required to adhere to the Vopak Code of Conduct and the Supplier Code, which also cover human rights.

In 2019, we launched a pilot performance management program for our suppliers and contractors, which includes assessing whether appropriate human rights and decent work policies are in place, communicated and followed. This program was being implemented from 2020.

According to our whistleblower policy, all employees and other stakeholders are required to report any human rights issues or other violations of our Code of Conduct or Supplier Code in confidence. The Trusted Person follows up on all complaints and takes remedial action where needed. For all cases reported during 2020, reference is made to Note 20. Business ethics and integrity.

Decent work

Labor rights

In line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, we base our decent work objectives and commitments on the International Covenant on Civil and Political Rights, on the International Covenant on Economic, Social and Cultural rights and on the fundamental rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

We seek to uphold these rights in our operations and in our relationships with our suppliers, our business partners, work councils and unions within the boundaries of local laws and regulations.

Living wages

In line with Vopak's commitments under the UN Global Compact, Vopak supports the 'living wage' principle in the UN's Declaration on Human Rights. The goal of a living wage is to allow a worker to afford a basic, adequate standard of living through employment without government subsidies. Our policy is to pay local Vopak staff at least the living wage norms reflecting the wage levels required to meet their basic needs for living. According to our whistleblower policy, breaches to our living wage principle can be reported by all employees and other stakeholders.

To ensure the wages provided to all of our employees in the countries we operate in, meet (or exceed) the living wage standards, we carry out a 'living wage' assessment annually, in order to verify that the company's wages meet or exceed the living wage standards. Please note that due to the lack of official indicators and accurate benchmarks available to measure basic work and living standards as a result of the economic situation in the country, the Vopak wages paid to staff in Venezuela can only be assessed informally. In 2020, all countries were found compliant with the living wage principle and no issues were noted (2019: no issues).

Additionally, the living wage principle is included in the Vopak Global Supplier Code and in the Global supplier and contractor performance management program, so that its application is not limited to Vopak employees only.

Compensation ratios

For our countries of significant operations (Netherlands, Singapore, US), we disclose the ratio between the total remuneration package of the highest paid employee and the total average remuneration of Vopak employees in that country, in accordance with the GRI Standards. The calculation method for the calculation of these compensation ratios is consistent with the method used to calculate the CEO Pay Ratio as disclosed in the Remuneration report.

	2020	2019
Global CEO pay ratio	26.1	21.5
Pay ratio The Netherlands	*17.9*	*14.9*
Pay ratio Singapore	*9.6*	*9.1*
Pay ratio United States	*4.9*	*4.0*

Note 7. Diversity

Related topic	Materiality matrix no. 23
Diversity	*This includes diversity in gender, nationality, culture, age, physical abilities and competencies.*

8 DECENT WORK AND ECONOMIC GROWTH

Vopak is a multicultural company with operations around the globe. This means our workforce is diverse and includes people from many different cultures, nationalities and beliefs. We respect this diversity and nurture the many different approaches and perspectives each culture brings to our business. Whatever their backgrounds, our people share our company's passion for service and want to perform to the best of their ability. We believe that each individual has the right to be treated with respect and dignity, and work in a professional atmosphere that promotes equal opportunities and prohibits discrimination or harassment on the basis of amongst others race, color, national origin, religion, sex, sexual orientation, age, political orientation or trade union membership, allowing everyone at Vopak to develop their full potential.

Traditionally, our industry has been male dominated – and our workforce still comprises predominantly men. Our focus is on having the right expertise and skills available in key areas of the business, rather than on putting people into roles to meet diversity targets. To ensure sufficient competencies worldwide, we expect to increase international mobility of our employees.

In 2020, our focus remained on increasing diversity in terms of gender, regional origin and competence. For the three lines of action that we focused on in 2020, refer to the People leadership chapter.

On a senior management level, we strive to be a reflection of the countries we operate in with a balanced gender diversity.

Senior management composition (salary scales at or above Hay 19*, excluding Board level)

	2020 Performance	Long-term ambition
Diversity Percentage of women in senior management positions	16%*	Increase the proportion of women in Vopak's senior management positions to at least 20%

* Please note that in the 2020 Annual Report the definition of senior management has brought in line with the internal HR target which is salary scales at or above Hay 19. Under the former definition used in this report until 2019 (Hay 20), the realization of the target would have been 14%.

Management composition (salary scales at or above Hay 15)

	Executive Board		Terminal and divisional management teams		Global staff directors		Global staff HQ	
% employees	2020	2019	2020	2019	2020	2019	2020	2019
Gender								
Men	100%	100%	77%	79%	75%	69%	77%	77%
Women	0%	0%	23%	21%	25%	31%	23%	23%
Nationality								
Dutch	100%	100%	27%	28%	92%	92%	78%	82%
Other	0%	0%	73%	72%	8%	8%	22%	18%

Note 8. Training & education

Related topic	Materiality matrix no. 19
Training and education	*This refers to having competent people qualified to do their job and awareness of any safety topic related to their jobs.*

8 DECENT WORK AND ECONOMIC GROWTH

Attracting, developing and retaining talent is critical to our success. Vopak's environment is changing rapidly. Therefore, different skills and backgrounds are needed, now and in the future. At the same time, we need to retain critical skills to build on our existing experience and knowledge. This is even more challenging outside Europe where the Vopak brand is less visible and less well known outside the industry. These are often the countries of high growth or higher growth potential.

Our core approach to talent management is having a strong development focus and facilitating learning on the job. Another important program that we have used successfully is our Management Trainee program. As part of our Employee Value Proposition, we grow careers internally and promote career development within the company. This approach allows us to rejuvenate our workforce, and ensure that critical skills and experience can be passed from one generation to the next.

We believe in internal career growth and development and therefore we focus as much as possible on recruitment from within the company where possible to fill vacancies.

People development

Our people development efforts are geared towards having the right people with the right skills in the right place at the right time in order to strengthen our organization and enable further growth. Opportunities for personal growth and development are also a key component for retention of our staff.

Our performance review process not only focuses on measuring employees' past performance, but also on steering long-term development. Many Vopak employees participate in this process. The Vopak performance management process has a strong focus on performance delivery, (360 degree) feedback and the Vopak Values. Development needs are identified and translated into plans based on a yearly cycle.

We believe that leadership behavior is crucial in embedding and sustaining the Vopak Values in the organization. In 2020, we also continued our cooperation with the Oxford Saïd Business School, implementing our Accelerate 2 Lead program. For more details refer to the People leadership chapter.

Equipping our people – Vopak fundamentals and processes

Vopak expects all employees and contractors working at its terminals to care for safety, health and the environment. It is part of our company values. My Learning Operation (MLO) has been one of our most effective tools in training and assessing proficiency in the Vopak Fundamentals on Safety. In 2020, 91% (2019: 87%) of our employees completed compulsory annual training on the Vopak Fundamentals. The percentage is below 100% due to joiners during the year. In addition to our Vopak Fundamentals, we have 14 other safety-critical modules available within MLO (e.g. personal protective equipment (PPE), pumps, lines and valves, etc), which are also used to train and assess our field employees.

We are also using MLO to train and assess operational employees on our core operational processes, such as ship and truck handling. These training programs will be administered and monitored through our MLO system.

We created an online Code of Conduct training for all Vopak employees. More than 88% of invited employees have completed this training as per end of December 2020.

Training hours per employee

	2020	2019
Americas	27	39
Asia & Middle East	43	61
China & North Asia	49	51
Europe & Africa	33	53
LNG	55	76
Global HQ	N.R.	N.R.
Total	**36**	**50**

In 2020, Vopak employees spent an average 36 hours in training compared to 50 hours in 2019 mainly due to Covid-19. For more details on how we made sure our terminals remained safely operated, refer to the Operational leadership chapter.

Note 9. Nuisance

Related topic	Materiality matrix no. 20
Nuisance	*This refers to the fact that Vopak is trying to minimize its effects from nuisance on its neighbours by monitoring and addressing smell, noise and other complaints, by installing facilities to mitigate these nuisances.*

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We strive to maximize our positive impact and minimize the negative impact on the communities where we operate.

Vapor, odor and stench complaints

	2020	2019
Americas	2	50
Asia & Middle East	0	7
China & North Asia	0	0
Europe & Africa	7	3
LNG	0	0
Global HQ	0	0
Total	**9**	**60**

During 2020, we reduced the number of stench complaints from our neighbors. In total we received 9 stench complaints (2019: 60), that originated from 9 individual incidents (2019: 12) at 5 locations (2019: 9).

Note 10. Community engagement

Related topic	Materiality matrix no. 24
Community engagement and charity	*This refers to the ambition of Vopak to support the local communities in which Vopak operates (e.g. through our We-Connect program).*

Vopak supports local communities by stimulating job creation and economic growth through business investments and by minimizing harm to the environment. We strive to be a responsible member of the communities in which we operate.

While topics identified through the materiality survey are relevant to Vopak's operations worldwide, other topics are essentially at a local level. We involve communities at the early development stages of growth projects and continue our engagement throughout the lifetime of our terminals. For our communities, priorities that we address include topics ranging from plastics clean up, preservation of archeological sites and mitigating the impact of truck movements during construction activities up to improving roads and local education. We are aware that stakeholder engagement requires an ongoing dialogue, with regular contacts and two-way communication. Depending on the stakeholders and the topic, communication is maintained through face-to-face meetings, letters and emails, information on our websites, social media, open houses & site visits and participation in public hearing. Engaging with our neighbors and local communities is an essential part of our business to address these concerns and respond to them in a timely manner.

The desire to build sustainable relations with our communities and maintain our commitment to empowering young people, led us to continue our commitment to the Vopak WeConnect Foundation.

Vopak WeConnect Foundation

Vopak encourages its employees to take an active part in their local communities. With support of the Foundation, employees initiate projects to help empower young people in the communities in which we operate alongside community groups and NGOs. Refer to the People leadership chapter for more details including 2020 developments on the Foundation.

Care for our environmental & climate impact (planet)

We aim to ensure that all the products we store are taken care of in the right manner. While doing so, we aim to minimize the negative impact of our activities on people's health and well-being, on the environment and on climate. We want to minimize our impact on biodiversity, land, soil, air and water.

Value creation capital	Input	Output & Outcome	Impact
Natural	To run our business, we use natural resources, such as energy and water. We also hold areas of land and sea to build and operate our terminals.	We work to minimize our negative effects on the environment – by reducing both vapor and GHG emissions and pollution to air, water and soil.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
People	Employees provide their time, expertise and knowledge. We also use contractors and other service providers in our operations. We invest in training and talent development to build a skilled, diverse workforce.	We develop our people, train them in new skills, motivate them, and aim to provide a healthy and safe working environment for both employees and contractors.	8 DECENT WORK AND ECONOMIC GROWTH

Note 11. Our impact on climate change: GHG emissions

Related topic	Materiality matrix no. 5
Greenhouse Gas (GHG) emissions	*This refers to CO_2 and other greenhouse gas emissions resulting from direct energy use in Vopak's own operations (Scope 1) and indirect energy use resulting from energy electricity Vopak purchased (Scope 2).*

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

We believe that the world must pursue the dual objectives of limiting climate change to well below 2 degrees Celsius, in line with the Paris agreements, and providing access to affordable, acceptable and sustainable energy and feedstocks for all. This includes reducing our own environmental footprint and lowering our own emissions of greenhouse gases (GHG). **Our ambition is to be climate neutral by 2050.**

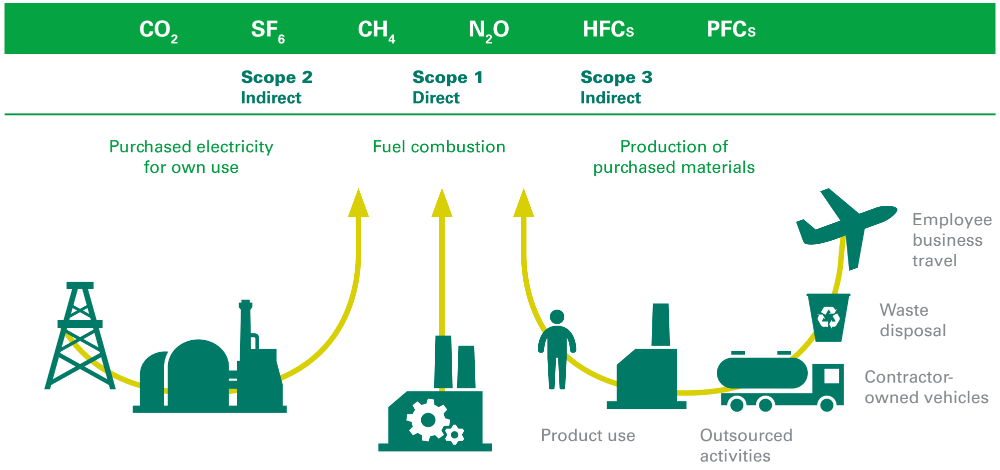
Reporting policies

To calculate GHG emissions from energy use, we have applied the following conversion factors:

- Direct energy conversion to carbon emissions: **Dutch list of fuels and standard CO_2 emission factors, version January 2016 (from the Netherlands Enterprise Agency)**
- Conversion of electricity to carbon emissions: **the International Energy Agency (IEA)**
- For the conversion of Methane emissions (CH_4) and Nitrous oxide (N_2O) to CO_2 equivalents, we have used: **Global Warming Potential Value from IPCC Fifth Assessment Report (AR5)**. We also applied this for the calculation of methane emissions over the comparative years 2015-2018. This is a change compared to the disclosed methane emissions in our previous reports, which was based on IPCC AR4 and only related to venting in our LNG activities. Under AR5, we now also account for methane slip in our combustion processes in addition to the venting of methane in our LNG activities.

Boundaries

Vopak's reporting on GHG emissions (calculated based on energy use), encompasses scope 1 (direct energy use and emissions from the combustion of fossil fuels) and scope 2 emissions (indirect energy use and emissions from electricity and steam purchased for our own use). Our reporting on GHG emissions includes carbon dioxide (CO_2), methane (CH_4) and N_2O.



Other GHG emissions such as hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6) or related source products are not stored or handled by Vopak.

In metric tons of CO_2 equivalents	2020 Target	2020 Performance	Long-term ambition
GHG emissions Total GHG emissions – scope 1 & 2	Increase energy efficiency	444,150	Our ambition is to be climate neutral by 2050
- Direct GHG emissions – scope 1		207,078	
- Indirect GHG emissions – scope 2		237,072	

The majority of our GHG emissions are generated through operational processes such as production of steam for heating purposes (gas consumption) or through electricity consumption for powering our pumps and, on a lower level, for heating and cooling. The amount depends on (1) the products we store for our customers, (2) the weather conditions and (3) the amount of product pumped (electricity consumption).

We also see greater energy efficiency as a way to reduce our carbon footprint and we are driving various efficiency improvement projects in different parts of our network. We are particularly looking for ways to reduce energy consumption from heating – heating accounts for a large part of our current energy use.

Energy efficiency teams at our terminals strive to reduce our energy use through smarter equipment, smarter processes and digital innovation, including the use of sensors. We also increase energy savings worldwide through insulation, variable speed drives and led lights.

We work on the use of sensors to gather data and detect at an earlier stage and with more accuracy where pipelines and tanks need maintenance, which helps reduce energy consumption.

We are looking at ways to develop and use renewable energy at or around our sites and on our buildings.

For more details on the steps that we have made in improving energy efficiency, reference is made to Note 16. Energy use.

GHG emissions by emission type

In metric tons of CO_2 equivalents	2020	2019	2018	2017	2016
Carbon dioxide (CO_2)	443,341	406,224	416,561	401,377	426,329
Methane (CH_4)	675	2,110	718	747	111
Nitrous oxide (N_2O)	134	121	130	132	136
Total GHG emissions	**444,150**	**408,475**	**417,409**	**402,256**	**426,576**

As from 2017 we included venting in our LNG operations in the reporting of methane emissions leading to an increase in methane emissions compared to 2016.

In 2020 our GHG emissions increased compared to previous years. This was largely due to the fact that our LNG Elengy Terminal (Pakistan) is in reporting scope as per 2020, increasing our scope 1 carbon emissions with 77,430 metric tons. The divestments of several terminals partly compensated the increase with approximately 26 thousand metric tons.

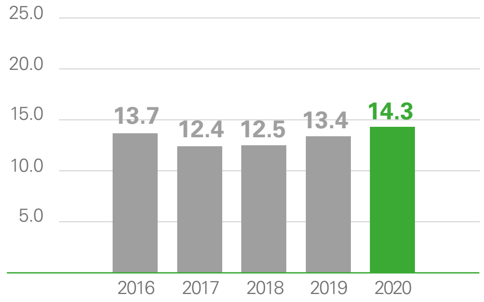
LNG operations require a significant amount of energy for the regasification of LNG. This brings us the challenge of investing in cleaner fuel solutions for our customers and society, while an increase of energy is needed for our operations for our operations (which should not result in higher carbon emissions).

We aim to avoid increasing carbon emissions as a result of the increased need of energy by seeking renewable energy sources for this process. At Gate Terminal (the Netherlands), we convert the imported LNG into gas using process water from a nearby electrical power plant. At our LNG Terminals in Altamira (Mexico), Elengy (Pakistan) and SPEC (Colombia – not yet in reporting scope) we use regular (i.e. unprocessed) sea water.

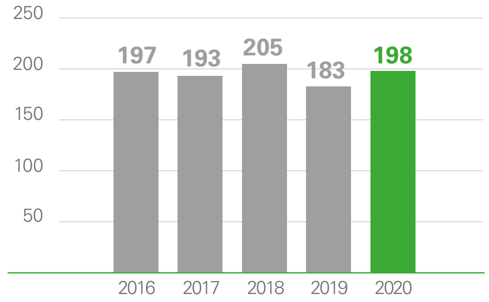
For LNG operations at our on-land terminals in The Netherlands and Mexico. The electricity used in the LNG operations is mainly used for pumping and is not from renewable resources.

Our LNG facility in Pakistan (in reporting scope as per 2020) and our LNG facility in Colombia (to be included in reporting scope as per 2021) consist an LNG, onshore infrastructure and gas pipelines which connect the facilities to the gas grid. Chartered Floating Storage and Regasification Units (FSRUs) are used for receiving LNG. Regasification at these facilities takes place (with the same process as on-land LNG terminals) on the FSRU and the gas is transferred to the mainland where, under high pressure, it enters the grid of the customer. As the FSRU's are generally not connected to the electrical power grid onshore, the energy used for pumping is generated at the FSRU, using natural gas. This impacts our scope 1 GHG emissions.

GHG emissions intensity
Metric tons per thousand cbm storage capacity[1]



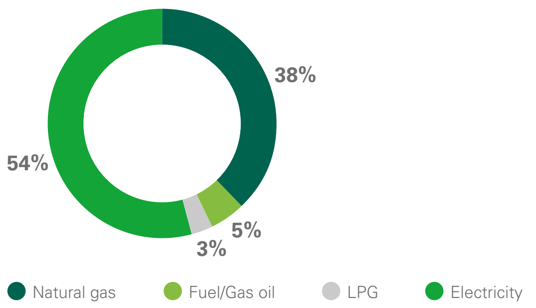
GHG emissions intensity
Metric tons per million EUR revenue[2]



1 Storage capacity as per 31 December of the reporting year for the entities in-scope for sustainability reporting.
2 Revenue on a 100% basis for the entities in-scope for sustainability reporting.

Consistent with the increase of our absolute GHG emissions, our GHG emissions intensity per cbm storage capacity and revenues also showed an increase compared to previous years. This is due to the expansion of our LNG operations.

GHG emissions by fuel source



We are investing in Vapor Treatment Units (VTUs) in order to reduce our VOC emissions. This brings us the challenge that the use of these VTUs will result in an increase of carbon emissions as support gas combustion (mostly LPG) is needed. Since we expect that the use of VTUs will increase in the near future we will be confronted with this challenge. We continuously seek opportunities to handle vapours in a more sustainable manner. Refer for more details on VOC emissions to Note 12. Air quality: VOC and other air emissions.

GHG emissions per division

In metric tons of CO_2 equivalents	2020	2019	2018	2017	2016
Direct GHG emission (scope 1)	**207,078**	**154,807**	**165,720**	**166,917**	**186,142**
of which Americas	*63,401*	*69,863*	*59,670*	*57,445*	*64,827*
of which Asia & Middle East	*21,652*	*27,386*	*29,369*	*29,838*	*26,594*
of which China & North Asia	*1,771*	*1,516*	*2,465*	*2,981*	*4,008*
of which Europe & Africa	*41,506*	*53,790*	*73,450*	*75,856*	*90,558*
of which LNG	*78,660*	*2,098*	*764*	*797*	*155*
of which Global HQ	*88*	*154*	*2*	*0*	*0*
Indirect GHG emission (scope 2)	**237,072**	**253,668**	**251,689**	**235,339**	**240,434**
of which Americas	*18,847*	*19,008*	*22,820*	*23,313*	*22,691*
of which Asia & Middle East	*64,930*	*56,256*	*49,430*	*46,807*	*47,437*
of which China & North Asia	*47,204*	*47,327*	*46,845*	*45,716*	*64,300*
of which Europe & Africa	*40,688*	*54,124*	*75,253*	*77,912*	*72,904*
of which LNG	*64,328*	*75,728*	*56,384*	*40,747*	*32,439*
of which Global HQ	*1,075*	*1,225*	*957*	*844*	*663*
Total GHG emissions	**444,150**	**408,475**	**417,409**	**402,256**	**426,576**

Other indirect GHG emissions (scope 3)

Our 2020 other indirect GHG emissions (scope 3) from business travel and employee commuting is 2,803 metric tons (2019: 4,960). This includes transportation of employees for business-related activities (air travel and automotive travel by leased cars). Emissions from fuels used in vehicles at our terminals are reported as part of our scope 1 emissions.

However, we expect that the production of steel (tanks, pipelines, racks) and concrete (flooring and structures) needed to construct our terminals is our largest contribution to GHG scope 3 emissions. We are preparing ourselves to be able to report our scope 3 emissions of our large scale construction projects as of 2021.

Note 12. Air quality: VOC and other air emissions

Definition, reporting policies and boundaries

Related topic	Materiality matrix no. 1
Air quality: VOC and other air emissions	*This refers to the reporting of Vopak's VOC and other emissions and its program to reduce the emissions based on the societal impact of these emissions.*

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Reporting policies

As field measurement to obtain a total emission figures is not yet feasible, we make use of globally acknowledged calculation programs (TANKS 4.0 and Caruso) to assess our Volatile Organic Compound (VOC) emissions. These emissions occur during the storage and handling of products and are therefore an effect of our own operations.

The NO_x, SO_x and $PM_{2.5}$ emissions are calculated based on our energy consumption. We have applied the following conversion factors:

- NO_x emissions: **IPCC Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories**
- SO_x emissions: **2015 Specific emission factors per energy source stream**
- $PM_{2.5}$ emissions: **Database for particulate matters from Dutch National Institute for Public Health and the Environment**

Boundaries

Data in this note includes information for all in-scope entities as noted in Note 1. Basis of preparation.

Management approach

Our prime responsibility is to comply with (local) legislation on air emissions. Our objective is to reduce our VOC emissions, sometimes beyond this legal obligation.To meet this objective, we are focusing our efforts on those areas where the societal impact is largest. We developed a model in 2017 to provide guidance to the organization on possible reduction measures and their societal impact (according to the True Value method). This helps us ensure that our efforts and investments, beyond what is required from a regulatory perspective, are targeted at areas where the impact on society is greatest.

	2020 Performance	Long-term ambition
Air quality: VOC and other air emissions Societal impact reduction of our VOC emissions	19%	Reduce our societal impact by more than 20% compared to 2016

VOC reduction program

In 2017, we analyzed our VOC emissions based on 2016 data for our 17 largest terminals. We estimated that these represent roughly 75% of our emissions globally. For this assessment, we applied the emission calculation model used by the authorities in the Netherlands (Caruso 4.0). Approximately 15-20% of the emissions at these terminals relate to standing emissions from storage. The remaining 80-85% is due to handling (loading, unloading, roof landings).

We aim to mitigate our vapor emissions to meet new legislation and, beyond what is legally required, reduce the societal impact by more than 20% compared to 2016.

In 2020, 55 projects are completed at 17 locations with a total spend of over EUR 20 million, resulting in a societal impact reduction of 19% compared to 2016.

Other air emissions

In metric tons	2020	2019	2018	2017	2016
NOx emissions	543	402	434	439	492
SOx emissions	3.7	2.7	2.9	2.8	3.2
Particulate matters (PM2.5)	13.0	15.0	15.8	16.0	15.1

Approximately 70-75% of our NOx emissions originate from the combustion of natural gas and 75-80% of all our fine dust (PM2.5) emissions originated from the combustion of diesel oil.

Note 13. Water pollution

Definition, reporting policies and boundaries

Related topic	Materiality matrix no. 3
Water pollution	*This includes the quantity and quality of discharge into surface water.*

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Reporting policies
All spills of more than 200kg are reported as reportable spills. This also includes process safety-related Tier 1 and Tier 2 loss of primary containment according to API RP 754.

Boundaries
Data in this note includes information for all in-scope entities as noted in Note 1. Basis of preparation.

Management approach
As almost all our terminals are situated by open waterways, we particularly seek to avoid any unwanted discharge of product to the surface water. Prevention takes place through our focus on asset integrity, adherence to operational procedures, specifically designed containment and drainage facilities at our jetties and piers. In the event that product is discharged to the surface water, mitigation takes place through specific equipment present at every pier or jetty, supported by services to recover and prevent further spread of contaminants.

Vopak principles on water pollution
The principle of our Environmental Management System (EMS), set out in the Vopak Way Standards, based on international laws and regulations, are:

- Prevention: for water contamination, this means that secondary containment, which is mandatory at every new terminal, should also be implemented at our older terminals (whenever this can be implemented simultaneously with our maintenance schedules)
- A spill response program on how to act in case of a spill occurs, applicable to both soil and water.

We measure the effectiveness of the prevention of spills to surface and sewage water as part of our Assure and Terminal Health Assessment (THA) programs.

	2020 Target	2020 Performance	Long-term ambition
Water pollution Total number of reportable spills Total product spilled (reportable spills in metric tons)	Ensure effective spill prevention and secondary containment in high risk areas	8 26	Ensure integrity of the environment: Zero uncontained spills of harmful products

	2020	2019	2018	2017	2016
Total number of reportable spills	8	6	4	1	9
Total product spilled (reportable spills in metric tons)	26	2	1	1	18

We had 8 reportable spills into surface and sewage water in 2020 (2019: 6), with a total of 26 metric tons of product being spilled.

The major spills were:

- Spill of 14 metric tons of ethanol at our Botlek terminal (The Netherlands)
- Spill of 10 metric tons of waste water at our Eurotank terminal (Belgium)

Where possible, all product that was spilled into water has been removed.

Note 14. Soil and groundwater pollution

Related topic	Materiality matrix no. 2
Soil and groundwater pollution	*This is related to soil and groundwater pollution caused by Vopak's operations, controlling existing soil contamination and taking remediation measures in case of the event that an accident occurs.*

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Reporting policies

All spills of more than 200kg are reported as reportable spills. This includes process safety-related Tier 1, Tier 2 and Tier 3 loss of primary containment according to API RP 754.

The identification and remediation of emissions to soil and groundwater are guided by local legislation and the requirements stated in our Vopak Way Standards 'Spill control' and 'Soil and groundwater management'.

	2020 Target	2020 Performance	Long-term ambition
Soil and groundwater pollution Total number of uncontained reportable spills	Ensure effective spill prevention and secondary containment in high risk areas	6	Ensure integrity of the environment: Zero uncontained spills of harmful products
Total amount of uncontained reportable spills (metric tons)		301	

The amount of uncontained spills is raised due to a spill in December at Sebarok (288 tons of low Sulfur Fuel Oil).

As the owner and/or user of approximately 1,550 hectares of land, with almost 5,000 tanks, Vopak has a responsibility for taking care of this land. The majority of our tanks are equipped with a secondary protection system to prevent spills and other contaminants from entering the soil and groundwater.

Vopak Principles on soil contamination

The principles of our Environmental Management System (EMS), set out in our Vopak Way standards, based on international laws and regulations, are:

- Prevention: for soil contamination, this means that secondary containment, which is mandatory at every new terminal, should also be implemented at our older terminals (whenever this can be implemented simultaneously with our maintenance schedules)
- A spill response program on how to act in case of a spill occurs, applicable to both soil and water.

Specific locations where the risk of spillage is higher, such as pumping pits, truck loading stations and jetty manifolds, are already equipped with secondary containment to prevent damage to the environment. We continue to improve the coverage of secondary containment and, led by a risk-based approach, we continue to improve the protection of the subsoil and groundwater at our terminals.

In this risk-based approach, we took into account that 78% of our terminals are in the vicinity of areas of high biodiversity and that extra precautions (e.g. vertical barrier that isolates the Vopak location from external areas) are taken to prevent any contamination of these areas. If a spill or any unwanted discharge takes place, emergency mitigation procedures (e.g. scooping up contaminated soil) are in place at all our terminals, in accordance with the Vopak Standards: 'Spill control' and 'Soil and groundwater management'.

Performance

	2020	2019	2018	2017	2016
Total number of uncontained reportable spills	6	6	4	7	25
Total product spilled (uncontained reportable spills in metric tons)	301	19	29	25	145

	2020			2019		
	Contained	Uncon-tained	Total	Contained	Uncon-tained	Total
Total number of reportable spills	41	6	47	36	6	42
Total product spilled (reportable spills in metric tons)	175	301	476	290	19	309

The major spills were:

- Spill of 288 metric tons of fuel oil at our Sebarok terminal (Singapore)
- Spill of 43 metric tons of ethanol at our Botlek terminal (The Netherlands)
- Spill of 40 metric tons of waste water at our Eurotank terminal (Belgium)

All reportable spills were remediated immediately according to the requirements stated in our Vopak Way standards 'Spill control' and 'Soil and groundwater management'; however, our aim is to have no uncontained spills.

Besides prevention, Vopak is also engaged in a process of remediation of 13 existing contaminated locations, reference is made to environmental provisions in Note 9.5 Provisions of the Consolidated Financial Statements. The cost of remediation is reported as part of environmental, safety and cleaning expenses under Note 2.6 Other operating expenses of the Consolidated Financial Statements.

Note 15. Biodiversity

Related topic	Materiality matrix no. 8
Biodiversity	*This applies to 78% of Vopak terminals and specifically refers to areas and classified as:* • *Natura 2000 sites (Europe)* • *Areas falling under the UNESCO and the Biosphere Program* • *Areas defined by Bird Life International* • *Wetlands according to the Ramsar Convention.*

We acknowledge that preserving and restoring biodiversity in and around our terminals is fundamental to our long-term business survival. Healthy ecosystems are fundamental for sustaining production of energy, food and manufactured goods for society in the long term; they also enable us to treat and dissipate waste, maintain soil and water quality and help control pollution. We aim to avoid damage to ecosystems and contribute to preserving biodiversity. In our efforts to preserve biodiversity, we focus primarily on areas that are most at risk as a consequence of our operations.

In 2011, at the beginning of the United Nations decade of biodiversity, Vopak identified the areas of high biodiversity in the vicinity of its terminals. For this, Vopak asked the University of Wageningen to conduct a study of the impacts that terminals could have on its environment. The study proved that the impact could be significant (NOx depositions, sound and light disturbances) at a distance of 5 miles from the terminal.

Based on these conclusions, Vopak has identified the following areas of special concern: Natura 2000 sites (Europe); areas falling under the UNESCO Man and the Biosphere Program; areas defined by BirdLife International; Wetlands as defined by the Ramsar Convention. When applying this definition, it appears that 78% of all our terminals can have a negative impact on biodiversity in areas of special concern. Vopak has also drawn up a comprehensive list of species (birds, mammals, amphibians, plants and other living organisms) that may be affected in these areas of special concern. If terminals are located in the direct vicinity of areas of ecological diversity, extra care is taken to prevent any damage to the neighboring area through air, soil, groundwater and surface water contamination.

Measures taken are, amongst others, installing groundwater protection to prevent contaminated groundwater flowing towards these area's and adapting the lighting of our terminals to minimize the disturbances for bird migrations. For new terminals, biodiversity matters are taken into account in the design phase of every new terminal through our global standard on Environmental Impact Assessment. For example, the new jetty at the terminal in Panama was designed to prevent the disturbance of a (small) coral reef.

Vopak will continue its approach to biodiversity. We remain committed to reducing our impact on the identified areas of special concern where protection of ecological diversity is most urgent. In 2021, our Global Environmental Impact Assessment standard will be updated to formally include the principles, which we are already adhering to in practice.

Note 16. Energy use

Related topic	Materiality matrix no. 6
Energy use	*This includes energy derived from natural gas, LNG/propane, heating fuel, gas/diesel oil, biofuels, purchased steam, district heating, and renewable energy.*

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

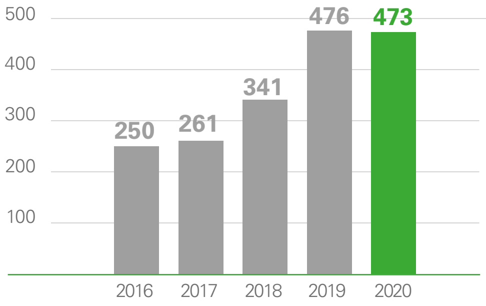
Vopak's reporting on energy use encompasses direct energy use from the combustion of fossil fuels (scope 1) and indirect energy use from electricity and steam purchased for our own use (scope 2). To calculate energy, we have applied the following conversion factors:

- Conversion of consumption to energy in terajoules: **Dutch list of fuels and standard CO_2 emission factors, version January 2016 (from the Netherlands Enterprise Agency)**
- Conversion of natural gas consumption to energy in terajoules: **the Energy Information Administration (EIA) and for Belgium and Singapore location-specific conversion factors**.

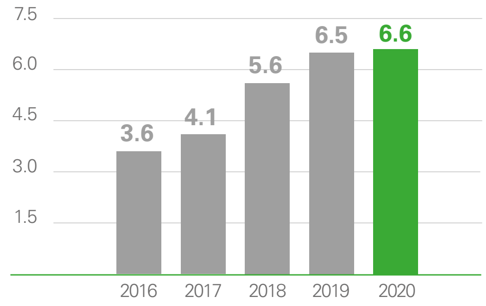
In terajoules (TJ)	2020	2019	2018	2017	2016
Natural gas	3,004	1,917	2,143	2,180	2,589
LPG / Propane	203	220	171	150	148
Heating fuel	18	18	19	15	18
Gas / Diesel Oil	291	387	416	427	383
Total direct energy	**3,516**	**2,542**	**2,749**	**2,772**	**3,138**
Electricity	1,730	1,852	1,706	1,595	1,578
Steam	10	31	4	1	13
Renewable energy	9,415	10,058	6,944	4,125	3,036
Total indirect energy	**11,155**	**11,941**	**8,654**	**5,721**	**4,627**
Total energy	**14,671**	**14,483**	**11,403**	**8,493**	**7,765**
Total renewable energy as a % of total energy	**64%**	**69%**	**61%**	**49%**	**39%**

The increased energy consumption over the past three years is mainly due to the increased activities at our LNG operations.

Energy use intensity
Terajoules per million cbm storage capacity



Energy use intensity
Terajoules per million EUR revenue



The energy consumption of our conventional liquid bulk storage and handling operations is used for the production of steam for heating purposes (gas consumption) or through electricity consumption for powering our pumps and, to a lesser extent, for heating and cooling. The amount depends on (1) the products we store for our customers, (2) the weather conditions and (3) the amount of product pumped (electricity consumption). Energy consumption for our LNG operations and other cryogenic gasses is significantly higher than our conventional liquid bulk storage and handling operations. For more details on the impact of our LNG operations, reference is made to Note 11. Our impact on climate change: GHG emissions.

Short-term energy-saving programs focus therefore on improving the processes of heat exchange and efficiencies within the system.

We are driving various efficiency improvement projects in different parts of our network. As heating is a large component of our energy consumption, we are looking for methods to reduce our energy consumption for this purpose. Some of the examples are:

- The energy-efficiency program in the Netherlands (reduction of the energy consumption with 8% in 2017-2020) which will serve as a blueprint to increase our energy efficiency around the globe
- Ongoing program for insulating our tanks
- In December 2020, we announced that Vopak Solar Park Eemshaven is starting construction of its solar park. According to the current planning, the first green power will be supplied to the electricity grid in the third quarter of 2021
- We also conducted a successful pilot with solar foil at our terminal in Vlaardingen (the Netherlands) and will extend this in 2021 too
- Installation of industrial LED lighting.

Note 17. Water management

Related topic	Materiality matrix no. 7
Water management	*This refers to the, e.g. treatment of rainwater, of water used for tank cleaning and discharged.*

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Water management is an important responsibility, especially the quality and quantity of discharge to surface water. We are committed to responsible water-care systems at our terminals. The objective is to make a clear distinction between flows of good quality water (i.e. clean rainwater) and contaminated water.

The principle is that clean water should remain clean and not be mixed with process water, while process water will be treated in a water treatment plant. Water used during operations is recycled through a water treatment plant (at or outside Vopak) before release into surface water or sewers.

Vopak has developed a modular model for the engineering and optimizing the design of wastewater treatment plants. This model is based on local legislation and the amount and composition of the wastewater that needs to be cleaned. Next to this engineering tool, we are supporting the developments of new innovative wastewater cleaning techniques.

Note 18. Waste

Related topic	Materiality matrix no. 4
Waste	*This refers to the amounts of hazardous waste streams that are not reused by the customers. This flow is, in general, less than 10% of the total amount.*

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

In addition to the waste water as described in Note 17. Water management, during operations there are several types of waste:

- **Hazardous waste**: Slobs and residual products from tanks, pipelines. Each time a tank is empty, a (small) amount of residual product, contaminated with other material (such as water), remains. This product is mostly returned to the owner of the product. The remaining part is treated as chemical waste by specialized waste treatment companies away from our terminals.
- **Industrial waste**: Generated by means of maintenance and/or demolition. Demolition waste, e.g. steel from the tanks is directly recycled by the contractor.
- **Soil remediation waste**: Contaminated soil transported out of the Vopak site for treatment and replaced by clean soil. Further reference is made to Note 14. Soil and groundwater pollution.
- **Household waste** Normal garbage waste generated by offices.

All waste has to be treated according to the Vopak Way Standard on Waste Management, even when the terminal's host country requires a lower standard.

For every source of waste, Vopak has currently specific standards/procedures:

- Spills to soil: Every spill that occurs at a terminal must be cleaned immediately and the contaminated soil disposed of;
- Residual waste management: When tanks change service to another product, small amounts of product may remain in the tanks and pipelines. This is currently treated as chemical waste and treated by specialized companies. However, in some instances we make use of companies that can upgrade residual waste into a product with a value;
- Slops: When tanks are cleaned for inspection, residual waste (called slob) has to be removed from the tank and processed elsewhere. Our aim is to recollect as much as product as possible and transfer that back to our customer. On average (1/3) is transferred back to the customer and (2/3) is to be processed elsewhere (mostly incinerated);
- Sludges from our waste water treatment plants;
- Demolishment of assets: old assets (mainly Steel & Concrete), which are recycled).

Note 19. Circularity

Circularity for Vopak is to minimize the waste and to maximize the reuse of waste of construction, operating and demolishing our assets, in such following the Cradle to Cradle principles.

1. Design for the future: We are incorporating (new) digital technologies in our design process. Further we are bound by our standards to the right materials, to design for appropriate lifetime and for extended future use. This is embedded in the Vopak way standards and our – repeatable formula, where we define the building blocks for our assets.
2. Supply: We work together throughout the supply chain, internally within organizations and with the public sector to increase transparency and create joint values, as laid down in our- supplier policy.
3. Use of assets: While assets are in use, we will maintain, repair and upgrade our assets to maximise their lifetime.
4. Demolition of assets: We have a system in place to reuse the main materials of our assets, such as steel and concrete.

Refer to Note 21. Innovation for more details on our investment in Xirqulate that supports a circular economy.

Care for our economic impact (profit)

Sustainability is about caring for people and the planet while sustaining profit. This means innovating, bringing in new digital technologies, transforming our company and holding the course we set out in previous years, while living the Vopak Values and staying true to our business ethics. Through our storage and handling services, the payment of taxes, dividends for shareholders and salaries for employees, we create economic value.

Value creation capital	Input	Output & Outcome	Impact
Knowledge	We have company-wide standards. Our processes and systems ensure we handle products efficiently and safely. In our core areas, we also develop our own software.	We work to continuously strengthen customer service and improve the efficiency of our systems and processes. To support this, we are digitizing more of our operations.	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION
Financial	Our shareholders and creditors provide funds. We rely on these funds to invest in our business, expand storage capacity, and explore new opportunities for growth.	We generate cash flows from our business. We use this to operate our terminals and invest in new growth; we also pay interest to our creditors, tax and dividends to our shareholders, as well as salaries and benefits to our employees.	8 DECENT WORK AND ECONOMIC GROWTH
Manufactured	We operate a network of terminals around the world. These include storage tanks, pipelines, jetties and other facilities. It is this network that enables us to move products and connect up supply and demand.	We maintain our terminals and other facilities – and invest in new storage capacity to open up flows of product to areas of high demand.	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION
People	Employees provide their time, expertise and knowledge. We also use contractors and other service providers in our operations. We invest in training and talent development to build a skilled, diverse workforce.	We develop our people, train them in new skills, motivate them, and aim to provide a healthy and safe working environment for both employees and contractors.	8 DECENT WORK AND ECONOMIC GROWTH
Social & Relationships	To carry out our business, we rely on relationships with stakeholders. These include our customers – in addition to our employees, suppliers, business partners and governments. We also need the continued goodwill of the local communities in which we operate. Together, these relationships provide our 'license to operate and grow'.	As Vopak, we handle often hazardous products with care. We ensure safe delivery of these products to our customers, providing a vital link in the supply chains for oil, gas, chemicals and vegoils. We facilitate novel clean(er) products through appropriate infrastructure.	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Note 20. Business ethics and integrity

Definition, reporting policies and boundaries

Related topic	Materiality matrix no. 9
Business ethics and integrity	*Ethical behavior refers to behavior in accordance with the Vopak Values and Code of Conduct, including anti-corruption and anti-bribery, compliance with legislative regulations, prevention of fraud and political funding.*

Reporting policies

All significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the societal, environmental and economic area are reported.

Boundaries

Data in this note includes information for all in-scope entities as noted in Note 1. Basis of preparation.

Management approach

In order to fulfill our role in society, we consider it vital that employees, contractors, suppliers and joint venture partners understand and share our Vopak Values, i.e. Care for Safety, Health & Environment, Integrity, Team Spirit, Commitment and Agility. We expect them to act accordingly when conducting business.

The company encourages employees and other stakeholders to raise any concern or doubt they may have with regard to business conduct. In the case of employees, this can be with their direct manager. External parties can contact the Vopak contact person or the designated Trusted Person (via mail: whistleblower@vopak.com). Concerns raised are addressed with care, confidentiality and respect.

We do not pay contributions to any political party nor related purposes, worldwide.

In 2020 we have incorporated many learnings to our HR system (MyPulse) including learnings related to the Code of Conduct, Privacy Code, Sanctions Compliance, etcetera. As MyPulse allows us to reach all Vopak employees this contributes in making sure all employees perform quality learnings in a timely manner.

Completion of Code of Conduct training

In 2020, 88% of all employees in MyPulse (excluding joiners in the last two months) have completed company-wide training on all aspects of the Code of Conduct, including anti-corruption as per end of December 2020 (2019: 90%).

Incidents of discrimination, fraud, corruption and bribery

In 2020, 47 whistleblower cases (2019: 23) were reported to the confidential officer. All whistleblower cases were followed up and reported to the Executive Board and Supervisory Board. Appropriate action was taken, including further strengthening of internal controls where necessary. There were three alleged cases of discrimination reported during 2020, however no supporting evidence was found for any of these three cases (2019: none). A total of six cases of fraud (2019: 13) have come to the attention of the company. None of the fraud cases have had a material financial consequence. All our employees are required to adhere to our anti-corruption and anti-bribery policy and our Code of Conduct.

Permit violations

In general, permit violations and fines are related to three compliance issues:

- Non-compliance with operating permits (or expired permits)
- Non-compliance with environmental regulations and/or limits
- Non-compliance with safety regulations.

In 2020 no permit violations resulted in fines. In 2019 one permit violation resulted in a minor fine of EUR 217 (spill to water).

Note 21. Innovation

Related topic	Materiality matrix no. 13
Innovation	*Innovation relates to the digital transformation of the company, as well as other innovations that improve efficiency, safety and logistics.*

By innovating and bringing in new digital technologies, our aim is to improve our services to the customers, operational performance and getting ahead of the energy transition and climate change.

Over the period 2017-2019, we invested EUR 93 million in new digital technology, innovation programs and replacing legacy IT systems and within the set ceiling of EUR 100 million. During 2020, we continued the execution of our IT modernization program by investing EUR 44 million. New technologies will drive further improvements in customer service, efficiency and safety. For more details, reference is made to Technology leadership.

Our Moves program, in which we renew our IT landscape, is being implemented. We expect both service and efficiency benefits as a result once rolling out new systems and functionality. For further information, reference is made to Service leadership and Technology leadership.

In 2020, we announced investments in amongst others:

- a new solar energy park adjacent to our terminal at Eemshaven in northern Nederlands (jointly with partners Whitehelm Capital and Groningen Seaports). According to the current planning, the first green power will be supplied to the electricity grid in the third quarter of 2021.
- Xirqulate, which uses a proven technique that converts low-calorific residual flows and high-calorific waste flows into a clay substitute as a secondary raw material for the ceramic industry or as an additive in concrete products.

Vopak embraces the energy and feedstock transitions. This is why we are developing partnerships and exploring ways to facilitate the introduction of new technologies, processes and products to advance a sustainable, low-carbon future. For more details, reference is made to Leading assets in leading locations and Technology leadership.

Note 22. Climate impact on Vopak

Introduction

We acknowledge the Intergovernmental Panel on Climate Change (IPCC) assessment that human influence is clear and physical impacts are already being felt. There is a growing need for governments, business and citizens to adapt to and mitigate the impacts and risks of climate change.

In this note we aim to provide transparency about the potential impact of climate change on both Vopak's physical assets and our business activities, by disclosing the information on our efforts in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD).

For the impact of Vopak on climate change, reference is made to Note 11. Our impact on climate change: GHG emissions.

Governance, strategy and risk management

The determination of threats and opportunities driven by climate change forms an integral part of the company's strategic planning cycle. Our governance with regard to climate-related risks and opportunities is integrated into our governance and risk management processes. For more information, reference is made to the Governance, risk and compliance chapter.

Our journey on addressing climate-related risks and opportunities for Vopak

Since 2014, we assessed the risks and opportunities related to climate change as part of the sustainability program and reported on this in our Annual Report.

In 2017, we started using the TCFD framework in our reporting. In 2018 and 2019, we conducted our Climate Day to stress test our strategy, including growth and our asset portfolio against the International Energy Agency (IEA) scenarios (transitional) and the IPCC scenarios (physical). In 2020, we again conducted our Climate Day, together with our Strategic Committee and external guest speakers, with the purpose to stress test our strategy, including growth and our asset portfolio against physical and transitional climate-change impacts. We went through updated IEA scenarios and performed a more in- depth analysis on the higher risk areas for physical impacts. More details are included on the next page.

Climate-related risks and opportunities

The risks and opportunities may be categorized into the following segments:

- Transition: this includes changes in market dynamics, policy actions, reputation and new technology and product developments
- Physical risks: this includes acute risks such as increased severity of extreme weather events and chronic risks such as rising sea levels, temperature and precipitation changes.

Transitional risks and opportunities

The international commitment to combat climate change and lower CO_2 emissions is having a profound impact on energy markets and industries. This development represents risks for Vopak, as most of our current business relates to fossil-based products. At the same time, we see tremendous opportunities, given the fact that the daily and seasonal fluctuations in wind and solar energy are likely to increase the need for storage of low-carbon and clean energy sources like hydrogen, as well as CO_2 storage solutions, pipeline infrastructure and new technologies.

In the 2020 stress-testing with the 2020 IEA scenarios and assessing policy developments around the world learned us that the main insights compared to 2019 are:

- COVID-19 disrupted GDP growth, energy demand and global emissions resulting in new energy scenarios
- In all scenarios, renewable energy will grow considerably and demand for coal will decline
- Demand outlook for coal, oil, gas and renewables will depend on policy setting and investments. Gas is seen as a much needed transition fuel to be able to reduce especially coal
- The energy mix in OECD countries will move away from fossil to renewables – whereby policy setting drives the speed of the transition. Energy demand in non-OECD countries will grow strongly with fossil energy needed to support this growth
- Governmental policies, public opinion and 'black swan events like COVID-19' will continue to have an impact on the energy scenarios going forward and the speed of which transitions take place.

The speed of change increases with a lower peak in energy demand and an enhanced role for renewables. IEA scenarios are aligned with Vopak's strategy to transform the portfolio towards gas, chemicals, cleaner fuels and grow our industrial terminal activities.

Physical risks and opportunities

To assess the physical climate-related risks, in 2020, we re-assessed the 2019 outcome of the potential impact of three IPCC scenarios for 2050 (RCP 2.6, 4.5/6.0, 8.5), which are based on global warming of respectively 1.5 degrees, 2 degrees, 3 degrees and 4.5 degrees Celsius. The sensitivity analysis demonstrated potential acute and chronic impact on our current assets in the following areas by 2050:

- Possible damage and business interruptions from storms and hurricanes in the Gulf of Mexico, South China and Southeast Asia
- Rising sea levels possibly affecting our operations in Gulf Coast (US) and Jakarta (Indonesia)
- Rising sea levels and drought possibly affecting our operations in Sydney (Australia) and Spain
- Smog and extreme heat possibly affecting health and operations in Canada and California (US).

The more in-depth analysis on these higher risk areas for physical impacts learned us that:

- The intensity of events is expected to be increased, mainly for storms and hurricanes in the Gulf of Mexico, South China and Southeast Asia, however the number of events is not expected to rise
- In addition there is a higher risk for possible damage and business interruptions from sea level rise in Singapore straits and Indonesia, coastal erosions in Vietnam and increased exposure to swell and jetty outage in Western Indian Ocean.

The consequence of these potential developments could be an increase in (preventive and maintenance) investments, an increase in insurance costs for these areas. These concerns not only Vopak, but also other actors in affected port areas. Therefore, we will engage with these stakeholders and strive to stay ahead with the developments.

Our response to potential risks and opportunities on Vopak

Based on the stress test and subsequent analysis in 2020, we are confident that our strategy sufficiently addresses both the risks and opportunities arising from the physical effects of climate change, as well as those related to the transition to a low-carbon economy. We will continue to aim for growth acceleration in the chemical and gas markets. In addition, we engage in developing opportunities to facilitate low-carbon solutions for a sustainable energy future. In this respect, we defined seven lines of action to play our role in the energy transition:

1. Switching to cleaner and/or renewable fuels
2. Energy efficiency through smarter process operations
3. Minimize commercial incentives to increase our carbon footprint
4. Develop and use renewable energy
5. For new terminals, heating and vapor treatment equipment should be based on carbon neutral technology where possible
6. Introduce internal carbon pricing in investment proposals
7. Carbon capture, storage and reuse of Scope 1 emissions.

Our ambition is to further develop our business in support of the Paris climate goals. We welcome and support the new initiatives to improve and drive the convergence of standards and practices in business disclosures related to climate risks, such as the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD). We will continue to engage with investors and other stakeholders in order to further improve our disclosures of material climate-related risks and opportunities, taking into consideration the recommendations of the TCFD and other relevant developments.

Note 23. Our responsibility towards taxation

Related topic	Materiality matrix no. 16
Taxation	*This refers to the transparency of Vopak's reporting on tax and its responsibility towards taxation.*

Vopak's Global Tax policy, which includes the company's tax strategy, views taxation as an integral part of the business and as an important contributor to Vopak's position in the marketplace and to society, by reflecting the company's attitude towards taxation as part of its corporate social responsibility towards a wide range of stakeholders. As such, tax is an integral part of the company's sustainability policy.

Vopak's Global Tax policy includes the following elements

- **Vopak's business strategy is leading:** Vopak aims to achieve an effective tax rate that does not exceed the weighted average statutory tax rate by avoiding double taxation, that does not trigger anti-abuse regulations and that does not result in losing loss utilization opportunities. In addition, Vopak aims to optimize the use of tax incentives and investment schemes for the purposes for which these have been designed. By following these principles, it is ensured that Vopak commits to its corporate social responsibility. In striving to achieve this goal, Vopak will only optimize real business structures and transactions and will not set-up legal entities or transactions solely for the purpose of tax savings or tax avoidance. The business strategy is leading. Vopak acts in line with the letter and the spirit of the law
- Vopak aims to **fully comply with laws and regulations** in technical and procedural matters. Tax positions benefiting Vopak are only taken when sufficiently substantiated. Intercompany transactions are conducted 'at arm's length'
- When possible and allowed by laws and regulations Vopak aims to **minimize its cash tax** to free up funds for sustainable and long-term growth. This is achieved, for example, by making use of tax deferral facilities and other facilities which have been established by the authorities to encourage such investments
- As a principle **Vopak does not use 'tax havens'**. Vopak will only have entities in countries perceived as 'tax havens', when real economic activity takes place in the country. In the rare situations where an entity in a 'tax haven' is acquired as part of a larger transaction, Vopak will assess whether the entity meets the requirements of the Global Tax policy and will take appropriate actions where necessary
- **Taxes that are merely collected by Vopak should not impact profit or interfere with the day-to-day business.** Automation of these collecting activities should be maximized for the purpose of efficiency improvement and cost reduction
- **Reliability and efficiency are key in Vopak's service offering.** As Vopak and its customers are continuously faced with customs and other duties during primary processes, Vopak aims to achieve reliable, fast and cost-efficient handling of customs and other duties without disturbing primary processes, when possible by applying for an Authorized Economic Operator qualification or standards set for non-EU equivalents
- In ensuring and further improving the accuracy and reliability of all its tax and customs processes and the related tax reporting, **Vopak strives to make use of innovative information technology** to the extent that there is a proper balance between the investment and the return. Examples are the use of XBRL filings and data analytics
- **Vopak maintains and builds mutual professional and respectful relations with local tax authorities** based on open and transparent communications both verbal and in writing. Where possible, Vopak aims to enter into cooperative compliance programs (e.g. In the Netherlands, the company participates in the 'Horizontaal Toezicht' program, which is a cooperative compliance program with the Dutch tax authorities) and obtain upfront certainty, but only when fully in line with Vopak's Tax policy principles and Vopak Values
- To support the above, **'tax surprises' are unwanted** (irrespective whether positive or negative) as these could have a financial and reputational impact. Tax risks not aligned with the company's risk appetite are undesirable. Tax risk management and management of tax opportunities are embedded in the (tax) control framework as well as in our enterprise risk management process. Adherence to the company's risk appetite is also monitored by, among other, the Global Risk Committee
- Vopak will always **adhere to the Vopak Values** when executing its tax policy. In the unlikely situation that 'ethical dilemmas' regarding tax occur within the Group, these are dealt with in accordance with the Vopak Values, the Company's Code of Conduct and the Global Tax Policy. Observed tax dilemma's which are not aligned with the Vopak Values, are required to be reported via the whistleblower line, in adherence with the whistleblower policy of Vopak. Such dilemmas did not occur in the years reported on. On a regular basis, all Vopak staff is trained on the Vopak Values. As part of the informal ethical dilemma dialogues throughout the year, tax is addressed as a standard topic. This approach ensures that our staff is sufficiently equipped to identify and address tax dilemmas when encountered.

The tax policy applies to all countries where Vopak operates and where it is able to control adherence to this policy. The Global Tax policy serves as guidance for Vopak Board Members in joint ventures and associates. Adherence to the Global Tax policy is monitored by the Global Tax department supported by other Global functions where relevant. For operating companies where the company has joint control or only significant influence, the company strives to apply the concepts of the tax policy as it cannot unilaterally enforce compliance.

The Global Tax policy was further updated and approved by the Executive Board and implemented in 2017. Developments during 2020, did not give rise to an update of the tax policy.

Vopak's approach to tax has been discussed with our stakeholders as part of the stakeholder engagement dialogue. For more information on this dialogue, reference is made to Note 2. From stakeholder engagement to materiality. This dialogue did not result in a revision of the Global Tax policy. Vopak complies with the requirements for country-by-country reporting. As IFRS requires that the Vopak Group is consolidated in the financial statements of HAL Holding N.V. (HAL), a company listed and traded on Euronext in Amsterdam, Vopak is not entitled to file its own company country-by-country report with the tax authorities and has provided the required information to HAL. HAL has confirmed to Vopak that it filed the HAL country-by-country report, which includes the Vopak information.

In December 2019, a new GRI Standard, GRI 207: Tax 2019, was released that comes into effect from 1 January 2021. This new standard enables organizations to better understand and communicate information about their tax practices publicly. Vopak has the ambition to apply the principles of this GRI standard in the coming years and is currently in the process of assessing how to do so and start an implementation project. At the same time it is observed that many of the principles of this new standard are already applied by the company.

Effective tax rate per main country

Vopak pays a fair tax in the countries in which it operates. The largest operations are located in the Netherlands, Singapore and the United States.

For an overview of the effective tax rate per main country per (geographical) division, reference is made to the table right and the Financial performance chapter where a narrative explanation on the effective tax rate for the year is provided. For more information on the segments and other financial information per segment, reference is made to Note 2.1 of the Consolidated Financial Statements.

For more information on the total tax position and tax charge of the Group (including the weighted average statutory tax rate and the mandatory effective tax rate reconciliation), reference is made to section 8 of the Consolidated Financial Statements.

Effects of the joint ventures and associates on the effective rate

As the Group extensively operates via investments in joint venture and associates, which fall under the Dutch participation exemption, and of which the profits have been taxed in the country of establishment while the net profits of these entities are part of the EBIT(DA) of the Group, the effective tax rate of the Vopak Group is per definition always lower than the weighted average tax rate of that of its subsidiaries.

To obtain a proper insight into the economic effective tax rate of the Group, including the tax paid by the joint ventures and associates, reference is made to the Non-IFRS proportional financial information that is included in the Additional information section.

	Including exceptional items		Excluding exceptional items	
	Statutory tax rate	**Effective tax rate**	**Statutory tax rate**	**Effective tax rate**
Americas	**25.2%**	**46.6%**	**24.8%**	**30.0%**
of which:				
United States of America	21.0%	28.7%	21.0%	28.1%
Mexico	30.0%	42.1%	30.0%	42.1%
Asia & Middle East	**21.1%**	**15.1%**	**21.1%**	**15.1%**
of which:				
Australia	30.0%	28.8%	30.0%	28.8%
Singapore	17.0%	19.0%	17.0%	19.0%
China & North Asia	**24.8%**	**4.7%**	**24.8%**	**4.7%**
Europe & Africa	**28.1%**	**49.6%**	**24.0%**	**24.8%**
of which:				
Netherlands (incl. head office)	25.0%	0.5%	25.0%	0.6%
Belgium	25.0%	33.5%	25.0%	33.5%
LNG	**22.6%**	**0.0%**	**22.6%**	**0.0%**
Total Vopak	**23.3%**	**18.1%**	**23.3%**	**17.3%**

The effective tax rate -excluding exceptional items- based on the proportional financial information was 27.8% (2019: 22.5%). For more information, reference is made to the Statement of income in the chapter Non-IFRS proportional financial information.

Tax risk and tax risk management

The principal risks of Vopak and the mitigating actions applied by management are disclosed in this Annual Report. Although the company has no principal risks relating specifically to tax, tax is an integral part of the risk management process of the company. For an overview of the principal risks of the company, reference is made to the section Risk management and internal control in the Governance, risk and compliance section.

Furthermore, Vopak's Key Control Framework has a dedicated section stipulating the internal controls, which address the risks related to tax and which enforce compliance with the global tax policy.

The In-control statement by the Executive Board, as included in this Annual Report, is based on the effectiveness of Vopak's internal controls, including those relating to tax. For more information, including the involvement of Global Internal Audit in the monitoring of the effectiveness of internal controls, reference is made to section Risk management and internal control in the Governance, risk and compliance section.

Assurance on tax and tax related matters

In line with the principle that taxation is an integral part of the business, Vopak did not request its auditor to provide separate assurance on tax. Nevertheless, compliance with relevant tax laws and the related accounting is a material item in our financial statements, which is covered by an unqualified audit opinion included in the Independent auditor's report. In addition, this Note on 'Our responsibility towards taxation', is part of our sustainability information on which limited assurance is provided by our auditor via a separate assurance report. For more information on the assurance level provided by our auditor, reference is made to the Independent auditor's report included in the section 'Financial statements'.

The company is of the opinion that the current assurance levels provided by the external auditors on all material tax and tax related matters are sufficient and that a separate tax audit would not lead to a material increased level of assurance compared to the current situation.

Effectiveness of internal controls and control environment related to tax

In line with the principle that taxation is an integral part of the business, no separate in-control statement is provided by the Executive Board on tax. However, as tax is a material item within the Group the Executive Board declaration by definition also covers the tax processes of the Group.

Note 24. Participation and partnerships

Vopak participates in numerous forums, industry associations, think tanks and research institutes, technical working groups, corporate networks and public-private partnerships, at local, national, regional and international levels. These partnerships and memberships help us to stay tuned to changing stakeholder demands and societal needs, signal new laws and changing market conditions, share best practice and learn from other individuals or organizations. They also allow us to participate in international and national debates on policy issues, to contribute to the energy transition, for example, and to support our own internal digital transformation.

New energies & innovation

Currently, we are participating in several feasibility studies to explore the potential of hydrogen as a source of low-carbon energy for the industry and power sector in the Netherlands and elsewhere, including through the H-vision project in Rotterdam and the Institute for Sustainable Process Technology (ISPT). We are also a supporting member of the international Hydrogen Council and the Dutch H2Platform, while exploring other possible partnerships to develop new hydrogen supply chains, CO_2 infrastructure and services, new feedstocks and flow batteries.

We also engage in dialogues and studies about sustainability, climate change and the energy transition as part of the Clingendael International Energy Program (CIEP), the International Energy Forum (IEF), the World Energy Council (WEC) and the World Economic Forum (WEF).

In the field of innovation, our partnerships include SmartPorts, which supports the port of Rotterdam in its ambition to develop into Europe's leading port and industrial complex of the future, as well as PortXL and iTanks, fostering innovation in the port and accelerating startups.

We have set up Vopak Ventures to identify investment opportunities in start-ups and scale-ups in new technologies and emerging value chains. We focus on two areas: Sustainability and Digitalization. For further information, reference is made to Leading assets in leading locations and the CEO Statement.

We value these platforms and partnerships, as we realize that they are becoming increasingly important to keep our company relevant, healthy and fit for the future, and help us deliver on our commitment to continue storing the vital products that society will need tomorrow.

Industry associations

Our memberships of industry associations include, but are not limited to:

- The Dutch and European associations of tank storage companies (VOTOB and FETSA) that aim in particular to lift industry safety standards; various national and regional associations of the chemical, gas or petrochemical industries
- Technical affiliations like the Chemical Distribution Institute – Terminals (CDI-T)
- The Oil Companies International Marine Forum (OCIMF), a voluntary association of oil companies with an interest in the shipment and storage of crude oil, oil products, petrochemicals and gases
- The Engineering Equipment and Materials Users' Association (EEMUA)
- The Nederlands Normalisatie Instituut which sets guidelines and technical standards in the Netherlands (NEN)
- A sub-committee of the World Association for Waterborne Transport Infrastructure (PIANC), where we helped design technical guidelines for marine terminal infrastructure.

External benchmarks

Participation in various benchmarks, as well as feedback from the organizations behind them, also trigger reflection and action on sustainability topics. Although benchmarks certainly have a clear added value, completing questionnaires requires time and effort that cannot be devoted to other activities. We, therefore, decided to limit our active participation to benchmarks that are either leading at a global level or relevant in a local context (these are detailed in the table below).

Benchmark	Brief description	Rating	Strengths	Weaknesses
MSCI ESG Rating	MSCI ESG Ratings assess a company's performance based on environmental, social and governance (ESG) themes, focusing on key ESG issues identified for the industry.	April 2020: **AAA** August 2019: **AAA** (rating scale: CCC to AAA)		
Sustainalytics	The ESG risk rating measures a company's exposure to industry-specific material ESG risks and how well a company is managing those risks.	July 2020: **19.1** July 2019: **23.1** (0 = Low exposure, 50 = High exposure)	• Environmental performance (carbon emissions & environmental impact, land use & biodiversity)	• Community relations • Waste reduction
ISS	ISS QualityScore is a data-driven scoring and screening solution designed to help institutional investors (1) to review a company's governance quality and assess risk and (2) to measure and identify areas of environmental and social risk through .	Score as per January 2021: Environmental: **3** (Jan 2020: **2**) Social: **3** (Jan 2020: **2**) Governance: **2** (Jan 2020: **2**) (10 = High risk, 1 = Low risk)	• Audit & risk oversight • Environmental risk & opportunities • Labour, health & safety	• Shareholder rights • Waste & toxicity
CDP	CDP represents institutional investors; its aim is to offer transparent guidance to investors on climate-related opportunities and risks for companies.	December 2020: **D** (climate), **C** (water) February 2019: **F** (climate) (rating scale: F to A)		• No targets on reductions of GHG emissions and waste
EcoVadis	EcoVadis operates the first online platform providing Supplier Sustainability Ratings for global supply chains that enables companies to monitor the CSR performance of their suppliers worldwide. EcoVadis analyses CSR policy, implementation and performance with respect to environmental and social aspects, in the area of ethics and supply chain responsibility.	December 2020: *pending review* December 2019: **59** (rating scale: 0 – 100)	• Labor practices	• No information on reporting on sustainable procurement issues • No third party due diligence on ethics issues • Environmental fines during the past 5 years
NL Transparency Benchmark	The Transparency Benchmark is a biennial study by the Ministry of Economic Affairs and Climate and the Dutch Professional Association of Accountants (NBA) into the transparency of corporate social reporting at Dutch companies.	November 2019: **74** (scale 0 – 100) November 2017: **129** (scale 0 – 200) (0 = Low, 100/200 = High) Bi annual	• Governance • Communication on issues • Environmental policies	• Stakeholder management • Impacts of value creation • Limited instead of reasonable assurance • Reporting on CO_2 in the supply chain
VBDO Tax	The Dutch Tax Transparency Benchmark provides an overview of Dutch stock listed companies' fiscal transparency and is based on the principles for good tax governance. Each principle is further separated into various elements and converted into measurable criteria. These measurable criteria are tested against publicly available information on tax payments.	July 2020: **26** November 2019: **26** (rating scale: 0 – 35)	• Define and communicate a clear strategy • Respect the spirit of the law. Tax-compliant behaviour is the norm • Know and manage tax risks	• Disclosure of country-by-country tax • Tax assurance

Governance, risk & compliance

Supervisory Board report

Supervision

The Supervisory Board oversees and advises the Executive Board in performing its management tasks and guides the company's operational and financial development. In performing their duties, the members of the Supervisory Board are guided by the interests of Vopak and all its stakeholders.

During 2020 the Supervisory Board held six regular meetings, one face-to-face meeting and five video conference meetings due to the Covid-19 restrictive measures. Also five additional meetings were held to discuss the business impact of the Covid-19 pandemic and corresponding measures taken by the company as well as two investment proposals. All of these meetings were held jointly with the full Executive Board present. Almost all plenary sessions of the Supervisory Board were accompanied by an executive session with the CEO in attendance and by a session held solely between the members of the Supervisory Board. Between meetings, the Chairman of the Supervisory Board had regular contact with the CEO to discuss the current state of affairs of the company and to prepare for meetings.

In 2020, the average attendance at the regular and additional meetings combined was 97%.

Strategy is one of the Supervisory Board's main priorities and is an integral part of its considerations and decision making processes. In 2020, a session spread over two days was fully dedicated to discuss the execution of the Vopak strategy with the Executive Board centering around growth, competitive efficiency and the application of innovative technologies aimed at long-term value creation. Other topics discussed during the strategy session were sustaining capex and gases next to the opportunities pursued in new energies and digital innovations. By means of an in-depth and permanent dialogue, the Supervisory Board is constantly involved in developing, regularly monitoring and evaluating the company's strategy. For instance, new business opportunities are always assessed against their strategic rationale and the principal risks both for the short and long-term are evaluated thoroughly. Choices proposed by management can thereby be challenged and the underlying arguments weighed against each other.

The Supervisory Board approved the strategy as being effectuated by the Executive Board. The fundamentals of the current strategy are considered still being valid and a refined look has been taken to determine the strategy ambitions for the period after 2020. In executing the strategy, the company will make clear choices while continuing to allocate the available capital in the right manner and to the right locations.

During its 2020 meetings, the Supervisory Board discussed a number of recurring topics at each meeting. The Supervisory Board lends particular importance to sustainability (safety, environment and people) in its discussions. Other topics included the company's operational and financial objectives and financial performance, financing of the company, corporate responsibility and succession planning for senior management.

The Supervisory Board discussed and approved the 2021 budget, quarterly reports and numerous investment proposals related to greenfield projects, expansions at several existing locations and acquisition opportunities. An important attention point this year was the acquisition of three industrial terminals from Dow on the US Gulf Coast together with BlackRock's Global Energy & Power Infrastructure Fund . The Supervisory Board also reviewed the progress of ongoing projects and the portfolio of new projects.

The global economic contraction caused by the Covid-19 pandemic has impacted the company in many ways. Since the start of the pandemic, the developments have been closely monitored. Scenario based contingency plans and other mitigating actions were prepared and significant room was created for management to intervene if and when considered necessary. There were limited consequences for the operations with no significant disruptions to business continuity, confirming the relative resilience of the company to the crisis. Overall the existing governance structure of the company has proven to work well.

External auditors were present at two meetings of the Supervisory Board in which the annual results and half-year results were discussed. The interim report and auditor's report issued by the external auditors were reviewed during these meetings. The minutes of all the meetings of the Audit Committee, Remuneration Committee and the Selection and Appointment Committee were shared with and reviewed by the Supervisory Board.

The Supervisory Board discussed the operation of the company's risk management and control systems. In the absence of the Executive Board members, the Supervisory Board discussed the performance of the Executive Board and the proposal by the Remuneration Committee for the remuneration of the Executive Board.

The Supervisory Board evaluated its own performance in 2020 and that of its committees. In preparation and as part of the self-assessment procedure, each member completed a questionnaire. Observations in regard to the functioning of the Supervisory Board, its relationship with the Executive Board and other stakeholders of the company were hereby taken into account. This was discussed and assessed by the Supervisory Board. Main topics and conclusions of the evaluation related to the effectiveness of the Supervisory Board in fulfilling its tasks, the effectiveness of the committees and of the individual members. Where necessary required actions were taken. The relationship with the Executive Board and engagement with the organization were also included in the evaluation process. The outcome of the evaluation process showed that it meets the governance requirements. The self-assessment gives insight in how the Supervisory Board effectively functions and contributes to the corporate decision making process. This includes the so-called softer issues. Certain boardroom challenges were identified in the self-assessment that can further improve the performance of the Supervisory Board and that will encourage and support the Executive Board in its efforts to create an inclusive and safe culture throughout the organization.

Composition of the Supervisory Board

The Supervisory Board currently comprises six members: Mr Noteboom (Chairman), Mr Groot (Vice-Chairman), Mrs Foufopoulos – De Ridder, Mrs Giadrossi, Mr Van der Veer and Mr Zwitserloot. At the AGM to be held on 21 April 2021, Mr Richard Hookway is nominated to be appointed as member of the Supervisory Board for a term of four years. As per the same date and in accordance with the resignation schedule, Mr Zwitserloot will step down from the Supervisory Board as he has reached his maximum term.

For more information about the Supervisory Board members, reference is made to the Supervisory Board members paragraph in this report.

The Supervisory Board recognizes its own role in the company's corporate governance structure, with members receiving updates and information to adequately fulfill their roles and responsibilities. Ongoing education is an important part of good governance. As part of the induction program, new members of the Supervisory Board visit various terminal locations and meet with divisional and local management. They also attend induction sessions at which they are informed about financial, reporting, internal audit, HR, commercial and business development, IT, legal and governance related affairs.

All Supervisory Board members, except for one, as permitted by the Code, qualify as independent in the meaning of best practice provision 2.1.7 of the Dutch Corporate Governance Code. Mr Groot does not satisfy all independence criteria. In 2020, there was no actual or potential conflict of interest between Vopak, any Supervisory Board or Executive Board member.

The Supervisory Board has three committees: the Audit Committee, the Selection and Appointment Committee and the Remuneration Committee. Their roles are described below in more detail. The committees generate, review and discuss detailed information and prepare recommendations relating to their specific areas while the full Supervisory Board retains overall responsibility and always takes the final decisions. In each case, the Committee Chair reports the Committee's main considerations and findings to the full Supervisory Board, usually immediately after the relevant Committee meeting.

The Audit Committee assists the Supervisory Board in its responsibility to oversee Vopak's financing, financial statements, financial reporting, compliance and system of internal business controls, risk management and audit findings. Non-financial topics are also reviewed as part of risk management including whistleblower cases. The Remuneration Committee primarily makes recommendations regarding the remuneration and the remuneration policy of the Executive Board and the Supervisory Board.

Audit Committee

The Audit Committee met five times in 2020. The attendance rate was 100%. All meetings were attended by the CFO, the Global Director Control and Business Analysis and the Global Director Internal Audit.

The external auditor was also present at all of these meetings. The Audit Committee discusses with the external auditor at the end of the meetings for the half year and full year, without management being present, its assessment of Vopak's activities, risk assessment and internal control systems as well as collaboration with the Executive Board and the organization.

A core task of the Audit Committee was to extensively review the financial reports and the budget before consideration by the full Supervisory Board. The Audit Committee also discussed topics related to Vopak's financing structure, analyses of the financial ratios, pensions, status of legal claims and proceedings, tax matters, sustainability, IT and cyber security, fraud and whistleblowing reports, reports on the risks associated with the company's operational, commercial, financial and other activities, compliance matters as well as the company's management reporting. It also discussed the dividend proposal, the share buyback program in amount of EUR 100 million and the debt issuance in the US Private Placement market of over USD 500 million equivalent. The company's views on notifications from Dutch corporate governance platform organizations and the Dutch regulator (AFM) were also reviewed.

The Audit Committee considered the 2020 audit plan of the external auditor and the Internal Audit department's plan for 2021. Both audit plans were approved by the Supervisory Board. The main topics of the external audit plan include the materiality levels, the audit scope, the key audit risks and the key elements of the audit approach as well as the auditor's assessment of the risk of fraud within the company. The audit reports from Internal Audit performed during 2020 and the progress realized in implementing recommendations from audits, were also considered. The Audit Committee reviewed the risk management and internal control processes. It discussed the recommendations in the management letter and the relationship with the external auditor. Deloitte Accountants B.V. was nominated as the external auditor of the company to audit the annual statements of the company for the financial year ending 31 December 2021.

The Audit Committee monitored the independence of the external auditor. During 2020, non-audit services were not provided by the group's external auditor but only audit or audit-related services were provided. The performance of the external auditor was assessed by the Audit Committee itself in which process satisfaction survey was used as conducted among the divisions, operating companies and relevant global functions. This assessment included a consideration of the quality of the audit work, the expertise and composition of the audit team, the audit fee and the quality control within the audit firm.

Finally, the Audit Committee assessed its own performance throughout the year and its regulations, supported by an extensive questionnaire that was discussed by all Audit Committee members. The Audit Committee's performance met the requirements in all areas. During 2020, Mr Van der Veer acted as financial expert.

Selection and Appointment Committee

The Selection and Appointment Committee is primarily tasked with advising on candidates to fill vacancies in both the Executive Board and the Supervisory Board. An important activity of the Selection and Appointment Committee is also succession planning of senior management up to and including the members of the Executive Board. The Selection and Appointment Committee met two times in 2020.

The attendance rate was 100%. During its meetings the Selection and Appointment Committee discussed various relevant topics in detail. This includes diversity-related topics to ensure that the composition of both Boards represents a good balance in terms of diversity (including experience, gender, and nationality). Diversity in a broad sense continues to be a topic on the Supervisory Board agenda and is therefore discussed by the Selection and Appointment Committee on a regular basis. In line with the company's diversity program, the Supervisory Board supports the efforts of the company to strive for a global workforce that is a reflection of society and to create a working environment where all employees feel included. As part of its regular activities, the Selection and Appointment Committee discussed extensively, among others, the rotation schedule, the future composition of the Supervisory Board and the specific profiles of the Supervisory Board members. In 2020 the members of the Selection and Appointment Committee performed on behalf of the Supervisory Board an evaluation of the effectiveness of the Executive Board members both individually as well as performing as a team in leading the company and implementing the strategy. This evaluation was performed in consultation with the Executive Board members and based on the Supervisory Board members' own knowledge and opinions. The conclusion of this evaluation was positive and no major actions were considered necessary in view of the conclusions of the evaluations which conclusion was supported by the full Supervisory Board.

The recruitment process makes use of the specific profiles for the various positions within the Executive Board and the Supervisory Board. These profiles are drawn up against the background of the full Executive and Supervisory Board's profile. These profiles take into account the specific nature of the company, its stakeholders and its activities.

The desired expertise and background relating to economic, environmental and social topics are also considered. The process is aimed at maintaining a composition consisting of a well-balanced mix of competencies and experienced professionals who deal with key areas in an appropriate manner. External search agencies are being engaged for the fielding of candidates for succession and nomination.

Remuneration Committee

The Remuneration Committee met three times in regular meetings in 2020. The attendance rate was 100%. In addition, the Committee held regular informal consultations and consulted professional internal and external advisors. For the following topics that recur annually, proposals were developed and submitted to the Supervisory Board for approval:

- The annual base salary and variable pay opportunities in 2021
- The key performance indicators and target setting for the 2021 short-term incentive plan and the 2021-2023 long-term incentive plan
- The actual short-term incentive for 2019 (performance results and payout)
- The vesting of the long-term incentive plan 2017-2019 and the conditional awards of the long-term incentive plan 2020-2022.

In 2020 no material changes have been made to the Supervisory Board and Executive Board remuneration policies and this policy also encompasses the Shareholders Rights Directive II requirements. With respect to the short-term incentive plan 2020 and the long-term incentive plan 2020-2022, the Remuneration Committee proposed to largely maintain the set-up.

The Remuneration Committee conducted its annual comprehensive and in-depth analysis of the total compensation levels and individual components thereof, of the Executive Board, against the benchmark companies. The Remuneration Committee took into consideration various benchmarks and other market data, as well as information on pay developments of senior management of the company. The 2020 and proposed 2021 remuneration packages of the Executive Board are well-positioned against relevant peers and:

- have a focus on long-term value creation
- take into account the internal pay ratios within Vopak on a total remuneration basis
- are reflective of the outcomes of scenario analyses carried out to validate payout results.

For the 2020 Supervisory Board and Executive Board policies and the proposals for the remuneration of the individual Executive Board members, the Remuneration Committee took into account the requirements stemming from the Shareholders Rights Directive II, the Dutch Corporate Governance Code as well as shareholders expectations and views. The Remuneration Committee took note of the views of the individual Executive Board members on the structure and amount of their total remuneration. The Committee also took notice of the views of other stakeholders, such as customers, suppliers, business partners, authorities, the works council of Koninklijke Vopak N.V. and employees in general.

The remuneration policies for the Supervisory Board and the Executive Board are designed in a manner that is reflective of the Vopak Values and to ensure full alignment with the company's stakeholders interests and expectations. These remuneration policies support the company's purpose of storing vital products with care and being meaningful to society by ensuring safe, clean and efficient storage of products that are needed to meet the basic needs of people.

For further details on the actual remuneration during 2020 and the shareholding positions of the Executive Board and the Supervisory Board, reference is made to the Remuneration report. For further details on the remuneration policies, reference is made to the Vopak website.

The members of the Supervisory Board have signed the financial statements in order to comply with the statutory obligation pursuant to article 2:101 paragraph 2 of the Dutch Civil Code.

This year has been an extraordinary year for all Vopak employees also taking into account the Covid-19 pandemic. The Supervisory Board would like to express its sincere appreciation to the Executive Board and all Vopak employees for their dedication and hard work in achieving a successful 2020.
The Supervisory Board very much appreciates all your efforts.

Rotterdam, 16 February 2021

The Supervisory Board
B.J. Noteboom (Chairman)
M.F. Groot (Vice-Chairman)
L.J.I. Foufopoulos – De Ridder
N. Giadrossi
B. van der Veer
R.G.M. Zwitserloot

2020 attendance at regular Supervisory Board and committee meetings for the appointment period

Member	Supervisory Board	Audit Committee	Selection and Appointment Committee	Remuneration Committee
B.J. Noteboom	100%	100%	100%	100%
M.F. Groot	100%	100%	100%	
L.J.I. Foufopoulos – De Ridder	100%	100%		100%
N. Giadrossi	100%	100%		100%
B. van der Veer	100%	100%		
R.G.M. Zwitsersloot	100%			100%

Supervisory Board members

Mr Ben Noteboom (Chairman)

Chairman of the Selection and Appointment Committee and Member of the Remuneration Committee

Mr Ben Noteboom (Dutch, 1958) was previously CEO of Randstad Holding N.V. Mr Noteboom was first appointed to the Supervisory Board on 20 April 2016. His current term ends in 2024. He is a member of the Supervisory Boards of Aegon N.V. and Royal Ahold Delhaize. He is also chairman of Stichting Prioriteit Ordina Groep and board member of the Amsterdam Cancer Center. He owns 3,500 Vopak shares.

Mr Mel Groot (Vice-Chairman)

Member of the Audit Committee and Member of the Selection and Appointment Committee

Mr Mel Groot (Dutch, 1959) is Chairman of the Executive Board of HAL Holding N.V. Mr Groot was first appointed to the Supervisory Board on 18 December 2014. His current term ends in 2022. He is a member of the Supervisory Boards of GrandVision N.V. and Anthony Veder Group N.V. Mr Groot is also a Non-Executive Director of Safilo SpA. He does not own any Vopak shares.

Mrs Lucrèce Foufopoulos – De Ridder

Member of the Audit Committee and Member of the Remuneration Committee

Mrs Lucrèce Foufopoulos – De Ridder (Belgian, 1967) is currently member of the Executive Board of Borealis AG as Executive Vice President Polyolefins and Innovation & Technology. Mrs Foufopoulos – De Ridder was first appointed to the Supervisory Board on 18 April 2018. Her current term ends in 2022. She is member of the Supervisory Board of Borouge Pte. Ltd. She does not own any Vopak shares.

Mrs Nicoletta Giadrossi

Member of the Audit Committee

Mrs Nicoletta Giadrossi (Italian, 1966) was President of Technip Europe, Africa India, and Executive VP/Head of Operations Aker Solutions Asa. Mrs Nicoletta Giadrossi was first appointed to the Supervisory Board on 17 April 2019. Her current term ends in 2023. She is Chairman of the Board of Cairn Energy plc and member of the Board of Falck Renewables SpA and Brembo SpA. She is also Senior Advisor of Bain Capital Partners and Chair of TecHouse A.S. in Norway. She does not own any Vopak shares.

Mr Ben van der Veer

Chairman of the Audit Committee

Mr Ben van der Veer (Dutch, 1951) was previously Chairman of the Executive Board of KPMG N.V., until September 2008. Mr Van der Veer was first appointed to the Supervisory Board on 18 April 2018. His current term ends in 2022. He is Board member of Stichting Preferente Aandelen Heijmans. He does not own any Vopak shares.

Mr Rien Zwitserloot

Chairman of the Remuneration Committee

Mr Rien Zwitserloot (Dutch, 1949) was previously Chairman of the Executive Board of Wintershall Holding A.G. Mr Zwitserloot was first appointed to the Supervisory Board on 1 October 2009. His current term ends in 2021. He is a member of the Supervisory Boards of TenneT TSO GmbH, ACT Commodities Group B.V., ACT Financial Solutions B.V. and Vroon Group B.V. He does not own any Vopak shares.

Executive Board members

Eelco Hoekstra

Chairman of the Executive Board and CEO of Royal Vopak
Nationality Dutch
Year of birth 1971
Education Master's Degree in Economics
Career Eelco Hoekstra has over twenty five years of experience in the international tank storage industry and joined Vopak in 2003. At Vopak, he held various management positions in the Middle East, Latin America and Asia. Eelco Hoekstra was President of Vopak Asia until his appointment to the Executive Board in November 2010. He has been Chairman of the Executive Board and Chief Executive Officer of Royal Vopak since January 2011.

Frits Eulderink

Member of the Executive Board and COO of Royal Vopak
Nationality Dutch
Year of birth 1961
Education PhD in Astrophysics and two cum laude Master's Degrees in Mathematics and in Astronomy
Career Frits Eulderink joined the Royal Dutch Shell Group in 1990, where he held various technical and management positions in the Netherlands, North America, Africa and the Middle East, including in the fields of Research, Manufacturing, Exploration and Production. Until the end of 2009, Frits Eulderink was Vice-President Unconventional Oil in Houston (United States). He has been a member of the Executive Board and Chief Operating Officer of Royal Vopak since April 2010.

Gerard Paulides

Member of the Executive Board and CFO of Royal Vopak
Nationality Dutch
Year of birth 1963
Education Master's Degree in Business Economics
Career Gerard Paulides joined Vopak in 2017. He previously worked at Royal Dutch Shell as Executive Vice President and was a member of the Board of Directors of Shell Midstream Partners. Gerard Paulides has a strong track record as CFO by fulfilling several leadership roles in investor relations, finance and mergers & acquisitions in the gas, chemicals and oil industry. He has been a member of the Executive Board and Chief Financial Officer of Royal Vopak since February 2018.

Remuneration report

This section of the Annual Report provides an overview of the implementation of Vopak's remuneration policies for the members of the Executive Board and the Supervisory Board during 2020.

These remuneration policies are designed in a manner that reflects the Vopak Values and ensure a focus on value creation for the company and its stakeholders both in the short- and long-term. The Remuneration Committee advises the Supervisory Board on these policies and individual remuneration packages, as well as any changes thereto.

Key highlights

2020 performance

For the evaluation of the Executive Board remuneration, the Supervisory Board takes into account the following considerations with regard to the short-term company performance results and delivery on the company strategy in 2020:

- Vopak has effectively responded to the global Covid-19 pandemic ensuring the safety of its people and supporting society by storing vital products with care. Vopak was able to keep all terminals operating with minimum disruption. However, global restrictions have resulted in construction delays in projects.
- Vopak's Total Injury Rate is 0.37 for 2020 and the severity of personal incidents was lower than last year.
- Vopak demonstrated a resilient financial performance in 2020. Full year EBIT – excluding exceptional items – of EUR 492.0 million was realized and EBITDA – excluding exceptional items – of EUR 791.5 million. Corrected for the effects of the divestments, both EBIT and EBITDA increased. In 2020, costs have been managed below EUR 600 million to defend EBITDA. The EUR 100 million share buyback program to increase distribution to shareholders was completed. Vopak's earnings per share – excluding exceptional items – amounted to EUR 2.42.
- Vopak continued delivery on its strategy, in particular its longer-term strategic portfolio transformation, sustainability and digital transformation.
- Vopak invested EUR 525 million in growth projects, resulting in an additional 1.6 million cbm of capacity to meet growing customer demand, particularly in Asia and the Americas. The following growth undertakings were realized in 2020:
  - Vopak – together with BlackRock – acquired three major industrial terminals from Dow on the U.S. Gulf Coast totaling 852,000 cbm of capacity.
  - Vopak invested in new gas capacity in Houston with its joint venture Vopak Moda Houston terminal and in China at the Caojing terminal in Shanghai. Good progress was made in the LNG business development funnel.
  - Vopak completed the divestment of the oil terminal in Algeciras, Spain.
  - Vopak delivered 664,000 million cbm of new capacity from growth projects in the Netherlands, South Africa, Panama, Indonesia, Malaysia and Vietnam.
  - Vopak pushed ahead with developments in new energies. Good progress was made with new business developments of flow batteries, hydrogen and ammonia in Europe and Asia. Vopak started a feasibility study to explore LNG-to-power and hydrogen infrastructure possibilities for the power and cooling plants of a Floating Data Centre Park in Singapore. Vopak will expand storage for waste-based bio-feedstocks in the Netherlands to meet the rising demand of biofuels in Northwest Europe. Vopak Solar Park Eemshaven started the construction of its 25 megawatts solar park located in the north of the Netherlands.
  - Vopak's multi-year improvement program to reduce the VOC emissions made significant progress, and social impact from these emissions was reduced by 19%.
- Delivery of Vopak's digital strategy progressed well during 2020. The roll-out of the new cloud-based system for terminals continued in an efficient virtual manner and is now live at 14 locations. Vopak continues investing in innovation via Vopak Ventures consisting of a digital and sustainability fund.

For further details, reference is made to Vopak at a glance in the Introduction section of this Annual Report.

Overall, Vopak is well-positioned for future developments with its global well-diversified portfolio, a strong competitive position, and a clear and robust financial framework. The Supervisory Board is satisfied that the Executive Board has delivered on the promise of short-term performance and long-term value creation for Vopak's stakeholders during 2020.

Changes to the Board remuneration policies in 2020

The Supervisory Board reviewed the remuneration policies for the members of the Supervisory Board and the members of the Executive Board at the end of 2019. Compared to the 2019 policy, the company's remuneration policy for the Executive Board which took effect from the 2020 financial year, was amended as follows:

- The KPI Cost used in Vopak's Short-term Incentive Plan for Executive Board members is now measured on a sliding scale ranging from a minimum target level which has to be reached before any payout occurs (= threshold) to a maximum target level which results in a maximum payout, if this level is met or exceeded. This is a change from the Meet/Not Meet approach on the basis of which this KPI was measured under the previous remuneration policy.
- The LTSP opportunity at target is increased from 100% to 110% of the gross annual base salary for the CEO, and from 80% to 90% for the CFO and COO, in order to maintain overall market competitiveness on a total compensation level.

Furthermore, certain refinements and details were added to the policy in order to remain fully compliant with the new – more elaborate – requirements under the Dutch corporate legislation effective 1 December 2019. This did not result in any de facto changes from the existing remuneration policy and remuneration practices.

The Supervisory Board remuneration policy, taking effect from the 2020 financial year, reflected the existing remuneration practices for the Supervisory Board as approved at the Annual General Meeting in 2019.

For a full account of the current Supervisory Board and Executive Board remuneration policies, reference is made to the company's website.

Voting results at the General Meeting

During the Annual General Meeting on 21 April 2020, these Supervisory Board and Executive Board remuneration policies, including these changes, were presented to the company's shareholders and voting results were as follows:

- The proposed Executive Board remuneration policy was adopted by a majority vote of 98.61%.
- The proposed Supervisory Board remuneration policy was adopted by a majority vote of 99.99%.
- The implementation of the company's remuneration policy in 2019, as disclosed in the Remuneration Report of the company's Annual Accounts for the 2019 financial year, was put forward for an advisory vote. The voting result was 98.63% in favor.

Executive board remuneration in 2020

During 2020, the Executive Board remuneration policy was executed in line with the resolutions adopted at the Annual General Meeting in April 2020. No deviation or derogation was applied. Neither was any claw back applied to (variable) compensation provided to individual Executive Board members in earlier years.

Board composition

For details on the composition of the Executive Board during 2020 reference is made to page 98 in the Governance section.

Executive Board Remuneration – components

Individual remuneration packages for Executive Board members are designed in a manner that ensures external competitiveness and internal consistency. Their remuneration packages comprise the following main elements:

- Annual base salary.
- Short-term variable compensation; an annual cash-based incentive opportunity related to the achievement of financial and non-financial targets for the year (1-year performance period).
- Long-term variable compensation; a share-based incentive opportunity related to the achievement of financial and strategic targets during a three-year performance period.
- Pension arrangements.

Additionally, benefits and other emoluments were provided for in line with the Vopak Netherlands policies, plans and arrangements which apply to all Vopak staff in the Netherlands.

2020 total remuneration

The table on the next page shows the total 2020 remuneration to which each member of the Executive Board was entitled, as well as the break-down in components. Also the related costs for the company (as recognized in the 2020 Consolidated Statement of Income) are shown.

2020 Executive Board remuneration entitlements[1] and IFRS costs (audited) for the company

	Fixed compensation						Variable compensation							
	Annual base salary		Pension contributions[2]		Other[3]		Short-term incentive		Long-term incentive		Total		Proportion fixed vs variable compensation (%)	
In EUR thousands	2020	2019	2020	2019	2020	2019	2020[4]	2019[5]	2020	2019	2020	2019	2020	2019
E.M. Hoekstra														
entitlement	735	700	172	164	12	12	622	599	679[6]	849[9]	2,220	2,323	41.4% / 58.6%	37.7% / 62.3%
costs (IFRS)									735[7]	1,052[10]	2,275	2,526		
F. Eulderink														
entitlement	560	545	184	179	1	1	395	388	435[6]	538[9]	1,574	1,651	47.3% / 52.7%	43.9% / 56.1%
costs (IFRS)									462[7]	664[10]	1,601	1,777		
G.B. Paulides														
entitlement	545	506	128	120	9	9	384	361	394[6]	n/a	1,461	995	46.7% / 53.3%	63.8% / 36.2%
costs (IFRS)									393[7]	345[10]	1,460	1,340		
J.P. de Kreij[8]														
entitlement	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	541[8,9]	0	541	n/a	0% / 100%
costs (IFRS)									38	361[8,10]	38	361		
Total entitlements	**1,840**	**1,751**	**484**	**463**	**22**	**22**	**1,401**	**1,348**	**1,508[6]**	**1,928[9]**	**5,255**	**5,510**	**44.6% / 55.4%**	**40.6% / 59.4%**
Total costs (IFRS)									**1,628[7]**	**2,422[10]**	**5,374**	**6,004**		

1 Entitlements are defined as payments (cash) and vestings (shares) which relate to the financial year in question, i.e. fixed remuneration (annual base salary, pension contributions, and other fixed remuneration), the short-term variable incentive which relates to the performance year 2020 and which will be paid out in 2021, and the long-term variable incentive of which the performance period ended on 31 December 2020 (2018-2020 LTSP), and which is scheduled to vest in 2021.
2 For Executive Board members who were in service prior to January 1, 2015 (in 2020: Eelco Hoekstra and Frits Eulderink), the difference between the Vopak contributions to the current pension plan and the Vopak contributions to the pension arrangement in place prior to January 1, 2015, is compensated for by a separate pension contribution allowance paid out to the individual, subject to statutory tax withholdings. The gross value of these allowances is included in the pension contributions as stated in this table.
3 The column 'Other' includes certain perquisites provided to individual Executive Board members in 2020, such as a life-cycle allowance and an employer contribution to the Dutch statutory health insurance. The IFRS costs to the company of these perquisites shown in this table are defined as equal to the entitlement amounts; these IFRS costs are excluding the annual employer contributions to the Dutch social security. For Eelco Hoekstra, Gerard Paulides, and Frits Eulderink the 2020 employer social security contributions amounted to EUR 12,877 (2019: EUR 10,406). For Jack de Kreij, these were nil in 2020 (2019: nil).
4 This is the STIP related to the 2020 performance year which will be paid out in 2021.
5 This is the STIP related to the 2019 performance year which was paid out in 2020.
6 This is the value of the 2018-2020 LTSP performance shares at 31 December 2020 based on the performance realized and the closing share price at 31 December 2020 of EUR 42.99. These shares are scheduled to vest in April 2021.
7 This amount reflects the recognized IFRS costs accrued by the company during the financial year 2020 for the unvested performance shares awarded conditionally to individual Executive Board members under Long-Term Share Plans 2018-2020, 2019-2021, and 2020-2022.
8 Jack de Kreij stepped down from the Board as CFO on 31 January 2018 to retire early. He remained eligible for vesting of the LTSP 2017-2019. All LTSP vestings after his retirement were settled in cash.
9 This is the value of the 2017-2019 LTIP performance shares based on the performance realized and the closing share price at 31 December 2019 of EUR 48.33. These shares vested in April 2020. The value at the date of vesting is shown in the table '2020 movements in outstanding LTSP awards made to the Executive Board' in this Remuneration Report.
10 This amount reflects the recognized IFRS costs accrued by the company during the financial year 2019 for the unvested performance shares awarded conditionally to individual Executive Board members under Long-Term Share Plans 2017-2019, 2018-2020, and 2019-2021.

By rewarding Executive Board members in 2020 for the achievement of specific objectives of short-term and longer-term value creation, in particular (but not limited to) the company's safety performance and execution of the company's strategy, their remuneration packages contribute to the longer-term value creation for the company and remain aligned with the company's shareholders', employees and other stakeholders' interests.

The 2020 total remuneration amounts are within the limits of the Executive Board remuneration policy. Overall costs decreased from EUR 6.0 million in 2019 to EUR 5.4 million in 2020. For further details on the costs of the Long-Term Share Plans for the company, reference is made to note 7.2 to the Consolidated Financial Statements.

2020 annual base salary

The 2020 annual base salaries of the Executive Board are as follows:

- Eelco Hoekstra: EUR 735,000
- Frits Eulderink: EUR 560,000
- Gerard Paulides: EUR 545,000

In its review of the Executive Board members' remuneration in December 2019, the Supervisory Board considered both internal consistency, in particular staff salary increases, as well as the results of external benchmarking against similar positions in AEX and AMX listed companies in the Netherlands, and selected European reference companies. Benchmarks were carried out on the basis of similar job size, board position, the company's revenues and market capitalization, such in various compositions, before arriving at an informed decision. Per January 2020, the base salaries of individual Executive Board members were increased in order to regain the longer-term stable position around market median for the Executive Board total remuneration packages aimed for under the policy.

During 2020, the Remuneration Committee reviewed the European reference group (consisting of Akzo Nobel, Borealis, Boskalis, Clariant, Covestro, DSM, Enagas, Linde, OMV, and SBM Offshore). It was decided to remove Linde from this group, as it no longer qualifies as a European peer after its merger with Praxair plc.

2020 Short-term variable compensation

At the beginning of 2021, the results against targets for the 2020 Executive Board short-term incentive (STIP) were evaluated. In determining the related payouts, the Supervisory Board assured itself that no governmental support measures had been actively applied for Vopak companies worldwide[1]. The Supervisory Board decided not to apply any discretionary adjustments upward or downward to the STIP payouts. The table on the next page shows the 2020 STIP payouts for each Board member, both in target and actual percentage of their annual base salary, and split per KPI. The 2020 STIP will be paid out in April 2021, after approval of the 2020 financial results by the General Meeting.

Financial KPIs

Over 2020, Vopak reports an EBIT (excluding exceptional items) of EUR 492.0 million. This is an above target result compared to the 2020 target, resulting in a corresponding payout on this KPI. For further details on the EBIT performance during 2020, reference is made to the section Financial performance in the performance & outlook section. Compared to the 2020 target, the result on the Cost KPI is at maximum, resulting in a corresponding payout on this KPI.

Non-financial KPIs

The 2020 performance on the non-financial KPIs Safety, Customer Satisfaction and Executive Board Effectiveness, is as follows:

Safety

Vopak's 'License to Operate' and its 'License to Grow' are conditional upon its ability to operate safely and responsibly. Vopak's long-term aim is zero incidents and no harm to anybody working at a Vopak facility. Process safety and the occupational health and safety of employees and contractors are the company's top priorities.

The personal safety KPI is measured by the Total Injury Rate (TIR). No fatal incidents occurred during the year. However, the 2020 TIR target for Vopak as a whole is not met. There will be no payout on this KPI. The process safety KPI is measured by the Process Safety Event Rate (PSER). The 2020 PSER target for Vopak as a whole is met, resulting in a target payout on this KPI. For further details on the results on Safety, reference is made to the Sustainability chapter in this Annual Report.

Customer Satisfaction

To realize our ambition of continuous improvement of our service performance, ambitious Net Promoter Score targets are set at various levels within the organization, as well as for Vopak as a whole. As part of our customer-oriented efforts, the initiative to intensify service dialogues with our customers and with other service providers of our customers was continued in 2020. The focus on shortening response times was intensified during 2020, ensuring improved interactions between all parties operating in the same supply chain. The 2020 NPS target for Vopak as a whole is met, resulting in a target payout on this KPI.

Executive Board effectiveness

Based on individual evaluation meetings with the Executive Board, in which the implementation and realization of the agenda of the Executive Board for 2020 set at the beginning of the year was discussed, the Supervisory Board assessed the performance of the Executive Board as effective.

1 In certain countries, authorities decided unilaterally to apply a general tax relief or similar measures to a range of companies during 2020. In those instances, Vopak entities may have benefited from such generically available arrangements. For further detail, reference is made to note 2.5 to the Consolidated Financial Statements.

2020 STIP for the Executive Board

	2020 payout opportunity			2020 realized performance as a % of the overall payout										Total 2020 STIP	
	2019 Target[1]	2020 Target	Max	EBIT		Cost		Safety		Customer Satisfaction		Executive Board Effectiveness		Actual payout	
	% of base salary			Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	%[2]	In EUR thousands
E.M. Hoekstra	72%	60%	90%	18%	35.1%	12%	24%	9%	4.5%	9%	9%	12%	12%	84.6%	622
F. Eulderink	60%	50%	75%	15%	29.3%	10%	20%	7.5%	3.75%	7.5%	7.5%	10%	10%	70.5%	395
G.B. Paulides	60%	50%	75%	15%	29.3%	10%	20%	7.5%	3.75%	7.5%	7.5%	10%	10%	70.5%	384

1 The 2019 at-target payout opportunity percentage for which the individual Executive Board members were eligible, included a payout at maximum for the Cost KPI, which is applicable if the Cost target is met.
2 Expressed as a percentage of their 2020 annual base salary.

2020 Long-term variable compensation

The performance period of the conditional awards made under the Long-Term Share Plan 2017-2019, ended on 31 December 2019. The realized EPS performance resulted in vesting at 120% of the target level. After the Annual General Meeting of shareholders on 21 April 2020, the conditionally granted performance shares under this Plan vested and were fully settled in shares in accordance with the Plan rules. The Supervisory Board decided not to apply any discretionary adjustments upward or downward. The (gross) value of the vested shares to each Executive Board member is shown in the table on the next page as well as in the table '2020 Executive Board remuneration entitlements and IFRS costs for the company' in this Remuneration Report.

The performance period of the conditional awards made under the Long-Term Share Plan 2018-2020, ended on 31 December 2020. The company's realized EPS performance is below the target level, resulting in a vesting at 90%. Vesting is subject to and will take place after approval of the 2020 financial results by the General Meeting on 21 April 2021. The Supervisory Board decided not to apply any discretionary adjustments upward or downward.

At the beginning of 2020, a conditional award of performance shares under the 2020-2022 LTSP was made to each Executive Board member. These conditional awards are scheduled to vest in 2023, subject to performance realization. During the whole of 2020, the conditional awards of performance shares made under the Long-Term Share Plans 2019-2021 were outstanding. These conditional awards are scheduled to vest in 2022, subject to performance realization.

The table on the next page shows the LTSP movements during the year. Because Executive Board members are required to hold a continuous portfolio of Vopak shares calculated as a percentage of their annual base salary (200% for the CEO and 100% for the CFO and COO), the retention periods for the vested shares under each of the LTSPs are not included in this table. For the number of vested performance shares held by individual Executive Board members, reference is made to the table in the section 'Share Ownership' in this Remuneration Report.

2020 movements in outstanding LTSP awards made to the Executive Board[1]

	LTSP	Start date performance period	End date performance period	(Scheduled) vesting date	Gross value of target award at the date of award[2] (EUR)	Share price at the date of award[2] (EUR)	Gross # of shares awarded (target) at the date of award[3]	Gross # of shares under deferral at 1 January 2020	Gross # of shares held under deferral at 31 December 2020	Gross # of shares that lapsed during 2020	Gross # of shares that vested during 2020	Share price at the date of vesting (EUR)	Gross market value of vested award at the date of vesting (EUR)
E.M. Hoekstra	LTSP 2017-2019	1 Jan 2017	31 Dec 2019	21 April 2020	653,125	44.625	14,636	14,636	0	0	17,563	51.720	908,358
	LTSP 2018-2020	1 Jan 2018	31 Dec 2020	21 April 2021	634,375	36.138	17.554	17.554	17.554	0	0	n/a	n/a
	LTSP 2019-2021	1 Jan 2019	31 Dec 2021	AGM 2022	700,000	40.274	17,380	17,380	17,380	0	0	n/a	n/a
	LTSP 2020-2022	1 Jan 2020	31 Dec 2022	AGM 2023	808,500	48.580	16,643	n/a	16,643	0	0	n/a	n/a
F. Eulderink	LTSP 2017-2019	1 Jan 2017	31 Dec 2019	21 April 2020	414,000	44.625	9,277	9,277	0	0	11,132	51.720	575,747
	LTSP 2018-2020	1 Jan 2018	31 Dec 2020	21 April 2021	406,000	36.138	11,235	11,235	11,235	0	0	n/a	n/a
	LTSP 2019-2021	1 Jan 2019	31 Dec 2021	AGM 2022	436,000	40.274	10,826	n/a	10,826	0	0	n/a	n/a
	LTSP 2020-2022	1 Jan 2020	31 Dec 2022	AGM 2023	504,000	48.580	10,375	n/a	10,375	0	0	n/a	n/a
G.B. Paulides	LTSP 2018-2020	1 Jan 2018	31 Dec 2020	21 April 2021	368,000	36.138	10,183	10,183	10,183	0	0	n/a	n/a
	LTSP 2019-2021	1 Jan 2019	31 Dec 2021	AGM 2022	404,800	40.274	10,051	n/a	10,051	0	0	n/a	n/a
	LTSP 2020-2022	1 Jan 2020	31 Dec 2022	AGM 2023	490,500	48.580	10,097	n/a	10,097	0	0	n/a	n/a
J.P. de Kreij[4]	LTSP 2017-2019	1 Jan 2017	31 Dec 2019	21 April 2020	416,000	44.625	9,322	9,322	0	0	11,186	51.720	578,540

1 Reference is made to note 7.2 of the Consolidated Financial Statements for more details on the costs of these awards for the company.
2 The share price at the date of award is the average closing price of a Royal Vopak NV ordinary share listed on Euronext Amsterdam during the calendar quarter immediately preceding the performance period of the respective LTSP.
3 All shares awarded conditionally under the company's LTSPs to Executive Board members are subject to performance conditions.
4 Jack de Kreij stepped down from the Board as CFO on 31 January 2018 to retire early. He remained eligible for vesting of the LTSP 2017-2019. All LTSP vestings after his retirement were settled in cash.

Pension arrangements

Executive Board members participate in the same company pension plan as other staff employed by Vopak in the Netherlands. The company contributions made in respect of each Executive Board member are shown in the table '2020 Executive Board remuneration entitlements and IFRS costs for the company' in this Remuneration Report. These equal the costs for the company as stated in the same table. For more details, reference is also made to note 9.4 to the Consolidated Financial Statements.

Share ownership

Executive Board members' ownership of Vopak shares is shown in the table on the next page. This table contains the total number of shares acquired by the individual Executive Board members as a result of performance shares vesting under the company's Long-Term Share Plans, as well as any additional ordinary shares acquired at the individual Board member's own expense (personal investments).
In 2020, the CEO was required to own a minimum number of company shares with a value equivalent to two (2) times his 2020 annual base salary. For Vopak's CFO and COO, this minimum shareholding requirement was one (1) time their 2020 annual base salary.

Under the Dutch Corporate Governance Code, Executive Board members are required to hold shares acquired under company long-term share compensation plans for a minimum of 5 years after the date on which these shares were (conditionally) granted. The Supervisory Board considers the requirement that a certain minimum portfolio of shares is held continuously during the entire Board membership with the company more suited to the longer-term nature of Vopak's strategy and the business Vopak is in. On a day-to-day continuous basis, Vopak's shareholding requirement for Executive Board members results in a total number of shares delivered to individual Executive Board members and subsequently restricted from further sale which is similar or higher compared to the shareholding requirement arrangement included in the Dutch Corporate Governance Code, such depending on the number of shares granted that actually vest.

Vopak shares owned by individual Executive Board members

Number of shares	# of vested performance shares on 31 December 2020	# of privately invested shares on 31 December 2020	Total # of shares owned on 31 December 2020[1]	Total # of shares owned on 31 December 2019[2]
E.M. Hoekstra	49,824	9,582	59,406	50,537
F. Eulderink	28,325	1,750	30,075	24,454
G.B. Paulides	n/a	6,200	6,200	6,200

1 The share price at the end of 2020 was EUR 42.99.
2 The share price at the end of 2019 was EUR 48.33.

Other

Executive Board members did not receive any remuneration from group companies. Vopak has not provided any personal loans, advances or guarantees to Executive Board members.

5-Year comparison

The annual change of Vopak's Supervisory Board and Executive Board Members' remuneration, the performance of the company, and the average remuneration of employees of the company over the five most recent financial years, are presented in a comparative manner in this section. The tables on the next page jointly provide a 5-year comparative overview of the performance of the company (as reflected by the results on the individual KPIs used in the Executive Board STIP and LTSP, as well as captured in the Executive Board STIP and LTSP overall outcomes) and the annual total remuneration of Executive Board members (market value). In order to provide a full comparison, the increases in annual base salary of individual Board members are also included in this table.

The comparison between the developments in the annual total remuneration of Executive Board members and average remuneration on a fulltime equivalent basis of employees of the company other than directors is shown by the developments in the CEO pay ratio, the CEO being the highest paid Executive Board member. The CEO pay ratio reflects the value of the CEO's annual total remuneration as a percentage of the value of the annual average total remuneration of Vopak employees globally in the respective financial year. 5-year developments of this ratio are shown in the graph on the next page. In 2020, the CEO pay ratio is 26.1 (21.5 in 2019).

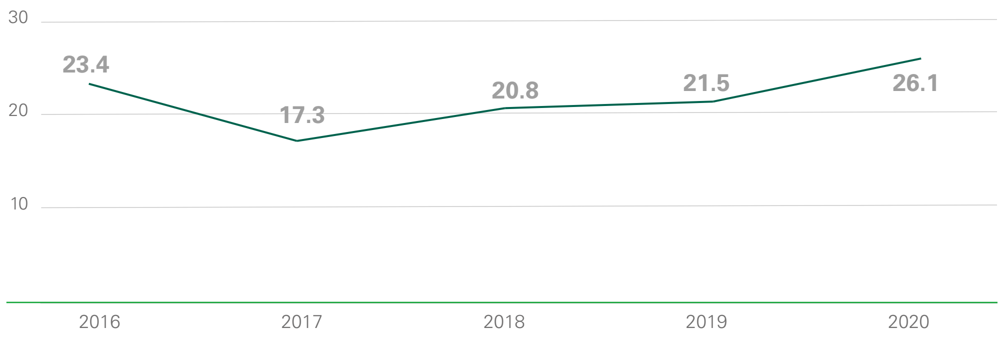
The CEO's total remuneration package includes the short-term incentive related to 2020, the value of the long-term incentive awards which were awarded, outstanding and vested in 2020 (based on the historical 3-year average IFRS costs), and the 2020 company costs for the employer contributions to the pension arrangements in which the CEO participates. The average 2020 total remuneration package for Vopak employees globally is calculated as the total remuneration-related costs for all Vopak employees globally spent in the financial year, whereby the long-term incentive costs are calculated on the same 3-year average IFRS cost basis as for the CEO. The CEO is excluded from this calculation. This number is then divided by the average number of employees (on a full-time-equivalent basis) during the financial year.

5-year comparison between company performance, Supervisory Board and Executive Board total remuneration, and average total employee remuneration

Company performance

	2016	2017	2018	2019	2020
EBIT[1]	558.4	490.4	463.3	539.1	492.0
EBITDA[1]	822.3	763.2	734.3	829.7	791.6
Cost[1]	664.0	675.9	666.0	632.7	591.4
EPS[2]	2.56	2.25	2.27	2.80	2.42
TIR[3]	0.29	0.38	0.30	0.34	0.37
PSER[3]	0.23	0.26	0.12	0.16	0.14
NPS	49	48	62	65	67
Overall STIP result[4]	150%	41.67%	142.5%	142.5%	141%
Overall LTSP result[4]	124%	50%	50%	120%	90%

CEO Pay ratio



Executive Board total remuneration[5,6]

	2016	2017	2018	2019	2020
CEO	1,948[7]	1,145	1,633	2,323	2,220
COO	1,389[7]	910	1,224	1,651	1,574
CFO (current)	n/a	46	882	995	1,461
CFO (former)	1,499[7]	966	243	499	n/a

Executive Board annual base salary increases[8]

	2016	2017	2018	2019	2020
CEO	0.0%	0.0%	1.5%	10.3%	5%
COO	1.0%	0.0%	1.5%	7.4%	2.75%
CFO (current)	n/a	n/a	n/a	10%	7.7%
CFO (former)	0.0%	0.0%	n/a	n/a	n/a

Supervisory Board total remuneration[5]

	2016	2017	2018	2019	2020
Chairman (current)	47.7	100.06	111.5	111.5	111.5
Vice-chairman (current)	68.5	78.5	78.5	78.5	78.5
Member (current)	n/a	n/a	56.5	80.5	80.5
Member (current)	n/a	n/a	21.67	73.5	77.0
Member (current)	n/a	n/a	78.0	80.0	80.0
Member (current)	65.0	75.0	75.0	75.0	75.0
Chairman (former)	91.5	33.57	n/a	n/a	n/a
Member (former)	70.0	80.0	23.9	n/a	n/a
Member (former)	61.75	70.0	20.9	n/a	n/a
Member (former)	10.4	n/a	n/a	n/a	n/a
Member (former)	n/a	51.14	9.5	n/a	n/a

1 In EUR million. EBITDA was used as a financial KPI in the Executive Board short-term incentive plan up until and including 2017; as of 2018, EBITDA was replaced by EBIT and Cost. Cost figures shown reflect personnel expenses and other operating expenses. EBIT, EBITDA and Cost figures shown are excluding exceptional items.
2 In EUR. EPS figures shown are excluding exceptional items.
3 Expressed as a percentage per 200,000 hours worked (own personnel and contractors). For TIR and PSER, a decrease is aimed for year-on-year, i.e. a decline in injuries and events.
4 Payout/ vesting as a % of target (=100%).
5 In EUR thousands.
6 Entitlements of total remuneration figures are shown. Payouts under the Executive Board STIP are included in the financial year which also encompasses the performance year. Vestings of the Executive Board LTSP are included in the year in which the performance period ended (year 3).
7 The LTSP 2014-2016 encompassed 3 years of LTSP awards, i.e. for 2014, 2015 and 2016; as a result, the vesting of the 2014-2016 LTSP award included in the 2016 figures reported earlier was 3 times the annual vesting. For comparison purposes in this table, the vesting of the LTSP 2014-2016 is distributed equally to 2014, 2015 and 2016 (1/3, 1/3, 1/3). This equal distribution is in line with the performance period of this LTSP 2014-2016. The amounts of entitlements as disclosed in the 2016 Annual Reports were as follows (in EUR thousands): for the CEO, this was 3,225; for the CFO, this was 2,296; for the COO, this was 2,146.
8 As a % of the annual base salary of the previous year.

Remuneration of the supervisory board in 2020

During 2020, the Supervisory Board remuneration policy was executed in line with the resolutions adopted at the Annual General Meeting in April 2020. No deviation or derogation was applied.

Board composition

For details on the composition of the Supervisory Board during 2020 reference is made to page 97 in this Governance section.

2020 total remuneration

The remuneration of Supervisory Board members consists of fixed fees for general membership and committee memberships, paid in cash only. It is not subject to the achievements of the company. In addition, Supervisory Board members are reimbursed for actual business expenses made, and, when living outside the Netherlands, for actual travel expenses made.

The table below shows the gross amounts of Supervisory Board fees each Supervisory Board member received in 2020, resulting in a total cost to the company of EUR 0.50 million, as compared to EUR 0.50 million in 2019. The increase in costs was due to changes in the composition of the Board. For further details, reference is made to note 7.3 of the Consolidated Financial Statements.

Supervisory Board members did not receive any other fixed allowances or performance-related incentives (neither in cash nor in shares), nor any other remuneration, such in accordance with the policy. Nor did Vopak provide any personal loans, advances or guarantees to Supervisory Board members.

No Supervisory Board members held any Vopak shares at year-end 2020, except for Ben Noteboom, who held 3,500 shares (2019: 3,500).

2020 Supervisory Board remuneration (audited)[1,2]

In EUR thousands	Supervisory Board	Audit Committee	Selection and Appointment Committee	Remuneration Committee	Total 2020	Total 2019
B.J. Noteboom (Chairman)	97.5	n/a	7.0	7.0	111.5	111.5
M.F. Groot (Vice-Chairman)	65.0	8.5	5.0	n/a	78.5	78.5
L.J.I. Foufopoulos – De Ridder (member)	65.0	8.5	n/a	7.0	80.5	80.5
N. Giadrossi (member)	65.0	8.5	n/a	3.5[3]	77.0	73.5
B. van der Veer (member)	65.0	15.0	n/a	n/a	80.0	80.0
R.G.M. Zwitserloot (member)	65.0	n/a	n/a	10.0	75.0	75.0
Total	**422.5**	**40.5**	**12.0**	**27.5**	**502.5**	**499.0**

1 Reimbursements of actual expenses made by individual Supervisory Board members are not included in this table as these do not qualify as remuneration.
2 Amounts stated are gross, and excluding VAT, where applicable.
3 Mrs. Nicoletta Giadrossi is a member of the Remuneration Committee as of 1 July 2020.

Terms of engagement

Supervisory Board members have a board agreement with Koninklijke Vopak N.V. They are appointed for four years, and may then be re-appointed for successive mandates for a period of four years. In case of early termination of their Board appointment, no formal notice periods apply for either party, and no severance arrangements apply.

Executive Board members are also appointed for four years, and may then be re-appointed for successive mandates for a period of four years. The current Executive Board agreements contain provisions for termination arrangements in the event that their appointment is terminated as a result of a merger or takeover, or is terminated early. The severance included in these arrangements and payable upon termination will be decided upon by the Supervisory Board thereby taking into account standards of reasonableness and fairness. In any case, such severance will not exceed one year's fixed remuneration. No severance will be paid in the event of voluntary resignation by or seriously culpable or negligent behavior on the part of the individual Executive Board member.

Corporate Governance

Vopak is incorporated and based in the Netherlands. As a result, Vopak's governance structure is based on the requirements of Dutch legislation including securities laws, the company's articles of association, complemented by internal policies and procedures. Given the worldwide exposure of its businesses, the international context is of vital importance and relevant international developments are closely monitored.

Good corporate governance is a key component of Vopak's way of doing business and is embedded in its core values. The corporate governance is supported by a strong focus on integrity, transparency and clear and timely communication. Good governance and proper supervision are important prerequisites for generating and maintaining trust in the company.

Vopak's business, financial and investor strategy is focused on long-term value creation for the company and its affiliated enterprises as formulated by the Executive Board under the guidance of the Supervisory Board. Value creation is closely connected with the culture within the company, the view on sustainability matters and long-term value creation requires a culture aimed at that. Long-term value creation also requires awareness and anticipation of new developments in technology that can contribute to the continuing success of the company. All stakeholder interests are hereby taken into careful consideration.

The leadership style within Vopak stimulates a culture that promotes desired behavior and encourages employees to act with integrity and to lead by example. By communicating this culture with its corresponding values, incorporating it into the enterprise and maintaining it, guidance is provided in making everyday decisions and monitoring ethical conduct by people in all tiers of the organization.

The top of the company has regular contact with employees at all levels of the company as it is essential to know how the culture is experienced within the organization. Culture is also monitored via the employee engagement survey. More information on the culture within Vopak is provided in the People Leadership chapter.

The Vopak Code of Conduct is based on the Vopak corporate values to provide the conditions for a healthy culture and effectively encourage an atmosphere of openness. Neither leadership nor culture are considered tick the box items or treated as such. All Vopak employees, partners, contractors and suppliers are required to adhere explicitly to the Code of Conduct. Compliance is regularly checked for example as part of the CSRA and internal business audits. These monitoring tools also show and measure the effectiveness of the Code of Conduct.

Vopak complies with the vast majority of the principles and best practices laid down in the 2016 Dutch Corporate Governance Code (the Code). The exceptions are explained in the following paragraphs.

Set-up and policy

Vopak aims to strike a sound balance between the interests of the company's various stakeholders. Integrity, openness, supervision, transparent reporting and accountability are the cornerstones of the corporate governance policy. The company has also developed a clear policy with regard to reporting for financial matters and sustainability. For details of the Sustainability Policy, reference is made to the Vopak website.

Vopak confirms that the principles reflected in the Code are applied by Vopak except for the deviations from the Code that are explained in the following paragraphs.

Vopak has a two-tier governance structure requiring a well-managed relationship between the Executive Board solely composed of executive directors and the Supervisory Board solely composed of non-executive directors. The two Boards are independent of each other and have their own roles and responsibilities in the governance structure.

The Executive Board is responsible for the management of the company and for the realization of its objectives. These include the objectives for strategy and policy, health, safety, the environment (part of sustainability), quality, as well as results.

The Executive Board is assisted in fulfilling its responsibilities by the Risk Committee, the Compliance Committee and the Disclosure Committee. The activities of the Risk Committee include facilitating and challenging risk reporting within the company, providing oversight of main risks and related risk management activities. During the year, the Risk Committee also supported the Executive Board with scenario analysis and setting up mitigating procedures in response to the Covid-19 pandemic. The primary objective of the Compliance Committee is to support and advise the Executive Board in fulfilling its oversight responsibilities on all compliance matters relevant to Vopak's activities. The Disclosure Committee assists the Executive Board with ensuring that information is disclosed accurately and timely to the outside world in line with the applicable laws and regulations.

The Supervisory Board reviews Vopak's overall performance, including the policies pursued and results achieved by the Executive Board, the company's financial situation, its financial statements, key risks and opportunities.

The Supervisory Board also reviews and approves the strategy of Vopak, as proposed by the Executive Board. Similarly, it approves important proposals for capital expenditure, acquisitions and divestments, changes in financial and other corporate policies and the annual budget. The Supervisory Board evaluates the performance of the Executive Board as a whole and that of its individual members, and proposes any changes to the composition of the Executive Board to the General Meeting. Similarly, the Supervisory Board reviews its own performance annually and proposes changes to the composition of the Supervisory Board to the General Meeting.

Finally, the Supervisory Board ensures that the company's policies are formulated and pursued in the interest of all its stakeholders, including shareholders and employees, and that these policies are sustainable and meet the highest ethical standards.

The Supervisory Board is carefully selected to include members with diverse backgrounds and experience in areas relevant to Vopak's core business and the foreign markets in which it operates. Their experience ranges from economic, financial, technical, operational and social areas, to political and business-related areas. The Supervisory Board, in performing its duties, focuses on the realization of the objectives of the company, the strategy and its implementation. The Supervisory Board appoints an Audit Committee, a Remuneration Committee and a Selection and Appointment Committee from among its members. In accordance with the provisions of the Code, Vopak has further specified the role and powers of these committees in specific regulations that apply to them.

The General Meeting has the authority to appoint, suspend and dismiss members of the Executive Board and Supervisory Board and other authorities such as passing resolutions for legal mergers and split-offs, adopting financial statements, and the appropriation of profits available for distribution on ordinary shares. Furthermore, the General Meeting determines the remuneration policy for the Executive Board and has to approve any significant amendments to this policy. The General Meeting also sets the remuneration of the members of the Supervisory Board.

The remuneration of the members of the Executive Board is set by the Supervisory Board on the basis of a proposal from the Remuneration Committee, in accordance with the remuneration policy as adopted by the General Meeting. Vopak will continue to facilitate proxy voting. Dutch law provides for a mandatory registration date to exercise voting and attendance rights 28 days before the date of the General Meeting.

The Dutch Corporate Governance Code

Vopak has evaluated its corporate governance structure against the Code and concluded that in 2020 it satisfied the principles and best practice provisions of the Code, with the exception of the following two items:

1. Principle 2.1 and best practice provision 2.1.1 (Composition, size and profile of the Supervisory Board)

These provisions relate to diversity and state that the Supervisory Board should strive for a diverse composition as to gender and age and should formulate concrete targets to achieve this. The Supervisory Board of Vopak strives to achieve a diverse composition of its members and has formulated key elements of its membership profile. These elements are available in the Corporate Governance section of the Vopak website. Vopak does not strictly follow the recommendation to set an explicit target for diversity in terms of gender or age. This deviation could therefore continue for more than one financial year without a set time period for when to comply with this best practice provision. As an alternative measure attaining the purpose of this best practice provision, for diversity in terms of gender, age or area of expertise the overriding principle for Vopak is that the Supervisory Board has a diverse composition of members taking into account various factors including a valuable contribution in terms of broad international management experience and knowledge of the oil, petrochemical or LNG industries in the regions in which Vopak is active, or other relevant business knowledge for the independent tank terminal business. Diversity in a broad sense is a topic on the Supervisory Board agenda and is discussed in the Selection and Appointment Committee meetings.

2. Best practice provision 3.1.2 (blocking period of five years for shares granted to the Executive Board without financial consideration)

The blocking period of five years is not included in the Long-Term Incentive Plans (LTIPs). This deviation will continue for more than one financial year without a set time period for when to comply with this best practice provision. As an alternative measure, the remaining value of the portfolio of performance shares must be at least equal to two years annual base salary for the CEO and one year base salary for the CFO and COO.

Vopak has several regulations in place governing the performance of its various bodies and ensuring implementation of the rules applicable within Vopak. These regulations are drafted in line with the Code, applicable legislation and decisions made by the Executive Board and the Supervisory Board. The regulations can be found in the Corporate Governance section of the Vopak website.

These regulations concern:

- Regulations of the Executive Board
- Regulations of the Supervisory Board
- Regulations of the Audit Committee of the Supervisory Board
- Regulations of the Remuneration Committee of the Supervisory Board
- Regulations of the Selection and Appointment Committee of the Supervisory Board
- Vopak Insider Trading Policy
- Regulations on suspected irregularities ('whistleblower regulations')
- Diversity policy.

The following items also appear on the Vopak website:

- Articles of Association
- Information on the members of the Executive Board and Supervisory Board and the composition of the core committees
- Profile of the Supervisory Board
- Schedule of resignation for the Supervisory Board members
- Schedule of resignation for the Executive Board members
- Policy related to bilateral contacts with shareholders
- Code of Conduct
- Sustainability Policy
- Corporate Governance Compliance Manual
- Remuneration report, containing the main points of the remuneration policy.

Response measures

Vopak's principal defense against a (hostile) takeover is the ability to issue cumulative preference shares ('protective preference shares') to Stichting Vopak. Such defensive preference shares will be issued in the event that Stichting Vopak exercises its option right. On 18 October 1999, the General Meeting decided to grant Stichting Vopak the right to take up protective preference shares up to a maximum nominal amount equal to 100% of the share capital issued at that time to third parties in the form of ordinary and financing preference shares, less one ordinary share. Vopak and Stichting Vopak further formalized their relationship with regard to the option right in an option agreement of 1 November 1999. This agreement was amended on 5 May 2004, whereby the original put option granted to Vopak was cancelled. In light of the possible introduction in the future of other classes of shares, the Extraordinary General Meeting of 17 September 2013 resolved to expand Stichting Vopak's right to acquire protective preference shares in such a way that it is not only related to share capital issued to third parties in the form of ordinary and financing preference shares at the time Stichting Vopak exercises this, but to all shares in the share capital of Vopak issued to third parties at such time, less one ordinary share. The option agreement with Stichting Vopak was amended on 17 September 2013 to reflect this change. Exercise by Stichting Vopak of its option right in part does not affect its right to acquire the remaining protective preference shares under the option granted to Stichting Vopak. The option agreement provides that in the event that Stichting Vopak exercises its option right and the results thereof are fully or partially cancelled (for instance as a result of the cancellation of the protective preference shares issued), Stichting Vopak will continue to be able to exercise its option right.

The granting of the call option to Stichting Vopak has been entered in the Company Registry. The objective of Stichting Vopak is to promote the interests of Vopak and companies affiliated to the Vopak group. It does this in a way that safeguards the interests of Vopak and its stakeholders to the greatest possible extent and, to the best of its ability, it resists influences opposing those interests, which could impair the independence and/or continuity and/or identity of Vopak. It undertakes all actions relating to or conducive to these objectives. The board of Stichting Vopak therefore determines whether and when it is necessary to issue the protective preference shares.

These measures can be taken for example (but not necessarily limited to) in the event of a (hostile) takeover bid if the board of Stichting Vopak believes it is in the interest of Vopak and its stakeholders to establish its position in respect of the hostile party and its plans, and to create opportunities to seek alternative scenarios.

Information referred to in Section 1 of the Takeover Directive (Article 10) Decree

Capital structure

A description of Vopak's capital structure, the various classes of shares and the rights and obligations attached to them can be found in note 5.1 to the Consolidated Financial Statements. On 31 December 2020 a total of 125,740,586 ordinary shares had been issued with a nominal value of EUR 0.50 each. No financing preference shares and no protective preference shares have been issued on 31 December 2020.

Restrictions on the transfer of shares

Vopak's Articles of Association do not provide for a restriction on the transfer of ordinary shares. They do, however, provide for a restriction on the transfer of financing preference shares. Financing preference shares may only be transferred to natural persons, subject to specific exceptions for a legal entity holding the financing preference shares for the purpose of administration and other parties pursuant to Article 10A, paragraph 7 of the Articles of Association. With regard to the protective preference shares, the Articles of Association provide that any transfer requires the approval of the Executive Board.

Major holdings subject to mandatory disclosure

More information on major shareholdings that are subject to mandatory disclosure pursuant to the Financial Markets Supervision Act can be found in the section Shareholder information. Furthermore, additional information on the transactions with major shareholders can be found in note 7.3 of the Consolidated Financial Statements.

System of control over employee share plans

Information on share plans can be found in note 7.2 to the Consolidated Financial Statements of this Annual Report.

Rules governing the appointment and dismissal of members of the Executive Board and Supervisory Board and the amendment of the Articles of Association

Under Vopak's Articles of Association, members of the Executive Board and Supervisory Board are appointed and dismissed by the General Meeting. The Supervisory Board makes a non-binding nomination for the appointment of members of the Executive Board. Upon the appointment of members of the Supervisory Board, the Supervisory Board may make a non-binding nomination.

The General Meeting may only resolve to amend the Articles of Association following a proposal from the Executive Board that is subject to approval by the Supervisory Board. Such a resolution of the General Meeting requires a majority of at least two-thirds of the number of votes validly cast.

Share issuance and repurchase

The General Meeting or the Executive Board, if so designated by the General Meeting, resolves or decides on the issuance of shares. Any share issuance is subject to approval by the Supervisory Board. On 31 December 2020, no authorization to issue shares had been granted to the Executive Board.

The Executive Board is authorized until 21 October 2021 to repurchase fully paid-up ordinary shares in Vopak's capital, subject to approval by the Supervisory Board. Any repurchase must be limited to the maximum number held by virtue of the law and the Articles of Association (10% at 31 December 2020). Their purchase price must be between the nominal value of the ordinary shares and 110% of the average share price listed on the five most recent trading days prior to the date of the purchase.

Key agreements containing change of control provisions

Reference is made to the change of control provisions in connection with loans in note 5.5 to the Consolidated Financial Statements.

With respect to agreements entered into with members of the Executive Board and employees that provide for payment upon termination of their employment following a public bid, reference is made to the description of the remuneration policy on the Vopak website.

Corporate Governance statement

Introduction
This statement is included in pursuance of Section 2a of the Decree of 23 December 2004 for the adoption of further regulations governing the contents of the management report (the 'Decree'). It sets out the statements referred to in Sections 3, 3a, and 3b of the Decree.

Compliance with the Dutch Corporate Governance Code
Vopak complies with the 2016 Dutch Corporate Governance Code (the 'Code') and has amended its rules and policies accordingly. The English and Dutch versions of the Code can be downloaded from www.commissiecorporategovernance.nl. The statement on compliance with the principles and best practice provisions of the Code addressed specifically to the Executive Board or Supervisory Board can be found in the Corporate Governance section of the Annual Report.

Management and control systems
The statement on the principal features of the management and control systems of Vopak and of the group whose financial information is included in its financial statements can be found in the Risk management & internal control section of the Annual Report.

The general meetings
Vopak's shareholders exercise their rights in the annual and extraordinary general meetings. The annual general meeting must be held no later than 30 June each year. The agenda for the meeting must state certain subjects as described in Vopak's Articles of Association or in the law, including the adoption of the financial statements. Extraordinary general meetings are held at the request of the Executive Board, the Supervisory Board, or one or more holders of shares or depositary receipts that, solely or jointly, represent at least one tenth of the company's issued share capital.

A subject for which discussion has been requested in writing by one or more holders of shares or depositary receipts that, solely or jointly, represent at least one-hundredth of the company's issued share capital, will be stated in the convocation of the meeting or announced in the same manner, provided that Vopak receives such request no later than on the sixtieth day before the date of the meeting. In general meetings, resolutions may be passed by absolute majority of the number of votes cast, unless Vopak's Articles of Association or the law prescribe a larger majority.

The principal powers of the general meeting are:
- adopting the financial statements;
- approving a dividend proposal;
- discharging members of the Executive Board from liability;
- discharging members of the Supervisory Board from liability;
- adopting the remuneration policy with respect to the members of the Executive Board;
- adopting the remuneration of the members of the Supervisory Board;
- appointing, suspending, and dismissing members of the Executive Board;
- appointing, suspending, and dismissing members of the Supervisory Board;
- appointing an external auditor;
- authorizing the Executive Board to repurchase shares;
- issuing shares and granting rights to acquire shares (option rights), and designating the Executive Board as the body competent to make such decisions during a set period;
- excluding or limiting shareholders' rights of first refusal when issuing shares and granting rights to acquire shares, and designating the Executive Board as the body competent to make such decisions during a set period;
- approving decisions taken by the Executive Board pertaining to a major change in Vopak's identity, nature or enterprise; and
- resolving to amend Vopak's Articles of Association, dissolve Vopak, or enter into a merger or demerger.

Membership and working methods of the Executive Board
Details of the members of the Executive Board can be found in section Executive Board members in the section Executive Board report of the Annual Report.

The members of the Executive Board are collectively responsible for managing Vopak as well as for its general affairs and that of the group companies affiliated with it. In doing so, they aim to create long-term shareholder value.

A more detailed description of the working methods of the Executive Board can be found in the Executive Board Rules, which have been posted on the Vopak website.

The responsibilities of the Executive Board include:

- evaluating Vopak's objectives from time to time and, where appropriate, adjusting them;
- achieving Vopak's objectives;
- determining the strategy and associated risk profile and the policy designed for the achievement of Vopak's objectives;
- managing Vopak's general affairs and results;
- the financing of Vopak;
- identifying and managing the risks connected to the business activities;
- seeking to make ongoing improvements to safety, health, and environmental performance;
- considering corporate social responsibility issues that are relevant to Vopak's activities;
- ensuring effective internal risk management and control systems and reporting on this in the Annual Report;
- adopting values that contribute to a culture aimed at long-term value creation for Vopak;
- making preparations for and managing the financial reporting process, which includes safeguarding the quality and completeness of the financial reports to be published;
- closely involving the Supervisory Board in a takeover process if a takeover bid for the shares in Vopak is under preparation or has been made;
- complying with legislation and regulations;
- complying with the Code and maintaining Vopak's corporate governance structure;
- publishing in Vopak's Annual Report, on its website and otherwise, the corporate governance structure and other information required under the Code and providing an explanation regarding compliance with the Code;
- preparing Vopak's financial statements, annual budget and important capital investments;
- rendering advice for the nomination of Vopak's external auditor.

The Executive Board Rules include rules for internal decision-making, which are in compliance with the relevant provisions of the Code and follow broadly applicable laws and regulations in case of a conflict of interest of one or more members of the Executive Board. Both Vopak's Articles of Association and the Executive Board Rules can be found on Vopak's website.

Details of the remuneration of the members of the Executive Board can be found in the section Remuneration report of the Annual Report.

Membership and working methods of the Supervisory Board and its committees

Details of the members of the Supervisory Board and membership of its committees can be found in the section Supervisory Board members of the Annual Report.

The Supervisory Board's duty is to supervise and advise on the management of Vopak and the general affairs of Vopak and the enterprise connected with it. In discharging its duties, the Supervisory Board is guided by the interests of Vopak and its group companies, taking into account the relevant interests of Vopak's stakeholders (which include its shareholders), aimed at creating long-term value for Vopak. The Supervisory Board is responsible for the quality of its own performance.

The responsibilities of the Supervisory Board include:

- supervising, monitoring and advising the Executive Board on: (i) the achievement of Vopak's objectives, (ii) Vopak's strategy and the risks inherent to its business activities, (iii) the structure and management of the internal risk management and control systems including the internal audit function, (iv) the financial reporting process, (v) the application of information and communication technology (ICT), (vi) compliance with legislation and regulations; (vii) the relationship with shareholders; (viii) a takeover process if a takeover bid for the shares in Vopak is under preparation or has been made; and (ix) the aspects of corporate social responsibility that are relevant to the enterprise and (x) the values that contribute to a culture aimed at long-term value creation for Vopak;
- disclosing, complying with and enforcing Vopak's corporate governance structure;
- approving Vopak's annual accounts, annual budget, and major capital expenditures;
- selecting, nominating and evaluating Vopak's external auditor;
- selecting and nominating members of the Executive Board for appointment, proposing the remuneration policy for members of the Executive Board for adoption by the general meeting, setting the remuneration (in accordance with the remuneration policy) and the contractual terms and conditions of employment of the members of the Executive Board;
- selecting and nominating members of the Supervisory Board for appointment by the general meeting and proposing the remuneration of its members for adoption by the general meeting;
- evaluating and assessing the functioning of the Executive Board and the Supervisory Board as well as their individual members, and evaluating the profile for the Supervisory Board and the induction, education and training program;
- handling and deciding on reported (potential) conflicts of interest between Vopak, on the one hand, and members of the Executive Board, the external auditor, or the major shareholder(s), on the other;
- handling and deciding on reported alleged irregularities that relate to the functioning of the Executive Board.

The Supervisory Board Rules include rules for internal decision-making which are in compliance with the relevant provisions of the Code and follow broadly applicable laws and regulations in case of a conflict of interest of one or more Supervisory Board members and Vopak. The Supervisory Board Rules have been posted on Vopak's website.

Details of the remuneration of the members of the Supervisory Board can be found in the section Remuneration report of the Annual Report in the subsection Remuneration of the Supervisory Board 2020.

Details on the committees of the Supervisory Board can be found in the section Supervisory Board report of the Annual Report.

The Supervisory Board has drawn up a diversity policy for the composition of the Executive Board and the Supervisory Board addressing the diversity aspects, the specific objectives set in relation to diversity; and the policy implementation. The diversity policy can be found on Vopak's website.

For information referred to in Section 1 of the Takeover Directive (Article 10) Decree, reference is made to the statement in this respect as included in the section Corporate Governance of the Annual Report.

Risk management & internal control

Vopak Control Framework – Risk Management and Internal Control Components

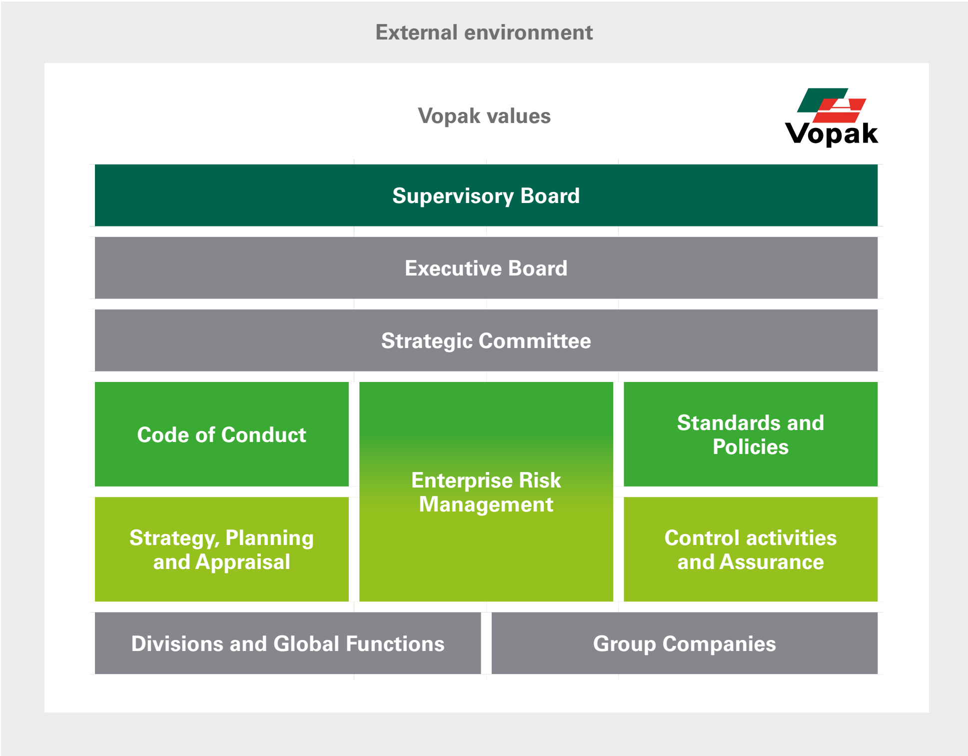
Risk Management and internal control activities are at the core of the Vopak Control Framework. This framework is applied at all layers and locations within the Group. These principles are also applied at the joint ventures and associates of the Group.

Risk Management and Internal Control

The Executive Board, under the supervision of the Supervisory Board, bears the ultimate responsibility for identifying and managing the risks associated with the company's strategy and activities. The Executive Board is assisted in carrying out these responsibilities by senior management across the business in managing (line management), monitoring (Divisions and Global Functions), advising (Risk Committee and Compliance Committee) and assurance (Global Internal Audit) activities.

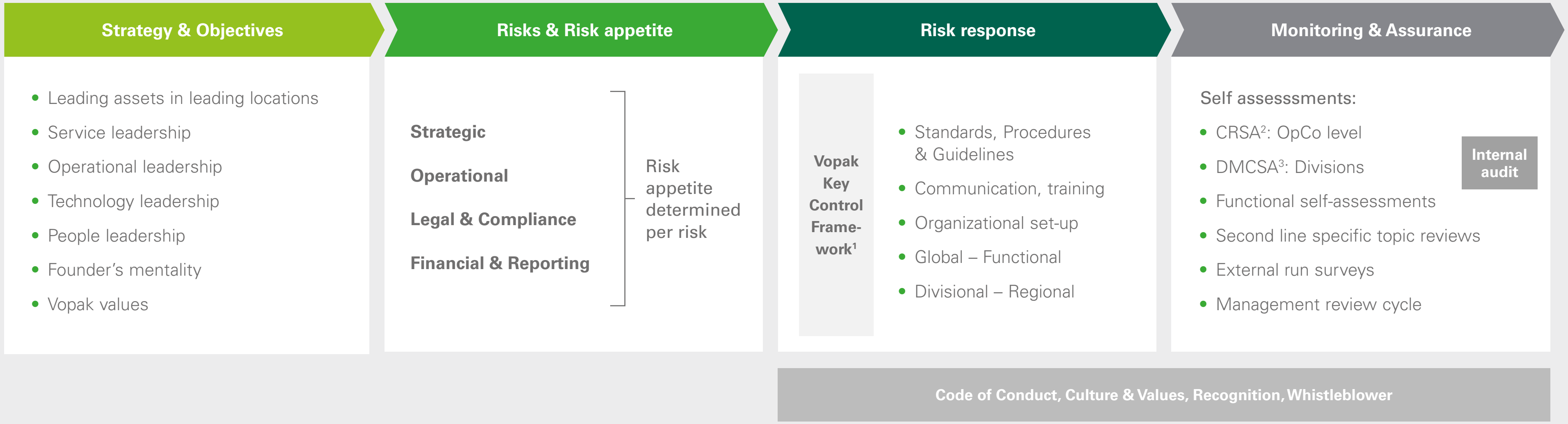
Vopak applies the principles of the COSO Integrated framework – Internal Control and Risk Management – resulting in an integrated cohesive approach starting with determining Vopak's risk appetite, identifying the key risks that may prevent the Group from achieving the strategic objectives and then and how the identified risks are to be managed through internal controls.

Vopak Control Framework



- The foundation elements of the Vopak control framework define the principles that underpin the Vopak Group's activities.
- The management processes define activities critical to an effective control framework.
- The organization component defines how divisions and global functions organize and manage their activities and how the various OpCos involved relate to each other.

A cohesive approach: Managing risks and internal control



1 Vopak's Key Control Framework covering 16 processes providing for effective management through effective controls for risks to be within the risk appetite.
2 Control Risk Self-Assessment.
3 Divisional Monitoring Controls Self-Assessment.

Enterprise Risk Management

Our Enterprise Risk Management (ERM) Framework, which is based on the principles of the 'COSO Enterprise Risk Management – Integrated Framework', is embedded within the quarterly functional performance reviews, the divisional performance reviews and the mandatory Enterprise Risk Management (ERM) reporting which takes place on a biannual basis.

Vopak's Risk Management Framework

Risk exposures aligned with the strategic objectives

1. Identify

- Risks identified by the individual terminals and divisions
- Strategic risk discussions with global senior management
- Global principal risks reviewed by the Risk Committee and agreed with the Executive Board

2. Measure

- Risk appetites of all principal risks are determined by the Executive Board and shared within the organization
- A standard risk management methodology facilitates communication within the group

3. Manage

- Mitigating actions are established for the identified risks and reviewed by the Risk Committee
- Separate action plans are established and executed for risks, which exceed the risk appetite

4. Monitor

- Effectiveness of the mitigating actions is monitored across the three lines of defense
- Risk Committee reviews effectiveness of risk management process and acts as the steward of risk management

5. Report

- The Risk Committee informs the Executive Board and the Supervisory Board on the principal risks and the effectiveness of the risk management process

Embedded in a risk conscious culture

Vopak's ERM process is guided and overseen by a Global Risk Committee. The ERM process is aimed at ensuring the timely identification and mitigation of risks and risk trends while at the same monitoring that the Group remains within the defined risk appetite. It requires all operating companies to assess and report their principal risks, the likelihood, financial impact and the mitigating actions in place plus an assessment of the effectiveness of these actions. Divisions review, discuss, supplement and report on these risks as the basis for the biannual discussions between Division Management and representatives of the Risk Committee. A dialogue also takes place with Global Directors and other members of senior management and the outcome of the process is discussed by the full Risk Committee. The in-depth dialogue with the Executive Board concludes the process prior to sharing and discussion with the Audit Committee and the Supervisory Board.

Confirmation of the process is provided through the work of Global Internal Audit, which ensures that operating companies have a robust ERM process at the local level and that the Control Risk Self-Assessments (CRSAs) are providing a true and fair view. The Executive Board accordingly considers our ERM process to be effective.

Risk-reward appetite

The applicable risk-reward appetite for each risk category (in accordance with the COSO) framework is defined by the Executive Board. It guides decisions on the types and amount of risk the Group is willing to accept in order to meet its strategic objectives, while ensuring compliance with laws and regulations. Our risk-reward appetite throughout 2019 remained unchanged compared to prior year.

Risk Category (COSO)	Strategic themes	Vopak's risk-reward appetite	Very low	Low	Moderate	High	Very high
Strategic risks	• Leading assets in leading locations	Dependent on the fit-for-purpose value creation opportunities and the corresponding future incremental expansion and growth options, the company evaluates the entrepreneurial risk-return profiles on an individual merit basis by consistently applying different metrics for different purposes		■	■	■	
Operational risks	• Operational leadership • Service leadership • Technology leadership • People leadership	Safety and sustainability	■				
		Other areas/topics with alignment of targets and related cost, and a clear focus on sustainable EBIT growth.	■	■	■		
Legal and Compliance risks	• Operational leadership • People leadership	The objective is to ensure full compliance with legal and regulatory environments.	■				
Financial and reporting risks		Aligned with the long-term nature of the business, the company wants to ensure a robust financing position and solid cash flow performance. Furthermore, the objective is to ensure full compliance with financial and non-financial reporting laws and regulations.	■	■			

Our principal risks and uncertainties and how we mitigate these

General

The principal risks that could prevent Vopak from achieving its strategic objectives are described in the table on the next pages, together with their mitigating actions applied. When identifying our principal risks, we also take into account the industry-related trends that could lead to future opportunities and uncertainties as described in the business environment and storing vital products with care sections of this Annual Report. Fourteen principal risks are reported.

The nature of Vopak's business model is long term, resulting in many risks being enduring in nature. Nonetheless, risks may develop and evolve over time due to internal and external developments. The risk overview should be read carefully when making an assessment of the company's business model, its historical and potential future performance, and the forward-looking statements contained in this Annual Report. Although the risk management process followed is considered to be effective, there is no absolute certainty that the mitigating actions with respect to the principal risks will be effective or that other risks may be prevented from occurring.

Covid-19 impact on our principal risks

In response to Covid-19 the Company performed a detailed re-assessment of its principal risks. Whilst our principal risks have not changed as compared to those disclosed within the 2019 Annual Report, the pandemic spread of Covid-19 has impacted the Company in many ways. The pandemic has led to higher levels of uncertainty in areas that were already addressed by our principal risks. Furthermore, three particular risks have become more obvious during 2020, or have manifested itself at a higher pace. As such, they are deemed to have increased in probability (not: impact) compared to the previous year.

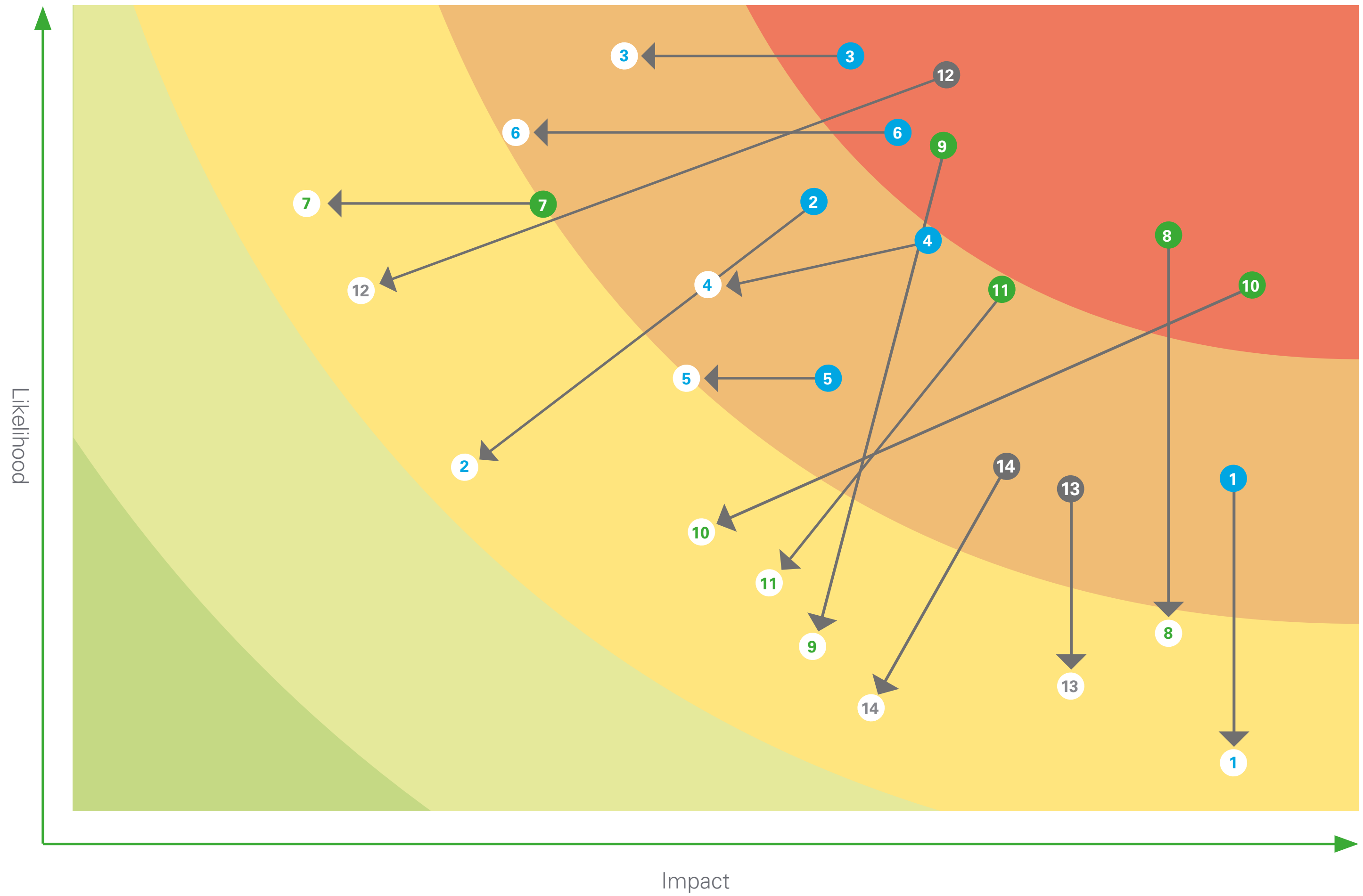
These risks are:

- Market volatility (strategic risk #2);
- Oil and Gas market price developments (strategic risk #4);
- Risk of cyber breach of IT/OT systems (operational risk #11).

Since the start of the pandemic the company has monitored the latest developments closely. Scenario based contingency plans and other mitigating actions were prepared and were ready to put in place when needed. To date, we have observed a limited impact on our operations. All our terminals are operational and there have been no significant disruptions to business continuity.

The risk matrix and table below provides an overview of the principal risks of the company and management's current view of the effects of mitigating actions in place:

From Inherent Risks to Residual Risks



Strategic Risks

1 Unable to deliver on growth strategy
2 Market volatility
3 Energy Transition
4 (Crude) Oil and Gas market price movements
5 Geopolitical developments
6 Increasing competition and overcapacity

Operational Risks

7 Climate change
8 Major safety incident
9 Large complex construction projects
10 Unable to deliver digitalization strategy
11 Risk of cyber breach of IT and/or OT systems

Legal and Compliance Risks

12 Complex and changing laws and regulations
13 Behavior not in line with Vopak Values
14 Reputational damage to Vopak

Very low
Low
Medium
High
Very high

Strategic risks

Risk	Risk description	Risk Horizon	Risk appetite	Mitigating actions	Development
1	**Unable to deliver on our growth strategy** Achieving our strategic goals could be prevented by: • Not being able to find the right locations and right partners. • Not having the right skills and capabilities to enable successful business development execution given the complexities involved. • Estimated Project returns not meeting risk/return requirements. • Not being able to successfully convert existing terminals to meet customer demands due to changing product flows. • Projects being delayed or demand for storage and handling services due to the negative effects that the Covid-19 pandemic currently has on the business of our customers.	**Medium to long term**	**Low to high**	**Clear growth strategy in place; fully understood by all relevant staff; Project evaluation criteria on a merit-by-merit basis, ensuring we have the right staff at the right location** • Dedicated Divisional Business Development Teams supported by the Global Commercial and Business Development. • Growth Funnel Execution Focus • Relationship programs with customers, port authorities and other potential partners for growth projects. • Instilling the Founder's Mentality in our culture, among others via the LEAD program for senior management. • Applying a multi-dimensional and disciplined Risk/return approach to growth opportunities.	➜
2	**Market volatility resulting in changing product flows with, in some circumstances, unprecedented speed of market change** Changing industry market dynamics leading to structural changes in product flows and increased volatility which are not adequately addressed timely by the company.	**Short, medium to long term**	**Low to high**	**Successful execution of our strategy, while maintaining a diversified global terminal network based on clear strategic criteria for certain product/ market combinations** Continuous in-depth analyses of scenarios and global trends by Global Commercial & Business Development in conjunction with Divisions and Local teams with the objective that the company is able to timely identify changing market developments and respond accordingly. Updating our terminal portfolio based on the strategic criteria, shifting our portfolio further towards industrial terminals, chemicals, LNG, LPG and chemical gases.	➜
3	**Energy Transition brings both opportunities and uncertainties** The speed and precise direction of the energy transition is not fully known. At the same time, it is observed that the Covid-19 pandemic appears to accelerate the energy transition. Nevertheless, it is clear that this development impacts global products flows: • Increased environmental legislation leading to higher capital expenditure levels (e.g.: improved vapor recovering treatment systems) and changing operating requirements. • Environment-induced regulations also create opportunities (Europe: IMO 2020) with the need for further segregation of products considered to increase in storage tank demand. • Demand for oil-based fuels decreasing in specific regions due to lower economic growth, electrification of vehicles, changes in oil-based fuels (diesel v gasoline) and more fuel-efficient cars. This may result in assets that service certain fuel types becoming obsolete. • Increasing overall negative sentiment towards fossil fuel usage. This can for example have a negative impact on recruitment possibilities as potential employees inappropriately consider the company a pure fossil fuel player.	**Medium to long term**	**Low** (legislation and infrastructure protection) **to High** (opportunities and adapting to changing market needs)	**Strategic assessment program takes into account the long-term impact of the energy transition** Dedicated focus in considering potential energy market transition impacts and opportunities. Active role in developments demonstrating commitment to opportunities that the energy transition could bring: • Emphasising the company as logistics service provider of vital products for end consumer use demonstrating a broad product base. • Setting up a new global New Energies unit ensuring focus on technology and business development in the field of renewable energies. • Continuous assessment of the impact on Vopak and the oil and gas industry of agreements and directions per United Nations Global Climate Change Conference (latest being COP25) and development of other international and national agreements • Sustainability being an integral part of the management agenda. Effective monitoring of: • Existing and changing compliance requirements in place and follow up of requirements as necessary. • Longer-term expected changes in demand for certain product types in order to adjust the asset base in a timely manner (e.g. conversions, divestments, demolitions) to successfully adapt to these expected changes.	➜

Risk	Risk description	Risk Horizon	Risk appetite	Mitigating actions	Development
4	**Exposure to (crude) oil and gas market price developments leading to risks and opportunities** Fluctuating movements in (crude) oil and gas market pricing has consequences for our customers putting pressure on the value chain although this can offer storage opportunities in the short term. Differences per region are observed.	**Short to medium term**	**Low to high**	**Continued focused strategy execution** Providing storage and handling services for structural product flows; limiting exposure to potentially more volatile trading markets. In addition, having a well-diversified global terminal network supporting different market/product combinations.	→
5	**Geopolitical developments, unpredictable by nature, continue to present challenges to our business going forward in both emerging and non-emerging markets** Geopolitical developments such as trade sanctions and renegotiation of trade agreements can lead to unexpected and significant changes in product flows. In addition, changes in governments can lead to uncertainty of the Government's stance towards energy programs.	**Medium to long term**	**Low to medium**	**The well-diversified global terminal network of Vopak supports different market/product combinations, reducing dependency of locations and products** In seeking growth opportunities, Vopak avoids business development projects in countries with an undue high geopolitical risk profile unless the risk can be mitigated or is compensated by higher returns. Developments are continuously monitored – including impact assessments by a combination of local management, Division and Global. The diversified terminal portfolio of the Group ensures that adverse geopolitical developments in a specific region has a significant undue effect.	→
6	**Increasing competition and overcapacity can affect our market position and earnings potential** Increased storage capacity constructed by existing and new competitors, which increases competition puts pressure on our occupancy rates, pricing and contract durations. The extent varies per location.	**Medium to long term**	**Low to medium**	**Service Leadership and Operational Leadership are cornerstones of our competitive position** Service improvement objectives and optimisation of assets are key elements of our strategy to at least maintain our competitive position in each market in which we operate. Good insight into existing markets combined with local entrepreneurship which ensure that we capture business development opportunities before the competition does. Leadership programs for senior management aimed at harnessing a better competitive position and improving our way of doing business. Increasing digitisation (MOVES) moving to real-time data to improve service performance and cost efficiency. Dedicated programs to invest in innovation and new technologies will further improve Vopak's service offering and reduce costs.	→

Operational risks

Risk	Risk description	Risk Horizon	Risk appetite	Mitigating actions	Development
7	**Climate Change: a global issue presenting both risks and opportunities for Vopak** Climate Change consists of various segments of risks to which Vopak is (potentially) exposed. These segments could briefly be categorized in physical risks (chronic risks and extreme weather events), market risks (changing market dynamics, product- and technological developments) and policy developments (legislation, reputation).	**Medium to long term**	**Low to high**	**Vopak has embraced and embedded the TCFD framework in its process to create awareness and assess exposures and developments** The process is guided by a multidisciplinary team and resulted in a risk and opportunity assessment, based on IPCC and IEA scenarios, regarding physical risks, market risks and policy developments. The results of the assessment were shared during the 'Climate Day', involving senior management of Vopak. Regarding the physical risks, Vopak has performed stress tests for various terminals to identify the exposure to climate change and extreme weather events. This has led to enhanced investments in measures against adverse weather and climate induced conditions and leverage of Global expertise and technical knowledge for optimal cost-effective solutions. Vopak has set ambitious targets of reducing its own environmental footprint and lowering its own emissions, including CO_2 and VOC. Vopak's ambition is to be climate neutral by 2050.	→
8	**Occurrence of a major personal and/or process safety incident and environmental risk** Incidents negatively affect the lives and health of not only staff working at a Vopak location but also those in close proximity. Our 'License to Operate' could be affected impacting our earnings. Indicidents expose the company to potential liabilities and will most likely have an adverse effect on the company's reputation.	**Short term**	**Very low**	**Safety is our highest priority** Within Vopak, we have continuous attention to ensuring our safety culture is at the required high level, through every level of the organization. Vopak Fundamentals, Safety Standards and Vopak Way Standards are critical tools for clearly providing procedures and instructions for safe working practices – regardless of geography or local laws and regulations that could be less strict. We have an Annual Audit Plan, 'Trust and Verify' Program, 'Assure' Program and Behavioral Safety Reviews in place to safeguard adherence to the required safety and quality standards.	→
9	**Large complex construction projects, not delivered timely, within budget or with the required quality** Projects under development represent sizeable long-term investments and are recognized as being individually complex due to different business, engineering, financing, environmental, cultural and political circumstances. When projects are not effectively managed in terms of safety, cost, time and quality, increased costs and lost revenues can be detrimental to the desired end result.	**Medium to long term**	**Low**	**Vopak Project Management standard for mandatory application to all projects that fit within the criteria for its usage** A robust multi-disciplinary investment proposal decision-making process is in place. Guidance is provided by the global functions and (external) experts during all stages of the project. The use of Global Engineering and Global Projects provides a common approach and the sharing of experience in developing new projects. Lessons learned reviews are performed and shared within the company for future developments.	→

Risk	Risk description	Risk Horizon	Risk appetite	Mitigating actions	Development
10	**Unable to deliver digitalization strategy** Key to our strategy is effective digitalization including innovation, organized centrally providing improved service offering and process efficiency through real-time data availability. The impact on our current way of working and organizational change is significant but necessary in order to harness the full benefits. This requires clear leadership embracing the changes and opportunities offered. Legacy systems until full roll-out of new systems have to be maintained but are ageing with the risk of disruption.	**Medium to long term**	**Low**	**Dedicated approach and governance structure for program management in place for MOVES with full Senior Leadership Focus** Vopak considers full embedding of system usage critical for success. Dedicated sessions at Leadership courses have been organized to ensure Senior Leadership is trained to embrace and drive the change that successful digitalisation requires. A Business Impact Analysis is taking place at each location prior to the roll-out. A robust project management approach is applied and governance in place ensuring sufficient attention is given to the needs of legacy systems. Core systems are developed in-house to ensure that the functionality of the systems meets the business requirements to the highest extent possible.	→
11	**Risk of cyber breach of our IT and/or OT systems** A cyber breach could have various causes, e.g. via virus and malware attacks, ransomware and unauthorized access attempts. Such a breach could lead to confidentiality, integrity and availability (data) issues for the company or hamper our operations, negatively impacting our reputation, financial position, operations, and potentially lead to costs related to recovery and forensic activities.	**Short to medium term**	**Low**	**Cyber security is a 'top of mind' priority within Vopak** We have our comprehensive IT/OT security program (COINS) in place to address IT and OT security globally. On a daily basis we monitor 'cyber' attacks on our global systems for follow up.	→

Legal, compliance and social risks

Risk	Risk description	Risk Horizon	Risk appetite	Mitigating actions	Development
12	**Complex and changing laws and regulations can negatively impact being Business, Operational and Environmental compliant** Obtaining, renewal and/or revisions to permits and licenses for product storage from local and national governments, as well as compliance with local laws and regulations are essential to start or continue operating our terminals. Governments are becoming stricter often due to failings/incidents in the industry, regulations are frequently changing and/or can be unclear making 100% compliance at all times at all locations globally a challenge. However, Vopak's objective is to ensure full compliance. Uncertainties given changing or unclear requirements can also arise when applying for permit renewals/applications. More stringent demands on environmental requirements as required by our permits may lead to additional sustaining capex investments which can not always be recovered from customers.	**Short to medium term**	**Very low**	**Operating and Business compliance is non-negotiable** Terminal management is primarily responsible for maintaining a robust general and permit compliance program. Division/Global supports and involvement of external specialists are used when unclear. Operating permit compliance is being monitored at various levels within the company and is a critical element of Vopak's Global Assure program. Permit status is considered a critical path in all project development activity and is actively monitored through Steering Committees. Global policies and guidelines are in place addressing business compliance requirements. The compliance committee ensures that appropriate compliance processes are in place for dedicated compliance topics and that the principal compliance risks are identified and mitigated Commercial teams are in continuous dialogue with our customers on increasing compliance and sustainability investment with the aim of recovering (part of) these additional investments via the storage and handling fees.	→
13	**Behavior not in line with Vopak values** Individuals and/or groups of individuals can behave in a manner that is not in line with our values which can lead to financial, business and reputational consequences. It is recognized that certain regions/countries are more susceptible to having a culture not in line with the Vopak Values.	**Short to medium term**		**Clear guidance on culture, values and behavior for every employee** At all levels of the company management sets the highest standards in respect of desired culture, values and behavior based on the five global Vopak Values and the Vopak Code of Conduct. Our Vopak Values are globally implemented and positively and actively embedded in our culture. Adhering to the Vopak Values is non-negotiable. Whistleblower rules are available globally for all terminals. All whistleblower cases are followed up and investigated in line with Vopak's policies.	→
14	**Reputational damage to Vopak as a brand, company and employer** Sustainability, Climate Change and societal developments are becoming increasingly important topics. The (public) perception in terms of sustainable developments and societal developments is both a risk and opportunity to Vopak.	**Short to medium term**	**Very low**	**Vopak is very much aware of its social responsibility, role and involvement in today's society** It is Vopak's responsibility to do what is reasonably possible to maximize our contribution to society and the environment and minimize the negative impact the company may have on both. We work hard to reduce our environmental footprint and minimize any negative impact of our operations on people's safety, health and wellbeing. The Vopak Values and Code of Conduct serve as our moral compass and we embrace selected UN Sustainable Development Goals (SDGs) to create a focus on where we can contribute to society. Our ambition is to be the sustainability leader in our industry and to be as good as the safest and most sustainable of our customers.	↑

Other general (inherent) risks not considered principal risks

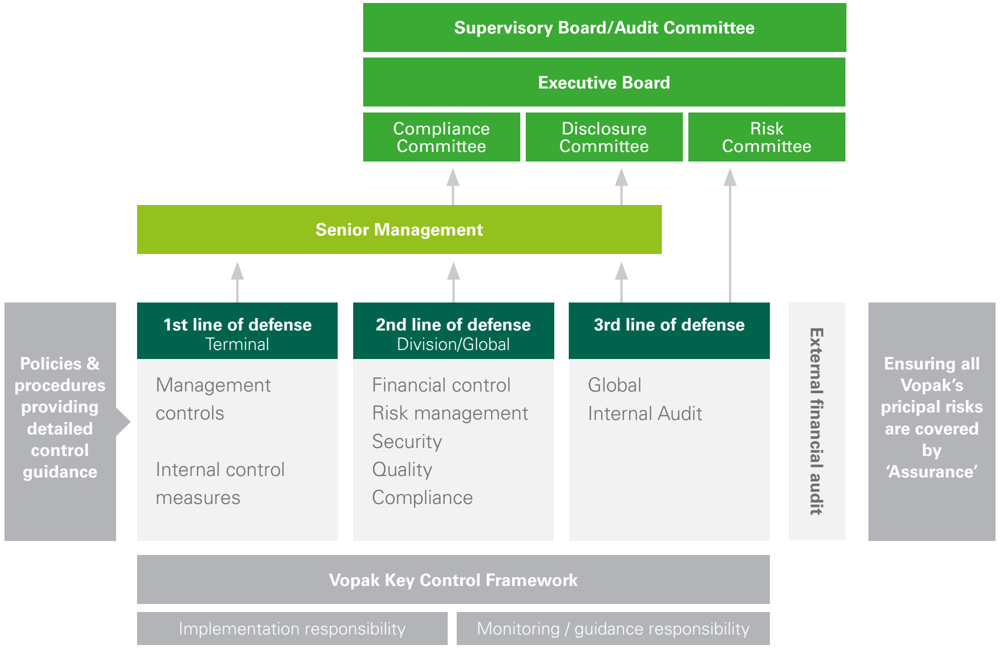
Strategic theme	Description
Foreign Exchange	As a globally-operated company, Vopak is confronted with money flows that are not in its functional (Euro) currency. Operating globally provides an extent of 'natural hedging' but foreign exchange exposure risk exists. This risk is continuously reviewed and measures taken to limit the exposure in line with the foreign exchange policy of Global Treasury. Our financial risks are described in detail in Section Financial risk management of the Consolidated Financial Statements.
Refinancing and liquidity	Vopak is a capital-intensive company with long-term investments. Long-term access to funds is critical for achieving the strategic objectives of the company. Refinancing and liquidity risks are not considered principal risks due to the effectiveness of the mitigating actions. Vopak's funding strategy is focused on ensuring continued access to capital markets so that funding capital is available at a time of our choice and at an acceptable cost. The development of our Senior Net Debt: EBITDA ratio is continuously monitored and discussed on a regular basis in the Strategic Finance Committee, the Executive Board, the Audit Committee and the Supervisory Board to ensure that the company remains within its covenant ratios. A clear funding policy with respect to subsidiaries and joint ventures is in place. Group liquidity requirements are monitored continuously. Long-term liquidity risks are reviewed each quarter and before every significant investment. Active cash management takes place on a daily basis. Liquidity risks are described in more detail in Section Financial risk management of the Consolidated Financial Statements.
Insurance	A general business risk exists that losses are suffered due to inappropriate coverage of the incident by third-party insurers. Our Global Insurance Policy aims to strike the right balance between arranging insurance to cover Vopak's risks and financing adverse implications ourselves. The principal factors underlying our insurance policy are risk tolerance and risk transfer costs. On this basis, Vopak has purchased worldwide insurance cover for a wide range of risks, such as environmental and third-party liability, property damage, business interruption and cyber-related activities. The financial credit ratings of the insurance companies involved are reviewed on a regular basis and, where appropriate, risks are spread across several insurance companies.
Tax and Tax related	Vopak operates terminals and other activities in many different countries. As tax laws and regulations differ per country and can be complex, the company runs the inherent risk of non-compliance with the local tax legislation and the tax policy of the company. The Vopak Control Framework has a dedicated section stipulating the internal controls to address the risks related to tax and which enforce compliance with the group tax policy. Furthermore, the highly skilled tax experts at the Global Tax department assist local and divisional management in complying with the tax requirements and monitoring the effectiveness of the internal controls relating to tax as well as the tax position of the group.

Internal Control

Vopak has identified sixteen key business processes and has internal controls, designed in a principle-based manner, to address risks foreseen in each of the processes. This principle-based internal control framework is rolled out to all operating companies.

Local management ('first line'), supported by Divisions and Global Functions, is responsible for ensuring this framework is implemented, operating effectively and key risks are managed. Divisions and Global Functions are 'second line' responsible for the monitoring of internal controls locally including assessing their effectiveness. The 'third line' is Global Internal Audit providing independent assurance on internal control existence and effectiveness.

Internal control framework



In addition to audits executed by Global Internal Audit, which includes a fraud vulnerability assessment when a business process audit is executed, the maturity of key control implementation per operating company is assessed each year through the completion of the Control Risk Self-Assessment (CRSA). The CRSA covers the sixteen key processes and related controls including those specifically directed at fraud and corruption.

Complementing the CRSA, are a number of additional functional- and regional-specific monitoring activities undertaken throughout the year by the Global Functions all with the objective to assess the extent of implementation and effectiveness of expected controls and establish further improvements from a functional responsibility perspective.

Policies continued to be updated as appropriate during 2020. The introduction of new IT systems via the MOVES program improves our control environment through the further standardization of processes, systems and allowing for increased transparency and monitoring of actions.

The Executive Board is assisted in fulfilling its responsibilities with regards to internal controls by the Risk Committee, the Compliance Committee and the Disclosure Committee. These three Committees have an important role in the company's overall internal control framework by providing cross-functional and cross-divisional advisory insight on key topics directly to the Executive Board.

The internal control framework is reviewed and updated periodically to ensure control design and guidance remains relevant and effective for the organization.

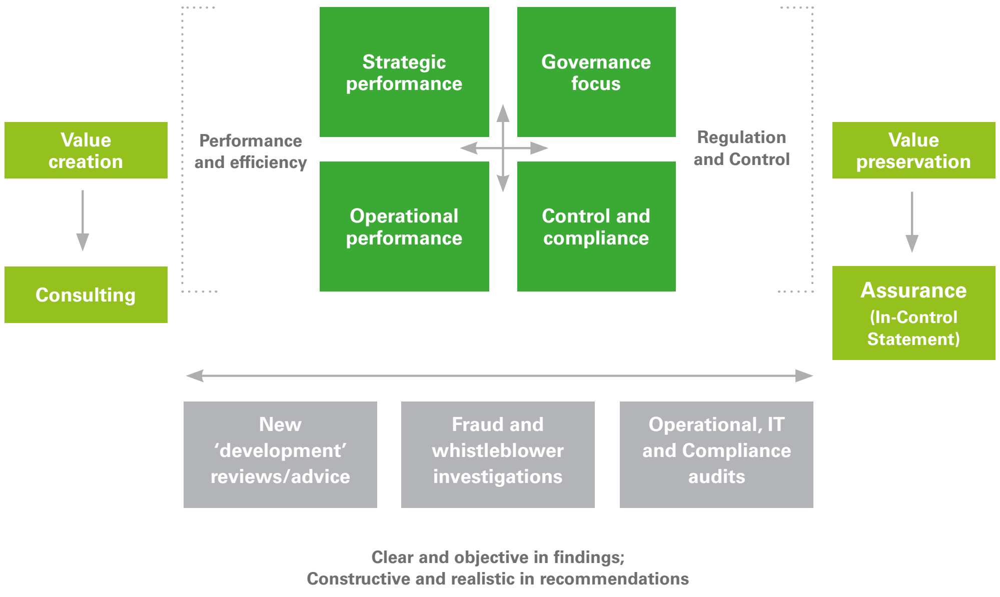
Management Review Cycle

Key to the control process is the regular reporting cycle. Monthly and quarterly management reports are prepared by all operating companies and Divisions including joint ventures in line with clearly defined mandatory reporting requirements. The reports and related discussions between senior management, including but not limited to the Executive Board, cover not only financial but also key operational, 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 Vopak's Annual Budget which, together with the two subsequent plan years, is reviewed and approved by the Executive Board for all Divisions and operating companies each year.

Role of Internal Audit

The primary role of Global Internal Audit is to provide independent assurance and advise the Executive Board in relation to its responsibility to ensure both the existence and effectiveness of internal controls in order to safeguard the company's goals. A broad range of audits are executed of an operational, investigative and compliance nature with the audit of financial external reports being the responsibility of Vopak's external statutory auditor. Advising and consulting activities also take place providing internal control input to projects undertaken by the organization to support functional owners.

Internal audit to preserve and create value



Global Internal Audit reports directly to the Executive Board. Its activities are also overseen by the (Audit Committee of the) Supervisory Board. The Internal Audit Charter is endorsed by both the Executive Board and the Audit Committee. The core audit team is located at the Global Head office, often supplemented by subject matter experts either from the business or external support as appropriate.

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 Global Internal audit universe includes all processes, entities and activities within the company, including Global and Divisional functions. The plan takes into account the feedback resulting from the dialogue with Senior Leadership. Throughout the year, the results of all audits and advisory activities are shared and discussed with the Executive Board and discussed each quarter with the Audit Committee. Progress against the plan is reported.

The follow up of audit findings is the responsibility of the auditee with monitoring thereof and subsequent closure being the responsibility of the Division and/or Global as appropriate. The outcome of this process is formalized biannually with reporting to Global Internal Audit through the 'audit findings follow-up' system. Exceptions to what is expected are followed up proactively with Divisions by Global Internal Audit. The audit findings follow-up meetings also take into account follow-up from reviews undertaken by commercial and external financial auditors.

Continuous evaluation of the Global Internal Audit function takes place. The results are reported to the Executive Board and Audit Committee on an annual basis. In addition, an externally performed quality assurance audit by the Dutch Institute of Internal Auditors takes place on a five-year basis. The first review at the end of 2016 was positive and re-confirmed that work is performed in accordance with the International Internal Auditing Standards. An evaluation of the function by the Executive Board and the Audit Committee has taken place during the year.

Management assessment, Letters of Representation and In-Control Statement

Management consider that the processes in place as described including those in the Corporate Governance chapter are of a maturity that enables implementation and effectiveness of risk management and internal control to be assessed with the view that there have been no material deficiencies in the internal risk management and control systems relating to the risks observed during the financial year. Further improvements noted, such as ongoing policy refinement and the update of the IT systems, serve to further improve our maturity level and not to change the processes. The view that there are no material deficiencies is underpinned by internal audit findings, the Management Letter from the external auditor and the Letter of Representation that is signed by Terminal Management, Divisional Finance Directors, Division Presidents and Global Directors at the end of each half year and full year. This Letter represents the key elements of internal control and full disclosure of deviations to that control as appropriate. The results of this process including deviations are specifically discussed with the Executive Board and, together with the results of the various monitoring and assurance activities as described above (which are explicitly re-evaluated by both Global Control & Business Analysis and Global Internal Audit for the purposes of the In-Control Statement at year end) provide input for the In-Control Statement issued by our Executive Board.

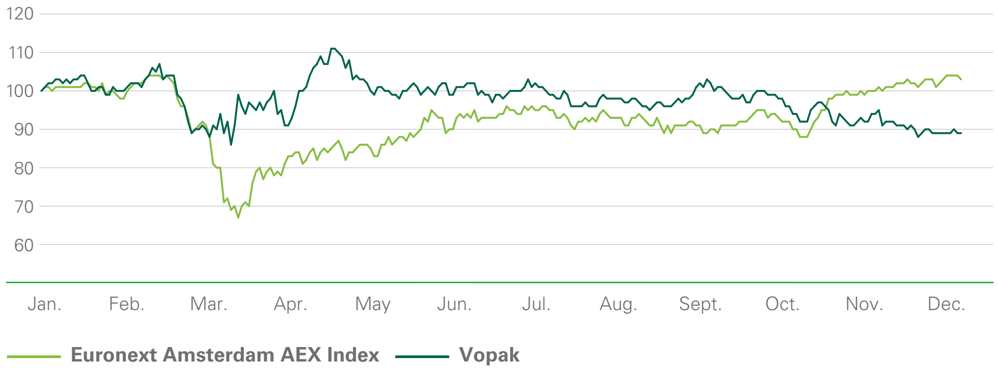
The In-Control Statement issued by the Executive Board is included directly after the Financial Statements.

Shareholder information

In EUR	2020	2019
Share price start of the year	48.60	39.12
Highest share price	54.24	51.96
Average closing share price	47.31	43.77
Lowest share price	40.27	36.05
Share price at year-end	42.99	48.33
Free float	52%	52%
Average number of shares traded per day	398,654	319,733
Market capitalization at year-end (in EUR billion)	5.4	6.2

Share price movement in 2020

In %



Investor Relations

Vopak conducts an open and active information policy for all its stakeholders. The aim of Vopak's investor relations is to provide relevant information to all stakeholders and to ensure that this information is complete, consistent, accurate, relevant and timely disclosed to all parties. Information is provided through annual and half year reports, quarterly interim updates, press releases and investor presentations, which are all available on the Vopak website. Vopak is transparent and non-discriminatory in disclosing information to investors and other stakeholders. A separate agreement on information sharing has been concluded with the major shareholder HAL Holding N.V. We refer to note 7.3 of the Consolidated Financial Statements for more information.

Vopak participated in international roadshows, attended broker-organized equity conferences and undertook investor telephone calls to engage with shareholders and investors. Due to Covid-19, most of these engagements were hosted in a virtual manner in 2020. Vopak held more than 250 meetings with shareholders and investors this year.

Vopak held press conferences and hosted live webcasts for financial analysts, investors and other stakeholders following the publication of the annual results and half-year results. To accommodate the growing interest in the performance delivery and strategy execution in a year with more uncertainty due to Covid-19, the regular half-year webcast was expanded. Vopak's Executive Board, together with 3 global product directors provided an update on performance, existing strategy and markets in which Vopak operated. The publication of the quarterly interim results were followed by live webcasts. All webcasts could be attended live and on-demand via Vopak's website. Information presented at these meetings was also published on the website.

Vopak complies with the rules and regulations of the Dutch Financial Markets Authority (AFM) and International Financial Reporting Standards (IFRS), as endorsed by the European Union, in all its publications.

Information per ordinary share of EUR 0.50

In EUR	2020	2019
Basic earnings	2.38	4.47
Basic earnings -excluding exceptional items-	2.42	2.80
Diluted earnings	2.38	4.46
Diltuted earnings -excluding exceptional items-	2.41	2.80
Equity attributable to holders of ordinary shares	23.77	23.88
Dividend (proposal)	1.20	1.15
Payout ratio -excluding exceptional items-	50%	41%

Shares outstanding

	2020	2019
Basic weighted average number of ordinary shares	126,524,451	127,637,900
Weighted average number of ordinary shares including dilutive effect	126,690,044	127,983,107
Total number of shares outstanding (including treasury shares end of period)	**125,740,586**	**127,835,430**
Treasury shares end of period	345,736	209,984
Total voting rights at year-end	**125,394,850**	**127,625,446**

Share price movement last 5 years

In EUR

Stock exchange listing

Vopak shares are listed on the Euronext stock exchange in Amsterdam, the Netherlands, and Vopak is a constituent of the Amsterdam Midkap Index (AMX), ticker symbol VPK (ISIN no. NL0009432491). Options on Vopak shares are also traded on Euronext Amsterdam.

Silent periods

Silent periods are the periods prior to the publication of financial results. In principle, no meetings are held with and no presentations are given to financial analysts and investors during this period. No other communication with analysts and investors takes place unless it relates to the factual clarification of previously disclosed information. Usually, the length of the silent period is 31 calendar days prior to publication of the annual and half year results and quarterly interim updates.

Bilateral contracts

Vopak may engage in bilateral contacts with existing and potential shareholders. The main objective would be to explain Vopak's strategy and operational performance and answer questions. Vopak takes the Dutch Corporate Governance Code and other applicable laws and regulations into account when engaging in bilateral contacts with shareholders.

The following guidelines apply:

- A dialogue with shareholders outside the context of a formal shareholders' meeting can be useful for both investors and Vopak.
- Vopak reserves the right to determine, at its sole discretion, whether it will accept invitations from shareholders, or parties representing shareholders, to engage in such a dialogue. Vopak may ask for further clarification of the views, aims and investment objectives of such shareholders before accepting or rejecting an invitation to engage in dialogue outside the context of a formal shareholders' meeting.
- Vopak communicates as openly as possible and legally allowed to maximize transparency. In bilateral contacts only information is shared that is generally available to other investors in the broadest sense of the word.
- Responses to third-party publications, such as analyst reports or draft reports, are only given by referring to public information and published guidance. Comments on these reports are given only with regard to incorrect factual information.
- Vopak's contacts with investors and sell-side analysts shall, at all times, comply with the applicable rules and regulations, in particular those concerning selective disclosure, price sensitive information and equal treatment.

Dividend policy

Vopak's dividend policy targets to pay an annual stable to rising cash dividend in balance with a management view on a payout ratio range of 25-75% of the net profit excluding exceptional items attributable to holders of ordinary shares and subject to market circumstances.

The net profit excluding exceptional items that forms the basis for dividends to be declared may be adjusted, for instance, for the financial effects of one-off events, such as changes in accounting policies, acquisitions and divestments.

Vopak proposes a dividend of EUR 1.20 per ordinary share over 2020 (2019: EUR 1.15). The dividend increase reflects Vopak's continued resilient performance throughout a turbulent 2020.

Vopak shareholders

Vopak's shares are held by an international and diversified shareholder base. Pursuant to the Financial Supervision Act, a shareholding of 3% or more in a Dutch company must be disclosed to the AFM. As per the AFM register, the largest shareholders in Vopak at 31 December 2020 were:

	Ordinary shareholdings	Date of notification
HAL trust	48.15%	01/01/2015
Magellan Asset Management Ltd	>3.00%	13/06/2019
BlackRock, Inc	>3.00%	19/11/2019

Financial calendar

21 April 2021	Publication of 2021 first-quarter interim update
21 April 2021	Annual General Meeting
23 April 2021	Ex-dividend quotation
26 April 2021	Dividend record rate
29 April 2021	Dividend payment date
28 July 2021	Publication of 2021 half-year results
12 November 2021	Publication of 2021 third-quarter interim update
16 February 2022	Publication of 2021 full-year results

Financial Statements

Financial Statements and notes

Consolidated Financial Statements

Consolidated Statement of Income

In EUR millions	Note	2020	2019
Revenues	2.3	1,190.0	1,252.6
Other operating income	2.4	60.0	276.5
Total operating income		**1,250.0**	**1,529.1**
Personnel expenses	2.5	331.2	347.0
Depreciation and amortization	3.7	299.5	290.7
Impairment	3.8	30.1	17.2
Other operating expenses	2.6	260.5	288.2
Total operating expenses		**921.3**	**943.1**
Operating profit		**328.7**	**586.0**
Result joint ventures and associates	2.7	161.2	161.8
Group operating profit (EBIT)		**489.9**	**747.8**
Interest and dividend income	5.6	5.9	8.8
Finance costs	5.6	- 92.2	- 94.5
Net finance costs		**- 86.3**	**- 85.7**
Profit before income tax		**403.6**	**662.1**
Income tax	8.1	- 73.1	- 58.3
Net profit		**330.5**	**603.8**
Attributable to:			
Holders of ordinary shares		300.9	571.0
Non-controlling interests		29.6	32.8
Net profit		**330.5**	**603.8**
Basic earnings per ordinary share (in EUR)	9.1	**2.38**	**4.47**
Diluted earnings per ordinary share (in EUR)	9.1	**2.38**	**4.46**

Consolidated Statement of Comprehensive Income

In EUR millions	Note	2020	2019
Net profit		**330.5**	**603.8**
Exchange differences on translation of foreign operations	5.2, 5.4	- 191.0	47.2
Net investment hedges	5.2	61.5	- 13.3
Use of exchange rate differences on translation of foreign operations and use of net investment hedges	5.2, 5.4	2.4	- 12.2
Effective portion of changes in fair value of cash flow hedges	5.2, 5.4	3.1	10.0
Use of effective portion of cash flow hedges to statement of income	5.2	- 0.3	- 2.6
Share in other comprehensive income of joint ventures and associates	5.2	- 0.8	- 14.9
Other comprehensive income that may be reclassified to statement of income in subsequent periods		**- 125.1**	**14.2**
Fair value change other investments	5.2, 9.6	- 1.9	9.1
Remeasurement of defined benefit plans	5.3, 9.4	- 5.2	- 5.5
Other comprehensive income that will not be reclassified to statement of income in subsequent periods		**- 7.1**	**3.6**
Other comprehensive income, net of tax		**- 132.2**	**17.8**
Total comprehensive income		**198.3**	**621.6**
Attributable to:			
Holders of ordinary shares		180.4	584.5
Non-controlling interests		17.9	37.1
Total comprehensive income		**198.3**	**621.6**

Items are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 8.1.

Consolidated Statement of Financial Position

In EUR millions	Note	31-Dec-20	31-Dec-19
ASSETS			
Intangible assets	3.2	173.2	164.8
Property, plant & equipment - owned assets	3.3	3,798.9	3,640.8
Property, plant & equipment - right-of-use assets	3.4	632.2	503.0
- Joint ventures and associates	3.5	1,319.4	1,272.8
- Finance lease receivable	9.2	28.6	28.5
- Loans granted	9.2	91.0	86.7
- Other financial assets	9.6	36.5	30.1
Total financial assets		1,475.5	1,418.1
Deferred taxes	8.2	36.9	30.8
Derivative financial instruments	6.2	9.1	19.4
Other non-current assets		6.0	6.3
Total non-current assets		**6,131.8**	**5,783.2**
Trade and other receivables	4.2	276.1	296.1
Prepayments		36.6	27.3
Derivative financial instruments	6.2	5.1	28.5
Cash and cash equivalents	5.5	68.3	94.5
Assets held for sale	3.6	–	143.9
Total current assets		**386.1**	**590.3**
Total assets		**6,517.9**	**6,373.5**

In EUR millions	Note	31-Dec-20	31-Dec-19
EQUITY			
- Issued capital	5.1	62.9	63.9
- Share premium	5.1	194.4	194.4
- Treasury shares	5.1	- 15.0	- 8.9
- Other reserves	5.2	- 317.0	- 105.9
- Retained earnings	5.3	3,055.4	2,903.8
Equity attributable to owners of parent		**2,980.7**	**3,047.3**
Non-controlling interests	5.4	144.9	147.8
Total equity		**3,125.6**	**3,195.1**
LIABILITIES			
Interest-bearing loans	5.5	1,616.3	1,394.5
Lease liabilities	5.5	668.5	534.7
Derivative financial instruments	6.2	5.4	–
Pensions and other employee benefits	9.4	49.0	42.4
Deferred taxes	8.2	183.3	181.5
Provisions	9.5	22.2	35.9
Other non-current liabilities		14.3	20.8
Total non-current liabilities		**2,559.0**	**2,209.8**
Bank overdrafts and short-term borrowings	5.5	214.3	184.5
Interest-bearing loans	5.5	127.9	285.9
Lease liabilities	5.5	30.7	30.2
Derivative financial instruments	6.2	20.6	38.3
Trade and other payables	4.3	361.7	344.1
Taxes payable		55.5	42.1
Pensions and other employee benefits	9.4	0.2	1.3
Provisions	9.5	22.4	24.2
Liabilities related to assets held for sale	3.6	–	18.0
Total current liabilities		**833.3**	**968.6**
Total liabilities		**3,392.3**	**3,178.4**
Total equity and liabilities		**6,517.9**	**6,373.5**

Consolidated Statement of Changes in Equity

In EUR millions	Note	Issued capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
		Equity attributable to owners of parent							
Balance at 31 December 2018		**63.9**	**194.4**	**- 7.3**	**- 124.5**	**2,556.3**	**2,682.8**	**161.5**	**2,844.3**
Initial application IFRS 16		–	–	–	–	- 85.1	- 85.1	- 9.4	- 94.5
Balance at 1 january 2019		**63.9**	**194.4**	**- 7.3**	**- 124.5**	**2,471.2**	**2,597.7**	**152.1**	**2,749.8**
Net profit		–	–	–	–	571.0	571.0	32.8	603.8
Other comprehensive income, net of tax		–	–	–	18.6	- 5.5	13.1	4.7	17.8
Total comprehensive income		**–**	**–**	**–**	**18.6**	**565.5**	**584.1**	**37.5**	**621.6**
Dividend paid in cash	5.3, 5.4	–	–	–	–	- 140.5	- 140.5	- 38.8	- 179.3
Capital injection	5.4	–	–	–	–	–	–	4.1	4.1
Transaction with non-controlling interests	5.4	–	–	–	–	–	–	- 9.0	- 9.0
Acquisition non-controlling interest subsidiaries	5.4	–	–	–	–	–	–	1.9	1.9
Purchase treasury shares	5.1	–	–	- 2.6	–	–	- 2.6	–	- 2.6
Measurement of equity-settled share-based payment arrangements	5.3, 7.2	–	–	–	–	8.6	8.6	–	8.6
Vested shares under equity-settled share-based payment arrangements	5.3, 7.2	–	–	1.0	–	- 1.0	–	–	–
Total transactions with owners		**–**	**–**	**- 1.6**	**–**	**- 132.9**	**- 134.5**	**- 41.8**	**- 176.3**
Balance at 31 December 2019		**63.9**	**194.4**	**- 8.9**	**- 105.9**	**2,903.8**	**3,047.3**	**147.8**	**3,195.1**
Net profit		–	–	–	–	300.9	300.9	29.6	330.5
Other comprehensive income, net of tax		–	–	–	- 120.5	–	- 120.5	- 11.7	- 132.2
Total comprehensive income		**–**	**–**	**–**	**- 120.5**	**300.9**	**180.4**	**17.9**	**198.3**
Dividend paid in cash	5.3, 5.4	–	–	–	–	- 146.1	- 146.1	- 24.6	- 170.7
Capital injection	5.4	–	–	–	–	–	–	3.8	3.8
Purchase treasury shares	5.1	–	–	- 8.0	–	–	- 8.0	–	- 8.0
Share buyback/cancellation of shares issued	5.1	- 1.0	–	–	- 99.1	–	- 100.1	–	- 100.1
Measurement of equity-settled share-based payment arrangements	5.3, 7.2	–	–	–	–	4.5	4.5	–	4.5
Vested shares under equity-settled share-based payment arrangements	5.3, 7.2	–	–	1.9	–	- 4.0	- 2.1	–	- 2.1
Other		–	–	–	8.5	- 3.7	4.8	–	4.8
Total transactions with owners		**- 1.0**	**–**	**- 6.1**	**- 90.6**	**- 149.3**	**- 247.0**	**- 20.8**	**- 267.8**
Balance at 31 December 2020		**62.9**	**194.4**	**- 15.0**	**- 317.0**	**3,055.4**	**2,980.7**	**144.9**	**3,125.6**

Consolidated Statement of Cash Flows

In EUR millions	Note	2020	2019
Cash flows from operating activities (gross)	2.9	**822.2**	**709.7**
Interest received	5.6	6.7	5.6
Dividend received from investments	5.6	–	2.4
Income tax paid		- 54.9	- 71.2
Cash flows from operating activities (net)		**774.0**	**646.5**
Investments:			
Intangible assets	3.2	- 38.3	- 29.5
Property, plant and equipment - growth capex	3.3	- 335.6	- 319.4
Property, plant and equipment - sustaining, service improvement and IT capex	3.3	- 276.9	- 270.3
Joint ventures and associates	3.5	- 73.8	- 75.6
Other equity investments	3.5	- 8.5	–
Loans granted	9.2	- 3.0	- 8.6
Other non-current assets		- 0.5	- 0.4
Acquisitions of subsidiaries, including goodwill	3.1	–	1.9
Acquisitions of joint ventures and associates	3.5	- 107.4	- 104.8
Total investments		**- 844.0**	**- 806.7**
Disposals and repayments:			
Intangible assets	3.2	–	0.1
Property, plant and equipment	3.3	2.1	4.0
Joint ventures and associates	3.5	118.2	28.6
Loans granted	9.2	0.1	2.0
Finance lease receivable	9.2	5.1	4.9
Assets held for sale/divestments	3.1	131.3	521.3
Total disposals and repayments		**256.8**	**560.9**
Cash flows from investing activities (excluding derivatives)		**- 587.2**	**- 245.8**
Settlement of derivatives (net investment hedges)		2.7	- 10.3
Cash flows from investing activities (including derivatives)		**- 584.5**	**- 256.1**

In EUR millions	Note	2020	2019
Financing:			
Repayment from interest-bearing loans	5.5	- 669.1	- 797.7
Proceeds from interest-bearing loans	5.5	849.1	640.1
Repayment lease liabilities	3.4	- 26.7	- 30.7
Interest expenses paid on lease liabilities	3.4	- 21.1	- 22.4
Finance expenses paid		- 94.0	- 89.5
Settlement of derivative financial instruments		- 5.1	12.7
Dividend paid in cash	5.3	- 146.1	- 140.5
Dividend paid to non-controlling interests	5.4	- 24.6	- 38.8
Transactions with non-controlling interest	5.4	–	- 4.9
Share buyback/purchase treasury shares	5.1	- 108.1	- 2.6
Proceeds and repayments in short-term financing		27.0	119.0
Cash flows from financing activities		**- 218.7**	**-355.3**
Net cash flows		**- 29.2**	**35.1**
Exchange differences		- 2.3	0.8
Net change in cash and cash equivalents due to assets held for sale		2.5	- 2.5
Net change in cash and cash equivalents (including bank overdrafts)		**- 29.0**	**33.4**
Net cash and cash equivalents at 1 January (including bank overdrafts)		**88.0**	**54.6**
Net cash and cash equivalents at 31 December (including bank overdrafts)		**59.0**	**88.0**

Section 1 Basis of preparation

Taking into account the characteristics of Vopak’s business and business model, the notes to the financial statements have been grouped into eight thematic sections rather than in consecutive order based on line items in the Consolidated primary statements. Each note in a section starts with the Group’s accounting policies as well as the critical accounting estimates and judgments made.

This section contains the disclosures relevant for understanding the basis of preparation of the Consolidated financial statements:

- Reporting entity
- Statement of compliance
- Functional and presentation currency
- Basis of measurement
- Changes in accounting policies for 2020
- Going concern
- Basis of consolidation
- Foreign currency translation
- Accounting policies, not attributable to a specific section
- Use of key accounting estimates and judgments

Note 1.1 Basis of preparation

Reporting entity

Koninklijke Vopak N.V. (Royal Vopak) has its registered office in Rotterdam (the Netherlands). Vopak is listed on the Euronext Amsterdam. The Consolidated financial statements of the company for the year ending on 31 December 2020 contain the financial figures of the company and its subsidiaries (jointly referred to as the ‘Group’), as well as the interests of the Group in joint ventures and associates.

Vopak is the world's leading independent tank storage provider, specialized in the storage and handling of liquid chemicals, gases and oil products.

Statement of compliance

The Consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code, as far as applicable. The accounting policies based on IFRS, as described in this section, have been applied consistently for the years presented by all entities. There were no material changes in the accounting policies applied compared to the previous year.

The financial statements were prepared by the Executive Board and approved by the Supervisory Board on 16 February 2021 and are subject to adoption by the shareholders during the Annual General Meeting.

Functional and presentation currency

The Consolidated financial statements are presented in euros (EUR), which is the functional and presentation currency of the Vopak Group. All amounts are presented in EUR million and have been rounded to the nearest EUR 100k, unless otherwise stated.

Basis of measurement

The Consolidated financial statements are based on the historical cost basis except for the following assets and liabilities, which are measured at fair value: derivative financial instruments, other financial assets (measured at fair value through other comprehensive income), assets held for sale (when measured at fair value less cost of disposal) and defined benefit pension plans (plan assets measured at fair value).

No changes in accounting policies for 2020

The applied accounting principles adopted in the preparation of the Consolidated financial statements are consistent with those described in Vopak’s 2019 Annual Report.

Several IFRS amendments apply for the first time in 2020. However, these do not materially impact the Group’s Consolidated financial statements.

Interest Rate Benchmark Reform

Already in 2019, the Group adopted the Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39 and IFRS 7 as published by the IASB in September 2019 and endorsed by the EU on 15 January 2020. This amendment has been consistently applied in 2020.

For an overview of the estimated effect of issued, but not yet effective new and amended IFRS standards and IFRICs on the Vopak Group, reference is made to note 9.10.

Going concern

The Executive Board has assessed the going-concern assumptions, during the preparation of the Group's Consolidated financial statements. The Executive Board believes that no events or conditions, including those related to the current COVID-19 pandemic, give rise to doubt about the ability of the Group to continue in operation in the next reporting period. This conclusion is drawn based on knowledge of the Group, the estimated economic outlook and identified risks and uncertainties in relation thereto.

Furthermore, this conclusion is based on a review of the budget for the next financial year, including expected developments in liquidity and capital, current credit facilities available including contractual and expected maturities and covenants. Consequently, it has been concluded that it is reasonable to apply the going-concern concept as the underlying assumption for the financial statements.

For further details on the impact of the Covid-19 pandemic to the Vopak Group, reference is made to note 9.3.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Vopak controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated financial statements from the date on which control commences until the date on which control ceases, using consistent accounting policies.

Non-controlling interests in equity and in results are presented separately. Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with shareholders. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net asset of the subsidiary is recorded directly in equity. Gains or losses on disposals of non-controlling interests are also recorded directly in equity.

Upon initial recognition, a non-controlling interest is measured either at its proportional interest in the fair value of the net assets acquired or full fair value, which is elected on a transaction-by-transaction basis.

The Group's interests in equity-accounted investees comprise interests in joint ventures and associates.

A ***joint venture*** is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates are entities in which the Group has significant influence, but no control or joint control, over the financial and operating policies.

Upon ***loss of control***, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income are reclassified to the income statement.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportional share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

Transactions eliminated on consolidation: all inter-company balances and transactions, including unrealized gains and losses on transactions, are eliminated on consolidation. Unrealized gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the equity. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

For a list of the principal subsidiaries, joint ventures and associates, reference is made to note 9.11 of this report.

Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Foreign currency transactions are translated into the functional currency using the exchange rate at the dates of the transactions, or valuation date where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except when deferred in other comprehensive income as qualifying cash flow hedges or net investment hedges.

Upon consolidation, the assets and liabilities of non-Euro entities, including goodwill and fair value adjustments at the time of the acquisition, are translated into euros at the year-end rates of exchange (closing exchange rates). The items of the statement of income of foreign activities are translated at the average exchange rates for the reporting period.

The resulting translation differences of the net investments in foreign operations are recognized as foreign currency translation reserve (translation reserve) in other comprehensive income. The same applies to exchange differences arising from loans drawn and other financial instruments to the extent that these hedge the currency risk related to the net investment.

Upon disposal of all or part of an interest in an entity, or upon liquidation of an entity, cumulative currency translation differences related to that entity are recognized in the income statement. When the Group disposes of only part of its interest in a subsidiary with a foreign operation, while retaining control, the relevant portion of the cumulative amount is not transferred to profit or loss but reattributed to non-controlling interests. Upon disposal of a foreign activity with a non-controlling interest, the cumulative amount relating to the non-controlling interests shall be derecognized, but shall not be reclassified to profit or loss. A share capital or share premium distribution by an entity is not considered to be a partial disposal when the Group retains its relative legal share in the entity.

The following main exchange rates are used in the financial statements:

	Closing exchange rate		Average exchange rate	
EUR 1.00 is equivalent to	2020	2019	2020	2019
US dollar	1.23	1.12	1.14	1.12
Singapore dollar	1.63	1.51	1.57	1.53
Chinese yuan	8.01	7.83	7.87	7.73
Australian dollar	1.60	1.60	1.66	1.61
Brazilian real	6.38	4.50	5.89	4.42

Accounting policies, not attributable to a specific section

The Group's significant accounting policies are described in the relevant individual notes to the Consolidated financial statements or otherwise stated below. A list of the notes is shown in the table of contents preceding the financial statements.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Cash flow statement

The cash flow statement is prepared based on the indirect method. Cash flows denominated in foreign currencies are translated at average exchange rates. Exchange and translation gains and losses on cash and cash equivalents (including current liabilities arising from short-term credit facilities) are presented separately.

The Consolidated statement of cash flows shows the Group's cash flows from operating, investing and financing activities for the year.

Use of key accounting estimates and judgments

Preparing the Consolidated financial statements means that the Group must use insights, estimates and assumptions that could affect the reported assets and liabilities and the information provided on contingent assets and liabilities as at the statement of financial position date as well as the reported income and expenses. The actual results may ultimately differ from these estimates. The estimates and the underlying assumptions are reviewed on a regular basis. Adjustments are made in the period in which the estimates were reviewed if the adjustment affects that period, or in the relevant period and the future periods if the adjustment affects both current and future periods.

Management insights, estimates and assumptions that could have a significant impact on the financial statements are:

- The lease term of our land lease contracts (note 3.4)
- Assets held for sale (note 3.6)
- Useful life and residual value of property, plant and equipment (note 3.7)
- Impairment tests (note 3.8)
- Derivative financial instruments (note 6.2)
- Deferred tax (note 8.2)
- Provisions (note 9.5).

Although the COVID-19 pandemic has a limited impact on the Vopak Group, a comprehensive overview of the impact of the COVID-19 pandemic is included in note 9.3.

Section 2 Group operating performance

This section comprises notes which provide specifications and explanations related to the Group's operating performance for the year, including disclosures on segmentation.

The following notes are presented in this section:

Note 2.1 Segment information

Accounting policies

The accounting policies of the reportable segments are the same as the Group's accounting policies described throughout the notes when relevant.

Reportable segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Board, which is the chief operating decision maker. The division structure is primarily based on geographical markets. Business activities that cannot be allocated to any other segment are reported under 'Global functions, corporate activities and others'. These include primarily the head office costs, the Global IT costs and expenses related to other interests.

Vopak's five divisions are Americas, Asia & Middle East, China & North Asia, Europe & Africa and LNG.

The EBITDA and Group operating profit of the divisions include the net effects of the company-wide cost allocations. Costs that cannot be allocated to the divisions are part of the 'Global functions, corporate activities and others'. The actual allocated costs can differ per reporting period.

Statement of income

	Americas		of which United States		Asia & Middle East		of which Singapore		China & North Asia		Europe & Africa		of which Netherlands		LNG		Global functions and corporate activities		Total	
In EUR millions	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues[1]	322.9	313.7	*184.6*	*194.5*	289.3	305.0	*224.3*	*234.0*	42.0	38.9	532.9	590.3	*412.3*	*424.4*	n/a	n/a	2.9	4.7	1,190.0	1,252.6
Other operating income	2.1	0.5	*0.6*	*0.1*	14.7	19.3	*2.0*	*9.8*	4.0	3.8	2.0	5.8	*1.8*	*3.6*	4.2	3.8	–	0.2	27.0	33.4
Operating expenses	- 147.9	- 156.4	*- 84.8*	*- 92.4*	- 97.6	- 97.3	*- 64.6*	*- 66.2*	- 22.4	- 21.7	- 263.1	- 298.3	*- 198.5*	*- 206.3*	- 9.5	- 9.3	- 51.0	- 49.7	- 591.5	- 632.7
Result joint ventures and associates	11.3	7.4	*0.8*	*0.2*	70.2	82.1	*0.7*	*0.7*	33.3	41.4	3.3	2.1	*0.8*	*0.7*	47.9	43.6	–	- 0.1	166.0	176.5
EBITDA	**188.4**	**165.2**	***101.2***	***102.4***	**276.6**	**309.1**	***162.4***	***178.3***	**56.9**	**62.4**	**275.1**	**299.9**	***216.4***	***222.4***	**42.6**	**38.1**	**- 48.1**	**- 44.9**	**791.5**	**829.8**
Depreciation and amortization	- 62.4	- 56.7	*- 33.3*	*- 32.0*	- 63.5	- 63.3	*- 46.3*	*- 47.1*	- 11.5	- 11.6	- 145.2	- 143.3	*- 109.3*	*- 103.8*	–	–	- 16.9	- 15.8	- 299.5	- 290.7
Total EBIT excluding exceptional items	**126.0**	**108.5**	***67.9***	***70.4***	**213.1**	**245.8**	***116.1***	***131.2***	**45.4**	**50.8**	**129.9**	**156.6**	***107.1***	***118.6***	**42.6**	**38.1**	**- 65.0**	**- 60.7**	**492.0**	**539.1**
Exceptional items	- 33.4	- 16.8			–	- 14.8			33.0	24.6	- 1.7	218.3			–	–	0	- 2.6	- 2.1	208.7
Total EBIT including exceptional items	**92.6**	**91.7**			**213.1**	**231.0**			**78.4**	**75.4**	**128.2**	**374.9**			**42.6**	**38.1**	**-65.0**	**-63.3**	**489.9**	**747.8**
Reconciliation consolidated net profit[2]																				
Net finance costs																			- 86.3	- 85.7
Profit before income tax																			**403.6**	**662.1**
Income tax																			- 73.1	- 58.3
Net profit																			**330.5**	**603.8**
Non-controlling interests																			29.6	32.8
Net profit holders of ordinary shares																			**300.9**	**571.0**
Occupancy rate subsidiaries	**92%**	91%			**87%**	81%			**80%**	75%	**88%**	83%							**88%**	84%

1 The Group has one single global customer who contributed both years presented just above 10% of the consolidated revenues. All divisions provided services to this single global customer.
2 As the Group neither allocates interest expenses to segments, nor accounts for taxes in them, there is no segmented disclosure of the net profit.

Statement of financial position at 31 December

	Americas		of which United States		Asia & Middle East		of which Singapore		China & North Asia		Europe & Africa		of which Netherlands		LNG		Global functions and corporate activities		Total	
In EUR millions	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Assets of subsidiaries	1,051.5	1,066.7	442.6	404.3	1,258.0	1,282.0	825.3	883.1	198.1	220.9	2,427.0	2,265.4	1,686.9	1,477.0	1.2	1.2	262.7	264.5	5,198.5	5,100.7
Joint ventures and associates	256.2	140.0	174.1	49.7	369.6	472.4	1.1	1.2	297.2	287.1	19.5	19.1	1.5	1.6	376.9	354.7	–	- 0.5	1,319.4	1,272.8
Total assets	**1,307.7**	**1,206.7**	**616.7**	**454.0**	**1,627.6**	**1,754.4**	**826.4**	**884.3**	**495.3**	**508.0**	**2,446.5**	**2,284.5**	**1,688.4**	**1,478.6**	**378.1**	**355.9**	**262.7**	**264.0**	**6,517.9**	**6,373.5**
Total liabilities	**225.8**	**252.3**	**121.9**	**126.4**	**624.6**	**616.5**	**482.7**	**487.7**	**41.4**	**36.1**	**544.4**	**412.8**	**397.7**	**258.3**	**4.1**	**1.8**	**1,952.0**	**1,858.9**	**3,392.3**	**3,178.4**

Investments[1]

	Americas		of which United States		Asia & Middle East		of which Singapore		China & North Asia		Europe & Africa		of which Netherlands		LNG		Global functions and corporate activities		Total	
In EUR millions	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Intangible assets	4.9	1.3	1.5	0.5	5.6	0.7	4.6	0.6	0.1	0.2	7.0	2.6	4.3	1.7	–	–	20.7	24.7	38.3	29.5
Property, plant and equipment[2]	189.1	167.9	99.9	39.2	75.5	91.2	40.7	66.3	12.1	21.9	340.2	343.1	184.3	194.9	–	–	2.5	2.9	619.4	627.0
Joint ventures and associates	32.0	32.2	27.5	2.1	0.1	3.8	–	–	22.4	6.5	–	–	–	–	13.5	4.8	0.5	–	68.5	47.3
Other non-current assets	0.2	0.2	–	–	0.3	0.2	0.2	0.2	–	–	–	–	–	–	–	–	–	–	0.5	0.4
Total	**226.2**	**201.6**	**128.9**	**41.8**	**81.5**	**95.9**	**45.5**	**67.1**	**34.6**	**28.6**	**347.2**	**345.7**	**188.6**	**196.6**	**13.5**	**4.8**	**23.7**	**27.6**	**726.7**	**704.2**

1 Excluding loans granted, finance lease receivables and acquisition of subsidiaries, joint ventures and associates.
2 Relates only to Property, plant and equipment - owned assets.

Note 2.2 Exceptional items

Group policy

The items in the statement of income include items that are exceptional by nature from a management perspective based on their size and/or nature. For the definition of exceptional items applied by the company, reference is made to the Glossary. The material exceptional items are disclosed separately in the notes when relevant in order to increase transparency.

Exceptional items

In EUR millions	Note	2020	2019
Gains on assets held for sale/divestments	2.4	33.0	243.1
Loss on assets held for sale/divestments	2.6	- 1.7	–
Impairment	3.8	- 42.9	- 17.2
Reversal impairment	3.8	12.8	–
Personnel expenses	2.5	0.7	- 1.0
Other operating expenses	2.6	0.8	- 1.5
Operating profit		**2.7**	**223.4**
Result joint ventures and associates	2.7	- 4.8	- 14.7
Group operating profit		**- 2.1**	**208.7**
Finance costs	5.6	–	1.8
Profit before income tax		**- 2.1**	**210.5**
Tax on above-mentioned items	8.1	- 2.8	2.7
Total effect on net profit		**- 4.9**	**213.2**

For more information on the individual exceptional items, including their amount and nature, reference is made to the corresponding notes. A reconciliation between the income statement based on IFRS and the income statement excluding exceptional items, is presented in the next table.

	2020			2019
In EUR millions	IFRS figures	Exceptional items	Excluding exceptional items	Excluding exceptional items
Revenues	1,190.0	–	1,190.0	1,252.6
Other operating income	60.0	33.0	27.0	33.4
Total operating income	**1,250.0**	**33.0**	**1,217.0**	**1,286.0**
Personnel expenses	- 331.2	0.7	- 331.9	- 346.0
Impairment	- 30.1	- 30.1	–	–
Other operating expenses	- 260.5	- 0.9	- 259.6	- 286.7
Result joint ventures and associates	161.2	- 4.8	166.0	176.5
Group operating profit before depreciation and amortization (EBITDA)	**789.4**	**- 2.1**	**791.5**	**829.8**
Depreciation and amortization	- 299.5	–	- 299.5	- 290.7
Group operating profit (EBIT)	**489.9**	**- 2.1**	**492.0**	**539.1**
Interest and dividend income	5.9	–	5.9	8.8
Finance costs	- 92.2	–	- 92.2	- 96.3
Net finance costs	**- 86.3**	**–**	**- 86.3**	**- 87.5**
Profit before income tax	**403.6**	**- 2.1**	**405.7**	**451.6**
Income tax	- 73.1	- 2.8	- 70.3	- 61.0
Net profit	**330.5**	**- 4.9**	**335.4**	**390.6**
Attributable to:				
Holders of ordinary shares	300.9	- 4.9	305.8	357.8
Non-controlling interests	29.6	–	29.6	32.8
Net profit	**330.5**	**- 4.9**	**335.4**	**390.6**
Basic earnings per ordinary share (in EUR)	**2.38**		**2.42**	**2.80**
Diluted earnings per ordinary share (in EUR)	**2.38**		**2.41**	**2.80**

Note 2.3 Revenues

The Group operates bulk liquids and gas storage terminals in key strategic ports. The Group owns and operates specialized facilities including tanks, jetties, truck loading stations and pipelines. In many instances, the Group stores the customers´ products for extended periods at the terminals, often under strict specified conditions such as controlled temperatures. The Group also blends components according to customer specifications.

The Group ensures safe, clean and efficient storage and handling of bulk liquid products and gases for its customers. By doing so, the Group enables the delivery of vital products, ranging from chemicals, oil, gases and LNG to biofuels and vegoils.

Accounting policies

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services or goods. Revenues excludes amounts collected on behalf of third parties and are net of discounts and value added taxes. Monthly storage rates and prices for other services are contractually agreed before the services are rendered and do not contain material variable components. When it is probable that the future economic benefits will flow to the Group, the recognition in the statement of income is in proportion to the stage of the rendered performance as at the end of the reporting period.

The Group has a right to a consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's services completed to date. Tank storage rentals, including minimum guaranteed throughputs, are recognized on a straight-line basis over the contractual period during which the services are rendered. Revenues from excess throughputs, heating/cooling, homogenization, product movements and other services are recognized when these services are rendered. Customers simultaneously consume and benefit from the services at the moment that these are rendered, resulting in a situation where revenue is recognized over time. Modifications of property, plant and equipment upfront paid by customers are accounted for as prepaid revenues and recognized in the statement of income over the contractual period on a straight-line basis.

Storage fees are mostly invoiced upfront in the month preceding the month to which the storage fees relate. Handling and other services are generally invoiced afterwards, based on the actual usage. Invoices are generally paid by customers at relatively short notice in agreement with the payment terms of the contracts.

Within the revenue related to storage and handling services, the following categorization is made:

- *Storage services*: relates to revenues from renting of storage capacity
- *Product movements*: revenues related to product movements
- *Storage and handling related services*: relates to revenues for storage and handling related services, such as blending, homogenization, temperature control.
- *Other services*: primarily relates to the agency services that vopak provides to customers via Vopak Agencies.

The Group does not make any significant judgments with regards to revenue recognition, among others due to the nature of the business.

Revenues

The table below provides an overview of the revenue per type of service that the Group provides to its customers.

In EUR millions	2020	2019
Storage services	960.2	980.1
Product movements	98.2	107.9
Storage and handling related services	74.1	110.6
Other services	57.5	54.0
Revenues	**1,190.0**	**1,252.6**

The table below provides an overview of the revenues per product type per reportable segment (product-market combinations).

	Americas		Asia & Middle East		China & North Asia		Europe & Africa		Other		Total	
In EUR millions	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Chemical products	150.5	165.5	123.3	141.3	40.4	38.0	186.3	182.5	–	–	500.5	527.3
Oil products	123.7	99.4	141.8	136.2	1.4	0.5	238.0	296.2	–	–	504.9	532.3
Vegoils and biofuels	36.6	32.6	2.0	3.2	–	–	59.2	61.5	–	–	97.8	97.3
Gas products	–	–	9.5	9.5	0.2	0.3	32.9	32.1	–	–	42.6	41.9
Others	12.1	16.2	12.7	14.8	–	0.1	16.5	18.0	2.9	4.7	44.2	53.8
Revenues	**322.9**	**313.7**	**289.3**	**305.0**	**42.0**	**38.9**	**532.9**	**590.3**	**2.9**	**4.7**	**1,190.0**	**1,252.6**

The table below provides an overview of the assets and liabilities recognized in relation to contracts with customers and their movements during the periods presented.

	2020				2019			
In EUR millions	Trade receivables	Provision for impairment	Deferred revenues	Total	Trade receivables	Provision for impairment	Deferred revenues	Total
Balance at 1 January	**115.1**	**- 0.4**	**- 16.6**	**98.1**	**101.9**	**- 0.8**	**- 21.8**	**79.3**
Recognized as revenue in current period	1,173.4	–	16.6	1,190.0	1,230.8	–	21.8	1,252.6
Payments	- 1,179.7	–	- 18.6	- 1,198.3	- 1,218.8	0.2	- 16.6	- 1,235.2
Impairments	–	- 2.1	–	- 2.1	–	- 0.1	–	- 0.1
Receivables written off during the year as uncollectible	–	–	–	–	- 0.2	0.3	–	0.1
Exchange differences	- 4.9	0.1	–	- 4.8	1.4	–	–	1.4
Balance at 31 December	**103.9**	**- 2.4**	**- 18.6**	**82.9**	**115.1**	**- 0.4**	**- 16.6**	**98.1**

Note 2.4 Other operating income

Accounting policies

Gains on the sale of assets and the divestment of interests in other entities are deemed realized at the time the benefits and the risks of the assets are entirely borne by the buyer and there is no uncertainty as to whether the agreed payment will be received. Gains on the sale of subsidiaries, joint ventures and associates are realized at the time control respectively joint-control or significant influence is no longer exercised.

Dividend income is recognized when the right to receive payment is established. All dividend income is related to dividends from equity investments held at Fair value through Other comprehensive income (FVOCI). Reference is also made to note 9.6.

Other operating income

In EUR millions	2020	2019
Management fee joint ventures and associates	9.4	8.6
Gains on sale of property, plant and equipment	0.1	1.1
Gains on divestments	33.0	243.1
Dividends received from other financial assets	2.2	–
Other	15.3	23.7
Total	**60.0**	**276.5**

2020

In the second and third quarter of 2020, Vopak received the remaining consideration of EUR 33.0 million relating to the December 2019 divestment of its 49% equity share in the joint venture Vopak SDIC Yangpu Terminal in Hainan, China. This receipt resulted in the recognition of an exceptional gain for the same amount in 2020.

There were no other individually material items recognized in Other operating income in 2020.

2019

In 2019 an amount of EUR 243.1 milion was recognized as Other operating income in relation to divested terminals and a step-acquisition. For more information reference is made to note 3.1 and note 3.5.

There were no other individually material items recognized in Other operating income in 2019.

Note 2.5 Personnel expenses

Accounting policies

Short-term employee benefits: wages, salaries, social security contributions, annual leave and sickness absenteeism, incentives and non-monetary benefits are recognized in the year in which the related services are rendered by employees.

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes a restructuring provision that involves the payment of termination benefits.

The Group recognizes a provision for *incentive plans* where contractually obliged or where there is a past practice that has created a constructive obligation.

For the accounting policies related to share-based compensation, other types of remuneration and pensions and other employee benefits reference is made to the notes 7.2 and 9.4.

Capitalized personnel expenses: costs of employee benefits arising directly from the construction of Intangible assets or Property, plant and equipment and which meet the recognition criteria, are capitalized as part of the cost of the asset concerned.

Personnel expenses

In EUR millions	Note	2020	2019
Wages and salaries		302.2	307.3
Social security charges		35.4	37.7
Contribution to pension schemes (defined contribution)		32.6	30.8
Pension charges (defined benefit plans)	9.4	6.7	6.3
Long-term incentive plans	7.2	4.9	8.6
Early retirement		3.8	3.2
Other personnel expenses		19.9	25.1
Capitalized personnel expenses		- 74.3	- 72.0
Total		**331.2**	**347.0**

2020

During 2020, several of our legal entities in China and Singapore received in total EUR 4.0 million of COVID-19 related incentives in connection with job support or other employee related matters. These were general incentive schemes that were automatically provided to all legal entities in these countries which met the requirements. There were no Vopak subsidaries which actively applied for COVID-19 support measures.

An exceptional gain was recognized for the amount of EUR 0.7 million relating to the reversal of a provision for reorganization at our terminal in Quebec City in Canada, as the prior year uncertainty with respect to renewal of an expiring land lease contract was resolved during 2020.

2019

In 2019, expenses of EUR 3.2 million were recognized in connection with organizational alignments at various locations within the Group. An exceptional item of EUR 0.7 million was recognized for our terminal in Quebec City in Canada as a result of uncertainty with respect to renewal of an expiring land lease contract. For more information, reference is made to note 3.8 and 9.5.

An exceptional item of EUR 0.2 million was recorded relating to the divestment of the Estonian terminal Vopak E.O.S. For more information, reference is made to note 3.5.

Average number of employees (in FTEs)

During the year under review, the Group employed on average 4,355 employees and temporary staff (in FTEs) (2019:4,345). The movements in the number of own employees at subsidiaries (in FTEs) were as follows:

In FTEs	2020	2019
Number at 1 January	**3,722**	**3,663**
Joiners	450	668
Leavers	- 407	- 447
Acquisition	–	47
Divestment/deconsolidation	- 52	- 209
Number at 31 December	**3,713**	**3,722**

Note 2.6 Other operating expenses

Accounting policies

Operating expenses are recognized in the income statement when incurred. They are caused by a decrease in future economic benefits related to a decrease of an asset or an increase of a liability that has arisen and can be measured reliably.

Losses on the sale of assets are presented under Other operating expenses and are recognized as soon as they are foreseen. Costs relating to the identification and selection phases of business development projects are recognized in the statement of income in the year in which the costs are incurred.

Other operating expenses

In EUR millions	2020	2019
Maintenance	52.9	61.0
Energy and utilities	32.7	41.0
Environmental, safety and cleaning	28.5	35.9
Advisory fees	29.2	20.3
Insurance	17.9	16.3
Rents and rates	23.3	21.6
Third party logistics	8.4	11.6
IT	27.8	21.3
Lease expenses - variable expenses, short and low value leases	0.6	11.0
Other	39.2	48.2
Total	**260.5**	**288.2**

2020

On 31 January 2020, Vopak completed the earlier announced divestment of its 100% shareholding in the terminal in Algeciras, Spain, generating a cash inflow of EUR 135 million. The recognized exceptional loss before taxation was EUR 1.7 million and was recognized under the Other operating expenses. This completed the divestment program of the terminals in Algeciras, Amsterdam and Hamburg with a total exceptional gain of EUR 200 million recognized in the periods 2019 and Q1 2020.

In December 2020, an exceptional gain of EUR 0.8 million was recognized in relation to the partial reversal of an environmental provision for our terminal in Quebec City in Canada as a result of the uncertainty with respect to renewal of the land lease contract thas was resolved during the year.

In the Europe & Africa division, settlement of a legal dispute relating to historical positions of several long-term contracts with one of our suppliers resulted in a release of accruals for the amount of EUR 7.4 million. In addition, an increase in indirect taxes raised by local authorities relating to multiple years, led to a one-off increase in the Operating expenses of EUR 4.3 million in the Europe & Africa division.

2019

In 2019, an exceptional item of EUR 1.4 million was recognized in relation to an environmental provision for our terminal in Quebec City in Canada as a result of uncertainty with respect to renewal of the land lease contract. For more information, reference is made to note 3.8 and 9.5. Furthermore, an amount of EUR 2.0 million was recognized in relation to environmental provisions at the Europe & Africa division. For more information, reference is made to note 9.5.

An exceptional item of EUR 0.1 million was recorded relating to the divestment of the Estonian terminal Vopak E.O.S. For more information, reference is made to note 3.5.

Note 2.7 Result of joint ventures and associates

Accounting policies

Joint ventures and associates are accounted for using the equity method. For the accounting policies relating to joint ventures and associates, reference is made to note 3.5.

Result of joint ventures and associates

In EUR millions	Note	2020	2019
Result of joint ventures and associates (including exceptional items)	3.5	161.2	161.8
Total		**161.2**	**161.8**

Joint ventures are an important part of the Group. Summarized financial information of our joint ventures and associates on an IFRS basis is presented in note 3.5.

In addition, the effects of unaudited non-IFRS proportional consolidation on the statement of financial position and statement of income of the Group are presented under 'Additional information' accompanying this report.

In 2020, other operating expenses were recognized as exceptional items for the total amount of EUR 4.8 million in connection with the acquisition of the three industrial joint venture terminals from Dow on the U.S. Gulf Coast. For more information, reference is made to note 3.5.

Note 2.8 Translation and operational currency risk

The Group is exposed to a low level of currency risk on the transaction level, since operating income and operating expenses are, as a rule, largely denominated in the same currency. However, in some countries (in particular, in Latin America and Asia), a substantial portion of the income flow is in US dollars, whereas the operating expenses are largely denominated in local currencies. In these countries, the aim is to hedge the transaction risk naturally. Any material net transaction position can be hedged in full by means of forward exchange contracts or other derivatives.

The Group is, however, exposed to risk in connection with the translation of income statements and net assets of foreign entities into euros, since a significant portion of the Group's results is generated in foreign entities.

Sensitivity to exchange rates arising from the translation of the results of foreign currency operations

The translation risk of converting the net result of foreign entities into euros mainly concerns the Singapore dollar and the US dollar. The sensitivity to these currencies, based on a reasonable change in the exchange rate at the reporting date, is as follows:

A 10 dollar cent change in the EUR/USD exchange rate approximately affects Vopak's figures as follows (based on figures for 2020, excluding exceptional items):

- Revenues would differ by EUR 22.7 million (2019: EUR 22.8 million)
- Group operating profit before depreciation and amortization (EBITDA) would differ by EUR 17.2 million (2019: EUR 17.6 million)
- Group operating profit (EBIT) would differ by EUR 12.8 million (2019: EUR 13.4 million)
- Net profit would differ by EUR 10.1 million (2019: EUR 11.6 million).

A 10 dollar cent change in the EUR/SGD exchange rate approximately affects Vopak's figures as follows (based on figures for 2020 excluding exceptional items):

- Revenues would differ by EUR 14.3 million (2019: EUR 15.4 million)
- Group operating profit before depreciation and amortization (EBITDA) would differ by EUR 11.0 million (2019: EUR 12.0 million)
- Group operating profit (EBIT) would differ by EUR 8.0 million (2019: EUR 8.9 million)
- Net profit would differ by EUR 4.2 million (2019: EUR 4.6 million).

Note 2.9 Cash flows from operating activities (gross)

In EUR millions	Note	2020	2019
Net profit		**330.5**	**603.8**
Adjustments for:			
- Depreciation and amortization	3.7	299.5	290.7
- Impairment	3.8	30.1	17.2
- Net finance costs	5.6	86.3	85.7
- Income tax	8.1	73.1	58.3
- Movements in other non-current assets		- 4.8	- 4.9
- Movements in other long-term liabilities		- 8.1	- 0.1
- Movements in provisions excluding deferred taxes		- 8.1	1.3
- Result joint ventures and associates	2.7	- 161.2	- 161.8
- Measurement of equity-settled share-based payment arrangements	5.3	- 1.3	8.6
- Result on sale of assets held for sale excluding transaction expenses	3.1	- 31.3	- 240.9
Total adjustments		**274.2**	**54.1**
Realized value adjustments of derivative financial instruments		58.9	5.8
Movements in other current assets (excluding cash and cash equivalents)		- 15.5	- 56.0
Movements in other current liabilities (excluding bank overdrafts and dividends)		49.0	8.2
Dividends received from joint ventures and associates	3.5	134.2	91.2
Effect of changes in exchange rates on other current assets and liabilities		- 9.1	2.6
Cash flows from operating activities (gross)		**822.2**	**709.7**

Section 3 Strategic investments and divestments

This section presents details on the core operating assets that form the basis for the activities of the Vopak Group, including the main developments with regard to these assets during the financial years presented.

The following notes are presented in this section:

- 3.1 Acquisition and divestment of subsidiaries
- 3.2 Intangible assets
- 3.3 Property, plant and equipment - owned assets
- 3.4 Leases
- 3.5 Joint ventures and associates
- 3.6 Assets held for sale
- 3.7 Depreciation and amortization
- 3.8 Impairment tests and impairments

Note 3.1 Acquisition and divestment of subsidiaries

Accounting policies

Business combinations

Acquired businesses are recognized in the Consolidated financial statements from the acquisition date, which is the date when the Group effectively obtains control of the acquired business. Businesses that are divested or wound up are recognized in the Consolidated financial statements until the date of divestment or winding-up. Comparative figures are not restated for businesses acquired, divested or wound up.

When the Group obtains control of a business, the acquisition method is applied. The identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognized if separable or if they arise from contractual or other legal rights. Deferred tax related to fair value adjustments is also recognized.

Any excess of the fair value of the consideration transferred, the recognized amount of any non-controlling interests and the fair value of any existing equity interest in the acquired entity over the fair value of identifiable assets, liabilities and contingent liabilities, is recognized as goodwill. When the excess is negative, a bargain purchase gain is recognized in the statement of income at the acquisition date.

If parts of the consideration are conditional upon future events (contingent consideration) or satisfaction of agreed terms, these parts are recognized at fair value at the acquisition date. Transaction costs that the Group incurs in connection with the business combination are expensed as incurred under Other operating expenses.

Divestments

Gains or losses on the divestments or winding-up of subsidiaries, joint ventures or associates are measured as the difference between the consideration received adjusted for directly related divestment or winding-up costs and the carrying amount of the net assets at the time of disposal or winding-up including any carrying amount of allocated goodwill.

Acquisitions and divestments

The table below provides an overview of the results realized as either part of the Other operating income or Other operating expenses on all (step-)acquisitions and divestments completed during the years presented, including joint ventures and associates. Reference is also made to note 2.4.

In EUR millions	2020	2019
Result from step-acquisition Vopak Terminal Ningbo	–	1.1
Sale joint venture Vopak E.O.S.	–	16.7
Sale of subsidiaries Amsterdam and Hamburg Terminals	–	201.8
Sale of subsidiary Algeciras	- 1.7	–
Sale joint venture SDIC Yangpu Terminal	33.0	23.5
Total	**31.3**	**243.1**

For more information on the cash proceeds, reference is made to the Consolidated Statement of Cash Flows.

The results realized on the (step-)acquisition and divestments of subsidiaries are disclosed in the paragraph below. For an overview of the acquisitions and divestments of joint ventures and associates, reference is made to note 2.6 and note 3.5.

Acquisitions of subsidiaries

2020

There were no acquisitions of subsidiaries in 2020.

2019

Step-acquisition of Vopak Terminal Ningbo:

The Group acquired an additional 35% equity share in the joint venture Vopak Terminal Ningbo (China) on 25 January 2019, bringing the total share in equity to 85% and obtaining control. The total consideration paid (excluding cash acquired) amounted to EUR 4.5 million. The step-acquisition resulted in a minor exceptional gain of EUR 1.1 million. The acquisiton had no material effects on the financial statement in 2019.

Acquisition of 20% minority share for Vopak Terminal Algeciras:

On 9 October 2019, an update was provided related to the earlier announced divestment of Vopak Terminal Algeciras in Spain.This transaction was linked to the divestment of the terminals in Amsterdam and Hamburg. It was announced that Vopak concluded the discussions with the minority shareholder in Vopak Terminal Algeciras and had acquired the remaining 20% of the shares held by the minority shareholder. Vopak had an agreement with First State Investments for the sale of 100% of the shares in Vopak Terminal Algeciras. On 31 January 2020, the Group completed the divestment of Vopak Terminal Algeciras (see the pargraph below for further details).

Divestments of subsidiaries

2020

On 31 January 2020, Vopak completed the earlier announced divestment of its 100% shareholding in the terminal in Algeciras, Spain, generating a cash inflow of EUR 135 million. The recognized exceptional loss before taxation was EUR 1.7 million. This completed the divestment program of the terminals in Algeciras, Amsterdam and Hamburg with a total exceptional gain of EUR 200 million recognized in the periods 2019 and Q1 2020.

2019

Divestment of Vopak Terminal Amsterdam and Vopak Terminal Hamburg:

On 30 September 2019, Vopak completed the earlier announced divestment of its terminals in Amsterdam and Hamburg. The total recognized exceptional gain before taxation was EUR 193.8 million. Total cash consideration received for the Group's investment in the equity of these terminals amounted to EUR 378.2 million. At the same time additionally the intercompany loans that were provided by the Group were repaid by these entities for the amount of EUR 178.6 million. The amount of cash and cash equivalents held by the terminals upon divestment amounted to EUR 35.5 million.

Contingent consideration recognized in relation to divestment of Vopak Terminal Amsterdam and Vopak Terminal Hamburg:

In December 2019, an additional exceptional gain of EUR 8.0 million was recognized in relation to the divestment of the terminals in Amsterdam and Hamburg. The divestment transaction of these terminals contained a contingent consideration related to successfully completing the divestment of Vopak Terminal Algeciras. The divestment of all three terminals was negotiated as one package deal. At year-end 2019, management determined that it was virtually certain, that Vopak Terminal Algeciras would be divested, and that the contingent consideration would be received.

This gain was also classified as an exceptional item, and brought the total exceptional gain recognized in 2019 in relation to the divestment of the terminals in Amsterdam and Hamburg to EUR 201.8 million. For more information, reference is made to note 2.4.

Note 3.2 Intangible assets

Accounting policies

Intangible assets include goodwill, internally developed software, contractual relationships, concessions and favorable leases ensuing from business combinations. Goodwill represents the difference between the purchase price and Vopak's share in the fair value of the acquired identifiable assets, liabilities and contingent liabilities of the company acquired at the time Vopak obtains control (acquisition method). Goodwill is carried at cost less accumulated impairments.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the operating segments (divisions), which represents the lowest level within the Vopak Group at which the goodwill is monitored for internal management purposes.

Goodwill relating to an associate or joint venture is included in the carrying amount of the investment in the associate or joint venture and is not tested for impairment separately, but is part of the impairment testing of the investment in the associate or joint venture.

Software is carried at historical cost, net of straight-line amortization based on its expected useful life and any potential impairment.

Other intangible assets are carried at their initial fair value at the time of the acquisition, net of straight-line amortization and impairments.

Other items are mainly licenses that are carried at historical cost, net of straight-line amortization.

Movements in intangible assets

In EUR millions	Note	Goodwill	Software	Other	Under development	Total
Purchase price of operating assets		39.7	146.5	60.3	14.2	260.7
Accumulated amortization and impairment		–	- 94.1	- 10.7	–	- 104.8
Carrying amount at 31 December 2018		**39.7**	**52.4**	**49.6**	**14.2**	**155.9**
Movements:						
Acquisitions		–	–	0.5	–	0.5
Additions		–	0.9	–	28.6	29.5
Disposal	3.6	–	- 0.1	–	–	- 0.1
Reclassification to held-for-sale/divestments		–	- 1.7	- 5.4	- 0.6	- 7.7
Reclassification		–	17.1	–	- 14.6	2.5
Amortization	3.7	–	- 14.1	- 1.3	–	- 15.4
Impairment	3.8	–	- 2.5	- 0.8	–	- 3.3
Exchange differences		1.7	0.2	0.9	0.1	2.9
Carrying amount at 31 December 2019		**41.4**	**52.2**	**43.5**	**27.7**	**164.8**
Purchase price of operating assets		41.4	142.2	55.2	27.7	266.5
Accumulated amortization and impairment		–	- 90.0	- 11.7	–	- 101.7
Carrying amount at 31 December 2019		**41.4**	**52.2**	**43.5**	**27.7**	**164.8**
Movements:						
Additions		–	3.0	–	35.3	38.3
Reclassification		–	24.2	–	- 21.4	2.8
Amortization	3.7	–	- 16.5	- 1.1	–	- 17.6
Impairment	3.8	–	- 0.2	- 8.6	–	- 8.8
Exchange differences		- 2.9	- 0.1	- 3.1	- 0.2	- 6.3
Carrying amount at 31 December 2020		**38.5**	**62.6**	**30.7**	**41.4**	**173.2**
Purchase price of operating assets		38.5	160.5	50.5	41.4	290.9
Accumulated amortization and impairment		–	- 97.9	- 19.8	–	- 117.7
Carrying amount at 31 December 2020		**38.5**	**62.6**	**30.7**	**41.4**	**173.2**

The increase in intangible assets in both years presented, is primarily related to internally developed IT projects. For more information on the impairment recognized in 2020 and 2019, reference is made to note 3.8.

Note 3.3 Property, plant and equipment - owned assets

Accounting policies

Property, plant and equipment mainly relate to the owned terminals assets of the company which are used to service the customers in the various countries where the Group operates. Property, plant and equipment are broken down into their components and carried at historical cost, net of accumulated straight-line depreciation and less any impairment losses. Interest during construction is capitalized (see also note 5.6). Historical cost includes the initial acquisition cost plus other direct acquisition costs (such as unrecoverable taxes or transport) and construction costs that can be allocated directly (such as hours of own employees and advisory fees). To the extent that dismantling obligations exist at the end of the useful life, these estimated costs and any amendments thereto are included in the cost of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Costs of repairs and maintenance that do not increase the future economic benefits and are part of the day-to-day servicing of the assets are recognized as expenses.

Movements in property, plant and equipment - owned assets

In EUR millions	Note	Land	Buildings	Tank storage terminals	Machinery and equipment	Under development	Total
Purchase price of operating assets		43.0	309.7	5,578.0	163.3	561.6	6,655.6
Accumulated depreciation and impairment		–	- 150.9	- 2,659.1	- 109.3	–	- 2,919.3
Carrying amount at 31 December 2018		**43.0**	**158.8**	**2,918.9**	**54.0**	**561.6**	**3,736.3**
Reclass from owned to leased assets due to IFRS 16		–	–	- 15.7	- 0.4	- 5.4	- 21.5
Carrying amount at 1 January 2019		**43.0**	**158.8**	**2,903.2**	**53.6**	**556.2**	**3,714.8**
Movements:							
Acquisitions		–	0.6	4.4	1.8	–	6.8
Additions		–	7.6	44.2	3.3	571.9	627.0
Disposals		–	- 3.9	6.4	- 4.6	- 1.5	- 3.6
Reclassification to assets held for sale/divestments	3.6	–	- 25.9	- 434.0	- 9.3	- 21.7	- 490.9
Reclassification		–	11.6	418.5	4.7	- 437.3	- 2.5
Depreciation	3.7	–	- 12.1	- 219.4	- 10.6	–	- 242.1
Impairment	3.8	–	- 0.2	- 13.2	- 0.5	–	- 13.9
Exchange differences		1.4	1.5	32.4	0.7	9.2	45.2
Carrying amount at 31 December 2019		**44.4**	**138.0**	**2,742.5**	**39.1**	**676.8**	**3,640.8**
Purchase price of operating assets		44.4	285.7	5,404.3	134.2	676.8	6,545.4
Accumulated depreciation and impairment		–	- 147.7	- 2,661.8	- 95.1	–	- 2,904.6
Carrying amount at 31 December 2019		**44.4**	**138.0**	**2,742.5**	**39.1**	**676.8**	**3,640.8**
Movements:							
Additions		–	4.9	78.1	3.2	533.2	619.4
Disposals		–	- 0.2	- 0.6	- 0.9	- 1.5	- 3.2
Reclassification		–	39.9	407.6	7.3	- 457.6	- 2.8
Depreciation	3.7	–	- 15.0	- 225.6	- 4.1	–	- 244.7
Impairment	3.8	–	- 1.2	- 20.5	0.4	–	- 21.3
Exchange differences		- 5.2	- 5.7	- 135.3	- 1.5	- 41.6	- 189.3
Carrying amount at 31 December 2020		**39.2**	**160.7**	**2,846.2**	**43.5**	**709.3**	**3,798.9**
Purchase price of operating assets		39.2	315.7	5,638.1	132.3	709.3	6,834.6
Accumulated depreciation and impairment		–	- 155.0	- 2,791.9	- 88.8	–	- 3,035.7
Carrying amount at 31 December 2020		**39.2**	**160.7**	**2,846.2**	**43.5**	**709.3**	**3,798.9**

For an overview of the investment commitments of the Group in relation to property, plant and equipment reference is made to note 9.7.

Note 3.4 Leases

Accounting policies

In line with the nature of its activities, the Group has a large portfolio of long-term land leases and leases of other non-current assets such as jetties, offices and other equipment. Most of the contracts contain extension options.

Contracts typically contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The non-lease components are normally relatively small.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements in general do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets cannot be used as security for borrowing purposes by the Group.

Determining the right-of-use asset and the lease liability

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees (normally not present)
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

When it is reasonably certain that a lease extension option will be exercised, lease payments that are to be made under these extension options are also included in the measurement of the liability.

Determining the discount rate

The lease payments are in allmost all instances discounted using the incremental borrowing rate of the Vopak entity entering into the lease. This is because the interest rate implicit in the lease can in most instances not be readily determined. The incremental borrowing rate is the rate that the individual entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment with similar terms, security and conditions.

Lease expenses

Lease payments are allocated between a principal and interest expense. The interest expense is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Short-term and low-value leases

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets primarily comprise IT and communication equipment and small items of office furniture. Short-term leases may also relate to long-term (land) leases for which the original maximum contract term has expired and a new contract is currently under negotiation.

The risks associated with leases

The group is exposed to the risk of potential future increases in the periodic lease payments based on an index or rate, which are not included in the lease liability until they take effect. When such adjustments to lease payments occur, the lease liability is reassessed and adjusted against the right-of-use asset.

Furthermore, the Group also runs the risks that critical lease contracts such as lease contracts expire and cannot be renewed. In such instances the Group has to decommission the terminal by either handing over the site together with the assets to the lessor, or by demolishing the assets, cleaning up the site and handing over the site to the lessor. In most instances the Group is able to enter into a new lease contract, yet frequently at higher rates.

Initial application of IFRS 16 as per 1 January 2019

Until 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. Due to the application of IFRS 16 as per 1 January 2019, leases were recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Various movement schedules in these consolidated financial statements still disclose the initial effect of applying IFRS 16 as per 1 January 2019 where relevant.

Key accounting estimates and judgments

Determining the term of a lease contract

Extension and termination options are included in most lease contracts held by the Group. These options are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. This is explicitly the case for the land lease contracts.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of land, sea and jetties the following factors are normally the most relevant:

- Remaining useful lives of the tank terminal assets which depend on the lease term of the lease contract
- Remaining duration of long-term customer contracts
- The amount of the penalties to terminate (or not extend)
- Other factors, including historical lease durations and the costs and business disruption that is expected to be incurred to replace the leased asset.

For most of the land lease contracts it was assessed by management that it was reasonably certain that the extension options will be exercised. The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

No other material estimates and judgments are applied by the Group with regards to leases.

Movements in right-of-use assets and related lease liabilities

Set out below, are the carrying amounts of the Group's leased (right-of-use) assets and lease liabilities and the movements during the period.

	Note	Land	Buildings	Tank storage terminals	Machinery and equipment	Total	Lease liabilities
Opening balance at 31 December 2018		**–**	**–**	**–**	**–**	**–**	**–**
Initial Application IFRS 16	1.1	551.4	29.0	24.2	8.9	613.5	- 677.6
Opening balance at 1 january 2019		**551.4**	**29.0**	**24.2**	**8.9**	**613.5**	**- 677.6**
Movements:							
Additions		3.0	0.5	–	1.1	4.6	- 4.6
Disposal		–	–	- 0.4	–	- 0.4	–
Depreciation	3.7	- 24.2	- 4.9	- 0.7	- 3.4	- 33.2	–
Impairment	3.8	- 0.2	–	–	–	- 0.2	–
Remeasurement		3.6	1.7	0.2	0.1	5.6	- 5.6
Unwinding interest		–	–	–	–	–	- 22.4
Payments		–	–	–	–	–	53.1
Divestments/reclassification to assets held for sale		- 78.7	–	- 17.3	- 0.8	- 96.8	104.3
Exchange rate differences		9.8	0.1	–	–	9.9	- 12.1
Carrying amount at 31 December 2019		**464.7**	**26.4**	**6.0**	**5.9**	**503.0**	**- 564.9**
Purchase price of operating assets		488.4	32.8	6.5	8.7	536.4	–
Accumulated depreciation and impairment		- 23.7	- 6.4	- 0.5	- 2.8	- 33.4	–
Carrying amount at 31 December 2019		**464.7**	**26.4**	**6.0**	**5.9**	**503.0**	**- 564.9**
Movements:							
Additions		47.8	34.0	–	5.4	87.2	- 87.2
Disposal		–	- 0.5	–	–	- 0.5	1.5
Depreciation	3.7	- 28.2	- 4.6	- 0.5	- 3.9	- 37.2	–
Remeasurement		115.4	- 16.9	0.1	0.4	99.0	- 99.0
Unwinding interest		–	–	–	–	–	- 21.1
Payments		–	–	–	–	–	47.8
Exchange rate differences		- 18.8	- 0.4	- 0.1	–	- 19.3	23.7
Carrying amount at 31 December 2020		**580.9**	**38.0**	**5.5**	**7.8**	**632.2**	**- 699.2**
Purchase price of operating assets		631.0	41.7	6.5	13.1	692.3	–
Accumulated depreciation and impairment		- 50.1	- 3.7	- 1.0	- 5.3	- 60.1	–
Carrying amount at 31 December 2020		**580.9**	**38.0**	**5.5**	**7.8**	**632.2**	**- 699.2**

The weighted average incremental borrowing rate applied to the lease liabilities (including those classified as held for sale) recognized at the end of 2020 was 3.2% (2019: 3.3%). The remaining weighted average lease term was 25.9 years at 31 December 2020 (2019: 26.6 years).

The total cash outflows for leases for the year presented, including short-term and low-value leases, amounted to EUR 53.3 million (2019: EUR 64.1 million).

Amounts recognized in the income statement

Set out below are the amounts recognized in the income statement during the period.

In EUR millions	2020	2019
Low-value assets lease expenses	1.0	0.9
Short-term lease expenses	2.8	8.3
Short-term/variable leases expenses - reversal due to settlements	- 5.0	–
Variable lease payment expenses	1.8	1.8
Depreciation right-of-use assets	37.2	33.2
Impairment right-of-use assets	–	0.5
Reversed impairment right-of-use assets	–	-0.3
Interest expenses on lease liabilities	21.1	22.4
Total	**58.9**	**66.8**

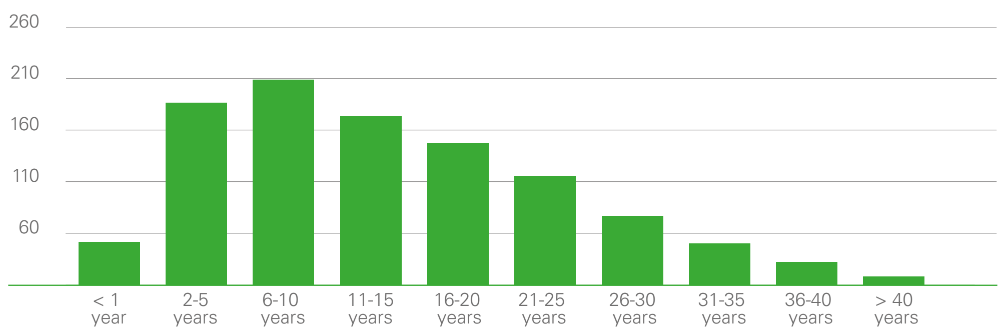
Maturity profile of lease contract portfolio

The table below analyzes the Group's contractual lease obligations into relevant maturity categories based on the remaining period at the end of the reporting period. It includes the nominal payments of the lease liabilities that are recognized in the balance sheet as well as the nominal payments related to the short-term and low-value lease contracts. In addition, also a graph is including depicting the maturity profile of the lease contract portfolio in a graphical manner.

In EUR millions	< 1 year	2 -5 years	6-10 year	11-15 years	16-20 years	21-25 years	26-30 years	31-35 years	36-40 years	> 40 years	Total
Nominal contractual lease obligation	51.7	186.9	209.5	174.0	147.3	116.1	77.1	50.4	32.0	18.1	1,063.1

Nominal contractual lease obligation

In EUR millions



As per 31 December 2020, there are no material lease contracts to which the Group is committed but which have not yet commenced.

Note 3.5 Joint ventures and associates

Vopak's interest in the principal joint ventures and associates at year-end 2020 consisted of 27 (2019: 25) unlisted joint ventures and 8 (2019: 8) unlisted associates. Although the Group conducts a large part of its activities by means of these joint ventures and associates, none of these entities are currently individually material for the Group. The nature of, and changes in, the risks associated with its interests in joint ventures and associates is primarily linked to the region and/or the activities. For the disclosure of the nature, extent and financial effects of our joint ventures and associates, we make a distinction in the activities of the divisions Europe & Africa (limited number of oil and chemical terminals), Asia & Middle East, (all types of storage terminals, except LNG), LNG (joint ventures and associates with long-term contracts), and China & North Asia (mainly industrial terminals). The Americas division currently has a number of joint ventures and associates mainly operating gas and industrial terminals.

No significant judgments were made by the Group with regard to the classification of joint ventures and associates. All material joint arrangements are currently classified as joint ventures because joint control is established by contract and the Group only has rights to the net assets of these entities. The Group currently has no material investment in a joint operation.

The Group has four majority ownerships which qualify as joint ventures: a 60% majority ownership in LNG Terminal Altamira in Mexico, a 51% majority ownership in Vopak Terminals Korea Ltd. and a 51% majority ownership in Vopak (Qinzhou) Jetty Co., Ltd. and in Guangxi Hualin Jetty Co., Ltd, both in China. In Mexico, the Group has 50% of the voting rights. In Korea, the partner owns an exercisable call option right at any time of 1% of the shares and therefore the substantive voting rights of the Group are limited to 50%. In China, for both entities all decisions about the relevant activities of the entity are made based on unanimous consent of the shareholders in accordance with the shareholders agreement concerned.

The Group has a 10% equity interest in Vopak Terminal Eemshaven in the Netherlands which is classified as an associate as it was concluded that the Group has significant influence. The Group has been appointed as operator of this terminal. As operator, Vopak has the right to appoint the management board of the terminal. In addition, as 10% shareholder in the entity, Vopak is entitled to appoint one of the three members of the Supervisory Board and is able to participate in the decision-making process of the entity.

Reference is made to note 9.11 for an overview of the principal joint ventures and associates.

Accounting policies

Joint ventures and associates are accounted for using the equity method, which involves recognition in the Consolidated statement of income of Vopak's share of the net result of the joint ventures and associates for the year. Accounting policies of joint ventures and associates have been aligned where necessary to ensure consistency with the policies adopted by the Group. Vopak's interest in a joint venture or associate is carried in the statement of financial position at its share in the net assets of the joint venture or associate together with goodwill paid on acquisition, less any impairment loss. When the share in the losses exceeds the carrying amount of an equity-accounted company (including any other receivables forming part of the net investment in the company), the carrying amount is written down to nil and recognition of further losses is discontinued, unless we have incurred legal or constructive obligations relating to the company in question.

Group's share of the total comprehensive income and the carrying amount of joint ventures and associates

		Joint ventures		Associates		Total	
In EUR millions		2020	2019	2020	2019	2020	2019
Vopak's share in net assets		721.6	700.7	473.9	309.0	1,195.5	1,009.7
Goodwill on acquisition		66.9	66.1	10.4	5.9	77.3	72.0
Carrying amount at 31 December		**788.5**	**766.8**	**484.3**	**314.9**	**1,272.8**	**1,081.7**
Initial application IFRS 16		n/a	- 21.1	n/a	- 11.1	n/a	- 32.2
Carrying amount at 1 January		**788.5**	**745.7**	**484.3**	**303.8**	**1,272.8**	**1,049.5**
Share in profit or loss	2.7	114.0	94.4	47.2	67.4	161.2	161.8
Net profit		**114.0**	**94.4**	**47.2**	**67.4**	**161.2**	**161.8**
Other comprehensive income	5.2	4.9	2.0	- 5.0	- 16.1	- 0.1	- 14.1
Comprehensive income		**118.9**	**96.4**	**42.2**	**51.3**	**161.1**	**147.7**
Dividends received	2.9	- 75.9	- 78.8	- 58.3	- 8.6	- 134.2	- 87.4
Investments		63.9	17.2	4.6	30.1	68.5	47.3
Acquisitions		107.4	–	–	100.7	107.4	100.7
Redemption share capital		–	–	- 85.2	–	- 85.2	–
Transfers due to change in ownership		–	- 6.8	–	- 0.8	–	- 7.6
Other		8.7	–	- 0.2	–	8.5	–
Exchange differences		- 49.9	14.8	- 29.6	7.8	- 79.5	22.6
Carrying amount at 31 December		**961.6**	**788.5**	**357.8**	**484.3**	**1,319.4**	**1,272.8**
Vopak's share in net assets		887.4	721.6	347.9	473.9	1,235.3	1,195.5
Goodwill on acquisition		74.2	66.9	9.9	10.4	84.1	77.3
Carrying amount at 31 December		**961.6**	**788.5**	**357.8**	**484.3**	**1,319.4**	**1,272.8**

Other comprehensive income is primarily related to the effective portion of changes in the fair value of cash flow hedges within the joint ventures, which are recognized through the statement of comprehensive income.

For more information on the impairments recognized on the investments in joint ventures and associates, reference is made to note 3.8.

Investments and divestments of joint ventures and associates

2020

United states - acquisition

In December 2020, Vopak and BlackRock (50/50) acquired three industrial terminals from Dow on the U.S. Gulf Coast. The new joint venture named Vopak Industrial Infrastructure Americas (VIIA), LLC, has a diversified set of infrastructure assets, in three locations, with each situated alongside an active Dow production complex.

The total consideration paid for this 50% shareholding, including transaction costs, amounted to EUR 107.4 million (USD 132.1 million). Total goodwill preliminary determined by Vopak amounts to EUR 10.8 million. The Group is still working on the notional purchase price allocation for this joint venture, and expects to finalize this in the first half of 2021.

In connection with this acquisition, transaction expenses were incurred for the total amount of EUR 4.8 million, which were classified as an exceptional item.

China - divestment

In the second and third quarter of 2020, Vopak received the remaining consideration of EUR 33.0 million relating to the December 2019 divestment of its 49% equity share in the joint venture Vopak SDIC Yangpu Terminal in Hainan, China. Due to earlier uncertainty this deferred consideration was not yet recognized in 2019. As a result, the receipt of this amount also led to the recognition of an exceptional gain of EUR 33.0 million. Reference is also made to note 2.4.

United States - newly established terminal

On 21 April 2020, Vopak announced its initial investment in the 50/50 joint venture Vopak Moda Houston terminal located in the Houston Ship Channel. The investment includes 46,000 cbm of various gas tanks and a new jetty for the storage and handling of chemical gases. The storage capacity has been fully rented out under long-term contracts.

2019

Pakistan - increase in share

On 23 January 2019, Vopak acquired an additional share of 15% in the associate Engro Elengy Terminal (LNG division), bringing the total share in this associate to 44%.

The total consideration paid for the entire 44% (29% in December 2018 and 15% in January 2019), including transaction costs, amounted to EUR 49.4 million. Total goodwill recorded by Vopak as part of the carrying amount of the associate amounted to EUR 4.5 million. In the second half of 2019 the Group completed the notional purchase price allocation for this associate.

China - step-acquisition

The Group acquired on 25 January 2019, an additional 35% share in Vopak Terminal Ningbo bringing the total share the Group has in the equity of the terminal to 85%. By means of this transaction the Group obtained control over the terminal and the interest held in the terminal was classified as a subsidiary and no longer as a joint venture.

The consideration paid for the additional 35% share amounted to EUR 4.5 million. The financial impact of this acquisition on the Group going forward is considered to be minor. Furthermore, this step-acquisition resulted in a minor exceptional gain of EUR 1.1 million.

Estonia - divestment

On 3 April 2019, Vopak completed the divestment of its 50% share in the Estonian terminal Vopak E.O.S. (Europe & Africa division) resulting in an exceptional gain of EUR 16.4 million (including transaction expenses), which was fully recognized in EBITDA in the second quarter of 2019. Total cash flows from this divestment amounted to EUR 10.2 million. This divestment was the outcome of the earlier announced strategic review.

Colombia - acquisition

On 11 September 2019, Vopak acquired a 49% shareholding in Sociedad Portuaria el Cayao (SPEC) in Cartagena, Colombia. SPEC is the only LNG import facility in Colombia, with a capacity of 170,000 cbm and has been in operation since 2016. The total consideration paid, including transaction costs, amounted to EUR 85.2 million. There was no material goodwill recorded as part of the carrying amount of the associate.

China - divestment

In December 2019, Vopak divested its 49% equity share in the joint venture Vopak SDIC Yangpu Terminal in Hainan, China. The terminal had a storage capacity of 1,339,000 cbm for the storage of crude and petroleum products. This divestment was the outcome of the strategic review of the terminal, announced in February 2018.

The transaction resulted in an exceptional gain of EUR 25.3 million, of which EUR 23.5 million is recognized as part of the Other income. This amount includes a gain of EUR 5.2 million related to the realization of accumulated currency translation differences that were previously recognized in equity. An amount of EUR 1.8 million is recorded as part of the net finance costs which is related to the release of a provision. For more information, reference is made to note 5.6.

Total cash flows received from this divestment amounted to EUR 18.3 million.

Related to this divestment, Vopak is entitled to receive an additional amount of approximately EUR 30 million. The settlement of this additional consideration is uncertain and subject to ongoing discussion and resolution in 2020 between the parties involved and therefore has not been recognized at year-end 2019, since the criteria for recognizing a gain are not satisfied. This remaining consideration may materialize going forward, depending on how events develop.

Summarized information of joint ventures and associates on a 100% basis

The following information reflects the amounts presented in the financial statements of the joint ventures and associates adjusted for differences in accounting policies between the Group and the joint ventures and associates and, when applicable, the effects of the purchase price allocation performed by the Group with regard to the acquisition of the joint venture or associate.

Summarized statement of total comprehensive income

	Americas		Asia & Middle East		China & North Asia		Europe & Africa		LNG		Others		**Total joint ventures and associates**		Of which joint ventures		Of which associates	
In EUR millions	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenues	43.7	24.9	654.0	632.9	194.5	217.5	49.5	53.4	326.4	323.4	–	–	1,268.1	1,252.1	727.7	721.1	540.4	531.0
Other income	34.6	21.2	3.9	5.4	7.2	70.5	–	0.1	72.2	23.2	–	1.3	117.9	121.7	8.7	4.9	109.2	116.8
Operating expenses	- 51.9	- 24.5	- 150.0	- 145.5	- 42.7	- 81.8	- 17.2	- 24.6	- 93.7	- 75.3	0.1	- 1.9	- 355.4	- 353.6	- 195.9	- 195.1	- 159.5	- 158.5
EBITDA	**26.4**	**21.6**	**507.9**	**492.8**	**159.0**	**206.2**	**32.3**	**28.9**	**304.9**	**271.3**	**0.1**	**- 0.6**	**1,030.6**	**1,020.2**	**540.5**	**530.9**	**490.1**	**489.3**
Depreciation and amortization	- 1.9	- 0.5	- 173.5	- 148.9	- 40.9	- 51.4	- 12.8	- 13.1	- 95.6	- 85.8	–	–	- 324.7	- 299.7	- 163.0	- 170.0	- 161.7	- 129.7
Operating profit (EBIT)	**24.5**	**21.1**	**334.4**	**343.9**	**118.1**	**154.8**	**19.5**	**15.8**	**209.3**	**185.5**	**0.1**	**- 0.6**	**705.9**	**720.5**	**377.5**	**360.9**	**328.4**	**359.6**
Net finance costs	2.4	3.1	- 70.5	- 47.4	- 6.8	0.8	- 9.8	- 6.2	- 78.0	- 68.5	–	–	- 162.7	- 118.2	- 46.3	- 49.5	- 116.4	- 68.7
Income tax	- 0.1	- 0.3	- 61.5	- 64.8	- 29.4	- 50.4	- 1.5	- 2.1	- 40.6	- 35.0	–	–	- 133.1	- 152.6	- 80.5	- 104.5	- 52.6	- 48.1
Net profit	**26.8**	**23.9**	**202.4**	**231.7**	**81.9**	**105.2**	**8.2**	**7.5**	**90.7**	**82.0**	**0.1**	**- 0.6**	**410.1**	**449.7**	**250.7**	**206.9**	**159.4**	**242.8**
Other comprehensive income	–	–	- 21.0	- 61.2	–	–	–	–	11.5	4.7	–	–	- 9.5	- 56.5	9.4	4.2	- 18.9	- 60.7
Total comprehensive income	**26.8**	**23.9**	**181.4**	**170.5**	**81.9**	**105.2**	**8.2**	**7.5**	**102.2**	**86.7**	**0.1**	**- 0.6**	**400.6**	**393.2**	**260.1**	**211.1**	**140.5**	**182.1**
Vopak's share of net profit	6.4	7.4	70.2	67.3	33.3	41.5	3.3	2.1	48.0	43.6	–	- 0.1	161.2	161.8	114.0	94.4	47.2	67.4
Vopak's share of other comprehensive income	–	–	- 5.9	- 16.4	–	–	–	–	5.8	2.3	–	–	- 0.1	- 14.1	4.9	2.0	- 5.0	- 16.1
Vopak's share of total comprehensive income	**6.4**	**7.4**	**64.3**	**50.9**	**33.3**	**41.5**	**3.3**	**2.1**	**53.8**	**45.9**	**–**	**- 0.1**	**161.1**	**147.7**	**118.9**	**96.4**	**42.2**	**51.3**

2020

In January 2020, the associate PT2SB repaid part of its preference share capital, which resulted in a cash inflow of EUR 85.2 milion for the Group.

Furthermore, in the fourth quarter of 2020, our associate industrial terminal (PT2SB) in Malaysia recognized an accounting loss of EUR 19.8 million (Vopak share), partly in connection with prior year. This was related to this terminal being fully commissioned, and settlement of various customer contract discussions. As well as finalizing the accounting of several specific non-cash items related to depreciation charges on fixed assets and deferred tax liabilities in connection with the complex tax environment.

This terminal is also expected to repay around EUR 50 million (Vopak share) of share capital, in 2021 or 2022.

2019

In the first half of 2019, the associate industrial terminal PT2SB in Malaysia (Asia and Middle East division) commissioned additional capacity, bringing its total capacity to 1,496,000 cbm. This led to a significant increase in the results from associates during 2019.

In the fourth quarter of 2019, an exceptional loss of EUR 14.7 million was recognized by the Group as part of the result of joint ventures due to the recognition of a tax provision that was recognized in one of the joint ventures in the Asia & Middle East division. In relation to the provision, management has assessed that based on the current facts and circumstances it is no longer more likely than not that the court case will be won.

In December 2019, a total one-off gain (net Vopak share) was recognized at our associate Vopak Terminal Haiteng (China & North Asia division) for the amount of EUR 7.8 million. This total amount was mainly related to the final customer settlements.

Summarized statement of financial position at 31 December

In EUR millions	Americas		Asia & Middle East		China & North Asia		Europe & Africa		LNG		Others		**Total joint ventures and associates**		Of which joint ventures		Of which associates	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Non-current assets	992.5	479.8	2,710.0	3,054.4	809.2	700.3	208.1	205.4	1,979.2	2,137.5	–	–	6,699.0	6,577.4	3,696.4	3,190.5	3,002.6	3,386.9
Cash and cash equivalents	9.7	14.1	294.6	574.0	133.0	119.0	10.4	11.0	108.3	119.6	–	–	556.0	837.7	263.4	219.5	292.6	618.2
Other current assets	25.6	11.5	310.5	268.2	79.1	135.9	21.3	22.2	66.5	53.3	–	–	503.0	491.1	288.0	206.3	215.0	284.8
Total assets	**1,027.8**	**505.4**	**3,315.1**	**3,896.6**	**1,021.3**	**955.2**	**239.8**	**238.6**	**2,154.0**	**2,310.4**	**–**	**–**	**7,758.0**	**7,906.2**	**4,247.8**	**3,616.3**	**3,510.2**	**4,289.9**
Financial non-current liabilities	324.8	21.5	1,526.6	1,846.9	207.6	162.1	151.1	153.7	1,098.4	1,267.5	–	–	3,308.5	3,451.7	1,475.2	1,234.5	1,833.3	2,217.2
Other non-current liabilities	–	–	296.1	146.4	30.3	29.9	14.1	13.9	238.4	260.7	–	0.8	578.9	451.7	316.5	219.2	262.4	232.5
Financial current liabilities	4.5	- 0.4	126.0	45.5	29.5	23.2	18.1	18.7	126.3	145.6	–	–	304.4	232.6	149.6	133.2	154.8	99.4
Other current liabilities	21.2	23.8	316.8	433.7	104.4	89.9	14.6	11.2	58.9	56.7	–	0.2	515.9	615.5	343.0	408.9	172.9	206.6
Total liabilities	**350.5**	**44.9**	**2,265.5**	**2,472.5**	**371.8**	**305.1**	**197.9**	**197.5**	**1,522.0**	**1,730.5**	**–**	**1.0**	**4,707.7**	**4,751.5**	**2,284.3**	**1,995.8**	**2,423.4**	**2,755.7**
Net assets	**677.3**	**460.5**	**1,049.6**	**1,424.1**	**649.5**	**650.1**	**41.9**	**41.1**	**632.0**	**579.9**	**–**	**- 1.0**	**3,050.3**	**3,154.7**	**1,963.5**	**1,620.5**	**1,086.8**	**1,534.2**
Vopak's share of net assets	245.4	140.0	364.5	466.8	290.9	280.7	19.5	19.1	315.0	289.4	–	- 0.5	1,235.3	1,195.5	887.4	721.6	347.9	473.9
Goodwill on acquisition	10.8	–	5.1	5.6	6.3	6.4	–	–	61.9	65.3	–	–	84.1	77.3	74.2	66.9	9.9	10.4
Vopak's carrying amount of net assets	**256.2**	**140.0**	**369.6**	**472.4**	**297.2**	**287.1**	**19.5**	**19.1**	**376.9**	**354.7**	**–**	**- 0.5**	**1,319.4**	**1,272.8**	**961.6**	**788.5**	**357.8**	**484.3**

Contingent assets and liabilities

The joint ventures and associates of the Group are currently, and may from time to time become, involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities (including tax authorities) that are incidental to their operations. For the contingent liabilities of the joint ventures and associates as at year-end related to legal cases, it is based on the current facts and circumstances not believed that they may have a material adverse effect on the financial position or profitability of the Group. Due to inherent uncertainties, the Group cannot make any accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings referred to in this report, however costs in complex litigation may be substantial.

For an overview of the commitments and contingent liabilities relating to our joint ventures and associates, reference is made to note 9.8.

Note 3.6 Assets held for sale

Accounting policies

Non-current assets and disposal groups are classified as held for sale when their carrying amount is to be recovered principally through a sales transaction and a sale is considered highly probable at the end of the reporting period. They are stated at the lower value of the carrying amount and the fair value less expected selling costs. When the criteria for the held for sale classification have been met, the non-current assets subject to depreciation and amortization are no longer depreciated or amortized. In addition, equity accounting for joint ventures and associates ceases once classified as held for sale.

Key accounting estimates and judgments

At the end of the reporting period, management has to assess if the value of the assets will be recovered principally through a divestment transaction rather than through continued use and what the likelihood is that an asset will be divested within a year. This assessment is based on the facts and circumstances at that date. These facts and circumstances may change and could result in a situation where assets are divested, which were not classified as held for sale at year-end. When classifying non-current assets as held for sale, management makes estimates of their fair value (sales price and expected costs to sell). Depending on the nature of the non-current assets, the estimated fair value may be associated with uncertainty and possibly adjusted subsequently. Measurement of the fair value of non-current assets is categorized as level 2 in the fair value hierarchy as measurement is not based on observable market data.

Assets and liabilities classified as held for sale

In EUR millions	31-Dec-20	31-Dec-19
Property, plant and equipment	–	132.6
Other non-current assets	–	8.3
Current assets	–	3.0
Total assets held for sale	**–**	**143.9**
Provisions		1.5
Other non-current liabilities	–	14.5
Current liabilities	–	2.0
Total liabilities related to assets held for sale	**–**	**18.0**
Net assets held for sale of disposal groups	**–**	**125.9**

For the divestments realized during the years presented, reference is made to note 3.1. and note 3.5.

2020

As at year-end 2020 there were no assets and liabilities classified as held for sale.

2019

On 9 October 2019, Vopak announced that it concluded the discussions with the minority shareholder in Vopak Terminal Algeciras and that it had acquired the 20% of the shares held by the minority shareholder. At the same time, Vopak held an agreement for the sale of 100% of the shares in Vopak Terminal Algeciras to First State Investments. This terminal was classfied as held for sale as at year-end 2019, and was subsequently divested on 31 January 2020.

Note 3.7 Depreciation and amortization

Accounting policies

The expected useful life of software is normally subject to a maximum of seven years. Amortization of other intangible assets and licenses is based on the term of the validity of the contract or term of the validity period and varies from 5-30 years.

Depreciation of property, plant and equipment is computed from the date the asset is available for use, using the straight-line method over the expected useful life and taking the estimated residual value into account. The useful life of the main assets is as follows:

- for buildings 10-40 years
- for main components of tank storage terminals 10-40 years
- for IT hardware 3-5 years
- for machinery, equipment and fixtures 3-10 years.
- Land is not depreciated.

The residual value and useful life of intangible assets and property, plant and equipment are reviewed annually and adjusted if necessary.

For the accounting policies related to the amortization of the right-of-use assets recognized in relation to the leases of the Group, reference is made to note 3.4.

Key accounting estimates and judgments

Property, plant and equipment form a substantial part of the total assets of the company, while periodic depreciation charges form a substantial part of the annual operating expenses. The useful life and residual value determined by the Executive Board based on its estimates and assumptions have a major impact on the measurement and determination of results of property, plant and equipment. The useful life of property, plant and equipment is partly estimated based on their useful productive lives, experiences related to such assets, the maintenance history and the period during which the company has the economic benefits from the utilization of the assets. Periodic reviews show whether changes have occurred in estimates and assumptions as a result of which the useful life and/or residual value need to be adjusted. Such an adjustment will be made prospectively.

For the key accounting estimates and judgments made with regards to the right-of-use assets recognized in relation to the leases of the Group, reference is made to note 3.4.

Depreciation and amortization

In EUR millions	Note	2020	2019
Amortization intangible assets	3.2	17.6	15.4
Depreciation owned assets	3.3	244.7	242.1
Depreciation right-of-use assets	3.4	37.2	33.2
Total		**299.5**	**290.7**

Note 3.8 Impairment tests and impairments

Accounting policies

The carrying amount of goodwill is tested for impairment annually in the fourth quarter (unless there is reason to do so more frequently), while all assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If it is determined that assets are impaired, the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less costs of disposal and value in use.

Impairments of a cash-generating unit are allocated to the assets of the cash-generating unit on a proportional basis. Impairments of intangible assets and property, plant and equipment are presented in the statement of income under Impairment. Impairments, except those related to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed.

All financial assets, including joint ventures and associates, are reviewed for impairment. If there is objective evidence of impairment as a result of one or more events after initial recognition, an impairment loss is recognized in the statement of income. The impairments for joint ventures and associates are presented under Result of joint ventures and associates.

Estimates used to measure the recoverable amount

Value in use is determined as the amount of estimated discounted future cash flows. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash flows. The cash flow projections are based on revenues, operating expenses and sustaining capital expenditures of the approved budget for the coming year and the two subsequent planning years. Cash flows beyond the previously mentioned period of three years are extrapolated, using a stable or decreasing growth rate, unless an increasing rate can be substantiated. Given that the cash flows are estimated before taxes, the discount rates used to calculate the present value of the cash flows are pre-tax rates based on the risk-free rates for 15-year bonds issued by the government in the relevant market, adjusted for a risk premium and specific risks relating to the countries and risks specific to the assets. The 15-year bonds period reflects the average remaining useful life of the principal assets. As a company based in Europe, the Group assumes the long-term market equity risk premium to be 6.4% (2019: 6.0%).

Key accounting estimates and judgments

Impairment analysis

When performing an impairment test, management makes an assessment of whether the cash-generating unit (mostly an individual terminal) will be able to generate positive net cash flows that are sufficient to support the value of the intangible assets, property, plant and equipment, and financial assets.

For value in use, the assessment is based on estimates of future expected cash flows (value in use) made on the basis of the budget for the coming year and two subsequent plan years, which form the basis for the 15-year period discounted cash flow model. Key assumptions applied are generally: the expected occupancy, the estimated storage rate per cbm (for revenues not covered by long-term contracts), sustaining capex expenditures, expected growth rates and the estimated terminal value after the 15-year period, together with the applied discount rates.

Fair value less cost of disposal is primarily based either on comparable market-multiples and/or (indicative) (non-)binding bids or discounted cash flow models from the perspective of a willing buyer in an orderly transaction.

In certain situations, the fair value less cost of disposal of a terminal may be based on (preliminary) offers received from interested parties (level 2 fair value). Although such offers are conditional/preliminary by nature, management considers whether these offers may be representative of the fair value of the terminals concerned and assesses whether it is probable that these terminals will be sold in the coming twelve months after the reporting period, resulting in a situation where the carrying amount will be recovered principally through a sale instead of through continued use.

These key assumptions are based on the current facts and circumstances and information available to management. By nature, these assumptions are subject to developments and change in later periods. This could potentially lead to (reversal of) impairments of individual terminals going forward.

Impairment test results

In EUR millions	Note	2020	2019
Intangible assets	3.2	9.6	3.3
Reversal impairment intangible assets	3.2	- 0.8	–
Property, plant and equipment - owned assets	3.3	33.3	13.7
Property, plant and equipment - right-of-use assets	3.4	–	0.2
Reversal impairment property, plant and equipment - owned assets	3.3	- 12.0	–
Total		**30.1**	**17.2**

Intangible assets - Goodwill

A summary of the carrying amount of goodwill by geographical area, which is equal to the operating segments, is presented below. An operating segment is also the level at which goodwill is tested for impairment.

In EUR millions	2020	2019
Americas	14.5	15.6
Asia & Middle East	18.2	19.6
China & North Asia	4.0	4.4
Europe & Africa	1.8	1.8
Carrying amount at 31 December	**38.5**	**41.4**

The Group has limited goodwill balances as it mostly develops its own greenfield terminals instead of acquiring new subsidiary terminals.

No impairments of goodwill were recognized in 2020 and 2019.

Assumptions applied

The recoverable value of an operating segment, which includes goodwill, is based on the value in use. In the impairment tests, the growth factors for years four through fifteen were based on the inflation rate within the range of 1.8% to 2.4% depending on the operating segment (2019: 1.6% to 2.6%). The pre-tax discount rate used depends on the (average) risk profile of the cash-generating unit and was 7.7% (2019: 7.0%) for Asia & Middle East, 9.6% (2019: 10.7%) for Americas and 10.4% (2019: 9.2%) for China & North Asia. The operating profit included in the calculations is based on the approved budget for 2021 and the subsequent plan years.

Sensitivity

The value in use calculations indicated more than sufficient headroom, such that a reasonably possible change in key assumptions would not result in an impairment of the related goodwill.

Other intangible assets

No material impairments were recognized in other intangible assets in 2020 relating to individual projects and/or assets. The net impairment of EUR 8.8 million was recognized in connection with the (reversal of) impairment of the cash generating units in Panama and Canada. For more information reference is made to the paragraph on the Property, plan and equipment later in this note.

In the third quarter of 2019, Vopak recognized an impairment of EUR 2.5 million related to the cancellation of (part of) an IT project as a result of portfolio developments. An amount of EUR 0.8 million was recognized relating to the Quebec City Terminal. Refer to paragraph Terminals in operation later in this note for more information.

Property, plant and equipment

Cancelled projects

There were no material impairments related to cancelled projects in both years presented.

Terminals in operation

Based on consistently applied methodology, management has assessed that the value in use for a very limited number of terminals in operation, is lower than the carrying amount. For these individual terminals, also the fair value less cost of disposal has been calculated in order to assess whether this value exceeds the value in use and the carrying amount of the assets. In such situations, the fair value less cost of disposal for terminals or assets which are actively being marketed by the company, may be based primarily on offers received from interested parties (level 2 fair value).

For the other terminals, the fair value less cost of disposal is primarily based on a combination of the estimated normalized EBITDA and transaction multiples observable in the merger and acquisition (M&A) markets for comparable terminals (level 2 fair value) together with discounted cash flow models (level 3 fair value).

The value in use and fair value less cost of disposal assessments may change over time, among others due to changes in the business environment and/or outcome of decisions taken by management, and when applicable could result in (reversal of) impairment.

2020

Vopak Bahia las Minas terminal - Panama (impairment)

In the fourth quarter an impairment was recognized for the Vopak Bahia las Minas terminal in Panama for an amount of EUR 42.9 million. The impairment is primarily related to the business environment in which the terminal currently operates. Slow progress with offshore bunkering opportunities is limiting the demand and the growth potential of the Atlantic bunker market in Panama. This impairment may reverse when the current economic circumstances improve going forward.

Vopak Terminals of Canada - Quebec City (reversal of impairment)
In 2019, the Quebec City terminal in Canada was fully impaired due to uncertainty with respect to renewal of the land lease contract. In 2020, this impairment has been fully reversed which, offset by depreciation of expenses, resulted in an exceptional item of EUR 12.8 million in 2020. This reversal was the result of positive and ongoing discussions with the local authorities. Reversal of the provisions that were recorded in 2019, together with the impairment resulted in additional exceptional items of EUR 1.5 million.

2019
Vopak Terminals of Canada - Quebec City (impairment)
In the fourth quarter of 2019, the Intangible assets and Property, plant and equipment of our oil terminal in Quebec City in Canada were fully impaired for EUR 14.7 million. Additional provisions for the terminal for EUR 2.2 million were recognized (note 9.5). This impairment is triggered by the fact that the current land lease agreement expires in 2020, and no agreement had been reached yet on the renewal of the lease, which was subject to ongoing discussions at year-end 2019.

Joint ventures and associates
There were no impairments recognized on joint ventures and associates for both years presented.

Section 4 Working capital

This section presents details on the working capital items that the Group uses for operating our assets and providing services to our customers. In line with the nature of the business, the net working capital is only a relatively small part of the total assets of the Group.

This section comprises notes to understand the developments in working capital:
- 4.1 Changes in working capital
- 4.2 Trade and other receivables and related credit risk
- 4.3 Trade and other payables

Note 4.1 Changes in working capital

In EUR millions	Note	2020	2019
Movements in other current assets (excluding cash and cash equivalents)	2.9	- 15.6	- 64.0
Movements in other current liabilities (excluding bank overdrafts and dividends)	2.9	49.0	8.2
Total		**33.4**	**- 55.8**

Note 4.2 Trade and other receivables and related credit risk

Trade and other receivables are exposed to credit risk which could result in impairment losses. This note includes general information about trade and other receivables as well as specifications and explanations of the related risk.

Accounting policies

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. Trade and other receivables are recognized initially at fair value. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore the Group measures them subsequently at amortized cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Trade receivables are written off (impaired) when objective evidence indicates that there is no reasonable expectation of recovery. This is based on an individual review for impairment due to an increase of the credit risk of the customer, past due amounts and taking into account any retention right on product stored for this customer.

The creation and release of a provision for impaired trade receivables are recognized under Other operating expenses in the income statement.

Other receivables also include the dividend receivables from joint ventures and associates for which the decision about dividend distribution was taken before year-end.

Trade and other receivables

In EUR millions	2020	2019
Trade debtors gross	103.9	115.1
Provision for impairment of trade debtors	- 2.4	- 0.4
Trade debtors net	**101.5**	**114.7**
Taxes receivable	55.1	45.5
Other receivables	119.5	135.9
Total	**276.1**	**296.1**

The effect of the recognized expected credit losses is negligible for both years presented. There was no indication as at the statement of financial position date that these receivables will not be recovered, other than as already provided for. The Group does not have a significant credit risk exposure on a single customer. For more information reference is also made to note 2.3.

Trade receivables

Ageing of trade receivables

	2020			2019		
In EUR millions	Gross	Provision	Net	Gross	Provision	Net
Not past due	70.1	–	70.1	79.8	–	79.8
Past due up to 3 months	25.0	- 1.7	23.3	28.1	–	28.1
Past due 3 to 6 months	3.9	–	3.9	3.2	–	3.2
Past due more than 6 months	4.9	- 0.7	4.2	4.0	- 0.4	3.6
Total	**103.9**	**- 2.4**	**101.5**	**115.1**	**- 0.4**	**114.7**

Provision for bad debt

In EUR millions	2020	2019
Balance at 1 January	**- 0.4**	**- 0.8**
Impairments	- 2.0	- 0.1
Receivables written off during the year as uncollectible	–	0.3
Payments	–	0.2
Balance at 31 December	**- 2.4**	**- 0.4**

Exposure to bad debts is mostly related to rendering services to international manufacturers and traders. The value of the products stored for these customers usually exceeds the value of the receivables and Vopak generally has the right of retention.

Historically, amounts written off as uncollectible have been very low, in line with the nature of the business model, which is also the case for the years presented. Also the COVID-19 pandemic of 2020 did not result in a material increase in the provision for bad debt as no material increase in the credit risk of the accounts receivable portfolio was observed, despite the fact that the monitoring of the credit risk of our customers was further intensified in connection with the pandemic.

Other receivables

The total dividend receivable from joint ventures and associates amounted to nil at the end of 2020 (2019: EUR 4.2 million). There were also no material amounts overdue nor impaired for the other items included in the Other receivables.

Note 4.3 Trade and other payables

Accounting policies

Trade and other payables represent liabilities for goods and services provided by suppliers to the Group prior to the end of the financial year which are unpaid. They are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade and other payables are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest method.

Trade and other payables

In EUR millions	2020	2019
Trade payables	51.4	41.0
Accrued expenses	147.8	127.8
Deferred revenues	18.6	16.6
Accrued interest expenses	4.8	5.7
Wage tax and social security charges	6.9	6.4
Other creditors	132.2	146.6
Total	**361.7**	**344.1**

Section 5 Capital structure

Vopak is a capital-intensive company. Vopak's funding strategy is focused on ensuring continuous access to capital markets so that funding capital is available at a time of the company's choice and at an acceptable cost. The notes in this section provide insight into the capital structure and financing items of the Group.

In this section, the following notes are presented:

Equity:
- 5.1 Issued capital, share premium, treasury shares and capital management
- 5.2 Other reserves
- 5.3 Retained earnings
- 5.4 Non-controlling interests

Borrowings:
- 5.5 Interest-bearing loans and net debt
- 5.6 Net finance costs

The financial risk management applied by the Group can be found in Section 6 Financial Risk Management.

EQUITY

Note 5.1 Issued capital, share premium, treasury shares and capital management

Accounting policies

Treasury shares that are reacquired are recognized at cost and deducted from equity until the shares are cancelled or reissued. Upon cancellation, treasury shares are deducted from the share capital at their nominal value of EUR 0.50 per share. Any difference between the carrying amount and the consideration received when treasury shares are reissued, is recognized directly in equity.

Share capital

The company´s authorized share capital amounted to EUR 190,800,000 as at 31 December 2020 divided into 140,000,000 ordinary shares, 190,800,000 protective preference shares and 50,800,000 cumulative finance preference shares, all with a nominal value of EUR 0.50 each.

The issued share capital at 31 December 2020 consisted of 125,740,586 (2019: 127,835,430) ordinary shares, of which 345,736 (2019: 209,984) were held in the treasury stock in connection with existing commitments under the long-term incentive plans. No cumulative finance preference shares were issued during the years presented.

During 2020, the company completed a share buyback program to return approximately EUR 100 million to shareholders. In the period 13 February 2020 up to and including 23 October 2020, a total of 2,094,844 ordinary shares, 1.6% of the company's outstanding shares, were repurchased, at an average price of EUR 47.74 per share.

	Numbers				Amounts in EUR millions		
	Issued ordinary shares	Financing preference shares	Total shares	Treasury shares	Issued capital	Share premium	Treasury shares reserve
Balance at 31 December 2018	**127,835,430**	**–**	**127,835,430**	**- 170,597**	**63.9**	**194.4**	**- 7.3**
Purchase treasury shares	–	–	–	- 65,370	–	–	- 2.6
Vested shares under equity-settled share-based payment arrangements	–	–	–	25,983	–	–	1.0
Balance at 31 December 2019	**127,835,430**	**–**	**127,835,430**	**- 209,984**	**63.9**	**194.4**	**- 8.9**
Purchase treasury shares	–	–	–	- 180,000	–	–	- 8.0
Share buyback	–	–	–	- 2,094,844	–	–	- 100.1
Cancellation of shares issued	- 2,094,844	–	- 2,094,844	2,094,844	- 1.0	–	100.1
Vested shares under equity-settled share-based payment arrangements	–	–	–	44,248	–	–	1.9
Balance at 31 December 2020	**125,740,586**	**–**	**125,740,586**	**- 345,736**	**62.9**	**194.4**	**- 15.0**

Capital management

Vopak is a capital-intensive company. Vopak's funding strategy is directed at establishing and maintaining an optimal financing structure that takes due account of the current asset base and the current and future investment programs. Vopak seeks access to capital markets and flexibility at acceptable terms and conditions, including finance cost.

A solid capital structure supports Vopak's objective to create long-term shareholder value while meeting the agreed financial ratios included in the debt covenants (see note 5.5) and other requirements with its other capital providers. Vopak aims to maintain a healthy financial position through capital-disciplined investment decisions, effective working capital management, long-term funding and a balanced dividend policy and is continuously reviewing its capital structure options, including but not limited to equity(-linked) or other (debt) capital instruments, to effectively finance the future growth that Vopak aims for. The Group works actively to maintain and further develop the already established diversified funding base, with regard to the number of markets and the number of investors.

Note 5.2 Other reserves

In EUR millions	Translation reserve	Revaluation reserve derivatives	Revaluation reserve financial assets	Other reserves	Total other reserves
Balance at 31 December 2018	**- 25.1**	**- 110.1**	**9.4**	**1.3**	**- 124.5**
Exchange differences on net investments	41.8	–	–	–	41.8
Effective part of hedges of net investments	- 13.3	–	–	–	- 13.3
Tax effect on exchange differences and hedges	0.3	–	–	–	0.3
Use of exchange differences on net investments (to statement of income)	- 12.2	–	–	–	- 12.2
Fair value change other investments	–	–	9.1	–	9.1
Movements in effective part of cash flow hedges	–	10.2	–	–	10.2
Tax effect on movements in cash flow hedges	–	0.2	–	–	0.2
Use of effective part of cash flow hedges (to statement of income)	–	- 3.3	–	–	- 3.3
Tax effect on use of cash flow hedges	–	0.7	–	–	0.7
Movements in effective part of cash flow hedges joint ventures	–	- 14.9	–	–	- 14.9
Balance at 31 December 2019	**- 8.5**	**- 117.2**	**18.5**	**1.3**	**- 105.9**
Exchange differences on net investments	- 180.6	–	–	–	- 180.6
Effective part of hedges of net investments	61.5	–	–	–	61.5
Tax effect on exchange differences and hedges	1.2	–	–	–	1.2
Use of exchange differences on net investments (to statement of income)	- 0.1	–	–	–	- 0.1
Use of effective part of hedges of net investments (to statement of income)	2.5	–	–	–	2.5
Fair value change other investments	–	–	- 1.9	–	- 1.9
Movements in effective part of cash flow hedges	–	3.7	–	–	3.7
Tax effect on movements in cash flow hedges	–	- 0.5	–	–	- 0.5
Use of effective part of cash flow hedges (to statement of income)	–	- 0.4	–	–	- 0.4
Tax effect on use of cash flow hedges	–	0.1	–	–	0.1
Movements in effective part of cash flow hedges joint ventures	–	- 0.8	–	–	- 0.8
Other	–	–	–	8.5	8.5
Cancellation of shares issued	–	–	–	- 99.1	- 99.1
Remeasurements of defined benefit plans	–	–	–	- 6.8	- 6.8
Tax on remeasurements of defined benefit plans	–	–	–	1.6	1.6
Balance at 31 December 2020	**- 124.0**	**- 115.1**	**16.6**	**- 94.5**	**- 317.0**

The translation reserve includes all exchange differences resulting from the translation of the financial statements of foreign entities. It also includes the exchange differences on liabilities and the effective currency component of fair value changes of derivative financial instruments (net of tax), to the extent that they hedge the net investments of the Group in foreign entities and hedge accounting is applied.

The Group has elected to recognize changes in the fair value of specific investments in equity securities in other comprehensive income. These changes are accumulated within the Revaluation reserve financial assets. Amounts are transferred from this reserve to retained earnings when the equity securities concerned are derecognized.

The revaluation reserve derivatives contains the effective part of the accumulated change in the fair value of the cash flow hedges, net of tax, in respect of which the hedged future transaction has not yet taken place. The table below provides an overview of the estimated maturity profile of the revaluation reserve derivatives.

In EUR millions	2021	2022	2023	2024	2025	> 2025	Total
Use of revaluation reserve derivatives	47.9	43.9	127.5	22.6	- 19.1	- 107.7	115.1

Note 5.3 Retained earnings

In EUR millions	2020	2019
Balance at 31 December	**2,903.8**	**2,556.3**
Initial application IFRS 16	–	- 85.1
Balance at 1 January	**2,903.8**	**2,471.2**
Dividend paid in cash	- 146.1	- 140.5
Remeasurements of defined benefit plans	–	- 5.5
Measurement of equity-settled share-based payment arrangements	4.5	8.6
Vested shares under equity-settled share-based payment arrangements	- 4.0	- 1.0
Net profit attributable to owners of parent	300.9	571.0
Other	- 3.7	–
Balance at 31 December	**3,055.4**	**2,903.8**

Of the reserves, EUR 2,197.6 million (2019: EUR 2,305.7 million) can be distributed freely (see note 4 of the Company Financial Statements). The actual dividend paid in cash per ordinary share in 2020 was EUR 1.15 (2019: EUR 1.10).

For the proposed dividend per share, reference is made to the paragraph Profit Appropriation.

Note 5.4 Non-controlling interests

In EUR millions	2020	2019
Balance at 31 December	**147.8**	**161.5**
Initial application IFRS 16	–	- 9.4
Balance at 1 January	**147.8**	**152.1**
Net profit	29.6	32.8
Dividend paid in cash	- 24.6	- 38.8
Capital injection	3.8	4.1
Movements in effective part of cash flow hedges	- 0.1	- 0.4
Acquisitions	–	1.9
Transaction with Non-Controlling interests	–	- 9.0
Exchange differences	- 11.6	5.1
Balance at 31 December	**144.9**	**147.8**

The Group has one subsidiary with a material non-controlling interest (NCI). The aggregated information of NCI and the information of the material subsidiary is shown in the table below.

	NCI %		Profit allocated to NCI (in EUR millions)		Dividends paid to NCI (in EUR millions)		Accumulated NCI (in EUR millions)	
	2020	2019	2020	2019	2020	2019	31-Dec-20	31-Dec-19
Total			**29.6**	**32.8**	**24.6**	**38.8**	**144.9**	**147.8**
of which Vopak Terminals Singapore Pte. Ltd.	30.5%	30.5%	25.8	29.1	21.1	35.2	101.3	105.1

The summarized financial information (at 100%) regarding Vopak Terminals Singapore Pte. Ltd. is as follows:

In EUR millions	31-Dec-20	31-Dec-19
Total non-current assets	740.5	796.6
Cash and cash equivalents	8.7	9.2
Other current assets	51.3	54.0
Total assets	**800.5**	**859.8**
Current liabilities	76.3	168.9
Total non-current liabilities	409.2	366.9
Total liabilities	**485.5**	**535.8**
Total net assets	**315.0**	**324.0**

In EUR millions	2020	2019
Revenues	224.3	234.0
Net profit	83.1	94.1
Other comprehensive income	- 26.0	12.8
Total comprehensive income	**57.1**	**106.9**
Operating cash flow	96.6	160.3
Increase/decrease (-) in cash and cash equivalents	- 0.5	- 0.7

BORROWINGS

Note 5.5 Interest-bearing loans and net debt

Accounting policies

Interest-bearing loans and borrowings are recognized initially at fair value net of directly attributable transaction costs. After initial recognition, these items are subsequently measured at amortized cost, applying the effective interest method unless the interest rate has been converted in a hedge relation from fixed into floating by means of a fair value hedge. In that case, the carrying amount is adjusted for the fair value changes caused by the hedged risk.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as pre-payment for liquidity services and amortized on a straight-line basis over the period of the facility to which it relates.

For the accounting policies of the Lease liabilities, reference is made to note 3.4.

Debt reconciliation

In EUR millions	Cash and cash equivalents	Short-term borrowings	Interest-bearing loans	Net interest-bearing debt[1]	Interest-bearing loans - lease liabilities	Total interest-bearing debt
Carrying amount at 31 December 2018	**54.6**	**- 59.0**	**- 1,820.6**	**- 1,825.0**	**–**	**- 1,825.0**
Initial application IFRS 16	–	–	23.1	23.1	- 677.6	- 654.5
Carrying amount at 1 January 2019	**54.6**	**- 59.0**	**- 1,797.5**	**- 1,801.9**	**- 677.6**	**- 2,479.5**
Cash flows	35.1	- 119.0	157.6	73.7	53.1	126.8
Other non-cash movements	- 2.5	–	- 1.1	- 3.6	71.7	68.1
Exchange differences	0.8	–	- 39.4	- 38.6	- 12.1	- 50.7
Carrying amount at 31 December 2019	**88.0**	**- 178.0**	**- 1,680.4**	**- 1,770.4**	**- 564.9**	**- 2,335.3**
Cash flows	- 29.2	- 27.0	- 180.0	- 236.2	47.8	- 188.4
Other non-cash movements	2.5	–	- 1.1	1.4	- 205.9	- 204.5
Exchange differences	- 2.3	–	117.3	115.0	23.8	138.8
Carrying amount at 31 December 2020	**59.0**	**- 205.0**	**- 1,744.2**	**- 1,890.2**	**- 699.2**	**- 2,589.4**
Current assets	68.3	–	–	68.3	–	68.3
Non-current liabilities	–	–	- 1,616.3	- 1,616.3	- 668.5	- 2,284.8
Current liabilities	- 9.3	- 205.0	- 127.9	- 342.2	- 30.7	- 372.9
Carrying amount at 31 December 2020	**59.0**	**- 205.0**	**- 1,744.2**	**- 1,890.2**	**- 699.2**	**- 2,589.4**

1 Net interest-bearing debt forms the basis for the net-debt : EBITDA calculation mentioned in our financial ratios.

2020

In July 2020, Vopak entered into agreements for a new debt issuance in the US Private Placement (USPP) market consisting of senior tranches with a total value of USD 150 million and EUR 150 million and subordinated tranches with a total value of USD 200 million. The notional amounts of these USPPs were received in the fourth quarter of 2020.

In July 2020, Vopak Terminals Singapore completed its refinancing by entering into a new 3-year financing of SGD 300 million (approximately EUR 190 million), consisting of a term loan and a revolving credit facility.

2019

During 2019 the Group fully repaid its subordinated debt for the amount of EUR 92.0 million.

For more information, on the effects of IFRS 16 on the total interest-bearing debt, reference is made to note 3.4.

Financial ratios reconciliation

To provide insight into how financial ratios for debt covenant purposes are calculated and on how these reconcile to the IFRS figures, a financial ratios reconciliation is provided in the table below:

In EUR millions	Note	2020	2019
EBITDA		**789.4**	**1,038.5**
-/- Result joint ventures and associates		161.2	161.8
+/+ Gross dividend received from joint ventures and associates		142.4	95.1
-/- IFRS 16 Adjustment in operating expenses for former operating leases	1.1, 3.4	46.2	49.9
-/- Exceptional items		2.7	223.4
-/- Divestments full year adjustment		1.1	45.2
EBITDA for ratio calculation		**720.6**	**653.3**
Net interest-bearing debt		**- 2,589.4**	**- 2,335.3**
-/- IFRS 16 Adjustment in lease liabilities for former operating leases	1.1, 3.4	- 689.8	- 564.9
Derivative financial instruments (currency)		3.3	56.2
Credit replacement guarantees	9.8, 9.9	- 80.8	- 87.1
-/- Subordinated loans		- 162.6	–
Cash equivalent included in HFS assets		–	2.5
Senior net debt for ratio calculation		**- 1,814.5**	**- 1,798.8**
Financial ratios			
Senior net debt : EBITDA		2.52	2.75
Interest cover[1]		10.9	10.4

1 Interest cover is the ratio of the EBITDA and the net finance costs.

With a Senior net debt : EBITDA ratio of 2.52 (2019: 2.75) and an interest cover ratio of 10.9 (2019: 10.4), Vopak met the applicable financial ratios as at 31 December 2020.

Like prior year, the application of IFRS 16 has no effect on the debt covenants of the Group as the related ratios are based on the accounting policies that were applicable on the date of entering into the debt agreements (‘frozen GAAP’).

Average remaining maturities and main covenant ratios

At year-end 2020, the interest-bearing loans mainly consisted of unsecured Private Placements (PPs) in the US and Asian market, the Revolving credit facility of Royal Vopak, Money Market Loans as well as a bank loan and a credit facility of Vopak Terminal Singapore Pte Ltd. (VTS). The PPs consisted of various financing programs entered into in 2009, 2012 and 2020. For further details on currency and interest rate risks, reference is made to notes 6.3 and 6.4 and 9.9.

	Interest-bearing loans								
In EUR millions	USPPs	Asian PPs	VTS bank loan	RCFs	Other	Bank loans	Total	Interest-bearing loans - lease liabilities	Total interest bearing loans
Non-current	1,123.2	164.0	–	100.0	7.3	–	1,394.5	534.7	1,929.2
Current	180.0	–	66.2	39.7	–	178.0	463.9	30.2	494.1
Carrying amount at 31 December 2019	**1,303.2**	**164.0**	**66.2**	**139.7**	**7.3**	**178.0**	**1,858.4**	**564.9**	**2,423.3**
Average remaining terms (in years)	4.5	21.0	0.7	2.6	3.1	–	5.2	26.6	
Non-current	1,327.3	157.6	122.9	–	8.5	–	1,616.3	668.5	2,284.8
Current	121.3	–	–	6.7	–	205.0	333.0	30.7	363.6
Carrying amount at 31-December 2020	**1,448.6**	**157.6**	**122.9**	**6.7**	**8.5**	**205.0**	**1,949.3**	**699.2**	**2,648.5**
Average remaining terms (in years)	5.8	20.0	2.6	2.5	1.9	–	6.1	25.9	
Required ratios									
Senior net debt : EBITDA (maximum)	3.75	3.75	3.75	3.75	3.75	3.75			
Interest cover (minimum)[1]	3.50	3.50	3.50	3.50	3.50	3.50			

1 Interest cover is the ratio of the EBITDA and the net finance costs.

The fair value of the interest-bearing loans is disclosed in note 9.9.

Change of control clauses

Certain lenders have the right to demand complete repayment of outstanding amounts in case any person or any group of persons acting together, other than HAL Holding N.V., acquires control, directly of indirectly, of more than 50% of the voting rights of the Koninklijke Vopak N.V.

Cash and cash equivalents

In EUR millions	31-Dec-20	31-Dec-19
Cash and bank	60.9	86.8
Short-term deposits	7.4	7.7
Total	**68.3**	**94.5**

Cash and cash equivalents include all cash balances, short-term deposits and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of specific outstanding bank overdrafts when they are considered an integral part of the Group's cash management. For the years presented, there were no material short-term deposits positions outstanding per year-end.

The reconciliation with the Consolidated Cash Flow Statement and the net debt reconciliation is as follows:

In EUR millions	31-Dec-20	31-Dec-19
Cash and cash equivalents	68.3	94.5
Bank overdrafts	- 9.3	- 6.5
Total	**59.0**	**88.0**

The cash and cash equivalents were at the free disposal of the Group for the years presented.

Note 5.6 Net finance costs

Accounting policies

General and specific borrowing costs, including the cost of hedging, that are directly attributable to the acquisition or construction of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time (> 1 year) to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

Interest income from granted loans and dividends from other financial assets (over whose financial and operating policies the Group has no significant influence) are presented under Interest and dividend income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividend income is recognized when the right to receive payment is established. All dividend income is related to dividends from equity investments held at Fair value through Other comprehensive income (FVOCI). In prior years this dividend income was presented as part of the net finance costs, as per 2020 this is presented as part of Other income as it relates to income from investments which are related to the core activities of the Group. Reference is als made to note 2.4.

Finance costs consist primarily of interest, fair value gains/losses on derivatives not in a hedge relationship and exchange differences on loans drawn and of results on hedging instruments recognized in the statement of income. Interest expenses are recognized in the period to which they relate, taking into account the effective interest rate.

Net finance costs

In EUR millions	2020	2019
Interest income	5.9	6.4
Dividends received from other financial assets	–	2.4
Interest and dividend income	**5.9**	**8.8**
Interest expense on interest-bearing loans[1]	79.1	95.4
Interest expense on lease liabilities	21.1	22.4
Capitalized interest	- 18.5	- 28.0
Interest component of provisions	0.2	0.2
Fair value movements of (part of) derivative financial instruments (no hedge accounting)	- 23.9	- 3.5
Exchange differences on underlying items[2]	30.6	6.3
Other	3.6	1.7
Finance costs	**92.2**	**94.5**
Net finance costs	**86.3**	**85.7**

1 Interest expense includes the impact of interest rate derivatives that are part of a fair value hedge accounting relationship and/or the recycling of results from the cash flow hedge reserve.

2 Exchange differences on underlying items includes the impact of foreign currency derivatives that are part of a fair value hedge accounting relationship and/or the recycling of results from the cash flow hedge reserve.

2020

In 2020, the Group's net finance costs amounted to EUR 86.3 million, which is in line with EUR 85.7 million in 2019. The decrease in the interest on interest-bearing loans of EUR 16.3 million mainly in connection with lower average net-debt compared to prior year, was to a large extent offset by lower capitalized interest of EUR 9.5 milion caused by commissioning of expansion projects at subsidiaries during the year.

In 2020, capitalized interest during construction was subject to an average interest rate of 3.3% (2019: 5.5%).

2019

The Group recognized a constructive obligation in 2017 in relation to the joint venture terminal Vopak SDIC Yangpu terminal in China, which was recognized under the provisions with a corresponding loss in the net finance expenses. This terminal was divested in December 2019, as a result the remaining amount of the historic constructive obligation was released to the income statement for the amount of EUR 1.8 million. This gain was classified as an exceptional item in 2019. For more information, reference is made to note 3.5.

Section 6 Financial risk management

As a global player in the capital-intensive tank terminal industry, the Vopak Group is exposed to a number of financial risks inherent in the nature of its operations. This section comprises the disclosures on the Group's financial risk management objectives and policies, as well as the Vopak Group's exposure to currency risk, interest rate risk, equity securities price 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.

The following notes are presented in this section:

- 6.1 General
- 6.2 Derivatives and hedge accounting
- 6.3 Currency risk (market risk)
- 6.4 Interest rate risk (market risk)
- 6.5 Equity securities price risk (market risk)
- 6.6 Credit risk
- 6.7 Liquidity risk

Note 6.1 General

Overview of financial risk management by the Group

The table below provides an overview of the financial risks to which the Group is exposed, where these financial risks are arising from and how these risks are measured and managed by the Group.

Note	Risk	Where is the risk exposure arising from	How is the risk exposure measured	How is the risk management by the Group
6.3	**Currency risk** (market risk)	• Recognized financial assets and liabilities denominated in a currency other than the functional currency of the entity concerned • Future transactions • Net investments in foreign operations	• Sensitivity analysis • Cash flow forecasting	Vopak hedges its foreign currency risk exposure resulting from net interest-bearing debt and intercompany positions in principle in full. This is primary done via forward exchange contracts and cross-currency interest rate swaps (CCIRSs). • Of the total interest-bearing debt denominated in another currency than the functional currency concerned, 34% was hedged by means of cash flow hedges per year-end 2020. • Of the total net investments in foreign currencies held by the Group 61% was under a net investment hedge. • The remaining currency risk on the net interest-bearing debt and intercompany positions for which neither cash flow hedge accounting or net investment hedge accounting is applied, is hedged via currency derivatives. Since no hedge accounting is applied the gains and losses on the derivatives and the foreign currency gains and losses on the net interest-bearing debt are always recognized in the income statement in the same period, establishing the same effect as when hedge accounting would be applied.
6.4	**Interest rate risk** (market risk)	• Net interest bearing debt at variable interest rates	• Sensitivity analysis • Fixed-to-floating ratio	Per year-end 2020, 83% of the total interest-bearing loans was financed at a fixed interest rate. For both years presented no use was made of Interest rate swaps (IRSs) and cross-currency interest rate swaps (CCIRSs) to hedge the interest rate risk.
6.5	**Equity securities price risk** (market risk)	• Investments in equity securities	• Sensitivity analysis	The group has a limited number of equity investments which are measured at fair value through OCI. The total carrying value of these investments is EUR 36.5 million.
6.6	**Credit risk** (customer and counterparty)	• Cash and cash equivalents • Trade and other receivables • Finance lease receivables • Derivatives • Loans granted • Committed credit facilities	• Aging analysis • Credit ratings • Exposure per counterparty	• Operational receivables: relatively short payment periods, combined with in many instances a retention right on the stored product in connection with trade receivables. • Loans granted relate to financing of Vopak network companies (joint ventures and associates). • Spreading of liquidity investments across a select group of high rated financial institutions limiting undue exposure to one financial institution. • During the years presented no material impairments were recognized on financial receivables.
6.7	**Liquidity risk**	Net interest bearing debt, other (current) liabilities and off-balance sheet commitments	• Long-term scenario planning • Cash flow forecasts (incl. annual budget cycle) • Amount of unused credit facilities	Diversified funding and availability of committed and uncommitted credit facilities. At year-end 2020 the Group had unused committed credit facilities of EUR 1,054.7 million.

Financial risk management

The Group is exposed to a number of financial risks inherent in its day-to-day operations. These risks are connected with the effects of movements in exchange rates and interest rates. The Group is also exposed to credit risk and liquidity risk.

Financial risk management, except for customer credit risk and operational working capital management, is controlled by Global Treasury, the central treasury department, based on policies approved by the Executive Board. Global Treasury identifies the financial risks and discusses these, together with the related hedge proposals, in detail with the CFO. The Executive Board provides written principles for overall risk management as well as written policies covering specific areas such as foreign exchange risk, interest risk, counterparty credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. Reports on risk and risk management are submitted on a regular basis.

Hedging alternatives are discussed by the Global Treasury and Global Control departments in close co-operation with the CFO prior to approval being requested from the Executive Board.

In order to control the risks attached to fluctuations in foreign currencies and interest rates, Vopak uses derivative financial instruments in accordance with a currency risk management policy approved by the Executive Board. This financial policy is designed to control the effects of such risks on cash flows, equity and results. Derivatives are used exclusively for hedging purposes and are not permitted to be used as trading or speculative instruments.

The areas involving the most significant financial risks are trade and other receivables, foreign currency exchange risk arising from future commercial transactions, recognized assets and liabilities and net investments in foreign operations, net finance costs resulting from fluctuations in market interest rates and liquidity risks.

Detailed information on the specific risk exposures is included in the relevant disclosure notes in this section.

The Group has not identified additional financial risk exposures in 2020 compared to the previous year. The approach to capital management and financial risk management activities remained unchanged compared to prior year. Reference is also made to note 5.1.

Note 6.2 Derivatives and hedge accounting

In order to control the risks attached to fluctuations in foreign currencies and interest rates, Vopak uses derivative financial instruments in accordance with a financial policy approved by the Executive Board. This financial policy is designed to control the effects of such risks on cash flows, equity and results. Speculative positions are not allowed.

The main derivative financial instruments used by the Group are forward exchange contracts (Forwards), interest rate swaps (IRSs) and cross-currency interest rate swaps (CCIRSs).

Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognizing interest expense at a fixed interest rate for the hedged loans, and removing the currency exposure from loans and receivables as well as purchases of property, plant and equipment at the fixed foreign currency rate for the hedged items.

Accounting policies

Derivative financial instruments are recognized in the statement of financial position on the transaction date and measured at fair value. Changes in fair value are recognized in the statement of income unless hedge accounting is applied. With respect to hedge accounting, Vopak makes a distinction between fair value hedges, cash flow hedges and hedges of net investments in foreign operations.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes.

At the inception of the hedging transaction, the Group formally designates and documents the economic relationship between eligible hedging instruments and hedged items to which it will apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

Fair value hedges

The Group normally only applies fair value hedge accounting for hedging fixed-interest risk on loans drawn. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The gain or loss relating to the effective portion of the derivative is recognized in the income statement within Net finance costs, together with changes in the fair value of the hedged fixed-rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognized in profit or loss within Finance cost.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through the income statement over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to the income statement over the period to maturity using a recalculated effective interest rate.

Cash flow hedges

A cash flow hedge is applicable for those derivatives qualifying and designated as a hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probable forecasted transaction. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and thus a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the dollar offset method to assess effectiveness.

The effective parts of changes in the fair value of derivative financial instruments are recognized in Other comprehensive income. Ineffectiveness on cash flow hedges is recognized where the cumulative change in the designated component value of the hedging instrument exceeds, on an absolute basis, the change in value of the hedged item attributable to the hedged risk.

The gain or loss as a result of ineffectiveness and the interest component that is a result of the time value of money in the valuation of the derivative financial instrument are recognized directly in the statement of income. This also applies to the credit risks on derivatives, unless the cumulative change in the fair value of the hedging instrument is lower than the hedged item.

Amounts accumulated in equity are reclassified to profit or loss at the same date as the hedged transaction affects profit or loss or if the hedged transaction is no longer probable. The effects are shown under Finance costs. If the established agreement or the foreseeable transaction that is hedged results in the recognition of a non-financial asset, the accumulated gains or losses previously deferred in equity are reclassified from equity and recognized in the initial recognition of the asset or liability.

If a hedging instrument or the hedge relationship is terminated but the hedged transaction is still expected to take place, the accumulated gains or losses will remain in equity at that time and will subsequently be recognized in the statement of income when the previously hedged transaction takes place.

Net investment hedges

Net investments in foreign operations can be hedged (net investment hedge) by qualifying and designated derivative financial instruments or debt instruments denominated in foreign currency. Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in the translation reserve (equity component) via OCI to the extent that they relate to the hedging of net investments in foreign activities. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Reversal through the statement of income takes place proportionally if all or part of the underlying position is sold. The ineffective part and the interest component are recognized directly in the statement of income.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the income statement and are included in the Finance costs. This mainly comprises derivatives that are used to hedge the foreign currency risk on intra-group positions. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

Key accounting estimates and judgments

The fair value of a derivative financial instrument not traded on active markets is measured as the present value of the expected future cash flows under the contract (level 2 fair value). In determining this value, a valuation model is used that is based on the interest rates and the exchange rates as at the end of the reporting period. Reference is made to note 9.9 for more information.

Reconciliation of derivative financial instruments

The next table shows the effects of combining the currency derivative financial instruments (see note 6.3) and the interest derivative financial instruments (see note 6.4) as well as the offsetting applied on the individual contractual positions and a reconciliation to the Consolidated statement of financial position.

		31 December 2020			31 December 2019		
In EUR millions	Note	Assets	Liabilities	Total	Assets	Liabilities	Total
Currency derivative financial instruments	6.3	14.2	26.0	- 11.8	61.4	51.8	9.6
Total derivative financial instruments		**14.2**	**26.0**	**- 11.8**	**61.4**	**51.8**	**9.6**
Offsetting		–	–	–	- 13.5	- 13.5	–
Total		**14.2**	**26.0**	**- 11.8**	**47.9**	**38.3**	**9.6**
Non-current		9.1	5.4	3.7	19.4	–	19.4
Current		5.1	20.6	- 15.5	28.5	38.3	- 9.8
Total		**14.2**	**26.0**	**- 11.8**	**47.9**	**38.3**	**9.6**

The table below shows the movements in the Group's total derivative portfolio for the year.

In EUR millions	Note	Forwards	Swaps	Total
31 December 2019		**43.3**	**- 33.7**	**9.6**
Settlement of derivatives	2.9	- 61.6	5.1	- 56.5
Effective part of hedges of net investments to other comprehensive income	5.2	7.5	–	7.5
Effective part of cash flow hedges to other comprehensive Income	5.2	–	3.7	3.7
Fair value movement of derivatives not in a hedge relationship	5.6	23.9	–	23.9
31-December 2020		**13.1**	**- 24.9**	**- 11.8**

For an overview of the movements in the hedging reserve in shareholders' equity, reference is made to note 5.2.

Note 6.3 Currency risk

The Group is exposed to foreign currency exchange risks. These arise mainly from the US dollar (USD) and Singapore dollar (SGD). Foreign currency exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The primary objective of the currency risk management policy is to protect Vopak against fluctuations in the value of the assets, liabilities and expected cash flows caused by changes in currency exchange rates. Account is taken of future cash flows from investments and disposals as well as cash flows from operating and financing activities. Each quarter, currency risks are identified and the hedging strategy is reviewed and subsequently presented to the Executive Board for approval. The main derivative financial instruments used by the Group to hedge currency risks are forward exchange contracts and cross-currency interest rate swaps (CCIRSs).

The table below provides an overview of the contractual currencies of the interest-bearing loans and short-term borrowings (excluding transaction costs):

	Local currency		Euro	
In millions	2020	2019	2020	2019
Euro (EUR)	355.8	304.0	355.8	304.0
US dollar (USD)	1,534.4	1,369.7	1,247.7	1,223.0
Pound sterling (GBP)	35.0	35.0	38.8	41.0
Canadian dollar (CAD)	25.0	25.0	15.9	17.1
Singapore dollar (SGD)	211.0	160.0	129.6	105.9
Japanese yen (JPY)	20,000.0	20,000.0	157.6	164.0
India Rupee (INR)	500.0	500.0	5.6	6.3
Vietnam dong (VND)	60,000.0	–	2.1	–
Total			**1,953.1**	**1,861.3**

Currency risk arising from operating activities

The risks associated with commercial transaction positions arising from operating activities are limited for Vopak, as operating income and operating expenses are, as a rule, largely denominated in the same currency. However, in some countries (in particular, in Latin America), a substantial portion of the income flow is in US dollars whereas the operating expenses are largely denominated in local currencies. In these countries, the aim is to hedge the transaction risk naturally. Any material remaining net transaction position can be hedged in full by means of forward exchange contracts.

Intra-group financing

All intra-group long-term financing is provided by Vopak's Global Treasury function which acts as an in-house bank. In principle, all intra-group financing is denominated in the functional currency of the local entity concerned. This set-up exposes the Vopak Group to foreign currency risk for long-term intra-group positions which are not part of a net-investment. Following the Group's currency risk management policy this currency risk is fully hedged by means of derivatives where possible. The derivatives used to hedge these positions are not included in a hedge relationship and as a result movements in the fair value of these derivatives are directly recognized in the income statement. The timing of these fair value movements coincides with the timing of the recognition of the foreign currency gains/losses on the intra-group loans and receivables denominated in a currency other than the Euro, which are effectively offset.

Currency risk arising from the investments in foreign operations

Net investment in foreign activities are hedged by loans in the same currency and/or forward exchange contracts, while applying net investment hedge accounting. The amount of the hedge is determined mainly by limiting the maximum net exposure per currency taking into account a maximum impact on the total net investment position.

Currency risk arising from net-debt position

Due to the Private Placements and other net-debt items in foreign currency, the Group is exposed to currency risk. It is the Group's policy to hedge this exposure to leave the Group with no material risks by making use of foreign currency contracts, cross-currency swaps and natural hedges (net investment hedges). All currency hedges for the years presented were highly effective.

Currency risk arising from lease liabilities

The Group is also exposed to currency risk related to lease liabilities in the limited instances where the contract currency is different from the functional currency of the entity concerned. This primarily concerns joint ventures and associates and not subsidiaries. These currency risks are normally not hedged.

The effects of the foreign currency related hedging instruments on the Group's financial position and financial results are shown in the table below:

In EUR millions	Maturity	Carrying amount Assets[1]	Carrying amount Liabilities[1]	Notional amount	Hedge ratio	Change in value of hedged item	Ineffectiveness recognized in income statement[4]
31 December 2019							
Forward foreign currency contracts[2]	< 1 year	0.1	0.2	142.4	100%		
Total net investment hedges		**0.1**	**0.2**	**142.4**	**100%**	**- 4.5**	**–**
Cross-currency interest rate swaps[3]	< 1 year	29.0	24.9	209.2	100%		
Cross-currency interest rate swaps[3]	1-5 years	31.8	12.3	209.6	100%		
Total cash flow hedges		**60.8**	**37.2**	**418.8**	**100%**	**10.2**	**3.3**
Forward foreign currency contracts	< 1 year	0.5	14.4	787.8	n/a		
Total derivatives no hedge accounting		**0.5**	**14.4**	**787.8**	**n/a**	**n/a**	**n/a**
Total derivative financial instruments		**61.4**	**51.8**	**1,349.0**	**100%**	**5.7**	**3.3**
31 December 2020							
Forward foreign currency contracts[2]	< 1 year	1.4	–	137.4	100%		
Total net investment hedges		**1.4**	**–**	**137.4**	**100%**	**7.5**	**–**
Cross-currency interest rate swaps[3]	1-5 years	9.1	–	307.3	100%		
Cross-currency interest rate swaps[3]	> 5 years	–	5.4	66.6	100%		
Total cash flow hedges		**9.1**	**5.4**	**373.9**	**100%**	**3.7**	**0.4**
Forward foreign currency contracts	< 1 year	3.7	20.6	940.8	n/a		
Total derivatives no hedge accounting		**3.7**	**20.6**	**940.8**	**n/a**	**n/a**	**n/a**
Total derivative financial instruments[4]		**14.2**	**26.0**	**1,452.1**	**100%**	**11.2**	**0.4**

1 At fair value.
2 Foreign currency forwards accounted for as hedges on net investments.
3 Cross currency interest swaps accounted for as cash flow hedges are used to hedge currency (2020: USD 468 million; 2019: USD 486 million and JPY 5 billion) on fixed debt denominated in foreign currency.
4 This is the ineffectiveness resulting from the FX as well as the interest part of the hedge.

Of the total amount of interest-bearings debt denominated in a foreign currency per year-end 2020, 100% (2019: 100%) was hedged via derivatives for which either cash flow hedge accounting, net investment hedge accounting or no hedge accounting was applied. At year-end 2020, 34% (2019: 41%) of the currency risk was hedged via cash flow hedges.

The total nominal amount of net investments (hedged items) included in a net investment hedge relationship amounted to EUR 955.5 million as at year-end 2020 (2019: EUR 799.0 million). Of this amount EUR 819.2 million (2019: EUR 656.2 million) was hedged via foreign currency interest-bearing debt and EUR 136.3 million (2019: EUR 142.9 million) via derivatives. Also taking into account the investment in EUR entities, the total unhedged position amounted to EUR 1,110.0 million or 38% (2019: EUR 1,267.1 million or 42%).

Reference is made to note 6.2 for a reconciliation between the amounts presented in the table above and the amounts recognized in the Consolidated Statement of Financial Position.

For all cash flow hedges related to currency and interest rate risk, a loss of EUR 115.1 million, net of tax was recognized in equity via OCI up to 31 December 2020 (2019: loss of EUR 117.2 million) (see note 5.2).

Currency translation risk

Furthermore, a foreign currency translation risk results from investments in foreign operations of which the net assets are exposed to foreign currency translation risk. The Group result is also impacted by translating the results of these foreign currency operations. This non-economic currency risk is caused by the accounting conventions applied for translating the net assets and results of foreign operations to the presentation currency of the Group, which is the euro. For more information, reference is made to note 2.8.

Sensitivity of exchange rate changes of financial instruments on net profit and equity

The value of debt and hedging instruments denominated in currencies other than the functional currency of the entities holding them is subject to exchange rate movements. The sensitivity analysis for the main currencies and their positions at 31 December 2020 and 31 December 2019 shows how changes in exchange rates by 10% affect net profit and equity, while taking into account the effect of the use of derivatives and the hedge accounting applied.

	Depreciation[1]		Appreciation[1]	
In EUR millions	Net profit	Equity	Net profit	Equity
31 December 2019				
USD	- 0.9	- 24.9	1.1	30.5
SGD	0.4	- 25.6	- 0.5	31.2
CNY	- 0.1	- 24.7	0.1	30.2
BRL	–	- 8.9	0.1	10.9
JPY	–	- 3.7	–	4.5
Total effect	**- 0.6**	**- 87.8**	**0.8**	**107.3**
31 December 2020				
USD	- 1.7	- 12.2	2.1	14.7
SGD	- 1.0	- 25.5	1.2	31.2
CNY	- 0.4	- 26.5	0.5	32.3
BRL	- 0.3	- 6.9	0.3	8.4
JPY	–	–	–	–
Total effect	**- 3.4**	**- 71.1**	**4.1**	**86.6**

1 Foreign currency against the euro.

Note 6.4 Interest rate risk

Vopak's policy on interest rate risks aims to control the interest expenses resulting from fluctuations in the financial market interest rates, to protect the projected gross result of Vopak and taking into account the long-term profile of the company. Fixed-rate debt exposes the Group to fair value risk. Floating-rate debt exposes the Group to cash flow risk. The specification of the total interest-bearing loans is disclosed in note 5.5. It is Vopak's long-term policy to manage its interest exposure to an acceptable level of fixed/floating to optimize net finance expenses and reduce volatility on the net result within the bandwidth of the interest related financial covenants.

Interest rate swaps may be used in order to minimize the interest rate risks associated with the financing of the Group and at the same time optimize the net interest costs. Interest rate risks are identified and possible hedges considered when obtaining or providing new financing.

There were no interest rate derivatives present in the years presented.

As at 31 December 2020, taking into account the interest rate swaps, 83% (2019: 83%) of the total interest-bearing loans and bank loans of EUR 1,949.3 million (2019: EUR 1,858.4 million) was financed at a fixed interest rate with remaining terms of up to 19 years (2019: 20 years).

The average fixed interest and the average floating interest on the interest-bearing loans and bank loans at 31 December 2020 were 3.9% (2019: 4.3%) and 1.4% (2019: 1.4%) respectively. The following statement provides insight into the interest repricing calendar for the interest-bearing loans and the bank loans at the statement of the financial position date, while taking into account the effects of the derivatives that may be present and the hedge accounting applied. All interest-bearing loans with a floating interest rate are re-priced within one year.

	31 December 2020			31 December 2019		
In EUR millions	Floating	Fixed	Total	Floating	Fixed	Total
< 1 year	- 211.8	- 121.2	- 333.0	- 217.7	- 246.2	- 463.9
1-2 years	–	- 2.0	- 2.0	–	- 134.2	- 134.2
2-3 years	- 128.4	- 244.2	- 372.6	–	0.4	0.4
3-4 years	–	- 187.4	- 187.4	- 106.3	- 269.7	- 376.0
4-5 years	–	- 236.6	- 236.6	–	- 163.2	- 163.2
> 5 years	–	- 817.7	- 817.7	–	- 721.5	- 721.5
Total	**- 340.2**	**- 1,609.1**	**- 1,949.3**	**- 324.0**	**- 1,534.4**	**- 1,858.4**

Sensitivity to changes in market interest rates

The sensitivity analysis shows how changes in market interest rates affect net profit and equity, while taking into account the effects of the derivatives and the hedge accounting applied and assuming that all other variables remain constant. Due to the volatility of market interest rates, Vopak has used a fixed percentage of 25% as a reasonable change at year-end 2020 and year-end 2019.

		Increase 25%		Decrease 25%	
In EUR millions	Closing level 3-month	Net profit	Equity[1]	Net profit	Equity[1]
31 December 2019					
EUR	-0.38%	- 0.3	2.8	- 0.3	- 2.8
USD	1.91%	–	2.7	–	- 2.9
SGD	1.54%	0.1	0.8	- 0.1	- 0.8
JPY	-0.05%	–	- 0.7	–	0.7
Total effect		**- 0.2**	**5.6**	**- 0.4**	**- 5.8**
31-December 2020					
EUR	-0.55%	0.1	3.4	- 0.1	- 3.5
USD	0.24%	–	0.5	–	- 0.6
SGD	0.20%	- 0.4	0.1	0.4	- 0.1
JPY	-0.08%	–	–	–	–
Total effect		**- 0.3**	**4.0**	**0.3**	**- 4.2**

1 Revaluation reserve derivatives through Other comprehensive income.

Note 6.5 Equity securities price risk

Accounting policies

Equity investments that are not classified as a subsidiary, joint venture or associate are measured at fair value (level 3). Gains and losses on these investments will either be recorded in the Income statement or Other comprehensive income, depending on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The fair value is based on the discounted cash flow approach or recent market transaction.

Where the Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the income statement following the divestment of equity investment. Dividends from equity investments are recognized in the income statement as dividend income, which is classified as Other income, when the Group's right to receive payments is established.

The Group has 12 equity investments (2019: four) for a total amount of EUR 36.5 million at year-end 2020 (2019: EUR 30.1 million), of which the investment in SabTank (Saudi Arabia) is the largest. Our 100% investment in Venezuela is also classified as an equity investment. The other equity investments are investments held by Vopak Ventures B.V. The Group elected to measure all investments at fair value through Other comprehensive income as these entities are part of the Vopak network, provide storage and handling (related services) and are not held for trading.

Deconsolidation of Vopak Venezuela:

In 2018, Vopak deconsolidated its wholly-owned terminal in Venezuela (Americas division), reflecting the conclusion that the Group no longer had control from an accounting perspective. It was observed that the economic, legal, social and political environment in which the terminal operates was continuously deteriorating. Strict currency controls continued to be applicable and inflation exceeded one million percent in 2018.

Vopak continues to monitor the situation and will periodically assess whether facts and circumstances have changed and whether control has been regained over the entity in Venezuela. Vopak remains the 100% shareholder in the entity and continues to operate the company in line with Vopak's standards.

For more information on the equity investments, other than investments in subsidiaries, joint ventures and associates, reference is made to note 9.6.

Note 6.6 Credit risk

Credit risk arises when a customer or other counterparty of a financial instrument fails to discharge its contractual obligation.

Vopak's credit risk arises primarily from loans granted, trade and other receivables, cash and cash equivalents, and derivative financial instruments. Vopak's maximum exposure to credit risks is the carrying amount of these financial assets, amounting to EUR 449.6 million (2019: EUR 525.2 million), and the credit replacing guarantees amounting to EUR 80.8 million (2019: EUR 87.1 million). Of this amount, nil was recognized in the statement of financial position at year-end 2020 (2019: nil). Furthermore, the COVID-19 pandemic had no material effect on the credit risk exposure of the financial instruments in an asset position.

A loan of EUR 54.8 million was granted to a joint ventures in the Asia and Middle East division at yearend 2020 (2019: EUR 54.9 million). For more information, reference is made to note 9.2. No other loans were granted to joint ventures and associates at year-end 2020. Loans to other third parties are generally secured, and mainly relate to loans to non-controlling shareholders.

For more information on the credit risk of the trade receivables, reference is made to note 4.2.

Risk management

The credit risk with regard to trade receivables and lease receivables from customers is limited as the value of the product stored for these clients usually exceeds the value of the receivables and Vopak generally has the right of retention although other claims may have priority ranking over the right of retention in a bankruptcy case. Vopak constantly monitors the outstanding receivables and the value of the stored products. See note 4.2 for further details.

Vopak has spread its cash and cash equivalents and other liquidity investments across a select group of high rated financial institutions while daily limiting the cash and cash equivalents within the Group and assessing the exposure to each financial institution. Vopak applies credit limits per institution, depending on their credit ratings and credit default swap spread, and regularly reviews these limits. These treasury activities are concluded with financial institutions that have at least an A- Standard & Poor's credit rating. At 31 December 2020, the maximum risk in the event of the default of a single financial institution amounted to EUR 17.0 million (2019: EUR 19.0 million).

The derivative financial instruments will be settled on a gross basis. The credit risk of derivative financial instruments with a positive value is mitigated by ISDA Master Agreements with counterparties, which have the option to settle all gross amounts on a net basis in the event of a default of the counterparty, and by setting qualitative and financial limits for the derivative counterparties. The Group maintains a control system that includes the authorization, reporting and monitoring of derivative activities including the Credit Default Swaps developments of counterparties observed on the secondary market. Vopak believes there are no material credit risks related to derivatives in the Group's financial position. At year-end 2020, the derivatives with a counterparty credit risk amounted to EUR 3.9 million (2019: EUR 17.2 million).

Assessing the financial positions of customers and other counterparties is part of the Group's credit risk management and tendering process; however, this cannot exclude all credit risk.

Note 6.7 Liquidity risk

The primary objective of liquidity management is providing sufficient cash and cash equivalents at all times to enable Vopak to meet its payment obligations.

Cash management

The liquidity requirements are monitored continuously and funding is planned in such a way as to avoid excessive short-term financing needs. The long-term liquidity risk is assessed prior to every major investment obligation. Active cash management is a daily responsibility and the liquidity requirements are identified each quarter based on thorough scenario planning. Surplus cash is invested, if available, in interest-bearing current accounts and deposit accounts.

Vopak's Global Treasury function acts as an in-house bank that allocates funds internally, which are raised centrally within the Group. Surplus cash held by the operating entities over and above balances required for working capital management is transferred to Global Treasury and operating companies are normally funded by a combination of equity and inter-company loans. Exceptions to this are the bank loan of EUR 122.9 million (SGD 200 million), drawdowns under the revolving credit facilities of EUR 6.7 million (SGD 11 million) of Vopak Terminals Singapore Pte. Ltd., the bank loan of EUR 2.1 million (VND 60 billion) of Vopak Vietnam and the bank loan of EUR 5.6 million (INR 500 million) of our terminal in India which have been raised locally.

Joint ventures and associates, where possible, are normally funded optimally with external debt on a non-recourse basis for Vopak, taking into account local circumstances and contractual obligations. Reference is made to note 9.8 for more information with regard to commitments and guarantees provided to joint ventures and associates.

Available credit facilities

At year-end 2020, the company had two revolving credit facilities (RCFs) which provide flexibility to finance Vopak´s long-term growth strategy.

In EUR millions	31 December 2020 Total facility[1]	Used	Unused	31 December 2019 Total facility[1]	Used	Unused
Royal Vopak - Revolving credit facility	1,000.0	–	1,000.0	1,000.0	100.0	900.0
VTS - Revolving credit facility	61.4	6.7	54.7	66.2	39.7	26.5
Total committed facilities	**1,061.4**	**6.7**	**1,054.7**	**1,066.2**	**139.7**	**926.5**
Royal Vopak - Bank loan facilities	405.0	205.0	200.0	330.0	178.0	152.0
Total uncommitted facilities	**405.0**	**205.0**	**200.0**	**330.0**	**178.0**	**152.0**
Total facilities	**1,466.4**	**211.7**	**1,254.7**	**1,396.2**	**317.7**	**1,078.5**

1 At nominal value.

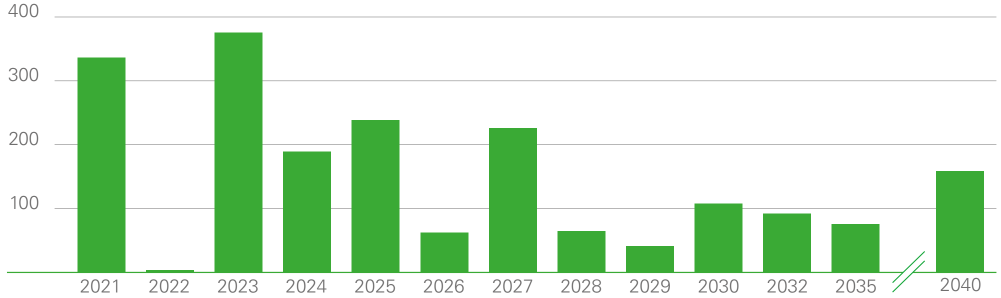
On 1 June 2018, Vopak reached agreement with all 15 lenders of the EUR 1 billion senior unsecured multicurrency revolving credit facility regarding a second extension of the facility. The maturity date has been extended until 1 June 2023. This facility was not utilized at year-end 2020 (2019: EUR 100 million).

At 31 December 2020, the Group also had unused lines of credit of EUR 200.0 million (2019: EUR 152.0 million) that are available to meet short-term liquidity needs. The Group can be requested to repay these short-term loans on demand. There are no significant restrictions on the use of these facilities.

Maturity analysis

The graph below provides an overview of the repayment profile of the Group's interest-bearing loans (excluding lease liabilities) based on the contractual undiscounted cash flows. For the maturity overview of the lease liabilities, reference is made to note 3.4.

Repayment Schedule Net interest-bearing debt



The table below analyzes the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity categories based on the remaining period at the end of the reporting period to the contractual maturity date. Derivative financial instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The table also analyzes the maturity profile of financial assets in order to provide a complete overview of the contractual commitments and liquidity. The amounts disclosed in the table are the contractual undiscounted cash flows. The financial guarantees and securities issued (see note 9.8) are included for their full amount and it is assumed for disclosure purposes that these can be called within one year.

	< 1 year		1-2 years		2-5 years		> 5 years	
In EUR millions - at 31 December	2020	2019	2020	2019	2020	2019	2020	2019
Cash and cash equivalents	68.3	94.5	–	–	–	–	–	–
Trade and other receivables	276.1	296.1	–	–	–	–	–	–
Loans to joint ventures and associates	54.8	54.9	–	–	–	–	–	–
Other loans	–	–	–	–	–	–	36.2	31.8
Finance lease receivable	5.2	5.0	5.3	5.2	22.5	22.0	47.0	57.7
Total undiscounted financial assets (excluding gross settled derivatives)	**404.4**	**450.5**	**5.3**	**5.2**	**22.5**	**22.0**	**83.2**	**89.5**
Bank overdrafts	9.3	6.5	–	–	–	–	–	–
Redemption of interest-bearing loans	128.8	287.2	2.8	135.0	797.9	539.6	818.6	721.5
Short-term borrowings	205.0	178.0	–	–	–	–	–	–
Lease liabilities	51.7	43.4	51.1	44.1	135.8	154.2	824.5	689.5
Interest payments	66.2	62.7	58.8	55.3	133.2	128.1	150.4	120.8
Interest rate swaps	2.5	1.4	2.5	1.7	4.6	2.5	1.5	–
Trade and other creditors (excluding non-financial instruments)	206.0	175.2	–	–	–	–	–	–
Total undiscounted financial liabilities (excluding gross settled derivatives)	**669.5**	**754.4**	**115.2**	**236.1**	**1,071.5**	**824.4**	**1,795.0**	**1,531.8**
Derivative financial instruments outflow	–	- 209.2	–	–	- 307.3	- 209.6	- 66.6	–
Derivative financial instruments inflow	–	233.7	–	–	317.0	241.3	63.4	–
Total undiscounted gross settled derivatives	**–**	**24.5**	**–**	**–**	**9.7**	**31.7**	**- 3.2**	**–**
Financial guarantees and securities issued	117.9	133.9	–	–	–	–	–	–
Total financial guarantees and securities	**117.9**	**133.9**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**-383.0**	**- 413.3**	**-109.9**	**- 230.9**	**-1,039.3**	**- 770.7**	**-1,715.0**	**- 1,442.3**

Section 7 Governance

This section comprises notes related to the Governance of the company, including Board Remuneration, External Auditor fees and transactions with related parties.

The following notes are presented in this section:
- 7.1 Remuneration of Board members
- 7.2 Long-term incentive plans (LTIPs)
- 7.3 Related parties
- 7.4 Fees paid to auditors appointed at the Annual General Meeting

Note 7.1 Remuneration of Board members

Reference is made to the section of the Remuneration report for information regarding the remuneration and related costs of the Supervisory Board members and the Executive Board members.

Note 7.2 Long-term incentive plans (LTIPs)

At year-end 2020, as in prior year, the Group operated three Long-Term Share Plans (LTSPs) and Long-Term Cash Plans (LTCPs).

For the Executive Board, all share-based payment plans are 100% equity-settled. As an exception, the LTSP 2017-2019 was amended into fully cash-settled for the former Executive Board member Jack de Kreij in accordance with the plan rules, following his decision and announcement to step down early 2018.

For eligible senior management, the LTSPs also consisted of equity-settled share-based compensation plans.

The LTCPs are other long-term remuneration plans settled in cash. LTCPs are granted to staff in countries where local legal, regulatory and/ or tax regulations and requirements make it administratively very complex and burdensome to provide shares of a foreign based company to local staff, or in countries where this is simply not allowed. The periods to which the plans relate are presented below:
- LTSP and LTCP 2018-2020
- LTSP and LTCP 2019-2021
- LTSP and LTCP 2020-2022

The LTSP and LTCP 2017-2019 were vested and settled during 2020.

Accounting policies

Share-based compensation

The fair value of equity-settled share-based compensation plans is determined at the date of granting and expensed in the statement of income based on the Group's estimate of the shares that will eventually vest over the period in which the service is rendered (vesting period) with a corresponding adjustment directly in equity. The fair value of cash-settled share-based compensation plans is determined at the date of granting and is remeasured at each reporting date until the liability is settled and is recognized over the vesting period as an expense to the extent to which participants have rendered services to date.

Generally, the compensation cost is recognized on a straight-line basis over the vesting period. The amounts expensed are adjusted over the vesting period for changes in the estimate of the number of shares and the equivalent in cash that will eventually vest. Adjustments are made at the end of each reporting period to reflect expected and actual forfeitures during the vesting period due to the failure to satisfy service conditions or non-market performance conditions, such as profitability growth targets and remaining an employee of the Group over a specified time period.

An equity-settled share-based payment award with a net settlement feature for withholding tax obligations is treated as equity-settled in its entirety.

Other long-term remuneration

Long-term remuneration settled in cash that depends on the development of the earnings per ordinary share (EPS) during a period of three years is allocated to these years based on the latest estimates of the EPS and are not treated as share-based payment plans. Liabilities are remeasured at the end of each reporting period.

Costs of long-term incentive plans

In EUR thousands	LTSP 2020 equity-settled	LTSP 2019 equity-settled	LTSP 2018 equity-settled	LTSP 2017 equity-settled	LTSP 2017 cash-settled	Cash Plan	Total 2020	Total 2019
E.M. Hoekstra	272.3	216.5	176.8	69.3	n/a	n/a	734.9	1,051.6
F. Eulderink	169.8	134.9	113.2	43.9	n/a	n/a	461.8	663.7
G.B. Paulides	165.2	125.2	102.6	n/a	n/a	n/a	393.0	345.4
Members Executive Board	**607.3**	**476.6**	**392.6**	**113.2**	**–**	**n/a**	**1,589.7**	**2,060.7**
J.P. de Kreij (retired)	n/a	n/a	n/a	n/a	37.9	n/a	37.9	360.5
Former members Executive Board	**n/a**	**n/a**	**n/a**	**n/a**	**37.9**	**n/a**	**37.9**	**360.5**
Other	1,265.7	790.7	592.4	222.2	10.1	402.3	3,283.4	6,410.0
Total	**1,873.0**	**1,267.3**	**985.0**	**335.4**	**48.0**	**402.3**	**4,911.0**	**8,831.2**

1 The total carrying amount of liabilities for cash-settled share-based payment at 31 December 2020 was EUR 0.0 million (31 December 2019: EUR 0.7 million).

Gerard Paulides was appointed as Chief Financial Officer and member of the Executive Board for a period of four years, effective 1 February 2018. Mr. Paulides did not participate in the LTSP 2017-2019, that was settled in 2020.

For more information on the remuneration policy and the remuneration of the Executive Board members and the Supervisory Board members, reference is made to the Remuneration report as included in the Governance and compliance chapter.

Long-Term Share Plans

The current LTSPs reward participants for the increase in Vopak's Earnings per Share (EPS) performance during the three-year performance period, respectively from start date of the plan to the end date of the plan (either 2018-2020, 2019-2021 or 2020-2022), at pre-set EPS targets. If a considerable, ambitious improvement in the EPS has been achieved during the three-year performance period, a long-term remuneration will be awarded based on a percentage of their annual salaries at date of grant for all plans that are active.

The incentive ranges that apply to the various plans for the different groups of participants are presented in the following table.

Incentive opportunities	LTSP 2020	LTSP 2019	LTSP 2018
E.M. Hoekstra	0% to 165%	0% to 150%	0% to 150%
F. Eulderink	0% to 135%	0% to 120%	0% to 120%
G.B. Paulides	0% to 135%	0% to 120%	0% to 120%
Eligible senior management	0% to 60% / 0% to 45%	0% to 60% / 0% to 45%	0% to 60% / 0% to 45%

Long-Term Cash Plans

For other senior managers who are not eligible to participate under the LTSP but who contribute significantly to the company´s shareholder value, three-year Cash Plans have been granted. The LTCPs provide for additional pay in the form of deferred compensation under the terms and conditions of the plan after the vesting period. The financial performance is measured by the EPS development during the three-year performance period, the incentive can rise from 0% to a maximum of 22.5% or 30.0% per annum of the salary at the grant date.

Movements in the number of conditional awards

In numbers	E.M. Hoekstra	F. Eulderink	G.B. Paulides	J.P. de Kreij (retired)	Other	Total
Outstanding at 31 December 2018	**46,703**	**29,625**	**10,183**	**18,936**	**175,950**	**281,397**
Vested	- 14,932	- 9,291	–	- 9,614	- 57,708	- 91,545
Change in expected average salary[1]	419	178	–	–	–	597
Forfeited	–	–	–	–	- 9,376	- 9,376
Newly awarded	17,380	10,826	10,052	–	58,650	96,908
Outstanding at 31 December 2019	**49,570**	**31,338**	**20,235**	**9,322**	**167,516**	**277,981**
Vested and settled	- 14,636	- 9,277	–	- 9,322	- 48,925	- 82,160
Forfeited	–	–	–	–	- 459	- 459
Newly awarded	16,643	10,375	10,097	–	82,661	119,776
Outstanding at 31 December 2020	**51,577**	**32,436**	**30,332**	**–**	**200,793**	**315,138**

1 For LTSP 2018, 2019 and 2020, the conditional awards are based on the salary on the date of grant.

Valuation and cost allocation

Long-term incentive plans (LTIPs) valuation (former) Executive Board members and other senior executives

	Conditional awards[1]		Number of expected shares[2]			Allocated cost to[3]	
In EUR thousands	Number	Value at grant	Number	Value at vesting	Value for cost allocation	2020	2019
LTSP 2020, equity-settled (conditional)	16,643	803.4	18,807	n/a	907.8	272.3	–
LTSP 2019, equity-settled (conditional)	17,380	721.8	21,725	n/a	902.2	216.5	324.8
LTSP 2018, equity-settled (conditional)	17,554	701.7	15,799	679.2	631.5	176.8	271.5
Total outstanding LTIPs - E.M. Hoekstra	**51,577**	**2,226.9**	**56,331**	**679.2**	**2.441.5**		
LTSP 2017, equity-settled (settled)[1]	14,636	577.3	17,563	908.4	692.8	69.3	455.3
Total LTIP cost - E.M. Hoekstra						**734.9**	**1,051.6**
LTSP 2020, equity-settled (conditional)	10,375	500.8	11,724	n/a	565.9	169.8	–
LTSP 2019, equity-settled (conditional)	10,826	449.6	13,533	n/a	562.0	134.9	202.3
LTSP 2018, equity-settled (conditional)	11,235	449.1	10,111	434.7	404.1	113.2	173.8
Total outstanding LTIPs - F. Eulderink	**32,436**	**1,399.5**	**35,368**	**434.7**	**1,532.0**		
LTSP 2017, equity-settled (settled)[1]	9,277	365.9	11,132	575.7	439.1	43.9	287.6
Total LTIP cost - F. Eulderink						**461.8**	**663.7**
LTSP 2020, equity-settled (conditional)	10,097	487.4	11,410	n/a	550.8	165.2	–
LTSP 2019, equity-settled (conditional)	10,052	417.5	12,565	n/a	521.8	125.2	187.9
LTSP 2018, equity-settled (conditional)	10,183	407.0	9,165	394.0	366.3	102.6	157.5
Total outstanding LTIPs - G.B. Paulides	**30,332**	**1,311.9**	**33,140**	**394.0**	**1,438.9**	**–**	**–**
Total LTIP cost - G.B. Paulides						**393.0**	**345.4**
Total outstanding LTIPs - Members Executive Board	**114,345**	**4,938.3**	**124,839**	**1,507.9**	**5,412.4**	**–**	**–**
Total LTIP cost - Members Executive Board						**1,589.7**	**2,060.7**

> continued

In EUR thousands	Conditional awards[1] Number	Value at grant	Number of expected shares[2] Number	Value at vesting	Value for cost allocation	Allocated cost to[3] 2020	2019
LTSP 2017, cash-settled (settled)[1,4]	9,322	367.7	11,186	578.5	578.5	37.9	360.5
Total LTIP cost - J.P. de Kreij (retired)						**37.9**	**360.5**
Total LTIP cost - (former) members Executive Board						**1,627.6**	**2,421.2**
LTSP 2020, equity-settled (conditional)	82,202	3,816.6	92,889	n/a	4,312.8	1,265.7	–
LTSP 2019, equity-settled (conditional)	58,650	2,442.2	73,315	n/a	3,052.8	790.7	1,089.8
LTSP 2018, equity-settled (conditional)	59,941	2,303.3	53,949	2,319.3	2,073.0	592.4	869.9
Total outstanding LTIPs - Other senior executives	**200,793**	**8,562.1**	**220,153**	**2,319.3**	**9,438.6**		
LTSP 2017, equity-settled (settled)	46,431	1,851.6	55,717	2,692.8	2,221.9	222.2	1,414.9
LTSP 2017, cash-settled (settled)	2,494	99.5	2,992	154.7	154.7	10.1	96.4
LTSP 2016, equity-settled (settled)	27,714	1,170.1	13,856	549.8	585.0	–	0.7
LTSP 2016, cash-settled (settled)	29,994	1,266.3	15,121	600.0	600.0	–	0.6
Total LTIP cost - Other senior executives						**2,881.1**	**3,472.3**
Total outstanding LTIPs and total LTIP cost	**315,138**	**13,500.4**	**344,992**	**3,827.2**	**14,851.0**	**4,508.7**	**5,893.5**

1 On a target level of 100%. For the LTSP 2017 of the Executive Board, the conditional awards are based on the average salary over the vesting period since date of appointment. For LTSPs 2018, 2019 and 2020 of the Executive Board, the conditional awards are based on the salary on the date of grant. The value at grant is the conditional number of shares multiplied by the average share price at the grant date.

2 The value for cost allocation for the equity-settled LTSPs is based on the number of expected or vested shares and multiplied by the fair value per share award at the grant date, which has been reduced with the expected discounted future dividends payable during the respective vesting periods since the holders of shares are not entitled to receive dividends during the vesting period. The value for cost allocation for the cash-settled LTSPs is based on the number of expected or vested shares and multiplied by the fair value per award at the reporting date less discounted expected future dividend payments. Expected dividends have been applied in accordance with the dividend policy of the company. The estimated vesting percentages of the LTSPs are based on a Monte Carlo simulation scenario analysis.

3 The (fair) value of the employee services received in exchange for the awards is recognized rateably over the vesting period of the plan.

4 On 15 November 2016, Mr. de Kreij, Chief Financial Officer and Vice Chairman of the Executive Board has informed the Supervisory Board that he has decided to step down as per 1 February 2018. The recognition of the LTSP 2016 and 2017 was amended into fully cash settled for Mr De Kreij in accordance with the plan rules, due to his announced resignation early in 2018. The costs of the LTSP were allocated to the remaining period of service.

Note 7.3 Related parties

Transactions with Supervisory Board members and Executive Board members

For the remuneration of Supervisory Board members and Executive Board members, the key management of the Group, reference is made to the sections Remuneration of the Supervisory Board in 2020 and Executive Board Remuneration in 2020 of the Remuneration report, which are deemed part of these financial statements.

No loans, advances or guarantees have been provided to current or former members of the Supervisory Board and the Executive Board.

For both years presented, the Group has not conducted any transactions with companies in which Executive Board members and/or persons closely related to them have a significant financial interest.

Transactions with joint ventures and associates

The transactions with our joint ventures and associates, other than providing equity and receiving dividends, principally consist of fees for services provided by the Group, loans issued by the Group and the related interest income.

	Joint ventures		Associates		Total	
In EUR millions	2020	2019	2020	2019	2020	2019
Other operating income	8.7	8.0	0.7	0.6	9.4	8.6
Amounts owed by	54.8	54.9	–	–	54.8	54.9

Transactions with major shareholders

Besides the annual dividend distribution, no material related party transactions have been entered into with the major shareholders during the years presented.

Vopak has been informed by HAL Holding N.V. ('HAL'), that it is technically required for HAL to consolidate Vopak in its Consolidated financial statements as from 1 January 2014. Accordingly, HAL has requested Vopak to provide detailed accounting information with respect to the Consolidated financial statements in order for HAL to be able to consolidate Vopak in its Consolidated statements. To facilitate HAL in complying with its obligations under IFRS 10, a Memorandum of Understanding was signed between Vopak and HAL with respect to confidentiality, the process of exchanging information, subsequent events procedures, external auditor involvement and attendance rights to the Audit Committee meetings for an independent financial expert on behalf of HAL.

In connection with the share buyback program, HAL Holding N.V. proportionally sold part of its shareholding in Vopak in order to maintain its interest at the same level. Vopak instructed an independent intermediary to match the open market trades under the share buyback program by purchasing on Vopak's behalf shares from HAL Holding N.V., at the same average price per share as the open market trades, in proportion to its shareholding. The size of the buyback program of EUR 100 million included the shares that were bought from HAL Holding N.V.

Transactions with pension funds

Related party transactions with Vopak's pension funds are presented in note 9.4.

Note 7.4 Fees paid to auditors appointed at the Annual General Meeting

The fees listed in the table below relate to the procedures applied to the company and its consolidated Group entities by Deloitte Accountants B.V., the Netherlands, the external auditor as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta), as well as by other Dutch and foreign-based Deloitte individual partnerships and legal entities, including their tax services and advisory groups.

In EUR millions	2020	2019
Financial statements audit fees	1.5	1.4
Other assurance fees	0.1	0.1
Total	**1.6**	**1.5**

The financial statements audit fees include the aggregate fees in 2020 and 2019 for professional services rendered for the audit of Vopak's annual financial statements and annual statutory financial statements of subsidiaries or services that are normally provided by the auditor in connection with the audits.

The other assurance fees include the aggregate fees invoiced for assurance and services for other audit services, which generally only the company's independent auditor can reasonably provide, such as comfort letters and audit of grant statements.

In line with the Dutch independence legislation, no tax advisory, compliance services or other non-audit services were provided in the years presented.

The total fees charged by Deloitte Accountants B.V., the Netherlands to the company and its consolidated Group entities amounted to EUR 0.9 million in 2020 (2019: EUR 0.7 million).
Of the 2020 fees, an amount of EUR 0.1 million (2019: EUR 0.1 million) relates to non-recurring fees for the 2019 audit.

Section 8 Income taxes

This section comprises all relevant disclosures and specifications regarding tax recognized in the Consolidated financial statements.

The following notes are presented in this section:
- 8.1 Income taxes
- 8.2 Deferred taxes

Note 8.1 Income taxes

Accounting policies

Taxes on profit or loss for the financial year comprise current and deferred taxes. Taxes are recognized in the statement of income unless they relate to items directly recognized in Other comprehensive income or directly in equity.

Current taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, plus any adjustments to prior-year tax payable.

Deferred taxes are provided for, using the liability method, whereby provisions are made for all taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. No deferred taxes are provided for the following temporary differences: goodwill not deductible for tax purposes; the initial recognition of assets and liabilities that neither affect accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. The calculation is based on tax rates enacted or substantively enacted, at the end of the reporting period.

Deferred tax assets, including assets arising from losses carried forward, are recognized to the extent that it is probable that future taxable profits will be available against which these temporary differences or unused tax losses can be utilized. Deferred tax assets and liabilities are stated at nominal value.

The Group recognizes liabilities for potential tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

A provision is formed for tax, principally regarding withholding tax, for which a liability might arise in connection with the distribution of retained earnings if a decision has been made to distribute such earnings.

Income tax recognized in the Consolidated statement of income

In EUR millions	2020	2019
Current taxes		
Current financial year	60.3	61.7
Adjustments for prior years	0.6	1.0
	60.9	**62.7**
Deferred taxes		
Adjustments for prior years	5.3	- 12.5
Temporary differences	10.4	15.6
Recognition of tax losses and tax credits	- 2.0	- 7.3
Changes in tax rates	- 1.5	- 0.2
	12.2	**- 4.4**
Tax on profit	**73.1**	**58.3**
Income tax paid	54.9	71.2
Movements in current and deferred tax balances	18.2	- 12.9
Income tax expense	**73.1**	**58.3**

In 2020, EUR 2.8 million of exceptional expenses were recognized in the income tax expenses (2019: gain of EUR 2.7 million). For both years presented, these related to the tax effects on the exceptional items.

The main difference between the tax expenses for the year and the current tax charge was caused by deferred tax expenses mostly related to differences in the depreciation rates of Property, plant and equipment as well as lease accounting. For further details on the deferred tax position, reference is made to note 8.2.

Tax expenses per share

The tax expense per share amounted to EUR 0.58 in 2020 (2019: EUR 0.46).

More information on Vopak's responsibility towards taxation can be found in the Sustainability chapter.

Reconciliation of effective tax rate

In EUR millions	2020		2019	
Profit before income tax		403.6		662.1
Tax on profit		73.1		58.3
Effective tax rate		**18.1%**		**8.8%**
Composition:	*Amount*	*%*	*Amount*	*%*
Weighted average statutory tax rate	93.9	23.3	166.3	25.1
Participation exemption	- 45.7	- 11.3	- 106.1	- 16.0
Non-deductible expenses	9.0	2.2	6.5	1.0
Changes in tax rates	- 1.5	- 0.4	- 0.8	- 0.1
Recognition of tax losses and tax credits	10.7	2.7	2.1	0.3
Tax facilities	- 0.9	- 0.2	- 0.8	- 0.1
Movements in prior-year taxes	5.8	1.4	- 11.5	- 1.7
Other effects	1.8	0.4	2.6	0.3
Effective tax (rate)	**73.1**	**18.1**	**58.3**	**8.8**

Income tax expenses -including exceptional items- amounted to EUR 73.1 million in 2020, an increase of EUR 14.8 million compared to EUR 58.3 million in 2019. The effective tax rate -including exceptional items- was 18.1% compared to 8.8% in 2019. This increase was mainly due to changes in profit before income taxes and the applicability of participation exemptions thereto and differences in corrections for previous years.

Income tax expenses -excluding exceptional items- amounted to EUR 70.3 million in 2020, an increase of EUR 9.3 million (15%) compared to EUR 61.0 million in 2019. The effective tax rate -excluding exceptional items- was 17.3% compared to 13.5% in 2019. This increase was mainly due to changes in earnings and the applicability of participation exemptions thereto and differences in corrections for previous years.

The non-deductible expenses category which is included as part of the effective tax reconciliation includes business expenses which are not tax deductible under local (tax) law. The Movements in prior-year taxes includes several tax positions which have been confirmed by the local tax authorities resulting in a true-up of tax provisions.

As the Group extensively operates via investments in joint venture and associates, which fall under the Dutch participation exemption, and of which the profits have been taxed in the country of establishment while the net profits of these entities are part of the EBIT(DA) of the Group, the effective tax rate of theVopak Group is per definition always lower than the weighted average tax rate of that of its subsidiaries.

For an overview of the effects of the joint ventures and associates on the effective tax rate of the Group, as well as the proportional effective tax rate, reference is made to note 20 of the Sustainability Section.

Income tax recognized in other comprehensive income

In EUR millions	Note	2020	2019
On changes in the value of cash flow hedges	5.2	0.5	- 0.2
On exchange differences and net investment hedges	5.2	- 1.2	- 0.3
On use of cash flow hedges	5.2	- 0.1	- 0.7
On remeasurements of defined benefit plans		- 1.6	- 1.8
Total		**- 2.4**	**- 3.0**

Note 8.2 Deferred taxes

Key accounting estimates and judgments

Deferred tax assets, including those arising from carry-forward losses, are recognized if it is probable that taxable profit is available against which losses can be offset. In determining this, Vopak uses estimates and assumptions that also affect the measurement of the deferred tax assets. A maturity schedule of the unrecognized carry-forward losses is shown on the next page.

Accounting policies

Deferred tax assets and liabilities are offset against each other to the extent that this is a legally enforceable right and the deferrals belong to the same fiscal unit. The decision to account for deferred tax assets is taken periodically for each fiscal unit after critically assessing whether conditions are sufficient to realize these deferred tax assets, based on the strategic plans and related tax plans.

Deferred tax assets and liabilities

In EUR millions	Carry forward losses	Temporary differences: Property, plant and equipment[1]	Loans granted	Employee benefits	Lease liabilities	Other	Offset assets and liabilities	Statement of financial position
Assets	11.4	1.2	–	14.2	–	23.2	- 42.4	7.6
Liabilities	–	- 232.1	- 0.3	- 0.2	–	- 17.5	42.4	- 207.7
Balance 31 December 2018	**11.4**	**- 230.9**	**- 0.3**	**14.0**	**–**	**5.7**	**–**	**- 200.1**
Initial application IFRS 16	–	- 117.4	–	–	133.4	–		16.0
Balance 1 January 2019	**11.4**	**-348.3**	**-0.3**	**14.0**	**133.4**	**5.7**		**-184.1**
Movements:								
- Statement of income	7.0	0.8	0.4	0.4	0.4	- 4.5		4.5
- Other comprehensive income	–	1.2	–	1.0	–	- 2.2		–
- Acquisitions/divestments	–	46.3	–	- 3.1	- 18.4	8.3		33.1
- Exchange differences	0.5	- 7.2	–	0.3	2.2	–		- 4.2
Balance 31 December 2019	**18.9**	**- 307.2**	**0.1**	**12.6**	**117.6**	**7.3**		**- 150.7**
Assets	18.9	2.0	0.4	12.6	117.6	24.0	- 144.7	30.8
Liabilities	–	- 309.2	- 0.3	–	–	- 16.7	144.7	- 181.5
Balance 31 December 2019	**18.9**	**- 307.2**	**0.1**	**12.6**	**117.6**	**7.3**	**–**	**- 150.7**
Movements:								
- Statement of income	7.8	18.1	–	- 0.9	44.9	- 82.1		- 12.2
- Other comprehensive income	–	- 0.1	–	1.6	–	1.6		3.1
- Acquisitions/divestments	–	4.2	–	–	–	- 3.3		0.9
- Exchange differences	- 2.6	15.0	0.1	- 0.8	–	0.8		12.5
Balance 31 December 2020	**24.1**	**- 270.0**	**0.2**	**12.5**	**162.5**	**- 75.7**		**- 146.4**
Assets	24.1	2.1	0.4	12.6	162.5	26.4	- 191.2	36.9
Liabilities	–	- 272.1	- 0.2	- 0.1	–	- 102.1	191.2	- 183.3
Balance 31 December 2020	**24.1**	**- 270.0**	**0.2**	**12.5**	**162.5**	**- 75.7**	**–**	**- 146.4**

1 Owned and right-of-use assets

In determining the deferred tax liabilities, withholding tax and any other tax due for unremitted earnings of subsidiaries were not recognized. These earnings are deemed to have been permanently reinvested.

Deferred tax assets not recognized in the Consolidated statement of financial position

Carry-forward losses for which deferred tax assets have not been recognized amounted to EUR 1.3 million at 31 December 2020 (2019: EUR 4.7 million). The maturity schedule is as follows:

In EUR millions	2021	2022	2023	2024	2025+	unlimited	Total
Offsettable carry-forward losses	–	–	–	–	–	1.3	1.3

Deferred tax assets regarding these carry-forward losses have not been recognized because it is not probable that sufficient taxable profit will be available to utilize the deferred tax asset in time.

Section 9 Other disclosures

This section provides details on items that are not included in other sections, but which are of statutory or secondary importance for understanding the Group's financial performance of the Group due to their nature. A list of principal subsidiaries, joint ventures and associates of the Vopak Group is also included in this section.

The following notes are presented in this section:

- 9.1 Earnings per ordinary share - number of shares
- 9.2 Loans granted and finance lease receivables
- 9.3 Impact of COVID-19 pandemic
- 9.4 Pensions and other employee benefits
- 9.5 Provisions
- 9.6 Investments and other financial assets
- 9.7 Investment commitments undertaken
- 9.8 Contingent assets and contingent liabilities
- 9.9 Financial assets and liabilities and credit risk
- 9.10 New standards and interpretations not yet implemented
- 9.11 Principal subsidiaries, joint ventures, associates and investments
- 9.12 Events after the reporting period

Note 9.1 Earnings per ordinary share - number of shares

Basic earnings per ordinary share are calculated by dividing the net profit attributable to holders of ordinary shares by the time-weighted average number of outstanding ordinary shares (excluding the average number of treasury shares). The weighted average number of outstanding shares was 126,524,451 in 2020 (2019: 127,637,900).

In calculating the diluted earnings per ordinary share, the weighted average number of outstanding shares is adjusted for the dilutive effects of all dilutive potential ordinary shares, such as share-based payment arrangements.

The composition of the weighted average number of outstanding shares and of the diluted weighted average number of outstanding shares is as follows:

In thousands	Note	2020	2019
Outstanding ordinary shares at 1 January	5.1	127,625	127,665
Effects of cancellation shares issued/share buyback program	5.1	- 1,114	–
Movements treasury shares	5.1	13	- 27
Basic weighted average number of ordinary shares		**126,524**	**127,638**
Dilutive effect of LTSPs (equity-settled part)		166	345
Weighted average number of ordinary shares including dilutive effect		**126,690**	**127,983**

At 31 December 2020, the company owned 345,736 treasury shares (2019: 209,984). The treasury shares have no voting rights attached to them, nor are they eligible for dividends during the period when these are held by the company.

When the vesting conditions of the equity-settled share-based payment arrangements are met, the settlement will result in an increase of the number of shares outstanding, which will have a dilutive effect. During 2020, the LTSP 2017-2019 share-based payment arrangement was settled resulting in the transfer of 44,248 treasury shares to eligible employees (2019: 25,983 shares).

The LTSP 2018-2020 will be settled in 2021. For more information, reference is made to note 7.2.

Note 9.2 Loans granted and finance lease receivable

Accounting policies

The Group classifies its loans granted and other debt investments at amortized cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All loans granted and other debt investments meet these criteria and are measured at amortized cost.

At initial recognition, the Group measures loans granted at its fair value plus directly attributable transaction costs. Subsequently, these items are carried at amortized cost using the effective interest method.

Assets held under a finance lease are presented in the Statement of financial position as a receivable at an amount equal to the net investment in the lease. The income on the finance lease receivable is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease and is presented as Other income.

The expected credit losses associated with its loans granted and other issued debt instruments carried at amortized cost are assessed by the Group on a forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

	Loans to joint ventures and associates		Other loans		Total loans granted		Finance lease receivable	
In EUR millions	2020	2019	2020	2019	2020	2019	2020	2019
Carrying amount at 1 January	**54.9**	**2.0**	**31.8**	**23.1**	**86.7**	**25.1**	**28.5**	**27.9**
Movements:								
Loans granted	5.4	53.5	6.8	8.6	12.2	62.1	–	–
Repayments	–	- 2.0	- 0.1	–	- 0.1	- 2.0	- 5.1	- 4.9
Reclassification to assets held for sale	–	–	–	–	–	–	–	–
Finance lease interest income	–	–	–	–	–	–	5.0	5.1
Exchange differences	- 5.5	1.4	- 2.3	0.1	- 7.8	1.5	0.2	0.4
Carrying amount at 31 December	**54.8**	**54.9**	**36.2**	**31.8**	**91.0**	**86.7**	**28.6**	**28.5**
Non-current receivables	54.8	54.9	36.2	31.8	91.0	86.7	28.6	28.5
Current receivables	–	–	–	–	–	–	–	–
Carrying amount at 31 December	**54.8**	**54.9**	**36.2**	**31.8**	**91.0**	**86.7**	**28.6**	**28.5**

In 2019, the movement of EUR 53.5 million for Loans to joint ventures and associated was related to a position with one of our joint ventures in the Asia and Middle East division. In addition, the increase of the Other loans granted for both years presened includes a loan to the non-controlling shareholder of our terminals in South Africa (Europe & Africa division). Apart from these movements, there were no material movements in the loans granted and finance lease receivables during the years presented.

Loans granted do not include any subordinated loans.

Reference is made to note 9.9 for the fair value information and note 6.7 on the remaining period at the end of the reporting period to the contractual maturity date.

With respect to the loans granted and the finance lease receivables, which are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

Note 9.3 Impact of COVID-19 pandemic

The pandemic spread of COVID-19 (Coronavirus) has a significant impact on all people and organizations around the world. Our main focus is on the health of the people working at our terminals, offices or at home around the world and to limit the spread of the Coronavirus, to manage the impact on our business and to assess the impact on the economy and society. Therefore, we have put global and local measures into place to protect our employees, their families and our operations based on information provided by the World Health Organization, national and local health authorities. We have monitored developments closely throughout the year and scenario-based contingency plans and other mitigating measures were ready to implement, if needed. To date, we have observed a limited impact on our operations. All our terminals are operational and there have been no significant disruptions to business continuity.

Vopak's strategy is robust and unchanged. An effective control and governance structure to respond to the impact of the global pandemic, with continued decision-making to support business execution and well-being of people, has been put in place. Operational and financial performance, cash flows and our financial position have not been significantly affected. Our financial results reflect our resilient business performance. Timing of growth projects execution is affected by generic local lockdown measures in various countries.

Our focus in these circumstances is on the short-term delivery and protection of long-term value. Vopak plays an important role within society by storing vital products with care. We are doing our utmost during the COVID-19 pandemic to continue to fulfill this role in all our work locations around the world.

Although the pandemic brings a lot of uncertainty and the estimates remain subject to future events, we expect to continue to manage our performance in line with our original business plans and unchanged strategy.

Note 9.4 Pensions and other employee benefits

The majority of employees are either covered by defined benefit plans, defined contribution plans or mandatory external pension plans. The defined benefit plans are plans that apply in the United States, Germany and Belgium. These countries mostly operate final-pay pension plans, administrated by pension funds separate from the company.

Accounting policies

Defined benefit plans

The Group's net pension obligation is calculated by an independent actuary, using the projected unit credit method. This calculation is performed separately for each plan by estimating the amount of the benefit that employees have earned in relation to their past services. The liability recognized in the balance sheet is the present value of these benefits at the end of the reporting period (defined benefit obligation) less the fair value of plan assets. The defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds with durations matching the terms of the benefits.

The increase in the defined benefit obligation due to the passage of time and the expected return on plan assets, using the same interest rate as for the defined benefit obligation, are included in the pension costs.

Past-service costs are recognized immediately in the statement of income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in equity via Other comprehensive income in the period in which they arise.

When a plan is changed, settled or when a plan is curtailed, the resulting change in the defined benefit obligation that relates to past-service or the gain or loss on curtailment is recognized immediately in the statement of income under Personnel expenses. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plans

Contributions to defined contribution plans are recognized as an expense in the statement of income as incurred.

Accounting estimates and judgments applied

The defined benefit obligation is determined on the basis of assumptions for future developments in variables such as salary increase, price index increase, life expectancy and discount rate. All assumptions are assessed at the reporting date. Changes in the assumptions may significantly affect the liabilities and pension costs under the defined benefit plans. The weighted average of these assumptions as well as sensitivities of key assumptions are disclosed in this note.

Pensions and other employee benefits

The table below provides an overview of the movements in the plan assets and defined benefits obligation for the years presented, showing separately the amounts that were recognized in the income statement, the statement of other comprehensive as well as the cash flows for the period.

	Plan assets		Defined Benefit Obligation[1]		Total	
in EUR millions	2020	2019	2020	2019	2020	2019
Opening balance defined benefits position at 1 January	**115.2**	**97.5**	**- 156.5**	**- 145.3**	**- 41.3**	**- 47.8**
Movements:						
Current service costs	–	–	- 5.3	- 4.7	- 5.3	- 4.7
Administration costs and taxes	–	–	- 0.5	- 0.4	- 0.5	- 0.4
Interest income/(expenses)	3.5	3.9	- 4.4	- 5.1	- 0.9	- 1.2
Settlements	–	–	–	16.0	–	16.0
Components of defined benefit income/(costs) recorded in profit or loss	**3.5**	**3.9**	**- 10.2**	**5.8**	**- 6.7**	**9.7**
Return on plan assets (excluding interest income on plan assets)	9.4	13.1	–	–	9.4	13.1
Actuarial gains (-) and losses from changes in demographic assumptions (remeasurement)	–	–	1.5	0.4	1.5	0.4
Actuarial gains (-) and losses from experience	–	–	- 1.1	1.3	- 1.1	1.3
Actuarial gains (-) and losses from changes in financial assumptions (remeasurement)	–	–	- 16.6	- 22.1	- 16.6	- 22.1
Components of defined benefit income/(costs) recorded in other comprehensive income	**9.4**	**13.1**	**- 16.2**	**- 20.4**	**- 6.8**	**- 7.3**
Benefits paid from the pension fund	- 5.4	- 5.7	4.6	4.3	- 0.8	- 1.4
Employer's contibutions	4.2	4.5	0.8	1.4	5.0	5.9
Exchange differences	- 9.7	1.9	12.1	- 2.3	2.4	- 0.4
Closing balance defined benefits position at 31 December	**117.2**	**115.2**	**- 165.4**	**- 156.5**	**- 48.2**	**- 41.3**
Other net pension obligations	–	–	- 1.0	- 2.4	- 1.0	- 2.4
Total pension position recognized at 31 December	**117.2**	**115.2**	**- 166.4**	**- 158.9**	**- 49.2**	**- 43.7**
Current liabilities					- 0.2	- 1.3
Non-current liabilities					- 49.0	- 42.4
Net pension obligation recognized at 31 December					**- 49.2**	**- 43.7**

1 The defined benefits obligation related to unfunded pension plans amounted to EUR 3.3 million at year-end 2020 (2019: EUR 3.3).

	Defined Benefit Obligation	
	2020	2019
Defined benefits obligations Allocated to the plans' participants:		
Active members	- 84.1	- 76.5
Deferred members	- 31.8	- 30.5
Pensioners	- 49.5	- 49.5
Defined benefit obligation at 31 December	**- 165.4**	**- 156.5**

In 2019, the defined benefit costs recognized in in the income statement included a settlement result of EUR 16.0 million in relation to the unfunded defined benefit plans of the divested German terminal.

Market volatility had a negative impact on the Group's defined benefit plans in 2020, which resulted in a remeasurement loss (gross) of EUR 6.8 million (2019: losses of EUR 7.3 million), being recorded, net of tax, in other comprehensive income. These remeasurements were caused by the defined benefit obligation impact of deviations from the assumptions set at the beginning of the year which were only partly offset by the higher than expected return on plan assets.

Change in the fair value of plan assets and major classes of plan assets

The following tables summarize the characteristics/main elements of the plan assets at 31 December.

	Total	
in EUR millions	2020	2019
Major classes of plan assets		
Bonds - investment grade	42.5	48.3
Bonds - high yield	24.8	19.8
Equity instruments	49.9	47.1
Fair value of plan assets at 31 December	**117.2**	**115.2**

The investments consist of participations in investment funds from reputable asset managers and are therefore well-diversified, such that the failure of any single investment would not have a material impact on the overall value of the investment fund.

The pension fund has not invested directly in shares of Royal Vopak, parts of the Group or in real estate of the Group.

Expected maturity, contribution and impact on result

The expected maturity analysis of undiscounted pension benefits at 31 December 2020 is as follows:

In EUR millions	2021	2022	2023	2024	2025	2026+	Total
Undiscounted pension benefits	5.1	5.3	5.9	6.5	5.7	215.5	244.0

Based on the latest funding agreements, the employer's contribution is expected to be around EUR 7.3 million in 2021.

Assumptions and sensitivity analysis

Assumptions

	Total	
	2020	2019
Assumptions based on weighted average at 31 December		
Discount rate on net liability	2.26%	2.89%
Expected general salary increase	4.18%	4.35%
Expected price index increase	2.74%	2.74%
Average Life expectancy in years for man:	20.6	20.6
Average Life expectancy in years for women:	22.9	23.0

The discount rates used in the determination of defined benefit obligations and pension expenses are based on high quality corporate bonds (AA) with a duration matching the duration of the pension liabilities. In addition, the calculations were based on recent mortality tables, taking future developments in mortality rates into account through projections or surpluses. Local historical data were used for employee turnover and disability assumptions.

The liabilities and pension expenses related to defined benefit plans are subject to risks regarding changes in discount rates, plan assets and returns derived from these assets, future salary increases, inflation and life expectancy. Such changes can negatively or positively influence the liabilities and necessitate additional future pension charges under IAS 19. The table below shows the estimated impact on the defined benefit obligations for defined benefit plans for each risk variable.

Sensitivity analysis

In EUR millions	Change	Increase	Decrease
Sensitivity assumptions			
Price inflation	1.0%	6.2	- 5.4
Salary growth	0.25%	1.7	- 1.7
Discount rates	1.0%	- 23.1	29.3
Life expectation	1 year	5.0	n/a

The sensitivity analysis is based on changes that are realistically possible as at the end of the financial year. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

Note 9.5 Provisions

Accounting policies

Provisions are recognized for legal or constructive obligations that arose in the past, the amount of which, though uncertain, can be reliably estimated and where it is probable that the settlement of the obligations will entail a cash outflow. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

In accordance with current legislation, environmental plans and other measures to be adopted are agreed with local, regional and national authorities as appropriate. As soon as such plans are approved or other statutory obligations arise, a provision is formed based on the most reliable estimate possible of the future expenses.

A provision for reorganization is formed when Vopak has approved a detailed and formalized reorganization plan and when the reorganization has either commenced or been announced.

Provisions for other deferred long-term employee benefits, other than pensions and other employee benefits, for example, redundancy benefits, anniversary incentives and long-term remuneration settled in cash, are calculated using the method for defined benefit plans. Any actuarial results arising are recognized immediately in the statement of income. The same applies to any changes relating to past service.

Key accounting estimates and judgments

The amount recognized as a provision is management's best estimate of the amount required to settle the obligation. The outcome depends on future events that are uncertain by nature. In assessing the likely outcome of lawsuits and tax disputes, management also bases its assessment on external legal assistance and established precedents.

The Group is exposed to risks regarding environmental obligations arising from past activities. For example, a number of sites have to be decontaminated before being handed back at the end of the contractual period. Under current legislation, environmental plans and any other measures to be adopted have to be agreed with local, regional and national authorities as appropriate. As soon as such plans are approved or other legal obligations arise, a provision is formed based on the most reliable estimate of possible future expenses. Given the degree of difficulty in making estimates, this does not guarantee that no additional costs will arise in the future.

Movements in provisions

In EUR millions	Environmental liabilities	Other	Total
Non-current liabilities	14.8	21.1	35.9
Current liabilities	3.1	21.1	24.2
Balance at 31 December 2019	**17.9**	**42.2**	**60.1**
Movements:			
Additions	0.4	7.1	7.5
Withdrawals	- 1.1	- 19.4	- 20.5
Releases	- 0.8	- 0.3	- 1.1
Exchange differences	- 0.4	- 1.0	- 1.4
Balance at 31 December 2020	**16.0**	**28.6**	**44.6**
Non-current liabilities	10.8	11.4	22.2
Current liabilities	5.2	17.2	22.4
Balance at 31 December 2020	**16.0**	**28.6**	**44.6**
Expected withdrawals			
< 1 year	5.2	17.2	22.4
2nd year	2.2	0.2	2.4
3rd year	0.5	0.1	0.6
4th year	0.7	1.2	1.9
5th year	1.0	0.3	1.3
> 5th year	6.4	9.6	16.0
Total	**16.0**	**28.6**	**44.6**

Environmental provisions

Vopak is obliged to clean up soil contamination at different locations. In general, an accurate and reliable estimate of the provision for this environmental risk can only be made after conducting a thorough survey and drawing up a management plan for the site, on the basis of which the governmental authorities issue an order.

The environmental provisions primarily relate to historical contaminations. Financial exposures to potential new soil contaminations in relation to products spills are very limited. If a spill or any unwanted discharge takes place, emergency mitigation procedures are in place at all the terminals which contain and remediate the spill immediately, according to the Vopak standards.

At year-end 2020, the total provision for environmental liabilities amounted to EUR 16.0 million (2019: EUR 17.9 million). The provision is mainly related to environmental liabilities at various terminals in the divisions Europe & Africa and Americas. During 2020 no significant movements have been recorded. An exceptional item of EUR 0.8 million related to the reversal of the Quebec impairment has been recorded. For more information, reference is made to note 3.8.

Other provisions

The other provisions primarily relate to legal and claims-related provisions and the provisions for the LTIPs. Many of the claims-related provisions concern insured events, for which the receivable on the insurance company is recognized separately under the Other receivables.

LTIPs

Other provisions included an amount of EUR 2.6 million (2019: EUR 3.8 million) for the LTCPs (see note 7.2), and EUR 0.0 million (2019: EUR 0.7 million) for the cash-settled share-based payments of the LTSPs (see note 1 to the first table of note 7.2). EUR 1.8 million of the total provision in relation to the LTIPs will be settled in 2021 (2019: EUR 2.6 million).

The movement in the provisions in connection with the LTIPs recognized in the income statement amounted to an expense of EUR 0.9 million in 2020 (2019: expense of EUR 3.4 million). Reference is also made to note 7.2.

Other

At year-end 2020, EUR 26.0 million (2019: EUR 37.7 million) was recognized under the Other provisions, which primarily comprises various smaller legal cases and claim settlements of which the larger part was related to insured events. On balance, EUR 5.1 million (2019: EUR 4.1 million) was added for expected claims in 2020.

An exceptional gain was recognized for the amount of EUR 0.7 million relating to the reversal of a provision for reorganization at our terminal in Quebec City in Canada. For more information, reference is made to note 3.8.

No other individual items within the remaining provisions are considered to be individually material. The company expects that the current cases provided for will be substantively resolved within the coming five years.

Note 9.6 Investments and other financial assets

The group has investments in the equity of other entities which do not classify as either a subsidiary, joint venture or associate. These investments primarily concern the investments in Sabtank in Saudi Arabia, Vopak Terminal Venezuela and the investments held by Vopak Ventures B.V. These investments in unlisted entities are not held for trading and are considered to be strategic investments.

Accounting policies

The group makes an irrevocable election on an investment-by-investment basis at the time of initial recognition to measure these investments either as:

- Fair value through profit and loss (FVPL); or
- Fair value through Other comprehensive income (FVOCI).

Investments and other financial assets are measured at fair value (level 3). At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets measured at FVPL are expensed in profit or loss, while these are recognized in Other comprehensive income for financial assets measured at FVOCI.

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as dividend income as part of the Other operating income. Reference is also made to note 2.4.

At year-end 2020, all equity investments are classified as FVOCI.

The total fair value of the investments amounted to EUR 36.5 million (2019: EUR 30.1 million) at year-end 2020. The total dividend income in 2020 from these investments amounted to EUR 2.2 milion (2019: EUR 2.4 million).

Note 9.7 Investment commitments undertaken

The investment commitments undertaken by the Group for subsidiaries amounted to EUR 199.7 million as at 31 December 2020 (2019: EUR 329.9 million), and were primarily related to property, plant and equipment.

Note 9.8 Contingent assets and contingent liabilities

Contingencies in respect of joint ventures and associates

	Joint ventures		Associates		Total	
In EUR millions	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Commitments to provide debt or equity funding	58.5	117.5	6.3	8.6	64.8	126.1
Guarantees and securities provided	101.3	107.4	10.5	11.4	111.8	118.8

The 2020 decrease in commitments related primarily to the completed project at our Pengerang Independent Terminal (PITSB) in Malaysia as well as lower commitments for terminals within our Americas division.

The amounts of guarantees and securities can potentially be called within one year.

The joint venture and associates of the Group are currently, and may from time to time become, involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities (including tax authorities) that are incidental to their operations. For the contingent liabilities of the joint ventures and associates as at year-end related to legal cases, it is based on the current facts and circumstances not believed that they may have a material adverse effect on the financial position or profitability of the Group. Due to inherent uncertainties, the Group cannot make any accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings referred to in this report, however costs in complex litigation may be substantial.

Guarantees and securities included in ratio calculations

The notional amount of guarantees and securities provided on behalf of participating interests in joint ventures and associates, which is also included in ratios, decreased from EUR 87.1 million at 31 December 2019 to EUR 80.8 million at 31 December 2020. Of this amount, nil was recognized in the statement of financial position (2019: nil). Reference is also made to note 5.5.

Other contingencies

Environmental obligations

The Group is exposed to risks regarding environmental obligations arising from past activities. For example, a number of sites have to be decontaminated and restored to their original condition before being handed back at the end of the contractual period. Under current legislation, environmental plans and any other measures to be adopted have to be agreed with local, regional and national authorities as appropriate. As soon as such plans are approved or other legal obligations arise, a provision is formed based on the most reliable estimate possible of future expenses. The Executive Board is of the opinion that the currently recognized provisions are adequate, based on information currently available. However, given the degree of difficulty in making estimates, this does not guarantee that no additional costs will arise going forward.

Other legal proceedings and risks

As a result of its day-to-day activities, the Group is involved in a number of other legal proceedings. The Executive Board is of the opinion that for the legal cases and risks for which no provisions have been recognized, it is not probable at year-end that the final outcome will result in a cash outflow, therefore no provisions have been formed. Furthermore, as explained in the Risks and risk management section, the Group can be held liable for any non-compliance with laws and regulations. The risks in connection with non-compliance, as well as the potential impact on the company, are disclosed in the Internal control and risk management section of this report.

As part of divestments of terminals and assets, Vopak has provided certain customary representations and warranties in the relevant sales purchase agreements. These representations and warranties will generally terminate, depending on their specific features, a number of years after the relevant transaction completion date. Based on the current facts and circumstances, management has determined that for the items for which no provision is currently recognized, the likelihood of a cash outflow relating to these items is considered to be remote.

Note 9.9 Financial assets and liabilities and credit risk

Financial assets and liabilities

In EUR millions	Note	Carrying amount 2020	Carrying amount 2019	Fair value 2020	Fair value 2019
Other financial assets		36.5	30.1	36.5	30.1
Currency derivatives		- 11.8	9.6	- 11.8	9.6
Financial instruments at fair value		**24.7**	**39.7**	**24.7**	**39.7**
Loans granted	9.2	91.0	86.7	91.0	86.7
Trade and other receivables	4.2	276.1	296.1	276.1	296.1
Cash and cash equivalents	5.5	68.3	94.5	68.3	94.5
Finance lease receivable	9.2	28.6	28.5	28.6	28.5
Loans and receivables		**464.0**	**505.8**	**464.0**	**505.8**
Bank overdrafts and short-term borrowings	5.5	- 214.3	- 184.5	- 214.3	- 184.5
US Private Placements	5.5	- 1,448.6	- 1,303.2	- 1,677.1	- 1,451.2
JPY Private Placement	5.5	- 157.6	- 164.0	- 215.3	- 230.9
Bank loans	5.5	- 122.9	- 66.2	- 126.3	- 67.7
Lease liabilities	5.5	- 699.2	- 564.9	- 699.2	- 564.9
Credit facilities and other long-term loans	5.5	- 15.1	- 147.0	- 15.1	- 147.0
Trade creditors	4.3	- 51.4	- 41.0	- 51.4	- 41.0
Other creditors	4.3	-132.2	- 146.6	-132.2	- 146.6
Other financial liabilities		**-2,841.3**	**- 2,617.4**	**-3,130.9**	**- 2,833.8**
Net at amortized cost		**-2,377.3**	**- 2,111.6**	**-2,666.9**	**- 2,328.0**
Standby credit facility	5.5			1,054.7	926.5
Standby bank facility				200.0	152.0
Unrecognized financial instruments				**1,254.7**	**1,078.5**

Determination of fair value for financial instruments

A number of the Group's accounting policies and disclosures require the determination of fair value for the financial instruments. A fair value measurement is an estimate of the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). In the absence of such information, other observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices), are used to estimate fair values (level 2). No material financial instruments were measured at fair value using level 3 (inputs not based on observable market data). Inputs derived from external sources are corroborated or otherwise verified, as appropriate.

The fair values of the Private Placements, revolving credit facility and other long-term bank loans are measured by discounting the future cash flows using observable market interest information (level 2) as no similar instrument is available due to the specific profiles of the instruments. The calculations include credit spreads based on the most recent borrowing contracts.

The fair values of interest rate swaps, cross-currency interest rate swaps and forward foreign exchange contracts are determined by discounting the future cash flows using the applicable period-end observable yield curve, taking into account credit risk and the risk of non-performance.

In view of the short-term nature or the magnitude of the amounts, the Group considers that the fair value of loans granted, trade and other receivables, cash and cash equivalents, bank overdrafts, credit facilities, other long-term loans and trade creditors are not materially different from their carrying value.

The fair value of the Other equity investments (level 3) are based on discounted cash flow projections based on reliable estimates of future cash flows or recent transactions.

The initial measurement at the trade date of all financial instruments is the fair value. Except for derivatives, the initial measurement of financial instruments is adjusted for directly attributable transaction costs.

Note 9.10 New standards and interpretations not yet implemented

There are no new accounting standards, amendments to existing standards or new IFRIC interpretations published that are not yet effective that are expected to have a material impact on the Group in future reporting periods and on foreseeable future transactions.

Note 9.11 Principal subsidiaries, joint ventures, associates and investments

Overview as per 31 December 2020

SUBSIDIARIES

Europe, Middle East & Africa

Belgium

Vopak Agencies Antwerpen NV
Vopak Terminal Eurotank NV
Vopak Chemical Terminals Belgium NV

Germany

Vopak Agencies Germany GmbH

The Netherlands

Vopak Agencies Amsterdam B.V.
Vopak Agencies Rotterdam B.V.
Vopak Agencies Terneuzen B.V.
Vopak Chemicals Logistics Netherlands B.V.
Vopak Global Engineering Services B.V.
Vopak Europe & Africa B.V.
Vopak Finance B.V.
Vopak Global IT B.V.
Vopak Global Procurement Services B.V.
Vopak Global Shared Services B.V.
Vopak LNG Holding B.V.
Vopak Maasvlakte Terminal BV
Vopak Nederland B.V.
Vopak Oil Rotterdam B.V.
Vopak Terminal Botlek B.V.
Vopak Terminal Chemiehaven B.V.
Vopak Terminal Europoort B.V.
Vopak Terminal Laurenshaven B.V.
Vopak Terminals North Netherlands B.V.
Vopak Terminal TTR B.V.
Vopak Terminal Vlaardingen B.V.
Vopak Terminal Vlissingen B.V.
Vopak Ventures B.V.

South Africa

Vopak Terminal Durban (Pty) Ltd. (70%)
Vopak South Africa Developments (Pty) Ltd. (70%)
Vopak Reatile Richards Bay (Pty) Ltd. (70%)

Switzerland

Monros AG

United Kingdom

Vopak Holding Bacrippuls Ltd

Asia Pacific

Australia

Vopak Terminals Australia Pty Ltd.
Vopak Terminals Sydney Pty Ltd.
Vopak Terminal Darwin Pty Ltd.

China

Vopak China Management Company Ltd.
Vopak Terminal Zhangjiagang Ltd.
Vopak Terminal Shangdong Lanshan Ltd. (60%)[1]
Vopak Terminal Ningbo Co. Ltd. (85%)

India

Vopak Terminals Kandla (CRL Terminals Pvt, Ltd.)

Indonesia

PT Vopak Terminal Merak (95%)

Singapore

Vopak Agency Singapore Pte Ltd
Vopak Asia Pte. Ltd.
Vopak Terminals Singapore Pte. Ltd. (69.5%)[2]
Vopak Terminal Penjuru Pte. Ltd. (100%)[3]
Vopak Gas Terminal LLP (80%)[4]
Monros Insurance Pte. Ltd.

Vietnam

Vopak Vietnam Co. Ltd.

Americas

Brazil

Vopak Brasil S.A.
VPK Partiçipacões e Serviçoes Portuários Ltda.

Canada

Vopak Terminals of Canada Inc.
Vopak Terminals of Eastern Canada Inc.

Colombia

Vopak Colombia S.A.

Mexico

Vopak Mexico S.A. de C.V.

Panama

Vopak Panama Atlantic Inc.

United States

Vopak North America Inc.
Vopak Terminals North America Inc.
Vopak Terminal Deer Park Inc.
Vopak Terminal Corpus Christi[5]
Vopak Terminal Savannah Inc.
Vopak Terminal Los Angeles Inc.
Vopak Terminal Long Beach Inc.
Vopak Agencies Americas Corp.

1 Vopak Terminal Penjuru Pte. Ltd. 60% ownership in Vopak Terminals Shangdong Lanshan
2 Vopak Holding Singapore Pte. Ltd 69.5% ownership in Vopak Terminals Singapore Pte. Ltd.
3 Vopak Terminals Singapore Pte. Ltd. 100% ownership in Vopak Terminals Penjuru Pte. Ltd.
4 Vopak Terminals Singapore Pte. Ltd. 80% ownership in Vopak Gas Terminal LLP
5 Legally part of Vopak Terminal Deer Park Inc.

JOINT VENTURES

Europe, Middle East & Africa

Germany
German LNG Terminal GmbH (33.3%)

The Netherlands
Gate terminal B.V. (50%)
MultiCore CV (25%)

Pakistan
Engro Vopak Terminal Ltd. (50%)

Spain
Terminales Quimicos SA (Terquimsa) (50%)

Sweden
Vopak Agencies Sweden A.B. (50%)

United Arab Emirates
Vopak Horizon Fujairah Ltd. (33.33%)

Asia Pacific

China
Vopak Shanghai Logistics Co. Ltd. (50%)
Vopak Nanjiang Petrochemicals Terminal Tianjin Co. Ltd. (50%)
Vopak Bohua (Tianjin) Terminal Co. Ltd. (50%)
Tianjin Lingang Vopak Bohua Jetty Co. Ltd. (30%)
Vopak (Qinzhou) Jetty Co. Ltd. (51%)

Indonesia
PT Jakarta Tank Terminal (49%)

Korea
Vopak Terminals Korea Ltd. (51%)

Malaysia
Kertih Terminals Sdn. Bhd. (30%)[1]
Pengerang Terminals Sdn. Bhd. (49%)[2]
Pengerang Independent Terminals Sdn. Bhd. (90%)[3]

Singapore
Banyan Cavern Storage Services Pte. Ltd. (45%)[4]

Thailand
Thai Tank Terminal Ltd. (49%)

Americas

Brazil
Uniao-Vopak Armazens Gerais Ltda. (50%)

Mexico
Terminal de Altamira de S. de R.L. de C.V. (60%)

Panama
Payardi Terminal Company S. de R.L. (50%)

United States
Vopak Industrial Infrastructure Americas LLC (VIIA) (50%)
Vopak Moda Houston LLC (50%)

ASSOCIATES

Canada
Ridley Island LPG Export GP Inc. (30%)

China
Zhangzhou Gulei Haiteng Jetty Investment and Management Co. Ltd. (30%)

Colombia
Sociedad Portuaria El Cayo SA ESP (SPEC) (49%)

Malaysia
Pengerang Terminals (Two) Sdn. Bhd. (25%)[5]

Saudi Arabia
Jubail Chemicals Storage & Services Company LLC / Chemtank (25%)

Pakistan
Engro Elengy Terminal Pakistan Ltd (44%)

The Netherlands
Vopak Terminal Eemshaven B.V. (10%)
Helios Eemshaven B.V. (8%)[6]
Maasvlakte Olie Terminal N.V. (16.67%)

INVESTMENTS

Germany
Hydrogenious LOHC Technologies GmbH (10.3%)

Netherlands
Falcker Holding B.V. (25.4%)
Harbour Stone B.V. (24.9%)
HyET Holding B.V. (5%)
HyET Energy Systems B.V. (13%)
HyperSoniq B.V. (29.7%)
Teqplay B.V. (24%)
TWTG Group B.V. (30.3%)

Saudi Arabia
SABIC Terminal Services Company Ltd / Sabtank (10%)

Singapore
Performance Rotors Pte. Ltd. (20%)

United Kingdom
Advanced 3D Laser Solutions Limited (25%)

Venezuela
Vopak Venezuela S.A. (100%)

1 Vopak Terminal Penjuru Pte. Ltd. 30% ownership in Kertih Terminals Sdn. Bhd.
2 Vopak Terminal Pengerang B.V. 49% ownership in Pengerang Terminals Sdn. Bhd.
3 Pengerang Terminals Sdn Bhd. 89.9% ownership in Pengerang Independent Terminals Sdn. Bhd.
4 Vopak Terminals Singapore Pte. Ltd. 45% ownership in Banyan Cavern Storage Services Pte. Ltd.
5 Economic shareholding in PT2SB temporarily increased to 30%; legal ownership is 25%
6 Vopak Terminal Eemshaven B.V,. in which Vopak has a 10% share, holds 80% of the shares in Helios Eemshaven B.V.

Note 9.12 Events after the reporting period

On 17 February 2021, Vopak announced that it will expand its Vopak Terminal Vlaardingen in the Port of Rotterdam for the storage of waste-basted renewable feedstocks for the production of biodiesel. In total 16 tanks with a combined capacity of 64.000 cbm will be constructed. The project is expected to be completed in the fourth quarter of 2022.

On 17 February 2021, Vopak announced to expand its industrial terminal services offering by constructing another new jetty in Qinzhou, China, exclusively used for gas products including propane, butane, ethylene and propylene. The project is expected to be completed in the second half of 2022.

Company Financial Statements

Company Statement of Financial Position before Profit Appropriation

In EUR millions	Note	31-Dec-20	31-Dec-19
Participating interests in group companies	2	2,144.5	2,004.7
Property, plant & equipment - owned assets		6.0	6.7
Property, plant & equipment- leased assets		32.6	18.6
Loans granted	3	2,437.2	2,486.5
Derivative financial instruments	6	9.1	19.4
Deferred taxes		29.0	24.7
Total non-current assets		**4,658.4**	**4,560.6**
Trade and other receivables		0.9	3.7
Taxes receivable		–	0.4
Prepayments		0.6	3.4
Derivative financial instruments	6	1.4	28.0
Cash and cash equivalents		1.9	–
Total current assets		**4.8**	**35.5**
Bank overdrafts		–	3.3
Interest-bearing loans	5	121.2	180.0
Lease liabilities		2.2	3.1
Derivative financial instruments	6	7.1	24.6
Trade and other payables		23.7	22.7
Pension and other employee benefits	7	–	0.8
Provisions		2.2	2.9
Total current liabilities		**156.4**	**237.4**
Current assets less current liabilities		**- 151.6**	**- 201.9**
Total assets less current liabilities		**4,506.8**	**4,358.7**

In EUR millions	Note	31-Dec-20	31-Dec-19
Interest-bearing loans	5	1,485.0	1,287.2
Lease liabilities		30.9	16.9
Derivative financial instruments	6	5.4	–
Provisions		4.8	7.3
Non-current liabilities		**1,526.1**	**1,311.4**
Share capital		62.9	63.9
Share premium		194.4	194.4
Legal reserve for participating interests	4	404.0	383.8
Translation reserve		- 123.9	- 8.5
Revaluation reserve derivatives		- 115.0	- 117.2
Revaluation reserve assets		16.5	18.5
Transaction reserve non-controlling interest		1.3	1.3
Other reserves	4	2,239.6	1,940.1
Unappropriated profit	4	300.9	571.0
Shareholders' equity		**2,980.7**	**3,047.3**
Total		**4,506.8**	**4,358.7**

Company Statement of Income

In EUR millions	Note	2020	2019
Other operating income		0.7	0.8
Total operating income		**0.7**	**0.8**
Personnel expenses	8	38.0	33.6
Other operating expenses		26.6	28.2
Depreciation and amortization		3.3	3.5
Total operating expenses		**67.9**	**65.3**
Interest and similar expenses		- 62.9	- 76.9
Result before income tax		**- 130.1**	**- 141.4**
Income tax	9	32.9	37.9
Share in result of subsidiaries and participations		398.1	674.5
Net profit		**300.9**	**571.0**

Notes to the Company Financial Statements

Note 1. General

Koninklijke Vopak N.V. (Vopak) has its registered office in Rotterdam, the Netherlands. Vopak is listed on the Euronext Amsterdam and is part of the AMX index. Vopak is the world's leading independent tank storage provider, specialized in the storage and handling of liquid chemicals, gases and oil products.

The company is registered at the Company Registry of the Rotterdam Chamber of Commerce under number 24295332.

All amounts are presented in EUR million and have been rounded to the nearest EUR 100k, unless otherwise stated.

Accounting policies

The Company financial statements have been drawn up in accordance with Dutch law (Part 9 of Book 2 of the Dutch Civil Code). In doing so, the company made use of the possibility to apply the accounting policies (including the policies for the presentation of financial instruments as equity or loan capital) used in the Consolidated financial statements to the Company financial statements, as provided for in Section 362 (8) of Book 2 of the Dutch Civil Code.

The accounting policies applied in the Company financial statements are the same as those applied in the Consolidated financial statements, unless stated otherwise.

Participating interests in Group companies

Interests in Group companies and other companies over which Vopak exercises control or which it manages are carried at net asset value. The net asset value is determined by measuring the assets, provisions and liabilities and calculating the result according to the accounting policies applied in the Consolidated financial statements.

Note 2. Participating interests in Group companies

In EUR millions	2020	2019
Carrying amount at 31 December	**2,004.7**	**2,004.9**
Initial application IFRS 16	–	- 85.1
Carrying amount at 1 January	**2,004.7**	**1,919.8**
Investments	130.9	50.5
FV change equity investment	1.9	–
Dividends received	- 209.1	- 640.3
Other	- 8.5	–
- Exchange differences	- 189.4	- 9.8
- Hedging	15.9	15.5
- Remeasurements of defined benefit plans	–	- 5.5
Other comprenhensive income from Participating interests in Group Companies	**- 173.5**	**0.2**
Profit	398.1	674.5
Carrying amount at 31 December	**2,144.5**	**2,004.7**

The majority of 2020 dividend relates to settlement of intra-group positions by intra-group dividends (upstreaming of dividends).

For an overview of the investments in subsidiaries, joint ventures and associates held (indirectly) by the company, reference is made to note 9.11 of the Consolidated financial statements.

Note 3. Loans granted

In EUR millions	2020	2019
Carrying amount at 1 January	**2,486.5**	**2,233.8**
Loans granted	421.9	974.6
Repayments	- 471.2	- 721.9
Carrying amount at 31 December	**2,437.2**	**2,486.5**

Loans granted mainly related to various loans to subsidiaries. At 31 December 2020 loans granted did not include any subordinated loans (2019: nil).

Note 4. Shareholders' equity

Reference is made to note 5.1 to the Consolidated Financial Statements for movements in the number of shares, share capital and share premium.

The share premium can be distributed in full, free of tax.

For the translation reserve, the revaluation reserve derivatives the revaluation reserve assets and the transaction reserve of non-controlling interests (NCI), reference is made to note 5.2 to the Consolidated Financial Statements.

Movements in the remaining components of shareholders' equity for the years presented are shown in the following tables.

Legal reserve for participating interests

In EUR millions	2020	2019
Carrying amount at 1 January	**383.8**	**306.9**
Dotation from Other reserves	20.2	76.9
Carrying amount at 31 December	**404.0**	**383.8**

Other reserves

In EUR millions	2020	2019
Carrying amount at 31 December	**1,940.1**	**1,987.6**
Initial application IFRS 16	–	- 85.1
Carrying amount at 1 January	**1,940.1**	**1,902.5**
Profit appropriation from Unappropriated profit	424.9	114.0
Remeasurement of defined benefit plans	–	- 5.5
Measurement of equity-settled share-based payment arrangements	4.5	8.6
Purchase treasury shares	- 8.0	- 2.6
Share buyback	-99.1	–
Vested shares under equity-settled share-based payment arrangements	- 2.1	–
Actuarial Reserve	- 5.3	–
Other	4.8	–
Release to Legal reserves	- 20.2	- 76.9
Carrying amount at 31 December	**2,239.6**	**1,940.1**

The other reserves as presented in the Company Statement of Financial Positions includes a legal reserve for internally developed intangibles of EUR 104.0 million (2019: EUR 79.9 million).

Unappropriated profit

In EUR millions	2020	2019
Carrying amount at 1 January	**571.0**	**254.5**
Profit appropriation to Other reserves	- 424.9	- 114.0
Dividend in cash	- 146.1	- 140.5
Profit for the year	300.9	571.0
Carrying amount at 31 December	**300.9**	**571.0**

After adjustment for the legal reserves at 31 December 2020, a total of EUR 2,197.6 million (2019: EUR 2,305.7 million) is freely distributable from reserves, including unappropriated profit for the year.

Note 5. Interest-bearing loans

	Nominal value in EUR millions		> 5 years in EUR millions		Average term in years		Average interest in %	
	2020	2019	2020	2019	2020	2019	2020	2019
Current portion	121.2	180.0	–					
Non-current portion	1,485.0	1,287.2	818.6	721.5				
Total	**1,606.2**	**1,467.2**	**818.6**	**721.5**	**7.2**	**6.3**	**3.5**	**3.9**

Note 6. Derivative financial instruments

In EUR millions	Maturity	31 December 2020 Assets[1]	31 December 2020 Liabilities[1]	31 December 2020 Notional amount	31 December 2019 Assets[1]	31 December 2019 Liabilities[1]	31 December 2019 Notional amount
Forward foreign currency contracts[2]	< 1 year	1.4	–	137.4	0.1	0.2	142.4
Total net investment hedges		**1.4**	**–**	**137.4**	**0.1**	**0.2**	**142.4**
Cross-currency interest rate swaps[3]	< 1 year	–	–	–	29.0	24.9	209.2
Cross-currency interest rate swaps[3]	1-5 years	9.1	–	307.3	31.8	12.3	209.6
Cross-currency interest rate swaps[3]	> 5 years	–	5.4	66.6	–	–	–
Total cash flow hedges - currency part		**9.1**	**5.4**	**373.9**	**60.8**	**37.2**	**418.8**
Forward foreign currency contracts	< 1 year	–	7.1	205.4	0.1	0.8	192.0
Total derivatives no hedge accounting		**–**	**7.1**	**205.4**	**0.1**	**0.8**	**192.0**
Total derivative financial instruments		**10.5**	**12.5**	**716.7**	**61.0**	**38.2**	**753.2**
Offsetting		–	–		- 13.6	- 13.6	
Total		**10.5**	**12.5**		**47.4**	**24.6**	
Non-current		9.1	5.4		19.4	–	
Current		1.4	7.1		28.0	24.6	
Total		**10.5**	**12.5**		**47.4**	**24.6**	

1 At fair value.
2 Forward foreign currency contracts accounted for as hedges on net investments.
3 Cross currency interest swaps accounted for as cash flow hedges are used to hedge currency (2020: USD 468 million; 2019: USD 486 million and JPY 5 billion) on fixed debt denominated in foreign currency.
4 Interest part of long-term cross currency interest rate swaps entered into in the past for variable interest loans, currently no longer present.

Note 7. Pension and other employee benefits provisions

In EUR millions	2020	2019
Net pension obligations under defined contribution plans	–	0.8
Net pension obligations recognized at 31 December	**–**	**0.8**
Non-current liabilities	–	–
Current liabilities	–	0.8
Net pension obligations recognized at 31 December	**–**	**0.8**

Reference is made to note 9.4 Pensions and other employee benefits which contains further information on pensions and other employee benefits of the Netherlands.

Note 8. Personnel expenses

During the year under review, the company employed an average of 170 employees and temporary staff (in FTEs) (2019: 156).

In EUR millions	2020	2019
Wages and salaries	26.6	21.8
Social security charges	1.7	1.6
Contribution to pension schemes (defined contribution)	4.3	3.2
Long-term incentive plans	2.3	3.5
Other personnel expenses	9.1	2.8
Recharged to group companies	- 6.0	0.7
Total	**38.0**	**33.6**

Note 9. Income taxes

Royal Vopak is the head of a corporate income tax fiscal unity which includes almost all Dutch wholly-owned subsidiaries. The company is therefore jointly and severally liable for the tax liabilities of the fiscal unity as a whole. The tax expense of Royal Vopak represents the tax impact of its share in the taxable income of the fiscal unity based on Royal Vopak's earnings.

In EUR millions		2020		2019
Result before income tax		- 130.1		- 141.4
Income tax		32.9		37.9
Effective tax rate		**25.3%**		**26.8%**
Composition:	*Amount*	*%*	*Amount*	*%*
Weighted average statutory tax rate	32.5	25.0	35.4	25.0
Non-deductible expenses	0.7	0.5	1.1	0.8
Recognition of tax losses and tax credits	- 0.3	- 0.2	1.4	1.0
Effective tax (rate)	**32.9**	**25.3**	**37.9**	**26.8**

The 2020 effective tax rate of 25.4% (2019: 26.8%) deviates slightly from the applicable tax rate of 25.0% as a result of non-deductible expenses.

Note 10. Remuneration of Supervisory Board members and Executive Board members

For the remuneration of the Supervisory Board members and the Executive Board members, reference is made to the section of the Remuneration report.

Note 11. Contingent liabilities

Guarantees and security provided on behalf of participating interests and third parties amounted to EUR 109.7 million (2019: EUR 119.9 million). Guarantees and security provided on behalf of Group companies amounted to EUR 50.2 million (2019: EUR 43.7 million).

Joint and several liability undertakings for an amount of EUR 80.0 million (2019: EUR 80.0 million) were issued for bank credits granted to Royal Vopak. Furthermore, joint and several liability undertakings for an amount of EUR 41.5 million (2019: EUR 63.3 million) were issued for bank credits granted to subsidiaries.

The company has filed joint and several liability undertakings (403 exemptions) for a number of its Dutch Group companies at the office of the Company Registry in whose area of jurisdiction the Group company concerned has its registered office. The list of interests filed at the office of the Company Registry for inspection states for which Group companies Royal Vopak has issued joint and several liability undertakings.

The members of the Executive Board have signed the financial statements in order to comply with the statutory obligation pursuant to article 2:101 paragraph 2 of the Dutch Civil Code and article 5:25c sub c of the Act on Financial Supervision (Wft).

Rotterdam, 16 February 2021

The Executive Board
E.M. Hoekstra - Chairman of the Executive Board and CEO
F. Eulderink - Member of the Executive Board and COO
G.B. Paulides - Member of the Executive Board and CFO

The Supervisory Board
B.J. Noteboom (Chairman)
M.F. Groot (Vice-chairman)
L.J.I. Foufopoulos - De Ridder
N. Giadrossi
B. van der Veer
R.G.M. Zwitserloot

Executive Board declaration

In-control statement

In the 'Internal control and risk management' paragraph, we set out in detail our risks and risk management framework, as well as the responsibilities of the Executive Board.

The Executive Board is responsible for the design and operation of the internal risk management and control systems and processes. In discharging this responsibility, the Executive Board has made an assessment of the effectiveness of the design and operation of the internal control and risk management systems and processes. The Executive Board concluded, on the basis of such assessment, that the internal risk management and control systems and processes are operating adequately.

On the basis of this report and in accordance with best practice 1.4.3 of the Dutch corporate governance code of December 2016, and Article 5:25c of the Financial Supervision Act, the aforementioned assessment, the current state of affairs and to the best of its knowledge and belief, the Executive Board confirms that:

- the internal risk management and control systems and processes of the Group provide reasonable assurance that the financial statements give a true and fair view of the Group's financial position, profit or loss, and cash flows;
- there have been no material failings in the effectiveness of the internal risk management and control systems and processes of the Group;
- this report states those material risks and uncertainties that are relevant to the expectation of the continuity of the Group's operations in the coming twelve months; and
- there is a reasonable expectation that the Group will be able to continue its operations and meet its liabilities for at least twelve months, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

Please note that our internal risk management and control systems and processes are unable to offer absolute assurance that the strategic, operational and financial objectives will be fully achieved, or that laws and regulations are always complied with. Furthermore, the systems and processes cannot prevent all human errors of judgments and mistakes. It is also inherent that in business, cost-benefit assessments must be made for the acceptance of risks and the implementation of controls. We continuously monitor the effectiveness of our internal risk management and control systems and processes, and when needed these are further improved and optimized.

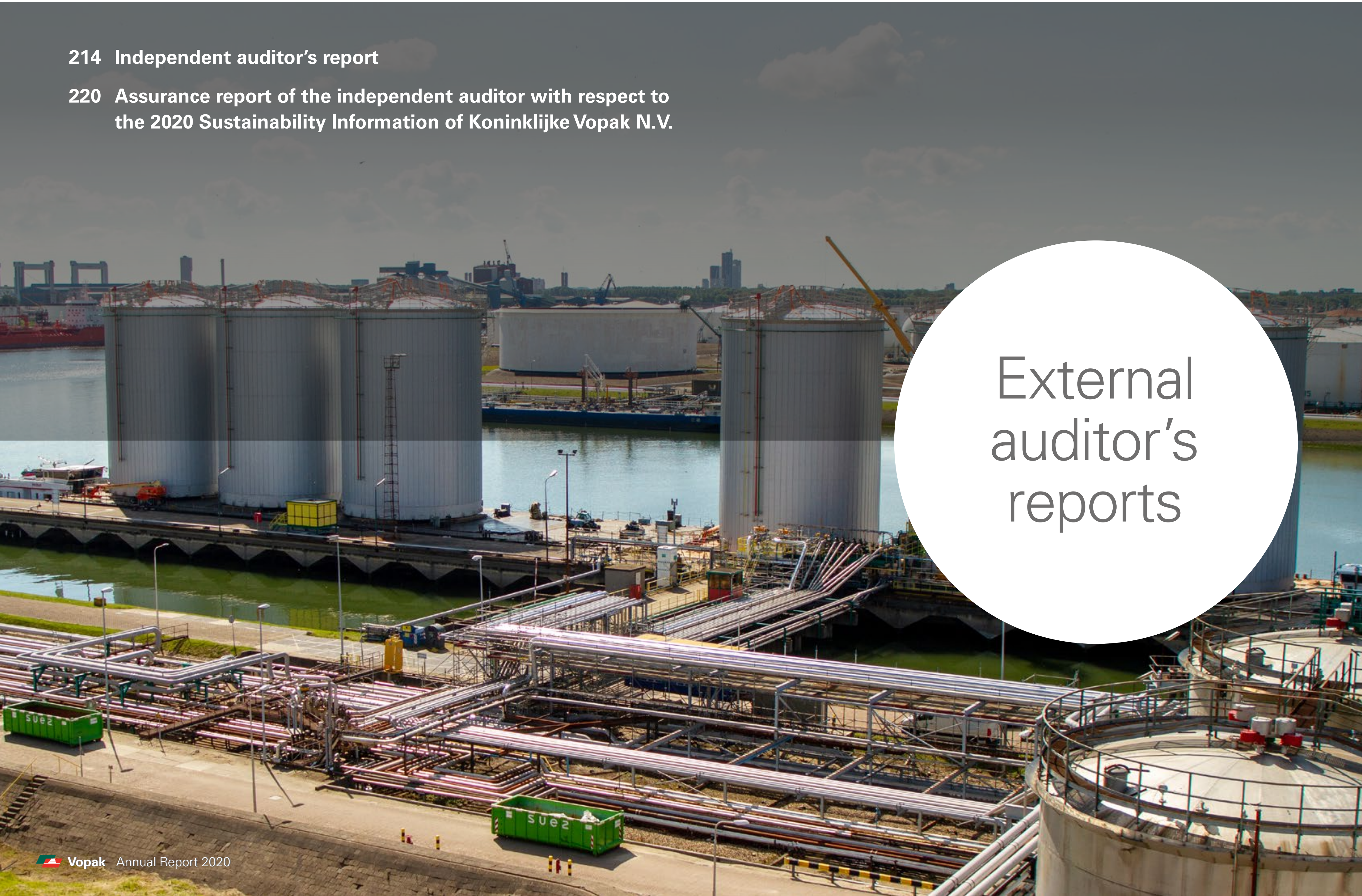
Executive Board declaration

In view of all of the above, the Executive Board confirms that, to the best of its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report ('***bestuursverslag***') in this Annual Report includes a fair review of the position at the balance sheet date and the development and performance of the business during the financial year, together with a description of the principal risks and uncertainties that the company faces.

Rotterdam, 16 February 2021

The Executive Board
E.M. Hoekstra - Chairman of the Executive Board and CEO
F. Eulderink - Member of the Executive Board and COO
G.B. Paulides - Member of the Executive Board and CFO

External auditor's reports



Independent auditor's report

To the shareholders Supervisory Board of Koninklijke Vopak N.V.

Report on the audit of the financial statements 2020 included in annual report

Our Opinion

We have audited the accompanying financial statements 2020 of Koninklijke Vopak N.V. ("company" or "group"), based in Rotterdam, The Netherlands. The financial statements include the Consolidated Financial Statements and the Company Financial Statements.

In our opinion:

- The accompanying Consolidated Financial Statements included in the Annual Report give a true and fair view of the financial position of Koninklijke Vopak N.V. as at 31 December 2020, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRS") and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying Company Financial Statements included in the Annual Report give a true and fair view of the financial position of Koninklijke Vopak N.V. as at 31 December 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The Consolidated Financial Statements comprise:

- The Consolidated Statement of Financial Position as at 31 December 2020.
- The following statements for 2020: the Consolidated Statement of Income, Comprehensive Income, Changes in Equity and Cash Flows.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The Company Financial Statements comprise:

- The Company Statement of Financial Position before Profit Appropriation as at 31 December 2020.
- The Company Statement of Income for 2020.
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Koninklijke Vopak N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 20 million (2019: EUR 22 million). The materiality is based on 5% of profit before income tax, adjusted for certain non-recurring items. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Component audits are performed using the materiality levels determined by the judgement of the group engagement team, considering materiality for the consolidated financial statements as a whole and the reporting structure of the group. For the largest reporting entities the audits are performed using the following component materialities: Netherlands of EUR 8.6 million (2019: EUR 8.6 million), Singapore of EUR 7.2 million (2019: 7.2 million) and the United States of America of EUR 7.9 million (2019: EUR 7.9 million). For the other reporting entities the component materiality did not exceed EUR 7.2 million (2019: EUR 7.2 million) and for the majority of the components, materiality is significantly less than this amount.

We agreed with the Supervisory Board that uncorrected misstatements in excess of EUR 1.0 million (2019: EUR 1.1 million), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Koninklijke Vopak N.V. is at the head of a group of entities. The financial information of this group is included in the Consolidated Financial Statements of Koninklijke Vopak N.V.

Because we are ultimately responsible for the opinion, we are responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for reporting entities. Decisive were the size and/or the risk profile of the reporting entities or operations. On this basis, we selected reporting entities for which an audit had to be carried out on the complete set of financial information or specific items.

The group's financial statements are a combination of:

- Consolidated reporting entities, comprising the operating terminals under the group's control and centralized functions.
- Unconsolidated reporting entities comprised of operating terminals under joint control with unrelated parties (joint ventures) and operating terminals where the group exercises significant influence (associates); all accounted for under the equity method.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the reporting entities by the group engagement team, by component auditors from other Deloitte network firms and by component auditors from non-Deloitte network firms primarily working under our instruction at the joint ventures. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting entities so as to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the group financial statements as a whole. For each reporting entity we determined whether we required an audit of their complete financial information or whether other procedures would be sufficient.

Those where a full audit was required included the three largest (consolidated) reporting entities (Netherlands, Singapore and United States of America), because they each make up more than 10% of the group's revenue or underlying profits. We included additional reporting entities in the scope of our group audit to have audit coverage on the group's consolidated financial statements and to cover a geographic spread across the group's divisions.

Audit coverage

- Audit coverage of consolidated revenues: 89%
- Audit coverage of group operating profit: 86%
- Audit coverage of total assets: 83%

In addition, we performed other procedures with respect to the remaining reporting entities.

The group consolidation, financial statements disclosures and a number of complex items were audited by the group engagement team. These include impairment testing of terminal assets and joint ventures, general IT controls, derivative financial instruments, hedge accounting and share-based payments. Specialists were involved among others in the areas of treasury, information technology, tax, accounting, pensions and valuation. Due to the COVID-19 travel restrictions during 2020 we were not able to execute the tentatively planned visits to (un)consolidated reporting entities. Consequently, we revised our strategy for direction and supervision of the component auditors. The group engagement team among others held audit planning calls with all the individual component auditors and participated at a minimum in the component auditor closing calls. For selected component auditors we conducted remote file reviews to evaluate the work undertaken and to assess their findings.

By performing the procedures mentioned above at reporting entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the Consolidated Financial Statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed. The key audit matters are consistent with these identified in the prior year with the exclusion of the Company's implementation of IFRS 16 'Leases' as per 1 January 2019.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of terminal assets and joint ventures

Description	Our response	Our observations
The group controls a number of tank storage terminals with a total carrying value of owned property, plant and equipment of EUR 3,798.9 million as per 31 December 2020 (note 3.3). Furthermore, the group has an interest in a number of joint ventures and associates, with a total carrying value of EUR 1,319.4 million as per 31 December 2020 (note 3.5). This area is significant to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgment. Such judgment focuses predominantly on future cash flows, which are, among others, dependent on economic conditions (including the impact of COVID-19), the continued attractiveness of the terminal location for users along the major shipping routes and local market circumstances and is inherently surrounded by uncertainties.	Our impairment testing included, among others, evaluating the group's policies and procedures, including internal controls, to identify triggering events for potential impairment of terminal assets and joint ventures and associates. For the terminal locations that triggered management's impairment testing, we evaluated the policies and procedures regarding impairment testing, we challenged management's primary cash flow assumptions and corroborated them by comparison to commercial contracts, customer relationship management information, available market reports, historic trend analyses or market multiples from recent tank terminal sales transactions in the region, taking into account the impact of COVID-19 on current and future cash flows. Further, we involved our valuation experts to validate the weighted average cost of capital as applied by the group and the appropriateness of certain assumptions in the applied value in use calculations or, where applicable, the fair value less cost of disposal calculations. We further assessed whether the main assumptions and related uncertainties are appropriately reflected in the disclosures in the financial statements.	As described in note 3.8 of the financial statements, the group recognized an impairment of EUR 42.9 million and recognized an impairment reversal of EUR 12.8 million in 2020. The group has provided disclosures for its key accounting estimates in note 3.8 of the financial statements which include disclosures of: • The impairment recognized on Vopak Bahia las Minas terminal – Panama; • The impairment reversal recognized on Vopak Terminals of Canada – Quebec City; • The uncertainties with respect to the recoverable value of the group's other investments. We did not identify any material reportable matters in management's assesment of the recoverability of terminal assets and joint ventures and the corresponding disclosures in note 3.8. By nature, the assumptions applied in measuring the recoverable amount are subject to developments and change in later periods. This could potentially lead to (reversal of) impairments of individual terminals going forward.

Report on the other information included in annual report

In addition to the financial statements and our auditor's report thereon, the Annual Report contains other information that consists of:

- Management report.
- Supervisory Board report.
- Remuneration report.
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard on Auditing 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Annual General Meeting as auditor of Koninklijke Vopak N.V. on 23 April 2014 as of the audit for the year 2015 and have operated as statutory auditor ever since that financial year.

European Single Electronic Format ("ESEF")

In the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format is regulated that the Annual Report of the Company has to be prepared in a single electronic reporting format ("ESEF"). The requirements to be met are set out in the aforementioned delegated regulation (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the Annual Report made up in XHTML format, including the partly tagged Consolidated Financial Statements as included in the reporting package by the Company, has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the Annual Report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components in a reporting package. Our responsibility is to obtain reasonable assurance for our conclusion whether the Annual Report in this reporting package, is in accordance with the requirements. We have taken into consideration what is stated in Alert 43.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications; and
- Examining the information related to the Consolidated Financial Statements in the reporting package to determine whether all required tagging has been applied and whether they are in accordance with the RTS on ESEF.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of management Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Consideration of fraud in the audit of financial statements

Description	Our response
An auditor conducting an audit in accordance with Dutch Standards on Auditing is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. We have exercised professional judgement and have maintained professional skepticism throughout our audit in identifying and assessing the risks of material misstatement of the financial statements due to fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.	We performed the following procedures: • We made inquiries of management, those charged with governance and others within Vopak regarding the risk of material misstatements in the financial statements due to fraud, their process for identifying and responding to the risk of fraud, the internal communication regarding their views on business practices and ethical behavior and whether they have knowledge of any actual, suspected or alleged fraud affecting the company. • We obtained an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the company and the internal control that management has established to mitigate these risks. • We evaluated whether unusual or unexpected relationships have been identified in performing analytical procedures, including those related to revenue accounts, that may indicate risks of material misstatement due to fraud. • We held discussions amongst team members and component auditors to identify fraud risk factors and considered whether other information obtained from our risk assessment procedures indicated risks of material misstatement due to fraud. • We involved forensic specialists as part of our Fraud Focused Support Program, focused on our fraud and non-compliance risk assessment, inquiries with management and the evaluation of the internal control environment. • We determined overall responses to address the assessed risks of material misstatement due to fraud at the financial statement level or at the assertion level by: - assigning and supervising personnel with the adequate knowledge, skills and ability; - evaluating whether the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting; - incorporated an element of unpredictability in the selection of the nature, timing and extent of our audit procedures. Among others, these include a periodical reassessment of the group audit scope, planning and audit findings meetings or video calls with auditors of reporting entities and expanding the group audit scope where appropriate. Reference is made to the section "Scope of the group audit"; - tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; - evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 1.1 of the financial statements. Impairment testing of terminal assets and joint ventures is a significant area to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgment. Reference is made to the section "Our key audit matters"; - performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements; - for significant transactions evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

Consideration of laws and regulations in the audit of financial statements

Description	Our response
We are responsible for obtaining reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error taking into account the applicable legal and regulatory framework. However, we are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the auditing standards. In the context of laws and regulations, the potential effects of inherent limitations on the auditor's ability to detect material misstatements are greater for such reasons as the following: • There are many laws and regulations, relating principally to the operating aspects of an entity, that typically do not affect the financial statements and are not captured by the entity's information systems relevant to financial reporting. • Non-compliance may involve conduct designed to conceal it, such as collusion, forgery, deliberate failure to record transactions, management override of controls or intentional misrepresentations being made to the auditor. • Whether an act constitutes non-compliance is ultimately a matter to be determined by a court or other appropriate adjudicative body. Ordinarily, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.	We performed the following procedures: • As part of obtaining an understanding of Vopak and its environment we obtained a general understanding of (i) the legal and regulatory framework applicable to Vopak and the industry in which it operates and (ii) how Vopak is complying with that framework. • We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements such as (corporate) tax and pension laws and financial repoting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code. • Our procedures are more limited with respect to other laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. These laws and regulations compliance may be fundamental to the operating aspects of the business, to Vopak's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. In addition, we considered major laws and regulations applicable to listed companies. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. • Our procedures are limited to (i) inquiry of management, the Supervisory Board and others within Vopak as to whether the company is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. • Naturally, we remained alert to the indications of (suspected) non-compliance throughout the audit. • Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

For an overview of our responsibilities we refer to NBA's website.

Rotterdam, 16 February 2021

Deloitte Accountants B.V.

Signed on the original: M.J. van der Vegte

Assurance report of the independent auditor with respect to the 2020 Sustainability Information of Koninklijke Vopak N.V.

To the shareholders and Supervisory Board of Koninklijke Vopak N.V.

Our conclusion

We have reviewed the 2020 Sustainability Information included in the chapter 'Sustainability' in the 2020 Annual Report ("the sustainability information") of Koninklijke Vopak N.V. at Rotterdam. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- The policy and business operations with regard to sustainability; and
- the thereto related events and achievements for the year 2020

in accordance with the reporting criteria as included in the section 'Reporting criteria'.

The sustainability information consists of the performance information in the chapter 'Sustainability' in the 2020 Annual Report.

Basis for our conclusion

We have performed our review on the sustainability information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports) which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This assurance engagement is aimed at obtaining limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information'.

We are independent of Koninklijke Vopak N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. Koninklijke Vopak N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as disclosed in the chapter 'Sustainability, Basis of preparation' of the 2020 Annual Report.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information.

Responsibilities of management and the Supervisory Board for the sustainability information

The Management Board is responsible for the preparation of the sustainability information in accordance with reporting criteria as included in the section 'Basis of preparation' as disclosed in the chapter 'Sustainability', including the identification of stakeholders and the definition of material matters. The choices made by the Management Board regarding the scope of the sustainability information and the reporting policy are summarised in the chapter 'Sustainability' of the Annual Report.

The Management Board is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of Koninklijke Vopak N.V.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate evidence to provide a basis for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the 'Nadere voorschriften kwaliteitssystemen)' (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company.
- Evaluating the appropriateness of the reporting policy and its consistent application, including the evaluation of the results of the stakeholders' dialog and the reasonableness of management's estimates.
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review.
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error.
- Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
  - Determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive. Based thereon we selected the components and terminals to visit. Due to the COVID-19 travel restrictions during 2020 we were not able to execute the tentatively planned visits to (un)consolidated reporting entities. Consequently, we revised our strategy for direction and supervision of the component auditors. The group engagement team among others held audit planning calls with all the individual component auditors and participated at a minimum in the component auditor closing calls. For selected component auditors we conducted remote file reviews to evaluate the work undertaken and to assess their findings. The visits to terminals are aimed at, on a local level, validating source data and evaluating the design and implementation of internal controls and validation procedures;
    - Obtaining assurance information that the sustainability information reconciles with underlying records of the company;
    - Reviewing, on a limited test basis, relevant internal and external documentation;
    - Performing an analytical review of the data and trends.
- Evaluating the consistency of the sustainability information with the information in the Annual Report which is not included in the scope of our review.
- Evaluating the presentation, structure and content of the sustainability information;
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.
- Assessing whether the sustainability information has been prepared in accordance with the Sustainability Reporting Standards Comprehensive option of the Global Reporting Initiative.

We communicated with the Management and Supervisory Board regarding, among other matters, the planned scope, timing and outcome of the review and significant findings that we identified during our review.

Rotterdam, 16 February 2021

Deloitte Accountants B.V.
Signed on the original: M.J. van der Vegte

Additional information

Non-IFRS proportional financial information (unaudited)

Proportional information

Basis of preparation

Vopak provides Non-IFRS proportional financial information -excluding exceptional items- in response to requests by multiple investors to provide additional operational performance insights on a comparable basis for subsidiaries, joint ventures and associates. In this disclosure, the joint ventures and associates and the subsidiaries with non-controlling interests are consolidated based on the economic ownership interests of the Group in these entities.

In the tables in this section, we provide the proportional financial information for the statement of income, the statement of financial position, and the segment information for each of our reportable segments. Where applicable, we show a reconciliation with our IFRS figures in order to create comparability with the proportional information. Other information is based on the same principles as applied for the proportional financial information.

Statement of income

	2020				2019			
In EUR millions	IFRS figures	Exclusion exceptional items	Effects proportional consolidation	Proportional consolidated	IFRS figures	Exclusion exceptional items	Effects proportional consolidation	Proportional consolidated
Revenues	1,190.0	–	407.4	1,597.4	1,252.6	–	400.5	1,653.1
Other operating income	60.0	33.0	41.0	68.0	276.5	243.1	30.3	63.7
Operating expenses	- 591.7	- 0.2	- 101.6	- 693.1	- 635.2	- 2.5	- 103.4	- 736.1
Result joint ventures and associates	161.2	- 4.8	- 166.0	–	161.8	- 14.7	- 176.5	–
Impairment	- 30.1	- 30.1	–	–	- 17.2	- 17.2	–	–
Group operating profit before depreciation and amortization (EBITDA)	**789.4**	**- 2.1**	**180.8**	**972.3**	**1,038.5**	**208.7**	**150.9**	**980.7**
Depreciation and amortization	- 299.5	–	- 107.6	- 407.1	- 290.7	–	- 99.3	- 390.0
Group operating profit (EBIT)	**489.9**	**- 2.1**	**73.2**	**565.2**	**747.8**	**208.7**	**51.6**	**590.7**
Net finance costs	- 86.3	–	- 55.1	- 141.4	- 85.7	1.8	- 41.7	- 129.2
Income tax	- 73.1	- 2.8	- 47.7	- 118.0	- 58.3	2.7	- 42.7	- 103.7
Net profit	**330.5**	**- 4.9**	**- 29.6**	**305.8**	**603.8**	**213.2**	**- 32.8**	**357.8**
Non-controlling interests	- 29.6	–	29.6	–	- 32.8	–	32.8	–
Net profit owners of parent	**300.9**	**- 4.9**	**–**	**305.8**	**571.0**	**213.2**	**–**	**357.8**

Statement of financial position

In EUR millions	31-Dec-20 IFRS figures	31-Dec-20 Effects proportional consolidation	31-Dec-20 Proportional consolidated	31-Dec-19 IFRS figures	31-Dec-19 Effects proportional consolidation	31-Dec-19 Proportional consolidated
Non-current assets (excl. joint ventures and associates)	4,812.4	2,363.9	7,176.3	4,510.4	2,222.2	6,732.6
Joint ventures and associates	1,319.4	- 1,319.4	–	1,272.8	- 1,272.8	–
Current assets	386.1	447.7	833.8	590.3	504.7	1,095.0
Total assets	**6,517.9**	**1,492.2**	**8,010.1**	**6,373.5**	**1,454.1**	**7,827.6**
Non-current liabilities	2,559.0	1,323.0	3,882.0	2,209.8	1,342.4	3,552.2
Current liabilities	833.3	314.1	1,147.4	968.6	259.5	1,228.1
Total liabilities	**3,392.3**	**1,637.1**	**5,029.4**	**3,178.4**	**1,601.9**	**4,780.3**
Equity attributable to owners of parent	2,980.7	–	2,980.7	3,047.3	–	3,047.3
Non-controlling interests	144.9	- 144.9	–	147.8	- 147.8	–
Total equity	**3,125.6**	**- 144.9**	**2,980.7**	**3,195.1**	**- 147.8**	**3,047.3**

Other information

	2020	2019
EBITDA margin -excluding exceptional items-	58.4%	57.1%
Occupancy rate subsidiaries, joint ventures and associates	90.0%	84.0%
Sustaining, service improvement and IT capex (in EUR million)	329.2	321.7

Net interest-bearing debt

In EUR millions	31-Dec-20	31-Dec-19
Non-current portion of interest-bearing loans	3,397.5	3,109.7
Current portion of interest-bearing loans	251.3	340.1
Total interest-bearing loans	**3,648.8**	**3,449.8**
Short-term borrowings	232.1	185.9
Bank overdrafts	9.3	6.5
Cash and cash equivalents	- 269.7	- 362.0
Net interest-bearing debt	**3,620.5**	**3,280.2**

Statement of income

In EUR millions	Americas		of which United States		Asia & Middle East		of which Singapore		China & North Asia		Europe & Africa		of which Netherlands		LNG		Global functions and corporate activities		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues	338.7	322.4	190.0	194.5	430.4	433.4	157.4	164.1	120.4	127.9	540.6	601.6	415.2	427.4	164.5	163.1	2.8	4.7	1,597.4	1,653.1
Other operating income	13.2	6.9	0.5	0.2	10.3	12.7	–	5.6	4.1	23.2	0.9	5.1	1.2	2.9	39.5	15.1	–	0.7	68.0	63.7
Operating expenses	- 163.7	- 165.2	- 89.7	- 93.4	- 121.1	- 119.5	- 45.0	- 46.2	- 37.6	- 50.6	- 265.4	- 305.1	- 198.4	- 206.4	- 54.4	- 45.4	- 50.9	- 50.3	- 693.1	- 736.1
EBITDA	**188.2**	**164.1**	**100.8**	**101.3**	**319.6**	**326.6**	**112.4**	**123.5**	**86.9**	**100.5**	**276.1**	**301.6**	**218.0**	**223.9**	**149.6**	**132.8**	**- 48.1**	**- 44.9**	**972.3**	**980.7**
Depreciation and amortization	- 63.3	- 56.9	- 34.1	- 32.3	- 104.2	- 96.6	- 31.9	- 32.5	- 27.6	- 32.8	- 147.4	- 145.2	- 110.0	- 104.6	- 47.6	- 42.7	- 17.0	- 15.8	- 407.1	- 390.0
EBIT excluding exceptional items	**124.9**	**107.2**	**66.7**	**69.0**	**215.4**	**230.0**	**80.5**	**91.0**	**59.3**	**67.7**	**128.7**	**156.4**	**108.0**	**119.3**	**102.0**	**90.1**	**- 65.1**	**- 60.7**	**565.2**	**590.7**
Occupancy rate	**92%**	91%			**91%**	85%			**89%**	70%	**88%**	83%			**97%**	96%			**90%**	84%
Net interest-bearing debt																			**3,620.5**	3,280.2

Revenues per product type per reporting segment

In EUR millions	Americas		Asia & Middle East		China & North Asia		Europe & Africa		LNG		Global functions and corporate activities		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Chemical products	157.2	167.2	180.4	194.7	99.4	103.5	193.5	189.4	–	–	–	–	630.5	654.8
Oil products	123.7	99.4	213.5	199.2	0.6	3.0	234.7	296.6	–	–	–	–	572.5	598.2
Vegoils and biofuels	36.6	32.5	2.0	3.2	–	–	60.2	62.3	–	–	–	–	98.8	98.0
Gas products	9.1	5.6	17.3	17.3	19.9	20.9	32.9	32.1	164.5	163.0	–	–	243.7	238.9
Others	12.1	17.7	17.2	19.0	0.5	0.5	19.3	21.2	–	0.1	2.8	4.7	51.9	63.2
Total	**338.7**	**322.4**	**430.4**	**433.4**	**120.4**	**127.9**	**540.6**	**601.6**	**164.5**	**163.1**	**2.8**	**4.7**	**1,597.4**	**1,653.1**

Profit Appropriation

Articles of Association Provisions Governing Profit Appropriation

The Articles of Association provisions governing profit appropriation are contained in Articles 19 and 27.

The relevant paragraphs of these articles are as follows:

Article 19.2.
In the Annual General Meeting of Shareholders:
b. the annual accounts as prepared by the management board will be presented to the general meeting for adoption and the allocation of profits will – with due observance of the provisions of article 27 – be determined.

Article 27.12.
The profits remaining after application of the previous paragraphs shall be at the free disposal of the general meeting, with due observance of the fact that no dividend can be distributed when, at the time of the distribution, the dividend reserve finance preference shares has a positive balance and furthermore provided that no further distributions shall be made on the anti-takeover preference shares and the finance preference shares and no profits shall be (further) reserved for the account of the finance preference shares.

Proposed Profit Appropriation

The proposal to the Annual General Meeting will be to distribute a dividend in cash of EUR 1.20 (2019: EUR 1.15 in cash) per ordinary share, with a nominal value of EUR 0.50. Provided that the Annual General Meeting adopts the financial statements, the dividend for the 2020 financial year will be made payable on 29 April 2021.

Stichting Vopak (Vopak Foundation)

The objectives of Stichting Vopak, established in Rotterdam, are to promote the interests of Koninklijke Vopak N.V. (Royal Vopak) and all those involved with the company and any of its affiliated companies in order to safeguard, among other things, Royal Vopak's and these companies' continuity and/or identity and/or independence.

During the year 2020, the Board of Stichting Vopak met twice. At these meetings, it discussed the protection of Vopak and its effectiveness, the composition of the Board of Stichting Vopak as well as the financing of Stichting Vopak. Furthermore, the Board of Stichting Vopak was briefed by the Chairman of the Executive Board of Royal Vopak on developments in the company. The Chairman of the Supervisory Board attended these meetings as an observer.

The current members of the Board of Stichting Vopak are:

- Mr. J.H.M. Lindenbergh, Chairman
- Mr. M.H. Muller
- Mrs. A.P. Aris
- Mr. J.C.M. Schönfeld

No cumulative preference shares in Royal Vopak had been issued at the date of the statement of financial position.

Cumulative preference shares will be issued if Stichting Vopak exercises its option right. On 18 October 1999, the AGM decided to grant the right to Stichting Vopak to acquire protective preference shares to a maximum amount of the full nominal value of the share capital issued to third parties in the form of ordinary and financing preference shares, less the nominal value of one ordinary share. Royal Vopak and Stichting Vopak have specified their mutual relationship with regard to the option in an option agreement dated 1 November 1999, which was amended on 5 May 2004 in such a manner that the original put option granted to Royal Vopak was cancelled.

On 17 September 2013, the EGM resolved to increase the right of Stichting Vopak to acquire cumulative preference shares in such a way that the right to acquire cumulative preference shares is related to all shares in the share capital of Vopak issued to third parties at such time, less one ordinary share. Pursuant to this Royal Vopak and Stichting Vopak amended on 17 September 2013 the option agreement accordingly.

The Board of Stichting Vopak decides independently whether and when there is a need to exercise its option right for the issue of protective preference shares to Stichting Vopak.

Rotterdam, 16 February 2021

Stichting Vopak

Declaration of independence

In the opinion of the Board of Stichting Vopak and the Executive Board of Royal Vopak, Stichting Vopak is independent as meant by Section 5:71(1c) of the Financial Supervision Act.

Rotterdam, 16 February 2021

Stichting Vopak **Koninklijke Vopak N.V. (Royal Vopak)**

Five-year consolidated summary

In EUR millions	2020	2019[1]	2018	2017	2016
Consolidated abridged statement of income					
Revenues	1,190	1,253	1,254	1,306	1,347
Other operating income	60	276	32	23	303
Total operating income	**1,250**	**1,529**	**1,286**	**1,329**	**1,650**
Operating expenses	- 591	- 635	- 647	- 676	- 681
Depreciation and amortization	- 300	- 291	- 273	- 273	- 264
Impairment	- 30	- 17	2	- 2	- 6
Total operating expenses	**- 921**	**- 943**	**- 918**	**- 951**	**- 951**
Operating profit	**329**	**586**	**368**	**378**	**699**
Result of joint ventures and associates	161	162	114	44	60
Group operating profit (EBIT)	**490**	**748**	**482**	**422**	**759**
Net finance costs	- 86	- 86	- 133	- 122	- 107
Profit before income tax	**404**	**662**	**349**	**300**	**652**
Income tax	- 73	- 58	- 58	- 25	- 72
Net profit	**331**	**604**	**291**	**275**	**580**
Non-controlling interests	- 30	- 33	- 36	- 40	- 46
Net profit holders of ordinary shares	**301**	**571**	**255**	**235**	**534**
Consolidated abridged statement of income excluding exceptional items					
Operating profit	**326**	**363**	**349**	**379**	**435**
Result of joint ventures and associates	166	176	114	111	123
Group operating profit (EBIT)	**492**	**539**	**463**	**490**	**558**
Net finance costs	- 86	- 87	- 82	- 98	- 107
Profit before income tax	**406**	**452**	**381**	**392**	**451**
Income tax	- 70	- 61	- 55	- 65	- 79
Net profit	**336**	**391**	**326**	**327**	**372**
Non-controlling interests	- 30	- 33	- 36	- 40	- 46
Net profit holders of ordinary shares	**306**	**358**	**290**	**287**	**326**
Consolidated abridged statement of financial position					
Intangible assets	173	165	156	149	146
Property, plant and equipment	4,431	4,144	3,736	3,488	3,553
Financial assets	1,476	1,418	1,146	1,019	1,138
Deferred tax	37	31	8	5	15
Other	15	25	47	41	122
Total non-current assets	**6,132**	**5,783**	**5,093**	**4,702**	**4,974**
Total current assets	**386**	**590**	**422**	**413**	**608**
Total assets	**6,518**	**6,373**	**5,515**	**5,115**	**5,582**
Total equity	**3,126**	**3,195**	**2,844**	**2,636**	**2,559**
Total non-current liabilities	**2,559**	**2,240**	**2,060**	**1,978**	**2,453**
Total current liabilities	**833**	**938**	**611**	**501**	**570**
Total liabilities	**3,392**	**3,178**	**2,671**	**2,479**	**3,023**
Total equity and liabilities	**6,518**	**6,373**	**5,515**	**5,115**	**5,582**

1 The Group has applied IFRS 16 per 1 January 2019 and the comparative figures are not revised.

Glossary

3YMP
Three-Year Maintenance Program

AFM
Dutch Authority for Financial Markets

AGM
Annual General Meeting

API RP 754
American Petroleum Institute Recommended Practice 754, Process Safety Performance Indicators for the Refining and Petrochemical Industries

Assure program
Focuses on the prevention of major accidents and minimizing the consequences if such accidents would occur.

Audit Committee
Committee within the Supervisory Board that assists the Supervisory Board in performing the supervisory tasks relating to matters such as, the integrity of the financial statements, the financial reporting, the internal audit procedures and the relationship with and the independence of the external auditors

Brownfield
Expansion of an existing terminal

Capex
Capital expenditure

Capital employed
Total assets less current liabilities, excluding assets and current liabilities not related to operational activities

Cbm
Cubic meter

CCIRS
Cross-currency interest rate swap

Contamination
Any situation where a customer's product is out of contract specification and cannot be used as intended or is reduced in value, or needs unplanned after treatment (e.g. mixing, blending, sparging), due to the action of another substance on that product and not classified as a process safety contamination. A contamination is independent of its financial loss

Contractor
A contractor is any person who is not an employee of Vopak but is providing contract-based services to the Vopak company or one of its subsidiaries, joint ventures or associates either on Vopak premises or off the Vopak premises, where Vopak exercises supervisory or procedural control

Corporate Governance
The manner in which the company is managed and the supervision of management is structured

COSO
Committee of Sponsoring Organizations of the Treadway Commission, an international organization whose aim is to create a model for information on and management of business risks

CRSA
Control Risk Self-Assessment

Damage
The loss of, impaired functioning, or impaired condition of anything (except people) which is considered to have some value, including company assets, the environment, and third party losses

DMCSA
Divisional Monitoring Controls Self-Assessment

EBIT - Earnings Before Interest and Tax
Net income, before income taxes, and before net finance costs. This performance measure is used by the company to evaluate the operating performance of its operating entities

EBITDA - Earnings Before Interest, Tax, Depreciation and Amortization
Net income, before income taxes, before net finance cost, and before amortization and depreciation expenses. EBITDA is a rough accounting approximate of gross cash flows generated. This measure is used by the company to evaluate the financial performance of its operating entities

EGM
Extraordinary General Meeting of Shareholders

Employee
An employee is any person who has a permanent or temporary, written or unwritten employment contract with a Vopak company or one of its subsidiaries, joint ventures or associates

EPS
Earnings Per Share

ERM
Enterprise Risk Management

Exceptional items
A limited set of events pre-defined by the company which are not reflective of the normal business of the company and which are exceptional by nature from a management perspective. These exceptional items include impairments, reversed impairments, additions to and releases from provisions for restructuring, results on acquisitions, results on assets sold, gains on the sale of subsidiaries, joint ventures and associates, any other provisions being formed or released and any significant change in estimates.

The Group does not apply a threshold for impairments, reversal of impairments, acquisitions, disposal of investments and discontinued operations. For the other items, the Group considers an event exceptional when the effect exceeds the threshold of EUR 10.0 million.

FSRU
Floating Storage Regasification Unit

FTE
Full-time Equivalent

GHG
Greenhouse gases

Greenfield
Building a new terminal on undeveloped land

GRI
Global Reporting Initiative (for more information visit www.globalreporting.org)

Gross assets / Gross capital employed
Gross assets are based on the carrying amount of non-current assets, excluding loans granted, and are grossed up by means of adding back the accumulated depreciation, amortization and impairment. Subsequently, the net trade working capital (trade debtors minus trade creditors) is added. Balances related to assets under construction are excluded from the gross assets. The average historical investment is based on the quarter-end balances in the measurement period relevant to the quarter concerned

Hub
Regional storage and transport center

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

IPCC
Intergovernmental Panel on Climate Change

IRS
Interest Rate Swap

ISDA
International Swaps and Derivatives Association

ISPT
Institute for Sustainable Process Technology

IT/OT
Information Technology/Operational Technology

LTI
Lost Time Injury

LTIP
Long-term Incentive Plan

LTIR
Lost Time Injury Rate; number of accidents entailing absence from work per 200,000 hours worked (of own personnel and contractors at subsidiaries, joint ventures and associates)

LTSP
Long-term Share Plan

Management Report
The 'Management Report' ('bestuursverslag'), within the meaning of section 2:391 of the Dutch Civil Code, comprises the chapters CEO Statement up to and including Internal Control and Risk Management, with the exception of the chapters Supervisory Board Members, Supervisory Board Report and Remuneration Report

MLO
My Learning Operations

NCI
Non-Controlling Interest

NGO
Non-Governmental Organization

NO_x
NO_x is a generic term for mono-nitrogen oxides NO and NO_2 (nitric oxide and nitrogen dioxide)

NPS
Net Promoter Score; a method of measuring the strength of customer loyalty for an organization

N.R.
Not reported

OCI
Other comprehensive income

Other information
The 'Other information' ('overige gegevens'), within the meaning of section 2:392 of the Dutch Civil Code, comprises the chapters Independent Auditor's Report, the Profit Appropriation and Stichting Vopak

PP
Private Placement, US Private Placement (USPP), Asian Private Placement (APP)

PSER
Process safety incidents per 200,000 hours worked for own personnel and contractors

Q.R.
Qualitative reporting

RCF
Revolving Credit Facility

ROCE - Return On Capital Employed Before Interest and Tax
EBIT -excluding exceptional items- as a percentage of the average capital employed. This performance measure is used by the company to assess the profitability and the efficiency of its operations in relation to the capital employed. The ROCE is calculated based on the accounting requirements of the previous lease accounting standard IAS 17, meaning that the EBIT includes the operating expenses of the former operating leases and that the capital employed excludes right of use assets related to these former operating leases.

ROE - Return On Equity After Interest and Tax
Net income -excluding exceptional items- as a percentage of the average equity employed. This performance measure is used by the company to assess the return that the company generates with the equity funds provided by its shareholders

SDG
Sustainable Development Goal

SHE
Safety, Health and Environment

SO_x
SO_x refers to all sulphur oxides, the two major ones being sulphur dioxide (SO_2) and sulphur trioxide (SO_3)

THA
Terminal Health Assessment

Throughput
Volume of a product handled by a terminal in a given period, calculated as (in + out)/2

TIR
Total number of injuries per 200,000 hours worked (own personnel)

VOC
Volatile Organic Compound

VPM
Vopak Project Management

Royal Vopak

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Credits

Consultancy, concept and design

DartGroup, Amsterdam

Technical realization

DartGroup, Amsterdam