

ESG

ENVIRONMENTAL
SOCIAL
GOVERNANCE
FRAMEWORK



BB Energy



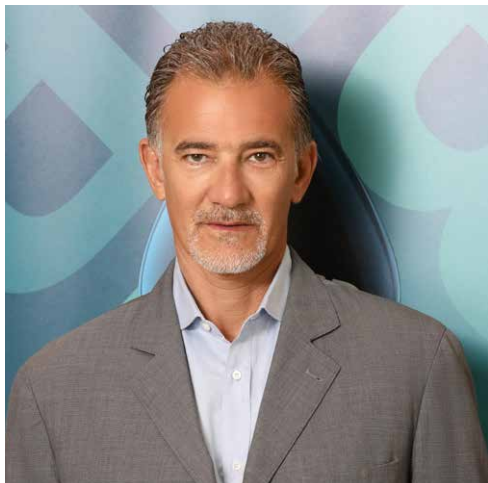


www.bbenergy.com/esg

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1. INTRODUCTION



Mohamed Bassatne
CEO



Jacques Erni
CFO

At BB Energy, addressing climate change is a key priority, and we are committed to using our capabilities to progress the world's energy transition.

We are delighted to introduce our second edition of the ESG framework, since its debut in 2021. This cements its place as one of the key strategic priorities within the Group. In this year's report, we aim to showcase how our different businesses – Trading, Downstream, Renewables - are collectively contributing to create a long-term positive and sustainable impact within society.

BB Energy embarked on a transformational journey towards cleaner and greener energy more than a decade ago by investing in and trading cleaner transition fuels, such as LPG and LNG. In January 2020, we formalised our ambition to support the Energy Transition with the creation of our Renewable Division.

Through a focused acquisition and investment strategy, we have expanded our Renewable Energy Division, which is dedicated to investing in renewable energy and emission reduction projects. We now have more than 30 members in the Renewable team, which continues to grow steadily through the hiring of highly skilled personnel with decades of experience in renewables projects.

This year, we worked closely with CarbonChain to establish BB Energy's new carbon footprint measuring system including Scope 1, 2, and 3 emissions. As we move into future reporting years, we anticipate the data to be increasingly refined and more comprehensive, enabling rational decisions at the right level and delivering on our commitment to transparency for our stakeholders.

Our Group's ability to support the Energy Transition is fuelled by the financial commitment that we made in 2021 to invest 25% of our annual net profits in renewable and energy transition projects. We are proud that we have already made great progress this year, with more than 30% of BB Energy Group's average net profit committed in renewable and energy transition projects.

The 2022/2023 ESG Framework provides an update on the progress of our current greener projects, as well as case studies which evidence our action in this space: from solar power plants reaching financial close this year to help with the demand for clean energy, to our investment in energy infrastructure to enable transition fuels such as LPG.

Finally, we would like to reiterate our support to the Energy Transition journey. We are conscious that this is an area ripe for partnerships and continuous improvement, and we are open for discussions.

We look forward to hearing from you.



Mohamed Bassatne
Group CEO
BB Energy Group Holding Ltd.



Jacques Raymond Erni
Group CFO
BB Energy Group Holding Ltd.

1.1. About BB Energy

BB Energy (BBE) is among the world's leading independent energy trading companies, with twelve strategically positioned offices around the globe and over 50 years of trading experience.

BBE has consolidated experience in trading, operations, chartering, logistics, storage, refining, and finance.

We continue to benefit from strong knowledge of the markets where we operate. This, combined with our logistics expertise and experienced traders, allows us to meet our clients' needs with reliable and innovative solutions.

BBE Renewables was established in 2020 to diversify from Oil & Gas by investing and financing in renewable projects. In alignment with BBE's focus on decarbonized energy sources, a Carbon Trading desk was also created in 2021.

At BB Energy, we are constantly evolving to meet new challenges, while developing our personnel to ensure a competitive edge.

Facts and Figures

- 31 million metric tonnes of Crude and Petroleum products and Liquid Gases traded in 2022
- Among the largest Gasoil, Gasoline and Bitumen traders in the Mediterranean
- Investments in storage facilities in excess of 120,000 cubic metres
- More than 500 employees worldwide
- Global presence with 12 offices located worldwide

1.2. Our Approach

At BB Energy, we are committed to meeting the highest standards of corporate citizenship and recognise the importance of acting responsibly in our own operations and across our supply chain. We continue to strive for operational excellence to protect our employees and partners, safeguard the environment, and

create a positive impact on the communities in which we operate. We have built deep knowledge in the trading of a range of products and this capacity will serve as a strong foundation to trade new low carbon commodities as we play our role in supporting the energy transition.

We are committed to a high level of transparency towards all our stakeholders, business and financing partners, aiming to provide them with coherent communications on how we address Environmental, Social, and Governance (ESG) challenges, and how we address climate change as a strategic business risk and an opportunity.

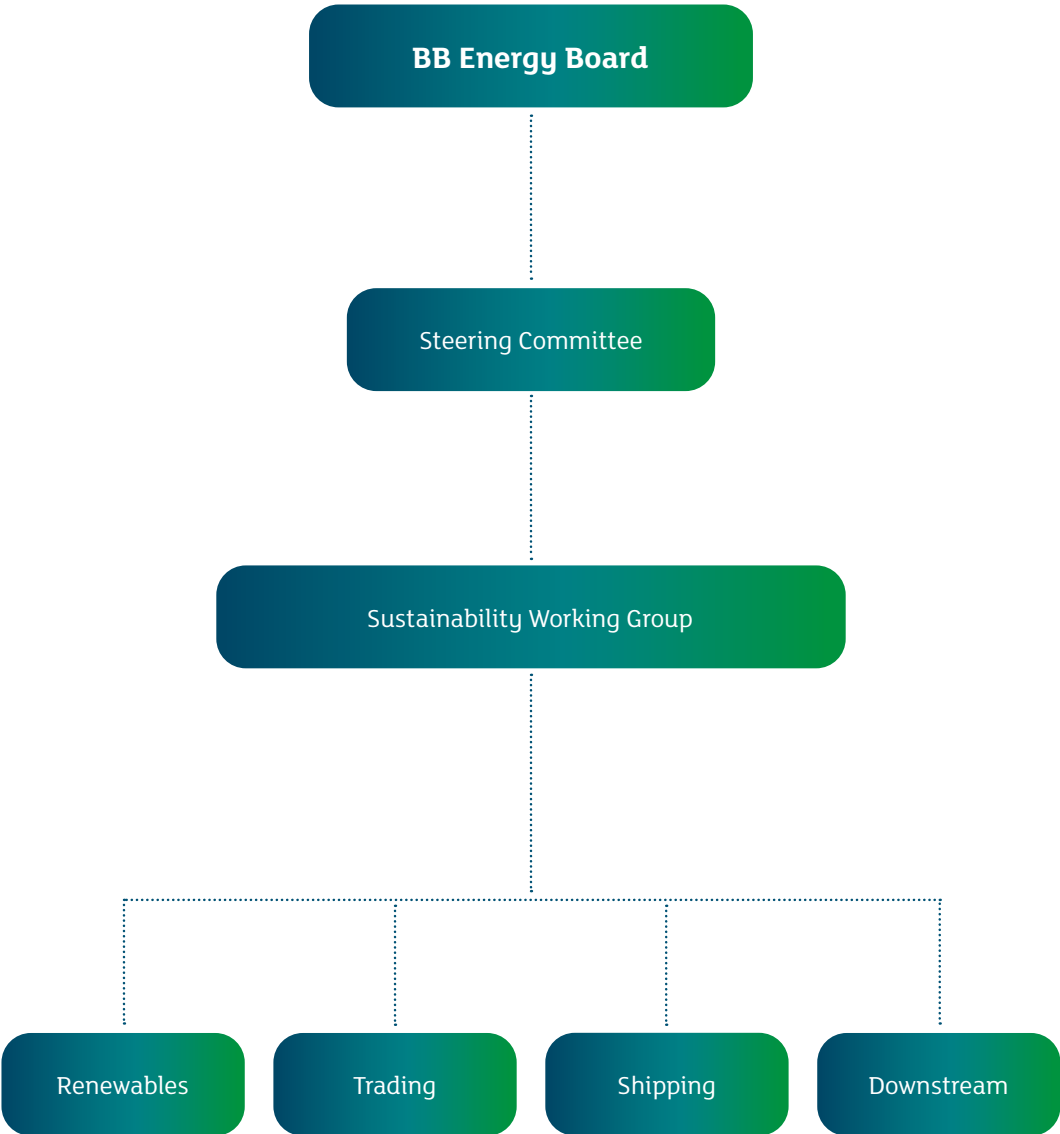
1.3. Our ESG Governance

This is the first revision of our ESG Framework to ensure that it is an accurate reflection of our activities and ambition. Going forward, we plan to revise this document on a bi-annual basis as we progress on our transition journey to continue providing transparency to our stakeholders including banks and financial institutions.

We have retained external ESG industry experts as well as appointing dedicated internal resources to work collaboratively via a Sustainability Working Group. The Sustainability Working Group helps the Group identify emergent ESG risks, prioritise our ESG ambitious targets and advise on how we can strengthen our approach to ESG opportunities.

Our governance structure diagram as seen on the next page has been updated to include our Group CEO and Group CFO from the Steering Committee. They are the sounding board for the Sustainability Working Group as they are more operationally responsible. Therefore, they endorse and represent this ESG framework to the Board.

1.3.1. Our Governance Structure





1.4. Our Responsibility Principles

The following principles outline our commitments across 4 key areas:

- **Health and Safety:** To uphold robust safety standards to keep our operations, communities, employees, clients, and contractors safe.
- **Environment:** To leverage our expertise to invest in opportunities presented by the energy transition in order to diversify our business and act on our long-term commitment to help transition to a lower carbon economy.
- **Society:** To be a positive presence in the communities in which we operate and to protect and respect the internationally recognised human rights of our employees, our contractors and those working in our supply chain.
- **Governance:** To uphold the highest standard of transparency and corporate governance, and to combat bribery and corruption with our business partners across our business.

1.5. Contributing to the United Nations Sustainable Development Goals

At BB Energy, we are familiar with and believe in the role of the private sector in progressing the UN Sustainable Development Goals (SDGs) to achieve a better and more sustainable future for all. The 17 SDGs provide a global framework to address some of the world's pressing economic, social and environmental challenges. They set out a pathway to inclusive growth and represent a call to action for the private and public sectors and civil society.

Whilst we acknowledge that all Sustainable Development Goals are incredibly important, we have prioritised the most relevant goals to our business activities and where we can have the most impact. We continue to believe the following SDGs are most material and relevant to BB Energy as we build our sustainability strategy and continue to build on our operational ESG excellence. Our priority goal is **UN SDG 7: Affordable and Clean Energy**. Through our investments in this area, we aim to have an impact on **goal 13**; and in our approach to delivering our work an impact on **goal 8** as well.

1.5.1. Our Priority UN Sustainable Development Goals



SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY



Ensure access to affordable, reliable, sustainable and modern energy

13 CLIMATE ACTION



Take urgent action to combat climate change and its impact

8 DECENT WORK AND ECONOMIC GROWTH



Promote inclusive and sustainable economic growth, employment and decent work for all

2. ENVIRONMENT AT BB ENERGY

2.1. BB Energy Environmental Impact

BB Energy Group Holding Ltd. has four key business areas, and we are conscious of the different environmental impact that each business has, especially on emissions:

A. Trading Business:

- Whilst traders of Crude, Petroleum products and Liquid Gases typically have a lower direct carbon footprint than upstream sector, they have a huge role in providing visibility over commodities prices, providing liquidity to markets. Therefore, trading companies contribute indirectly to emissions associated with the extraction, production and transport of commodities by creating demand for them and stimulating economic activity. This can result in helping the evolution of markets to price commodities differently with lower/higher carbon intensity.
- BB Energy is among the world's leading independent energy trading company, trading 31 million metric tonnes of Crude, Petroleum products and Liquid Gases in 2022.

B. Shipping Business:

- Shipping is the most carbon efficient mode of long-distance transportation (CO₂ per tonne km travelled)¹ and it represents more than 80% of global trade². However, its size means it accounts for 2.1% of global CO₂ emissions and this aspect needs to be tackled³.
- BB Energy mainly charters vessels to support its trading activities. It owns one vessel.

C. Downstream Business:

- There is a huge reliance on oil products for transport⁴. Road transportation (passenger and freight) accounts for ~75% of the transport sector CO₂ emissions, therefore 15% of global CO₂ emissions⁵.

¹ Sustainable Shipping — World Shipping Council (<https://www.worldshipping.org/sustainable-shipping>)

² World Maritime Day showcases technology for 'greener' shipping | UN News (<https://news.un.org/en/story/2022/09/1129027>)

³ Sustainable Shipping — World Shipping Council (<https://www.worldshipping.org/sustainable-shipping>)

⁴ Transport – Analysis - IEA (<https://www.iea.org/reports/transport>)

⁵ Cars, planes, trains: where do CO₂ emissions from transport come from? - Our World in Data (<https://ourworldindata.org/co2-emissions-from-transport>)

- BB Energy has - directly and indirectly via JV partnerships - storage, retail and distribution networks in Rwanda, Turkey, Pakistan, Bangladesh and most recently Morocco.

D. Renewable Business:

- Global demand for electricity is increasing and meeting this demand with renewables displaces a corresponding rise in fossil fuel usage and therefore avoids CO₂ emissions⁶. The IEA estimates supply of renewable energy needs to continue expanding by about 13% annually over 2022-2030 to align with the Net Zero Scenario⁷.
- BB Energy invests in and manages renewable energy projects through the BB Energy Renewable Division, which owns Solarcentury Africa.



⁶ Renewables have saved 230 million tonnes of CO₂ emissions so far in 2022 | Euronews
(<https://www.euronews.com/green/2022/10/06/rise-of-renewable-energy-has-prevented-230-million-tonnes-of-co2-emissions-so-far-this-yea>)

⁷ (<https://www.iea.org/reports/renewables>)

2.2. BB Energy Environmental Commitment

All our businesses within the BB Energy Group Holding Limited are committed to play an active role in achieving the objectives of UN SDG 7 and UN SDG 13. Please find below is how they contribute and support delivery of these two goals:

	Affordable and Clean Energy (UN SDG 7)	Climate Action (UN SDG 13)
Renewable Business	<p>Increase supply of renewable power especially in the Southern African Development Community (SADC) where access to reliable electricity is not yet 100%.</p> <p><i>Case Study: Displacing diesel at a Graphite Mine in Mozambique page 16</i></p>	<p>BBE Renewables drives the strategy in this area, through its investment in innovative carbon emission reduction projects such as Climate Tech Fund, managed by Zouk Capital; as well as through pioneering green projects for BB Energy Group companies to consult, own or operate.</p> <p>Create carbon offsets (which are ideal for use against hard to abate carbon emissions).</p>
Downstream Business	<p>Provide access to cleaner transition energy fuels to our customers.</p> <p><i>Case Study: Investment in LPG terminal and distribution business page 19</i></p>	<p>Execute on BB Energy physical investments and CAPEX within the retail space that decrease carbon emissions such as improving operations and low carbon customers' offerings.</p> <p><i>Case Study: Improved Cookstoves in Rwanda page 25</i></p>

Affordable and Clean Energy (UN SDG 7)

Climate Action (UN SDG 13)

Trading Business

Trading in alternative energy products such as biofuels and biodiesel as demand requires it, whilst supporting the trading in transitional fuels such as LPG and LNG.

Section 2.3.2 Transitioning to alternative fuels page 18

Measure and analyse our carbon emissions footprint to enable its management. Focus on new markets and lower carbon fuels and assist/raise awareness of our customers to reduce their carbon footprint.

Section 2.4.1 Measuring Greenhouse Gas Emissions page 22

Shipping Business

Not Applicable.

Measure and analyse the emissions of the ships that we charter and their alignment to the Sea Cargo Charter⁸.

Section 2.4.1 Measuring Greenhouse Gas Emissions page 22

⁸ The Sea Cargo Charter was launched in October 2020, an initiative led by the International Maritime Organisation (IMO) in order to have a transparent process for emissions reporting and enable companies to see how ships are aligned to IMO targets. Further information can be found at www.seacargocharter.org

2.3. Affordable and Clean Energy (UN SDG Goal 7)

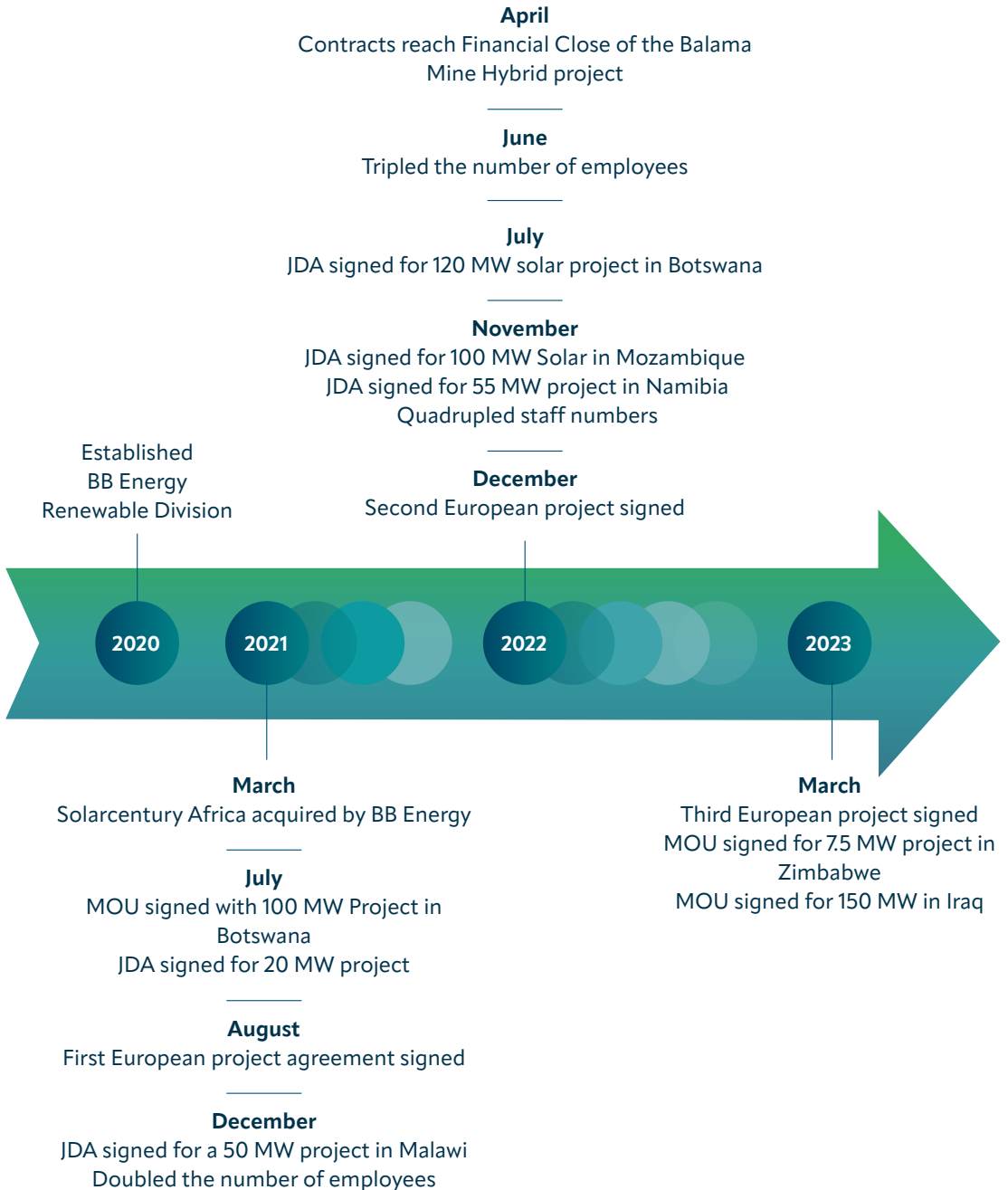
As part of our contribution to UN SDG Goal 7, since 2021 BB Energy committed to invest annually 25% of its average net profit into renewables, transitional, and emission reduction projects; we aim to ramp-up annual investments from 2023 to reach 50% of average⁹ net profit by 2025. Since that target was adopted, BB Energy has already made significant progress by committing to over 30% of its average net profits to greener projects in 2022.

We established the BB Energy Renewable Division in 2020 with the purpose of investing, building and managing renewables projects alongside emission reduction projects. Our initial investment was in the Electric Vehicle Charging Infrastructure sector in the UK which the British Government is the main investor; however, since the acquisition of Solarcentury Africa in 2021, a key focus area has been developing Solar/Battery Hybrid Energy projects across Africa.



⁹ Average net profits represents the Group's average net profit of the preceding 3 years

2.3.1. Our Renewable Journey to Date



Since the ESG report in 2021, Solarcentury Africa has secured a further 150 MW of solar PV development projects in Southern Africa, bringing the total up to 450 MW in 2022. This platform provides BB Energy with 4 GW pipeline of solar energy and battery storage projects across Africa.

The Solarcentury Africa team has more than quadrupled in size over the last 24 months, and expertise spanning development, engineering, design, procurement, legal, funding and delivery. We see particular social value in contributing to supply areas where there is an enormous unsatisfied demand for power or load-shedding. Our projects will be a mixture of owned and operated sites plus solutions for customers. Using predominantly solar power helps to deliver the goal of both affordable and clean energy as it is the least expensive form of energy available in the market. Given solar technology is quick to deploy and is scalable, we believe in its ability to deliver an efficient and economical energy transition.

We are now starting to see the realisation of some of Solarcentury's objectives with several projects expected to reach financial close in 2023: for example, Gerus (Namibia), Solnam (Namibia) and Chimuara #1 (Mozambique).

To complement our development activities, we are in the process of launching our Power Trading Business in the Southern African Development Community (SADC) in 2022. BB Energy has leveraged its multi-decade trading experience in Africa to trade power in the SADC region, with the aim to become one of the first merchant players to trade on the Southern African Power Pool (SAPP) markets. Through Solarcentury Africa, BB Energy will be able to develop and build new renewable power generation capacity, supplying it across the region through the SAPP markets and making a significant contribution to decarbonise and help to meet the current power deficit in Southern Africa.

Case Study: Displacing diesel at a Graphite Mine in Mozambique

Solarcentury Africa undertook the design, detailed engineering and procurement of, and structured and arranged the funding for, a hybrid power system for the Balama graphite mine in Mozambique.

It is being delivered under a 10-year build-own-operate-transfer ("BOOT") arrangement, with a Mozambique incorporated project company in charge of

constructing, owning, operating and maintaining the system during the BOOT period before transferring ownership to Syrah

Resources Limited at the end of this arrangement. Funding for the project company has been arranged and structured by Solarcentury Africa and will be provided by Sub-Saharan Africa renewable energy IPP CrossBoundary Energy. The hybrid power system is a 11.25 MWp solar PV plant combined with an 8.5 MW/MWh battery energy storage system, integrated with the Mine's existing thermal power generation plant and managed by a hybrid power control system.

The hybrid power system will supply approximately 35% of the Mine's power needs, reducing diesel consumption and therefore carbon emissions. Graphite is one of the materials that goes into EV batteries, so being able to reduce the carbon emissions in the supply chain is important for the industry.

We have used a local contractor to build the plant, with local people employed through the build phase and ongoing local employment when the plant is operational.

The project reached financial close in April 2022 and is expected to be completed and fully operational by mid-2023.



Solar panels at Balama

2.3.2. Transitioning to Alternative Fuels

Complementary to renewables, in cases where they are not yet suitable, we see a need for lower carbon fuels: biofuels and LNG or LPG as alternatives to more polluting fuels (such as oil).

We reported on our achievement of the International Sustainability and Carbon Certification (ISCC)¹⁰ in 2020 to ensure consistent standards are followed throughout our Group. The ISCC certification has to be obtained by BB Energy companies that plan to trade biofuels. BB Energy Trading Ltd. were the first to receive certification followed by BB Energy Belgium and BB Energy France in 2022. Since then, all have been successful in renewing their annual certifications. This year, an additional trading entity within the Group is seeking the ISCC accreditation; this demonstrates our continued commitment to develop our usage of lower carbon fuels whilst not inadvertently causing further environmental issues.

Whilst we acknowledge its status as a fossil fuel, cleaner burning LPG is helping to diversify the fuel mix and reduce air pollution as a fuel for heavy duty road transport and shipping.

More than 90% of the African population do not have access to clean energy fuel for cooking, and we see LPG as a credible source of energy for this purpose. Therefore, BBE Downstream is committed to expand its LPG footprint in key identified markets across Africa to meet the demand during the transition. To enable this, we appointed a new global head of LPG downstream end of 2022.



Case Study: Investment in an LPG terminal and distribution business in Rwanda

The Nationally Determined Contribution for Rwanda (submitted under the UN SDGs), includes the following targets by 2030¹¹:

- At least 80% of the rural population phase out open fires by accessing modern efficient or alternative cleaner fuels and cooking stove technologies
- At least 50% of the urban population use modern efficient cook stoves or cleaner cooking fuels, such as LPG, pellets, briquettes, electricity or green charcoal
- Reduce institutions' demand of wood biomass for cooking and heating through supporting and encouraging institutions to use alternative improved cooking technologies with emphasis on Electricity, LPG and Green Charcoal.

These ambitious targets mean that approximately 1 million households will need to be provided access to new sources of energy by 2030.

Currently, the country consumes around 2000 tons of LPG per month compared to 400 tons in 2015. We believe that if the Government of Rwanda achieves its household conversion targets, LPG consumption will be in the range of 7000 tons by 2030.

The challenge is that the existing LPG infrastructure in Rwanda is operating at a maximum capacity, with bottlenecks primarily around the lack of LPG storage and cylinder filling capacity.

To counteract this, BB Energy - through its subsidiary "Société Pétrolière " - is designing, constructing and eventually operating a 17,300 m³ LPG storage infrastructure. This is enough capacity that if LPG volumes were turned around fully once per month using the facility, then it would enable the serving of the full forecasted demand in 2030.

The project has now received all regulatory approvals. Detailed designs, Environmental Impact Assessment and licensing processes are now complete. Financing from the Rwandan Development Bank has been obtained and civil works are currently ongoing. The target is to complete all civil works by December 2023 and commissioning of the project in 2025.

¹¹ www.un.org/sites/un2.un.org/files/2021/11/rwanda_energy_compact-final_copy.pdf



2.3.3. Traditional Business Continuing to Meet Demand During the Transition

Our investment policy constrains our activities within Oil & Gas to reflect the longer-term direction of the company.

These investments are subject to shorter payback periods and a slightly higher internal rate of return is required compared to the investments we are making in the renewables space.

2.4. Climate Action (UN SDG Goal 13)

We continue to recognize that climate change is a global challenge that will present risks for communities and businesses around the world. We are aware that climate change has the potential to impact our business resilience and viability via both physical impacts (e.g. extreme weather events and rising sea levels) and by transition impacts (e.g. policies and regulations to address greenhouse gas emissions, emergence of low carbon solutions or changing consumer preferences).

We understand that the Paris Agreement seeks to limit the rise in the average global temperature well below 2° Celsius and monitor the regulatory landscape in order to ensure we comply with climate related regulations. At the same time, we are of the opinion that our industry will continue to have a role in supplying affordable, reliable energy that is essential for economic development, quality of life and eradication of poverty. Access to electricity is a particular challenge in sub-Saharan Africa, where hundreds of millions either have no access or only limited or unreliable electricity¹².

As a responsible corporation, we strongly believe our role needs to support and drive the transition to a low carbon future, therefore we are constantly looking for opportunities in this area as well as supporting our own customer ambitions, such as through providing carbon offsets.

We accept that certain areas of our business either directly or indirectly contribute to global carbon emissions, predominantly from our shipping activities and the products we trade (known as “scope 3” carbon emissions). The first step to take action is to understand our impact. Therefore, since our last report we have implemented a carbon emissions measurement dashboard covering our full carbon footprint (Scope 1, 2, and 3). You can read more about our methodology in the next section.

To build on this progress, we will start disclosing in line with the TCFD framework from 2024.



¹² Commodities at a glance: Special issue on access to energy in sub-Saharan Africa (https://unctad.org/system/files/official-document/ditccom2023d1_en.pdf)

2.4.1. Measuring Greenhouse Gas Emissions

Within the last year, we have contracted CarbonChain to establish BB Energy Group's 2022 Baseline Carbon Footprint, applying best practice GHG accounting practices. Our carbon footprint (which is actually a carbon dioxide equivalent figure as it includes the seven Kyoto Protocol greenhouse gases) was captured across Scope 1, 2, and 3 as per the below:

Scope 1 (Direct): Includes all 'direct' sources of emissions by a company. Direct sources are those owned or controlled by the company and includes emissions released directly by the activity such as emissions from the combustion of fuel from vehicles, emission from gas burning onsite for heating, and furnaces, as well as the leakage of emissions onsite from refrigerants.

Scope 2 (Energy indirect): Accounts for all GHG emissions from purchased electricity that is consumed by a company to sustain its business operations. The GHG Protocol defines it as "electricity that is purchased or otherwise brought into the organisational boundary of the company". Scope 2 emissions are considered 'indirect' as they are not generated within an organisation's boundaries, but at the site where the electricity is generated.

Scope 3 (Other indirect): Includes all other GHG emissions that occur as a consequence of the activities of a company, but that are not owned or controlled by the company. Scope 3 emissions are often referred to as "value chain emissions" and generally make up the majority of a company's carbon footprint. The GHG Protocol has broken Scope 3 emissions into 15 distinct categories. There are variations in how trading companies approach emissions measurements, which makes comparisons of the numbers difficult. BB Energy has chosen to be guided by CarbonChain as an independent company to deem what is relevant rather than what is the minimum to avoid artificially under-measuring. CarbonChain applied a criteria whereby two or more of the following five relevancy criteria are met (size, risk, stakeholders, influence and outsourcing) would deem the emission sources as relevant and therefore included

Another area of the methodology applied to note is regarding traded products as these are a significant proportion of BB Energy's carbon footprint. Traded products are the commodities that the BB Energy's trading entities physically purchase and sell onwards within the reporting period. The traded product quantities only take into



account the product sale quantities (not purchase quantities) within the reporting period. For all traded products sold by BB Energy's trading entities, the Scope 3 calculation has included cradle-to-grave emission sources across the traded products' supply chains to align with the GHG Protocol's Product Standard. The emissions across the traded products' supply chains has then been categorised across the 15 Scope 3 categories.

2.4.2. Carbon Trading and Credits Creation

In 2021, BBE Renewables set-up an emissions trading desk off the back of hiring a pioneer expert in carbon trading. In 2022, we have continued to expand our Carbon Trading Desk, which combines our trading capabilities with the desire to meet key climate goals. Over the past 12 months, our trading desk has secured 11 million tons of carbon credits, achieving a positive mark to market on each concluded trade.

Although there are still challenges around carbon credits, we believe that providing market liquidity is vital to create an ecosystem where carbon is more reflectively priced throughout different value chains to give an additional economic signal for the transition.

Furthermore, depending on where carbon credits are generated and what the projects entail, they can help facilitate an equitable and just energy transition. For instance, they can help subsidise the cost of clean energy alternatives, making them more affordable for low-income households¹³.

In addition to our project in Rwanda in the case study on the next page, we expect to soon announce additional nature-based and energy efficiency initiatives in South-east Asia and Africa.

¹³ Carbon credits and the energy transition: An Investor Perspective - Climate Champions (<https://climatechampions.unfccc.int/carbon-credits-and-the-energy-transition-an-investor-perspective/>)

Case Study: Improved Cookstoves in Rwanda

Cooking using open fires or inefficient stoves contributes to greenhouse gas emissions but has also been linked to various illnesses and deaths due to household air pollution. Rwanda is amongst the list of countries identified as worst affected by lack of access to clean fuels and technologies for cooking¹⁴.

In 2022, BB Energy launched a flagship project in Rwanda to replace traditional fire stoves with 500,000 Improved Cookstoves, which aim to reduce CO₂ emissions by a target of eight million tonnes over the lifetime of the project. These highly energy efficient cookstoves reduce the volume of carbon emissions per household, alleviate deforestation through decreased demand for firewood and improve the health of users by curbing the emission of toxic fumes. The manufacturing of these new devices has also created 200 local employment opportunities. So far, around 50,000 Improved Cookstoves have been produced and distributed.

We have submitted the project to Verra for registration. The details are available through Verra's registry, Project ID: 3654¹⁵.



Improved Cookstoves Project, Rwanda

¹⁴ Commodities at a glance: Special issue on access to energy in sub-Saharan Africa (https://unctad.org/system/files/official-document/ditccom2023d1_en.pdf)

¹⁵ Verra provides quality assurance in the voluntary carbon markets. Our project record can be found at: (<https://registry.verra.org/app/projectDetail/VCS/3654>)

2.4.3. Driving Innovation

Last year we reported that BB Energy completed its cornerstone investment in Zouk Capital's Electric Vehicle Charging Infrastructure Investment Fund (CIIF). Since the launch, the fund made investments in four portfolio companies in the UK. CIIF has updated its expected benefits as saving 4.3 m tones of CO₂ and 30,000 tonnes of NoX until December 2030.

We are investing in innovation and decarbonization initiative to further strengthen our commitment to the Energy Transition. In October 2022, BB Energy invested in a European climate tech fund managed by Zouk Capital UK. The aim of this fund is to raise US\$ 400 million to invest in companies that proactively work to address climate change. First closing expected in May 2023 with BB Energy's share expected to be 12.5%.



EV Charging

3. OPERATIONAL HEALTH, SAFETY & ENVIRONMENT

3.1. Our Exposure to Climate-Related Physical Risks is Likely to Grow

We recognise that the effects of global warming will result in an increase in the frequency and intensity of weather-related incidents (e.g. drought, flooding, cyclones, high-precipitation events). An increase in these types of events has the potential to affect our operations and safety so we are working to assess business resiliency and ensure our operations are prepared.

As a physical commodity trading business, we are inherently exposed to health, safety and environmental (HSE) risks presented by the storage, handling, and transportation of physical products. We have implemented appropriate policies and procedures across our operations and continue to refine our approach to operational HSE excellence.

Our own storage facilities and physical storage sites:

- Are governed by HSE policies, outlining key requirements and procedures to protect our people, contractors, customers, the public and the environment
- Our operated storage assets in Turkey and Rwanda were recently built, incorporating state of the art design including the highest levels of HSE protection
- The Environmental, Health, and Safety Management Systems (covering policies, plans, procedures, and records) controlling our majority owned operated storage assets are certified to international standards such as "ISO 14001" (covering environmental risks) and "OHSAS 18001" or "ISO 45001" (covering safety risks)
- Third parties who operate and maintain our owned facilities are leading operators which we thoroughly vet against our own procedures and standards

Hydrocarbon products are predominantly transported by third-party trucking fleets. Any third parties are required to meet certain safety, security, and environmental requirements, and this is confirmed via a vetting procedure conducted by Société Pétrolière Limited.



3.2. Vessel Leasing

BB Energy, through a designated third-party chartering counterparty, charters vessels globally to transport hydrocarbons from terminal to terminal and for ship to ship loading and discharge. BB Energy is committed ensuring that the vessel has valid classification society certificates and passes the “Ship Inspection Report Programme” (SIRE) according to international standards. Our vessel chartering procedures cover the following:

- Vessels which are sanctioned (owning company, managers or pools) are prohibited and are tracked via a separate monitoring system. In order to protect charterers against possible sanctioning of a fixed vessel, a sanctions clause is inserted into the charter party terms and conditions

- Owners undertake that the vessel is a tanker owned by a member of the International Tanker Owners Pollution Federation Limited (which covers the losses and damages incurred by oil spills and promotes effective oil spill response)
- Vessels are also legally required to comply with the International Management Code for the Safe Operation of Ships and for Pollution Prevention
- All chartered vessels are vetted in line with our company standards and chartering is in line with the International Ship and Port Facility Security Code, which enhances the security of ships and port facilities; and
- All commercial shipping agreements are contractualised by industry leading Terms and Conditions respecting laws and marine regulations, which include key pollution prevention and safety-related requirements



3B Destiny Vessel

3.3. Storage Leasing

BB Energy frequently leases third-party owned storage facilities. Prior to selecting storage, the Group uses internationally recognised independent inspectors to vet the facilities and perform due diligence. In addition to stringent requirements around tank conditions and cleaning regimes, from an operational HSE perspective, our vetting procedure also confirms the adequacy of the following aspects:

- Environmental permits
- Safety / Personal Protective Equipment policies
- Safety procedures
- Tank bunding (to prevent fuel being released into the environment in case of leak or explosion)
- Firefighting capability and equipment
- Emergency shutdown system and
- Security arrangements

For other relevant areas of operations:

- From a supply chain perspective, we further enhanced our Know Your Customer (KYC) process to now include sustainability related questions from all our business counterparts in an attempt to further promote attention to sustainability across the industry
- All our products are covered by a comprehensive insurance policy requiring industry standard risk controls (including HSE risks)



4. SOCIAL IMPACT

4.1. Modern Slavery and Human Rights

As part of our commitment to combat modern slavery, we have implemented various policies, systems and controls to safeguard against any form of modern slavery that could occur within the business or our supply chain. This includes:

- Publishing an internal Anti-Slavery Policy to ensure that employees are aware of our commitments and their responsibilities in relation to modern slavery, and know how to report and escalate any concerns
- Carrying out due diligence processes as part of our KYC procedures on our potential and existing business operations, business partners and suppliers to ensure that we engage appropriately with them, and that they have not been convicted of any modern slavery offences and other potential human rights violations
- Delivering ad-hoc training to ensure that relevant employees understand the risks of modern slavery, human trafficking and forced labour and understand what to do if they suspect any breach of our policies, including our Anti-Slavery Policy

Like many business risks, we will continue to review our business activities and supply chains and continue to identify certain worksites, regions or vulnerable workforces where modern slavery risks may be present and will implement more proactive measures where necessary.

4.2. Supporting Communities

The successful growth of our family business into a global player is reflected through the expansion of our support for both local and global initiatives, most recently through the BB Energy foundation established in 2021. We support NGO's and charitable organisations where we have a business presence and that share our objectives in education and health to deliver meaningful impact. This is reflected through our support of various healthcare, social initiatives, fellowship programs particularly in the Middle East where our business originated, but also in Africa, the USA, and Singapore where we maintain a commercial presence.

We established a fellowship program at Wharton School, a global leader of management education, for MBA students from Middle Eastern heritage; where our CEO is also an alumnus and member of the Wharton School's Executive Board for Europe, Africa, and the Middle East. The Bassatne Department of Chemical and

Petroleum Engineering at the University of Beirut supports academic and research agendas, enhance innovation and funds scholarships.

Through donations to various charities and NGOs, we support initiatives that focus on assisting disadvantaged children, orphans, the elderly, families, individuals with special needs, and those that have been displaced to access healthcare and other necessary social services to improve their welfare. One example is our partnership with Give a Child a Brighter Future, whose emphasis is on providing essential healthcare for various orphanages, urgent hospitalisation, life-saving operations, and vital medical equipment to hospitals.

We have a dedicated employee strategically coordinating our community initiatives, directly reporting to the CEO. Over time we will continue to expand our social investments to continue to focus more strategically on how our Foundation can be leveraged to support the UN SDGs, particularly community objectives in the key areas where we operate.

4.2.1. Case Study: Supporting Communities in Rwanda

Given our strategic downstream business in Rwanda, we are also expanding our support to the “Right to Play” initiatives. The use of sport and play within and outside the education system to promote life skill development and improve retention rates allowing children to complete their education and lay the foundations for children’s future development in Rwanda. The program focuses on children and young people in disadvantaged communities and trains young leaders to become champions in their local communities, including empowering females who are traditionally harder to reach within these communities.



5. GOVERNANCE

5.1. Organisational Structure

The Group is managed by the Board of Directors comprised of executive and non-executive members and senior management as highlighted on page 10 of the annual report. The Group has in place an organisation chart with key functions and reporting lines.

The physical trading activities of the Group are organised in Trading Books covering various products or specific regions which are all carried out as per the Trading and Compliance Policy. Each Trading book is managed and supervised by a Global Head who is empowered to enter into physical term contracts or spot Deals, or delegate, subject to specific conditions and limits. All the Trading activities are supervised and coordinated by the Global Head of Trading or the Global Head of Bitumen and Liquid Gases.

5.2. Business Ethics

Our business activities are governed by the Group's Anti-Bribery and Corruption Policy which detects and prevents bribery and corruption. The Compliance Committee has primary and day-to-day responsibility for implementing this Policy and for monitoring its use and effectiveness. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this Policy. Training on this Policy forms part of the induction process for all new workers and all existing workers receive annual training on how to implement and adhere to the Policy. Internal control systems and procedures are subject to regular audits to provide assurance that they are effective in countering bribery and corruption.

In addition to the above, we have systems and control mechanisms in place in relation to our Anti-Bribery and Corruption policy, and as part of our KYC process and recruitment procedures to support our stance that we will not knowingly deal with or support any business and individuals involved in anti-social or criminal behaviour.



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