



USD GROUP



USD PARTNERS



USD CLEAN FUELS

2021 SUSTAINABILITY / ESG REPORT

SUSTAINABLE SOLUTIONS EVERY DAY AND IN EVERYTHING WE DO





LEADERSHIP MESSAGE

USD is a development company built on delivering innovative solutions to our customers by asking, “Why?” We question the status quo to seek improvements, ease constraints, and develop energy and infrastructure solutions that deliver superior value socially, environmentally, and economically. We help the world progress by improving access to energy and renewable resources while solving constraints in logistics and supply chains. Historically, our primary platform has been centered on rail transportation, an existing infrastructure network in North America that was built to transport essential products and raw materials. We continue expanding into other platforms and partner with recognized leaders in the industry to jointly seek improvement.



DAN BORGEN

Chairman, Chief Executive Officer, and President

[Learn More About Our Team](#)

BILL FRERKING

Chief Administrative Officer, VP of Sustainability and EH&S

Why development? Why rail? Why petroleum products? Development brings innovation to society, creates efficiencies, accentuates strengths, and can drive swift solutions to facilitate transformation. Rail remains one of the most critical infrastructures in North America in serving people’s needs and improving their quality of life. First and last mile rail solutions ensure that essential products and raw materials are reliable and affordable. Petroleum products remain the most reliable, proven, and abundant sources of energy today and remain critical feedstocks in many products. Helping to provide a reliable and affordable supply benefits society as a whole, benefiting the lowest economic segments the most. As the clean energy transition occurs, we continue our work bringing ethanol to the market and are expanding into other renewable fuels as you will read in this Report. As we have done since our entry into ethanol markets over twenty years ago, USD remains committed to developing opportunities that facilitate the energy transition.

In developing energy infrastructure solutions, USD strives to deliver improved safety and environmental performance. Through the end of 2021, we are proud that our facilities have achieved over 13 years of operations with zero recordable injuries. Moreover, our employees and contractors are contributing members of the communities in which we operate. We pioneered the first diluent recovery unit (or DRU) with our own patented technology, then worked with recognized industry leaders to make it a reality by introducing DRUbit™, our innovative, first-of-its-kind DRU product, the most sustainable solution for delivering Canadian bitumen from Hardisty, Alberta. Our DRUbit Network provides an advantageous industry solution that is superior to available alternatives from both a cost and emissions perspective, delivering a lower cost, lower CO₂e

emissions, and non-hazardous and non-flammable bitumen barrel to the U.S. Gulf Coast. In addition, transporting DRUbit is a safer, more scalable solution that drives more bitumen volumes out of Canada, reducing Canadian reliance on imported diluents and enhancing optionality for refiners, creating a more valuable feedstock.

Our work with renewable fuels like ethanol and renewable diesel, commercial rail development solutions, and our Texas Deepwater Partnership on the Houston Ship Channel continue our legacy as a preferred provider of sustainable solutions by delivering low carbon intensive products to high demand markets. We believe that sustainable solutions surpass existing alternatives by providing superior value that improves quality of life, reduces negative impacts on the environment, and are advantaged economically.

USD is proud to issue its inaugural ESG/Sustainability Report. We hope that it shares some of the reasons our employees are proud of asking “why,” changing the game, and delivering sustainable improvements; that it confirms to our stakeholders what we hope we have proven throughout our relationships with them; and that it provides those who haven’t yet worked with USD a reason to ask, “why not?” As you read this Report, we remain committed to developing and delivering our innovative and sustainable solutions, *every day, and in everything we do.*

Dan Borgen
Chairman, Chief Executive Officer, and President

Bill Frerking
Chief Administrative Officer, VP of Sustainability and EH&S

USD Sustainability Statement

We believe that sustainability is:

- Improving quality of life today without jeopardizing the ability to do so in the future
- Delivering solutions that achieve the optimal balance among the perceived trade-offs in the three dimensions (social, environmental, economic)
- Making explicit choices and having transparency in those choices through effective governance and control policies
- Best achieved when solutions are chosen by voluntary exchange among those who have competing alternatives and can optimize the sustainability value proposition
- Dynamic, comparative, and driven by individual and unique values
- Proven over time as goods and services successfully compete against available alternatives
- Best advanced through innovation and competition where there are multiple stakeholders with competing priorities and value drivers
- Considering the business impacts of something a key stakeholder cares about
- Measured better by demonstrated preference than by stated preference
- Using resources economically



USD COMPANY OVERVIEW

Houston-based USD Group LLC, or USDG, is a wholly-owned subsidiary of US Development Group LLC, or USD. Both USD and USDG are privately owned. USD Partners, or USDP, is a fee-based, growth-oriented master limited partnership formed in 2014 by USD to acquire, develop, and operate midstream infrastructure and complementary logistics solutions for crude oil, biofuels, and other energy-related products. USDP and USDG generate a good majority of their operating cash flows from multi-year, take-or-pay contracts with primarily investment-grade customers, including major integrated oil companies, refiners, and marketers.

Our operations include railcar loading and unloading, storage and blending in onsite tanks, inbound and outbound pipeline connectivity, truck transloading, as well as other related logistics services. We also provide our customers with leased railcars and fleet services to facilitate the transportation of liquid hydrocarbons by rail. Among other projects, USD is currently pursuing the development of a premier energy logistics terminal on the Houston Ship Channel, through its 50% ownership in Texas Deepwater Partners, or TDWP, with capacity for substantial tank storage, multiple docks (including barge and deepwater), inbound and outbound pipeline connectivity, dredge services, as well as a rail terminal with unit train capabilities.

Since its inception, USD has delivered sustainable solutions that result in positive impacts on people, society, and the environment. We proactively solve the strategic needs of our customers and partners, creating flexible market access for customers in significant North American growth areas and key demand centers, including Western Canada, the U.S. Gulf Coast, and Mexico.¹ Innovative, responsible, and focused on the future, USDG is led by a senior management team that has an average of over 25 years of experience in the energy, rail logistics, transportation, refining, commodities trading, and financial industries.

As a sustainability-focused leader, we were among the first companies to successfully develop the hydrocarbon-by-rail concept as an alternative to pipeline transportation. We have built or operated unit train-capable origination and destination terminals with an aggregate capacity of over one million barrels per day, and have safely handled 395 million barrels of biofuels and liquid hydrocarbons from January 2006 through December 2021.

Strategically Positioned Network

Through our strategically positioned network, we support significant growth opportunities for our customers and partners. We seek to understand the underlying energy industry needs to develop full-suite logistic solutions in an ever-changing energy market.

Affiliated Programs and Certifications





OUR SUSTAINABILITY APPROACH

As a developer of midstream energy and logistics solutions in various industries, our largest impacts are often found within the solutions we deliver. We add the greatest value to our stakeholders, including customers, investors, and partners, when those solutions offer improved social, environmental, and economic outcomes.

USD's vision is to create solutions that have positive impacts on people and the environment. This involves asking pertinent questions and addressing issues important to the various stakeholders involved. As such, we strive to establish authentic and achievable initiatives for our projects and in our organization that are tied to creating superior value. Often our best proof points for providing sustainable solutions are found in how they are valued by our customers and the partners we work with, as highlighted throughout this Report.

Core to Our Business

Sustainability is core to our business and is key to delivering innovative logistics solutions for our customers. We believe our business must be sustainable by creating mutual value, preferred by customers with alternatives, in three dimensions: social, environmental, and economic. All must be supported by a quality corporate governance structure that provides transparency and accountability, and consistent with our beliefs about sustainability.

Our Sustainability Framework

Addressing the complexity presented by sustainability is facilitated by having a sound mental model to understand what “good” looks like. As such, we have created a sustainability framework to help us consistently make better decisions, drive stakeholder value, and measure our performance. Our framework is reflected in our sustainability logo shown on this page. The framework includes:

- **Social, Environmental, and Economic Dimensions** – the three dimensions of sustainability in a triangle shape (similar to our company logo) reflects our desire to consider the impacts, outcomes, and tradeoffs in evaluating opportunities;
- **Governance** – which provides the foundation of priorities and monitoring; and
- **Sustainability Statement** – our statement of beliefs about sustainability (shown on the Leadership Message page).

We believe that this framework is true to our Company, the marketplace realities, and the state of play in the sustainability/ESG arena. The framework remains dynamic as the marketplace, technology, and sustainability expectations of key stakeholders continue to change. This framework provides a strategic approach that is substantive, tactical, and focused, and provides consistent parameters that guide us in our pursuit of delivering advantaged and valuable solutions.

Every Day and in Everything We Do

Our approach to sustainability is about outcomes that foster improvement. Sometimes that is an incremental improvement over the status quo; other times it is a novel, first-to-market improvement that changes the game. We use the eye of an experienced developer with success in delivering logistics solutions to identify opportunities for improvement—often by asking “why?” Sustainability objectives allow us to create outcomes that we expect our customers and other stakeholders will value more than their current alternatives. To us, innovation leads to the highest and best use of resources, and a way to improve lives, society, and the environment.

True sustainability lies in performance that improves quality of life, protects and cares for the environment, and creates superior value. The optimal bundle of tradeoffs that key stakeholders prefer is where innovation and sustainable improvement intersect. Throughout this Report you will see examples of how, at USD, we strive to deliver more sustainable solutions every day, and in everything we do.

Social

Improving and protecting quality of life for people and communities.

Environmental

Acting as good stewards and protecting the environment in which we live and work.

Economic

Creating mutual value preferred by customers with alternatives.

Governance

Ensuring that appropriate priorities are set and monitored.

Sustainability Statement

Our beliefs about sustainability (see Leadership Message).



DRUBIT™ BY RAIL™ (DBR™) NETWORK: MOVING INNOVATION FORWARD

At USD, we continue our legacy of providing sustainable market solutions with our first-of-its-kind, patented DRU (Diluent Recovery Unit) separation technology and our DRUbit by Rail (DBR) network. The DBR network is a first-to-market network that moves heavy Canadian crude oil, also known as bitumen, from Canada to the U.S. Gulf Coast in a more sustainable fashion. The latest example of how our innovation leads to dramatic changes for the industry and our partners, the DBR network is advantaged in cost, safer, and environmentally superior compared to current pipe and rail alternatives.

Our DBR Network

Our DRUbit by Rail network includes: the DRU unit, which produces DRUbit and provides dilbit supply and diluent return access; the full capabilities of the origination rail terminal and destination rail, pipe, marine, and blending terminal; and includes our trusted partnerships with Gibson Energy Inc. (Gibson or Gibson Energy) and the railroads connecting the network. DRUbit is a proprietary product that delivers significantly more bitumen per barrel. The DRU facility at the Hardisty Energy Terminal (HET) near Hardisty, Alberta, is a joint venture with Gibson Energy that uses USD's novel, patented separation technology. The DRU sits adjacent to USDP's Hardisty Rail Terminal (HRT), the current origination terminal for the DBR network. The current DBR destination terminal is USD's Port Arthur Terminal (PAT), our multimodal terminal in Port Arthur, Texas.

The DBR network provides a full market access solution to customers and addresses the critical challenges of constrained market access for Canadian bitumen and the need to import diluent for dilbit blending purposes. Plus, every barrel of bitumen moved on our DBR network is a North American solution that displaces other imports to the U.S. Gulf Coast. Other DBR network destinations could include access to the Cushing, Oklahoma blending market, other U.S. Gulf Coast destinations, and other North America refineries.

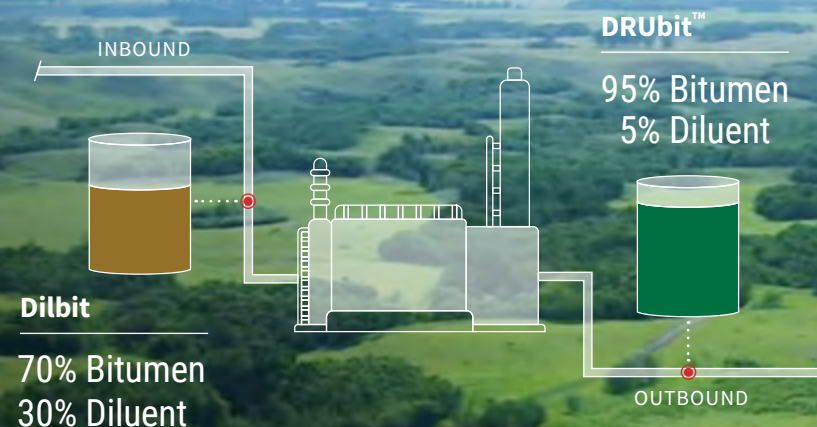
How It Works

Our DRU starts with a feedstock of dilbit, a pipeline grade heavy bitumen that has been diluted with a lighter condensate diluent to facilitate flow through a pipeline (approximately 70% bitumen/30% diluent). The DRU

technology separates the diluent that has been added to the raw bitumen in the production process to create DRUbit, a more complete bitumen barrel (approximately 95% bitumen/5% diluent). This solution creates significant improvements in both the delivered bitumen and the recovered diluent. The recovered diluent is returned to the local Alberta market for reuse, reducing delivered diluent costs for Canadian producers, upgrading the quality of the returned diluent, and eliminating the wasteful and unnecessary transportation cycle of diluent between Canada and the U.S. Gulf Coast. This solution also creates DRUbit, a proprietary, heavy Canadian crude oil specifically designed for rail transportation. From DRUbit comes a solution that is safer and advantaged economically and environmentally throughout the supply chain, relative to current alternatives.

DRUbit™ Summary

- Has materially lower CO₂e emissions per barrel of delivered bitumen than current pipe and rail alternatives
- Not classified as either hazardous or flammable when transported by rail in the United States and Canada
- Offers scalable—timing and size—egress of bitumen
- Allows recycle of the added diluent to the supply in Canada—displacing the need and cost to import
- A cost competitive way to deliver Canadian bitumen to U.S. destinations from Hardisty, Alberta
- A product that adds value at destination through custom blending



Hardisty Energy Terminal (center) and USDP's Hardisty Rail Terminal (upper right).



DRUBIT™: A SUSTAINABLE CHANGE FOR THE BETTER

From an innovation, safety, environmental, and economic perspective, DRUbit™ by Rail™ is a “game changer” for egress of Canadian bitumen for all stakeholders across the supply chain. Since DRUbit ships by rail in the United States and Canada as a non-flammable and non-hazardous commodity and as a more complete bitumen barrel, it can be moved at lower costs and reduced risk compared to conventional crude shipments such as dilbit, thus improving velocity and routing efficiencies on the railroad.

More specifically:

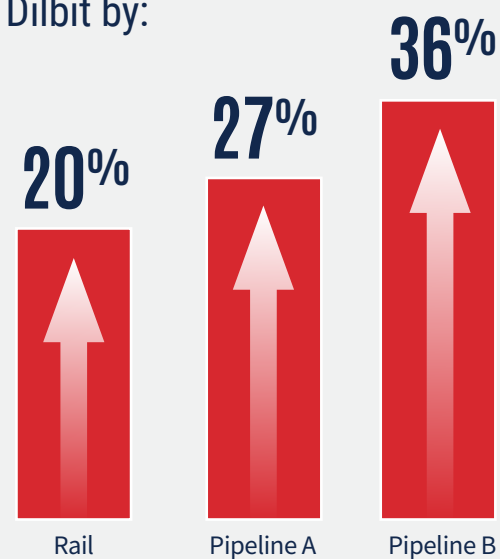
- Canadian producers benefit from available, scalable, lower cost egress, and improved diluent economics in Canada;
- Refiners and producers benefit from a lower cost egress of Canadian bitumen from Hardisty, Alberta, with a solution that allows custom blending at destination; and
- Railroads benefit by moving a safer and environmentally advantaged bitumen barrel that has the lowest carbon intensity per barrel when compared to current alternatives for delivering Canadian dilbit to the U.S. Gulf Coast by rail and pipeline.

The DBR™ network, supported by Canadian Pacific and Kansas City Southern Railway Company, is highly scalable throughout North America and is well-positioned for future commercial expansions.

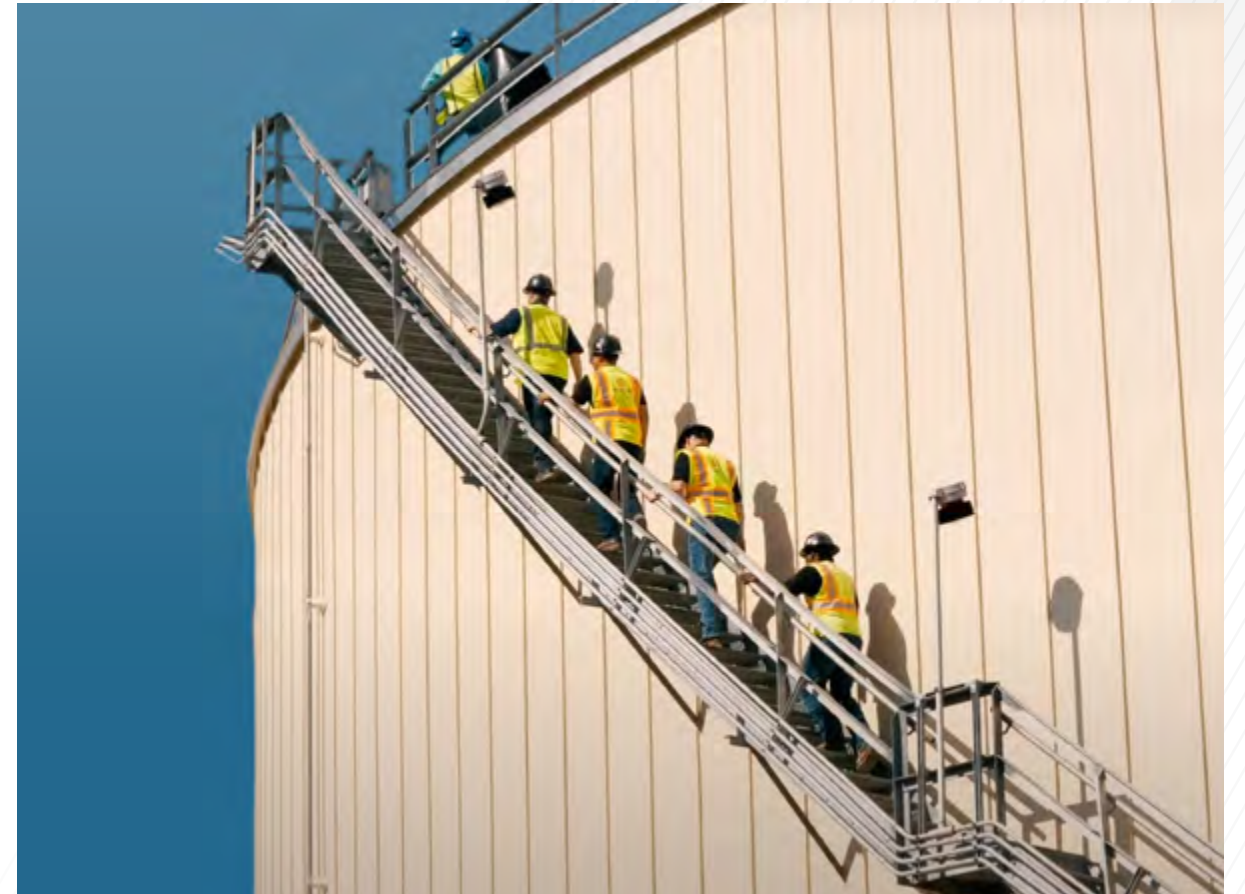
Delivering Social, Environmental, and Economic Benefits

Transporting DRUbit by Rail is projected to reduce carbon emissions by nearly 20% relative to dilbit by rail alternatives and approximately 30% compared to dilbit by pipeline alternatives. Additionally, from a social perspective, communities benefit from long-term, high-quality jobs at our DBR network terminals and along the current and future rail routes of the DRUbit network due to the longer tenor of DRUbit contracts and compelling sustainability improvements.

DRUbit by Rail Has the Lowest CO₂e Emissions³ Compared to Dilbit by:



Comparison of Annual CO₂e Emissions (Metric Tonnes) on a Delivered Dilbit Basis to the U.S. Gulf Coast vs. DRUbit equivalent.



USDG's Port Arthur Terminal, in Port Arthur, Texas (the DBR network destination terminal).

“Port Arthur Terminal is a first-of-its-kind terminal for a first-of-its-kind product—DRUbit. As a more sustainable solution for an important refinery feedstock, we want to operate this Terminal in a unique and sustainable manner so that our employees, contractors, neighbors, and customers are proud to be part of the DBR network.”

Justin Sharpe

Port Arthur Terminal Manager



OUR DRUbit™ NETWORK

Our Technology

The proprietary DRUbit trademark and patented DRU technology (Canadian Patent 2,982,789 issued 12/18/2018; US Patent Application 17/589,106 filed 1/31/22) are owned by USD and licensed to Hardisty Energy Terminal (HET) on a non-exclusive basis.

The Hardisty Energy Terminal (HET; the DRU site)

The HET near Hardisty, Alberta, Canada, is a diluent recovery unit (DRU) that is a 50/50% joint venture between USD and Gibson Energy. The DRU separates the diluent that has been added to the raw bitumen in the production process (to aid flow through the pipelines), which meets two important market needs: it returns the recovered diluent for reuse in the local Alberta market, reducing delivered costs for diluent, upgrading the quality of the returned diluent, and eliminating the wasteful and unnecessary transportation cycle of diluent between Canada and the U.S. Gulf Coast; and it creates DRUbit, a proprietary heavy Canadian bitumen specifically designed for lower cost, safer, and environmentally advantaged rail transportation, all of which are preferred by our customers.

The DRU is strategically located adjacent to USDP's wholly-owned, existing Hardisty Rail Terminal (HRT), and is pipeline connected for dilbit feedstock and diluent return to the nearby Hardisty hub, one of the major crude oil hubs in North America that is an origination point for export pipelines to the United States.

Our Hardisty Rail Terminal (DRUbit Origination Terminal)

USDP's wholly-owned Hardisty Rail Terminal (HRT) is adjacent to the DRU near Hardisty, Alberta. HRT is the largest unit train terminal serving energy products in

Canada for shipping Canadian bitumen to the United States. Currently the sole origination rail terminal for DRUbit by Rail™, HRT loads unit trains with DRUbit, a non-hazardous, non-flammable commodity when shipped by rail in the United States and Canada that supports a safer and economically advantaged transportation route to refineries, with reduced CO₂e emissions of 20% to 36% over current rail and pipeline alternatives. Our close, long-term, trusted relationships with railroads are key to the success of the DBR™ network.

Our Port Arthur Terminal

Our Port Arthur Terminal (PAT) is the current destination terminal for DRUbit and the DBR network. Strategically located in Port Arthur, Texas, along the Sabine-Neches Waterway, USD is currently developing 320 acres of the 500 total acres it has available at the PAT. PAT is owned and operated by USD and was completed and became operational in 2021. As the initial DRUbit destination terminal, PAT unloads DRUbit into storage tanks, custom blends it in accordance with customer specifications, and delivers it through pipe and/or barge as the customer prefers. PAT has significant marine, pipeline, rail, and tank expansion capabilities. The PAT pipeline is connected to Phillips 66's Beaumont Terminal, providing customers access to a large network of refining and marine facilities, representing nearly all of the most advantaged market access options. PAT's marine loading and unloading capabilities allow for delivery of blend-stocks and provide favorable export capacity to meet U.S. Gulf Coast and global demand, an appealing feature for DRUbit customers. PAT has the infrastructure and ability to support growth, including allowing for efficient rail movements along mainlines from Canada and potentially into Mexico.

Gibson Energy, Our HET Partner



Our 50/50% joint venture with Gibson at the Hardisty Energy Terminal (HET) near Alberta, Canada, where the

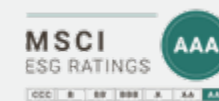
DRU (Diluent Recovery Unit) is located, is a vivid example of combining our collective strengths to create a novel sustainability solution. USD's patented DRU technology that is licensed to HET separates the diluent that has been added to the raw bitumen in the production process to facilitate pipeline transportation.

Gibson Energy is a leading liquids-focused infrastructure company headquartered in Calgary, Alberta. USD and Gibson have enjoyed a tenured relationship at USDP's Hardisty Rail Terminal (HRT), as Gibson has been the exclusive supplier of dilbit. Gibson plays an integral role in the Canadian energy value chain and is committed to being responsible stewards of the environment by minimizing emissions and energy use as well as being engaged members of the communities where they live and work. Their sustainability/ESG reporting received an A- rating from the Carbon Disclosure Project (CDP, a global leader in environmental reporting) and an MSCI ESG Rating of AAA. In addition, Gibson was awarded the Bronze Class distinction in the S&P Global 2022 Sustainability Yearbook.

“We consider DRUs to be a cost-effective, scalable, environmentally attractive long-term egress solution for the basin, and we remain in commercial discussions for potential additional phases at the Hardisty Energy Terminal. Importantly, we believe that this and future phases will improve netbacks for producers, driving increased oilfield and related business activity, creating new jobs, and helping revive communities.”

Steve Spaulding

President and Chief Executive Officer
Gibson Energy





RESPONSES TO THE DBR™ NETWORK ANNOUNCEMENT

A Lower Cost Solution

Heavy Canadian bitumen is needed in U.S. markets to make highly valued products and maintain reliable and affordable energy for people and businesses. With DRUbit™ bitumen delivery is safer, has reduced environmental impacts, and is a lower cost solution.



USDG's Port Arthur Terminal, in Port Arthur, Texas (the DBR network destination terminal).

“From an innovation, sustainability, and safety perspective, this is a game changer. This process removes diluent from the crude-by-rail supply chain, and as a result, we end up moving a non-hazardous commodity. This will further increase the safety of crude-by-rail, to the benefit of the communities we operate in and through.”

Keith Creel

CEO of Canadian Pacific Railway

“Very simply, we believe the project benefits Western Canada's energy ecosystem in a number of ways, including: (1) reducing condensate use; (2) lowering rail costs; and (3) validating another flexible market outlet. From our perspective, the DRU looks to be a permanent solution for some bitumen production volumes from Western Canada.”

Andrew Kuske

Credit Suisse Equity Research

“Alberta's government is obsessed with creating the best environment for job creation in Canada. We know that is the best way to attract innovators and entrepreneurs, who will help kick-start Alberta's recovery. Not only will this vote of confidence in Alberta's economy help to create jobs, it helps to tell our story about our energy industry, and how it constantly strives to lead the world in innovation and emissions reductions. Thank you to CP, Gibson Energy, US Development Group, ConocoPhillips, and Kansas City Southern for helping to ensure the strength and sustainability of Alberta's energy sector.”

Jason Kenney

Premier of Alberta

“The DRU process is an innovative solution that competes with pipeline economics and secures improved netbacks across the seasonality and widely varying differentials experienced in the Western Canadian spot market. It helps address a critical challenge to Canada's oil producers—constrained market access—to the benefit of all Canadians.”

Kirk Johnson

President, ConocoPhillips Canada

“Once up and running, this combination of a Hardisty DRU facility and a Port Arthur offloading terminal could help to increase accessibility for Canadian crude in the U.S. Gulf Coast market....As we said earlier, diluent accounts for about 30% of the dilbit blend by volume. Gibson and USD have indicated that in DRUbit, diluent will make up only about 5% of the total volume.... This may not sound like much in an overall market that is consuming about 700 mbbl/d of diluent, but it is still a valuable product which effectively has a nearly limitless demand for use in the oil sands.”

Martin King

RBN Energy LLC

“We believe that being a first mover on a DRU in Canada could potentially confer an advantage when it comes to serving other customers who are exploring additional egress options from the basin.”

RBC Capital Markets



CLEAN FUEL SOLUTIONS

A key element of the broader “Energy Transition” movement is the need to decarbonize the transportation fuels sector. Given the magnitude and pace of this endeavor, the challenges associated with such change are far reaching, impacting numerous value chains and geographic regions.

As such, we have formed a new entity - USD Clean Fuels LLC (USD Clean Fuels).

This new entity focuses on providing production and logistics solutions across the entire clean fuels value chain including upstream (feedstocks), production, and downstream distribution. From a geographic perspective, we remain focused on the low carbon fuel markets in North America, namely California/U.S. West Coast and Canada. We would certainly anticipate new U.S. markets adopting such carbon policies in the future and we will adjust accordingly.

This is the latest example of USD facilitating the transition to cleaner energy resources.

Advantages of Clean Transport Fuels

- Solution set to decarbonizing transportation fuels will be an all-of-the-above approach (i.e., current state transitioning to advanced biofuels, electric vehicles (EV), etc.)
- Significantly lower carbon footprint
- Advanced biofuels are considered drop-in fuels which translate into accelerated fossil fuel displacement

West Colton Renewable Diesel Project

In 2021, USDP announced a new Terminal Services Agreement with USD Clean Fuels, which provides for the inbound shipment of renewable diesel on rail at our West Colton Terminal (which is a USDP asset) and the outbound shipment of the product on tank trucks to local consumers. The West Colton Terminal has commenced renewable diesel operations, making it the premier biofuels handling solution in the California Inland Empire.

“ We created USD Clean Fuels in response to a structural shift in demand associated with decarbonizing the transportation fuels sector. We believe our assets, capabilities, and vision are ideally suited to serve our customers’ growth plans in clean fuels in terms of both geography and product offering. We are thrilled to be able to bring cleaner and sustainable industry solutions to California fuel markets, and we look forward to more announcements in the future as the industry and clean fuels markets continue to evolve.”

Brad Sanders

Executive Vice President and Chief Commercial Officer for USDG and USD Clean Fuels

[Learn More About Our Team](#)



USDP's West Colton Rail Terminal.

Flower-loving Fly Habitat⁴



The Delhi Sands flower-loving fly (a mydid fly in the genus *Rhaphiomidas*) is the first and only fly to be listed as “endangered” under the U.S. Endangered Species Act. This unique species is native to the inland dunes of Southern California, and on the brink of extinction as the habitat it calls home disappears. In accordance with the permitting and development process, USD maintains an area of habitat at our West Colton Rail Terminal to protect these endangered flies.



- Clean fuel regulations are catalyzing demand for low carbon fuels in densely populated regions.
- Focused on developing last mile solutions for renewable diesel, biodiesel, SAF, and ethanol.

© Strategic Markets of Interest



TRUSTED RELATIONSHIPS

For more than 20 years, USD has built trusted relationships with leading companies with which we have shared values to accomplish sustainable outcomes. We take this opportunity to thank and acknowledge some of our valued long-term partners.

A Shared Responsibility

Sustainability is a shared responsibility that extends to our business partners. As important parts of USD's value chain, our partners are aligned with our sustainability approach and with our commitment to ongoing improvement.

BNSF Railway



One of North America's leading freight transportation companies, BNSF has developed one of the most technologically advanced and efficient railroads in the industry. Working together, BNSF and USD have developed clean fuel platforms in the ethanol space. Moving forward, we look to do the same with a wide variety of new renewable fuels to continue doing our part in improving greenhouse gas emissions.

“BNSF and USD have a trusted relationship built on a history of terminal development connecting markets with customers by rail, efficiently. Together we continue to solve rail logistics opportunities, with our current focus aimed at renewable fuels access to the West Coast.”

Angela Caddell

Group Vice President AG Products for BNSF

Canadian National Railway (CN)



CN is a leader in the North American rail industry, consuming almost 15% less fuel per gross ton-mile than the industry average⁵ while broadening its commitment to excellence in fuel efficiency in all aspects of its business, including non-rail, buildings, and yard operations. With our joint focus on connecting markets in the United States and Canada, USD and CN strive to provide rail solutions to the energy industry that improve sustainable market access, regional economics, and environmental impact.

Canadian Pacific Railway (CP)



By leveraging our advantaged rail capabilities, USD and CP have worked together to solve some of the biggest challenges in delivering energy resources. Our DRUbit™ by Rail™ partnership with CP is a prime example of leveraging our development capabilities with a recognized sustainability leader. CP is committed to transporting energy in a safe, environmentally friendly, and socially responsible way. As such, CP strives to innovate for safer, greener products and processes while continuously improving their environmental, health, and safety performance.

“CP is proud to be a leader in safety and sustainability. We highly value working with companies like USD that share those values and strive to innovate for a better tomorrow. The DRUbit by Rail network is the latest example of such innovation as it delivers a scalable, competitive, and safer model for moving Canadian bitumen to the U.S. Gulf Coast with significantly lower carbon emissions than the other competing alternatives.”

Keith Creel

President and Chief Executive Officer for Canadian Pacific Railway

CSX



CSX moves a broad portfolio of products across the country in a way that minimizes the effects on the environment, takes traffic off an already congested highway system, and minimizes fuel consumption and transportation costs. As part of that commitment, CSX provides quality service to USD's Richmond Rail Terminal, providing customers with access to regional clean fuels demand by way of ethanol transloading. Currently, we are working to expand our clean fuels platform with CSX.

Kansas City Southern (KCS)



A pioneer in the freight rail industry since 1887, Kansas City Southern is committed to sustainability for the long haul. In combination with KCS, our united teams developed a large-scale property owned by KCS in Port Arthur to provide rail access to our Canadian DRU customers and local Gulf Coast Refiners. This state-of-the-art destination rail terminal provides a wide variety of services, all aimed at delivering energy resources sustainably.

“KCS and USD are proud of our joint development efforts at Port Arthur, taking a critical underutilized rail property and converting it to a much needed market access point for DRUbit. Port Arthur, or “PAT,” is the destination terminal connecting the DRU origin point to customers all along the Gulf Coast, creating a sustainable, safe, and non-hazmat solution for energy moves from Canada to the United States.”

Mike Naatz

EVP & Chief Marketing Officer for Kansas City Southern



TRUSTED RELATIONSHIPS

USDG/Railserve Strategic Alliance



Our relationship with Railserve exemplifies our shared sustainability values. Together, we provide long-term, quality jobs for employees who live and work in local communities, achieve outstanding safety and environmental performance, and apply the respective strengths of each organization in development and operations. Throughout our long history of collaboration, we have shared an aligned company culture of “Good-Better-Best,” striving to improve service to our customers and the communities in which we operate.

Railserve, Inc., a Marmon On-Site Services/Berkshire Hathaway Company, offers the most geographically diverse and broadest range of switching, material handling, and railcar repair services in North America through sister companies, UTLX and Procor Field Services. USD’s close relationship with Railserve is critical to successfully delivering sustainable solutions to our customers. In a close working relationship that spans over two decades of working together, USD leverages the expertise of Railserve to operate its terminal facilities and collaborate on best practice operating standards, resulting in best-in-class operations. In an alliance announced in 2021, USDG and Railserve are working to bring solutions to improve rail efficiencies. We bring

complementary but diverse experience to serve a wide range of customers and critical supply chains.

“We believe our alliance with USDG creates a wide range of services and capabilities for rail shippers and receivers. Our longstanding relationship with USDG makes this a natural partnership for our respective companies. The current dynamic rail environment continues to evolve and both companies understand the efforts around Precision Scheduled Railroading (PSR), storage in transit (SIT), First and Last Mile, truck to rail transload, ports, and efficient growth solutions. Our collective team of experienced industry experts are uniquely qualified to assist in all these areas.”

Chris Hagge

Group President Marmon On-Site Services

“We recognize the unique environment that railroads and shippers currently operate within. In an industry that is increasingly capacity-constrained, our strategic alliance with Railserve is one of many ways USDG is continually pursuing growth and promoting efficiency.”

Dan Borgen

Chairman, Chief Executive Officer,
and President of USD Group LLC

Norfolk Southern Railway (NS)



Named one of the 2020 “75 Green Supply Chain Partners,” Norfolk Southern Railway is one of the nation’s premier transportation companies. As continued strides are made towards the energy transition and carbon footprint improvements, renewable fuels will play a major role. Working together with Norfolk Southern Railway, we are actively pursuing rail-based solutions at origin and destination to service feedstocks, finish products, and residuals.

Union Pacific Railroad (UP)



Operating in 23 western states, Union Pacific Railroad acts as stewards to support the transition to a more sustainable future.

USD has a long-standing relationship with UP, jointly connecting customers with market demand. USD’s West Colton Rail Terminal is a vivid example of this partnership. Built within UP’s West Colton Yard, the terminal provides rail access to ethanol customers and blenders in the region. We are actively building upon this existing network through our Clean Fuels program.

“USD is a proven terminal development partner in the clean fuels space. Together with Union Pacific’s broad network, we have developed ethanol market access, with current operations in West Colton, California and are looking forward to future developments in renewable fuels.”

Jason Hess

Vice President, Bulk Marketing & Sales
for Union Pacific

Environmental Benefits of Rail

Shipping via rail is not only the most efficient way to move bulk material on land, but it is also more environmentally friendly. According to the Association of American Railroads (AAR), freight railroads can move one ton of freight an average of 479 miles on a single gallon of fuel. **In addition, using rail transport over road transport can lower greenhouse gas emissions by 75%.⁶**



INVESTING IN WHERE WE WORK AND LIVE

At USD, our company culture is rooted in the principle of treating people the way you want to be treated. USD strives to enhance the communities in which we operate through creating jobs that help support families, and a workforce that makes positive contributions to society. We encourage employees to volunteer their time to assist with charitable projects, be involved in their communities, and demonstrate good citizenship by voting and serving on a jury when called.

USD Foundation

We believe there is an important place for philanthropy as part of a wider ESG strategy, and that it can have an impact beyond the value of the donations we give.

Established in 2009, the USD Foundation was created to positively impact the communities in which we operate. The Foundation enables our company to support community interests without impacting operating plans and budgets. Through a generous donation program where employee contributions are matched by the Foundation, employees are empowered to invest in causes they are most passionate about. Caring is imbedded in our company culture and exhibited through donations to worthy causes like Make a Wish Foundation, Ronald McDonald House, Boys & Girls Club of America, Houston Livestock Show and Rodeo, and many more. The Foundation provides a process for multiplying those donations that align with our corporate values.

Boys & Girls Club of America

Our relationship with the Boys & Girls Club of America (BGCA) is personal to us. Our Chairman and Chief Executive Officer of USDG, Dan Borgen, is a member of the BGCA Board of Governors, and the BGCA Southwest Regional Chair. Other USD leaders actively support BGCA.

We are proud sponsors of the Youth of the Year—the Boys & Girls Club’s signature effort to foster a new generation of leaders, fully prepared to live and lead in a diverse, global, and integrated world economy. Each year thousands of Club teens participate in local, state, and regional Youth of the Year events. Six teens, including five regional winners and a national military youth winner, advance to the National Youth of the Year Celebration with one outstanding young person named Boys & Girls Clubs of America’s national teen spokesperson.

As part of supporting communities where we operate, USD joined with Gibson Energy to fund the construction and placement of a new highway sign in Hardisty, Alberta.



Contestant ladies during the Junior Invitational at Sage Valley Golf Club on March 15, 2022 in Graniteville, SC (Photo courtesy of Montana Pritchard and the SVJI Sports Foundation).

Sage Valley Junior Invitational

USD is especially proud to support the most prestigious event in U.S. junior golf, the Sage Valley Junior Invitational in Graniteville, South Carolina. In March 2022, junior female golfers at the top of the world rankings took to the field for the first year ever, along with their junior male counterparts in this highly coveted tournament. As part of its commitment, USD was the title sponsor for the inaugural 2022 female tournament, and also donated funds that went towards building a new women’s locker room at the Sage Valley Golf Club.



“USD is a company that cares about what its employees care about. I feel like I belong here. It’s a place where my opinions are valued and heard...where I can make a difference not just at work, but right in the community where I live.”

Ivonne Carbajal

Business Intelligence Analyst





EH&S EXCELLENCE

At USD, EH&S excellence is about shaping a world that is better tomorrow than it is today. USD and Railserve are committed to achieving award-winning safety and environmental performance at our facilities, and work closely to achieve exceptional results. Since 2008, there have been zero recordable injuries and one reportable spill at our terminals. While proud of our performance, we are aware that safety and environmental performance are achieved one day at a time. We know that an unsafe or non-compliance event can result from one poor decision. Therefore, we make safety and compliance a priority: every day, and in everything we do.

The key to USD's long history of excellent safety and environmental performance is our vision of what "good" looks like. For us, good starts with expecting 100% Compliance, 100% of the Time. This means no shortcuts; ensuring that everyone knows what is required of them to reach our goal; and everyone must do what is required every day, in everything they do. We strive to continually deliver safety and environmental excellence by aligning our people and culture around our vision and equipping them with decision rights, tools, and incentives. Our training includes empowering all employees and contractors to **Stop—Think—Ask** if they have a question about how something should be done. While grounded on 100% Compliance, EH&S excellence is achieved by delivering more sustainable solutions for our customers and more sustainable processes internally. We focus on delivering "better" every day.



Subject matter experts and facility operations make EH&S performance a priority.



Routine water sampling at USDG's Port Arthur Terminal to ensure ongoing compliance.

Excellent compliance performance is foundational to sustainable performance. Achieving EH&S compliance requires having the people, tools, and processes in place to do it, document it, and complete the necessary reporting accurately and timely. If anyone is ever unsure of what it takes to be in compliance or to behave safely, they are expected to **Stop-Think-Ask**.

100% Compliance
+ 100% of the Time
EH&S Excellence

Our EH&S Compliance Framework

USD's EH&S compliance framework consists of seven elements.

- **Leadership Commitment** – USD leaders are committed to EH&S excellence. USD defines our vision and provides the tools, knowledge, training, and incentives to achieve it. We select, develop, and reward employees based on how well they demonstrate compliance in their roles.
- **Employee Ownership** – All employees own compliance in their roles. They strive to know, understand, and comply with the requirements applicable to their areas of responsibility. When they aren't sure, they **Stop-Think-Ask**. Employees hold themselves accountable, as well as their fellow employees, contractors, vendors, and suppliers with whom they work.
- **Compliance and Risk Assessment** – A process of understanding all legal compliance obligations applicable to one's role, why they apply, what "good" looks like, and how to avoid "bad."
- **Compliance and Risk Controls** – Putting in place effective tools, methods, controls, and processes that protect employees and the company from non-compliance, help detect and deter/prevent non-compliance, and develop sufficient proof points to demonstrate compliance.
- **Training** – Provide effective teaching to facilitate understanding of the company's expectations to all employees and equip them to meet all expectations of their roles.
- **Management of Change** – Management of Change is a systematic approach to changes that impact compliance to ensure the continued compliance and safety of the workforce. These systematic processes strive to ensure that the change is dealt with proactively and timely with the appropriate sense of urgency.
- **Assessment and Improvement** – An intentional process of continually re-examining and improving all compliance tools and processes to achieve the compliance vision effectively and efficiently.



CONNECTING WITH THE FUTURE

At USD, we create flexible market access for customers in significant growth areas and key demand centers. By land and water, we develop innovative and sustainable solutions that connect commerce with efficient performance over the long-term.

Texas Deepwater Partners (TDWP)

Texas Deepwater Partners is a joint venture formed in 2015 by USD Group LLC and Pinto Realty Partners, with a vision to develop a premier multi-modal terminalling and logistics services facility on the Houston Ship Channel. Since its formation, TDWP has undertaken several key activities to prepare the green-field site for full-scale commercial development, including permitting, engineering, utility infrastructure, and network connectivity efforts. Strategically located within Port of Houston, one of the most productive ports in North America, TDWP's vision for the future is to provide efficient multi-modal connectivity and terminalling services to customers and commodities that sustainably improve the quality of life for people across the globe. Through exports and imports of energy, build-bulk and break-bulk strategies, and with opportunities for operating facilities, the goal is to develop the site with sustainable solutions for the future. Able to support large scale storage for both liquids and dry bulk goods, development of multiple deepwater docks to include barges, and unit as well as manifest rail terminalling for a host of diverse commodities, TDWP will be designed and operated with a focus on safety, good environmental stewardship, and product quality. TDWP is also focused on improving the efficiency of rail, pipeline, and vessels services within the Port and surrounding customer base.

TDWP's role in optimizing rail and vessel services on the north side of the Houston Ship Channel are good examples of creating sustainability through leveraging our capabilities in supporting the Port of Houston, Port Terminal Railroad Association (PTRA), and Class 1 railroads to more effectively service rail customers. The sustainability stories of our dredge service and beneficial reuse of recovered materials are also compelling. Our innovative, first-of-its-kind dredge program enables materials dredged from the Port of Houston to be recovered as stabilized sand and beneficially reused in other regional commercial and industrial construction projects, where soil conditions require the reinforcement of underground utilities, building pads, roadwork, and other infrastructure. Instead of mining new sand materials for such projects, our stabilized sand beneficially reuses existing raw materials from dredge projects needed to maintain and enhance the Port. These "everybody wins" projects are the type of sustainability innovation USD delivers.

Situated on a 982-acre property at one of the nation's most active seaports, TDWP is ideally positioned to support logistics needs resulting from a broad base of industries. Considering its location and being fully permitted, the 433-acre waterfront tract is uniquely advantaged to deliver multi-modal connectivity to substantial energy and renewable energy value chains along the Gulf Coast, coupled with direct deepwater access to reach international markets. There is also the potential for operating facilities dependent on rail and vessel access to reach domestic and global markets. Considering our location, asset mix, and sustainability focus, TDWP is actively developing our role in supporting the carbon capture and sequestration goals of the Houston Ship Channel.



Typically, stabilized sand producers have to mine sand from pits, which is both costly and depleting of natural resources. TDWP, Marathon Materials, and Gulf Coast Stabilized Materials have established the area's first operation designed to recover more than two million cubic yards of sand and other material from maintenance dredging at the Port of Houston. The materials dredged are recovered into stabilized sand for use in local commercial and industrial construction products. Instead of the sand piling up, it is recovered and put to good use.



433-acre contiguous parcel located directly on the Houston Ship Channel, fully permitted to support large scale development and located to provide advantaged multi-modal connectivity by rail, marine, truck, and pipelines.



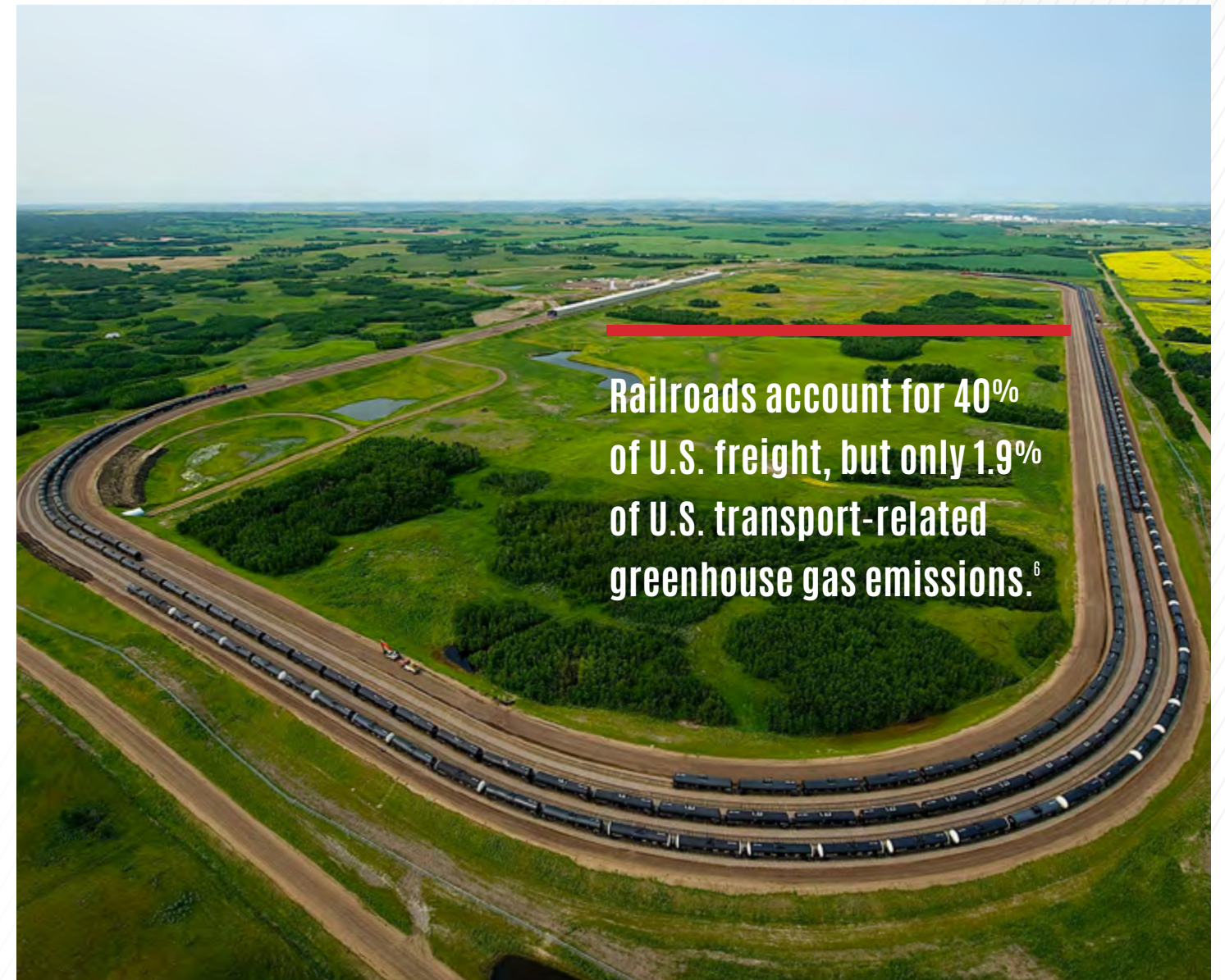
COMMERCIAL RAIL DEVELOPMENT (CRD)

Rail connects communities and businesses around the globe by providing safe, reliable, efficient, and more sustainable logistics solutions for land transportation in many circumstances. According to the EPA, while railroads make up about 40% of U.S. freight, they only account for 1.9% of U.S. transport-related greenhouse gas emissions.⁶ At USD, we have consistently created cost-efficient, reliable, and safe transportation rail networks for an array of customers across North America.

As an infrastructure developer and rail industry innovator, USD works directly with Class 1 and Short Line railroads in Canada, the United States, and Mexico and our joint customers to optimize time, cost, and service. Our commercial rail development initiative (CRD) strives to best position the most favorable mode of transportation by providing efficient multi-modal connectivity. This effort has become increasingly important as supply chains shift to meet the challenges of a rapidly changing landscape (e.g., rise in e-commerce, geographic shifts in population, expansion of the Panama Canal, precision scheduled railroading, shifting inventory management strategies). CRD is focused on co-locating customers, services, and supply chains to minimize the non-productive movement of rail cars, goods, and services across our logistics network.

In an era of energy transformation, the energy efficiency delivered by trains has been continually improved upon and offers unrivaled advantages in low-carbon mobility. Efficient rail-based logistics solutions can drive a lower carbon footprint for end-to-end service and reduce truck traffic on roads, minimizing congestion and public transportation-based impacts. In addition, moving more freight to rail will help reduce the cost of repairing damage to our nation's highways caused by heavy trucks. As supply chains continue to evolve, new and more efficient first and last mile solutions will be required to drive sustainable outcomes.

USD and Railserve, Inc., a Marmon/Berkshire Hathaway company, formed a strategic alliance in 2021 to develop rail-centric solutions that enhance growth, efficiency, and capacity for all sectors of the rail industry. Our CRD Railserve alliance provides the market with unique and thoughtful ways to identify, design, and implement solutions to key issues in this space. Our Bayport Rail Terminal (BRT) partnership with UTLX is a great example of how our combined networks and visibility are solving key customer needs. We have teamed up with UTLX and our historic BRT nested customer Quala to provide our customers with a “one-stop shop” solution for railcar storage, cleaning, repairs, and inspections under the BRT service offerings. This allows our customers to keep their rail cars at one location to perform these services, removing the cost of relocating cars to three separate facilities. This solution results in more efficient and cost-effective rail programs for our customers.



USD's Hardisty Rail Terminal, near Hardisty, Alberta, Canada.



GOVERNANCE

Governance forms the processes and authorities through which USD’s priorities are set and monitored. We have designed our corporate governance to ensure that we focus on our responsibilities to our public and private shareholders and other relevant stakeholders to create long-term value.

Controls and Processes

At USD, controls and processes have been implemented and aligned throughout our organizational structure with distinct roles and responsibilities that result in an enhanced governance environment. The following controls and processes establish risk tolerances, provide guidance for our employees, and support information technology security:

- Quarterly compliance reporting from all financial control owners to the USDP Audit Committee, which consists of independent board members
- Annual testing of financial and IT controls by a third-party auditor and Internal Audit function
- Regular monitoring and review of segregation of duties
- Delegation of Authority document properly distributes and administers decision rights
- Robust Foreign Corrupt Practices Act (FCPA) policy, processes, training, and procedures for international transactions
- Endpoint security platform ensures constant cybersecurity monitoring
- Ongoing monitoring and handling of any whistleblower issues made internally or through the established hotline/website

Training and Policies

Offering a safe, ethical, and inclusive workplace has long been a part of our culture. To ensure we achieve this, all employees are required to take annual training in the areas of diversity, harassment, discrimination, insider trading, cybersecurity, and FCPA compliance. We also believe that we best serve our customers, partners, and ourselves by adhering to the highest standards of ethical behavior. To that end, we have created and made [publicly](#) available our Code of Business Conduct and Ethics, which all employees must certify compliance with annually.

USD has various other established policies addressing key control areas, including finance, accounting, human resources, information technology, and EH&S. All policies and internal controls have identified owners and are reviewed annually. In response to the COVID-19 pandemic, in March of 2020 USD formed a standing COVID-19 Committee that is comprised of employees from all areas of our business, to establish company policy, monitor events, and recommend actions.

Board Oversight

A “sounding board” to validate that our activities are in compliance with policies, laws, regulations, and ethical standards, USD’s public and private Board oversight is a critical governance function. Both our USDG and USDP Boards of Directors meet quarterly to discuss necessary business. For USDP, the Board includes both an Audit Committee and a Conflicts Committee made up entirely of independent board members. The Audit Committee meets quarterly to review USDP’s quarterly financials, internal controls, major risk exposures and



Sustainability efforts unite the employees of USD every day, and in everything we do.

mitigants, the handling and status of any whistleblower issues, and public disclosures. The Conflicts Committee reviews conflicts of interest as needed. All of USDG’s executive management team and independent board members are aligned with USDP through ownership. Jane O’Hagan, a USDP Board member, serves as the Board leader for sustainability. Ms. O’Hagan works with our VP of Sustainability and our internal sustainability working team to establish our related policies and priorities.

“With respect to our recent drop-down transaction, the elimination of our Incentive Distribution Rights (IDRs) and economic GP Interest simplifies our financial structure and better aligns the interests of our unitholders with our Sponsor, which will continue to own a substantial number of common units post-transaction.”

Adam Altsuler

EVP and CFO

[Learn More About Our Team](#)



BOARD OF DIRECTORS SPOTLIGHT

Developed through the collaboration of our Board of Directors, our governance is forward-looking, measurable, and achievable. This dedicated group regularly reviews all aspects of our performance, including sustainability/ESG matters.



Jane O'Hagan

Ms. O'Hagan is an independent director of USDP's general partner and serves as Chair of the Conflicts Committee as well as a member of the Audit Committee.

“In 2021, we formalized our key ESG issue assessments and governance structure through an Executive Leadership and Board committee to accelerate strategy and actions around our sustainability priorities. Expanding our rail solutions, introducing new patented technologies, and broadening our footprint in renewable energy is a natural fit given our business model and industry experience. By facilitating dialogue with ESG top of mind, it's allowing us to both grow and future-proof our business on a sustainable basis.”

Jeff Wood

As an independent director of USDP's general partner, Mr. Wood serves as Chair of the Audit Committee and as a member of the Conflicts Committee.

“Multiple market and societal forces have heightened the importance of Sustainability and ESG. Our Audit Committee will provide the necessary oversight of ESG risks and data quality as this subject evolves.”

Leslie C. Smith

Leslie C. Smith, Lt. Gen. U.S. Army, Ret., was recently appointed to the USDG Board of Directors in December 2021 as an independent director. Lt. Gen. Smith's deep level of experience in leadership and logistics is important to USD as the Company continues to grow its DRU and USD Clean Fuels platforms.

“I am proud to be the newest addition to the USDG Board of Directors. My vast military experience, culminating as the Army's Inspector General, brings a unique perspective that will help to support the values instilled in USD's culture.”



ESG METRICS

USD is committed to enhancing the disclosure of our social, environmental, and governance related metrics. We have used the EIC/GPA Midstream ESG Reporting Template (developed by the Energy Infrastructure Council in collaboration with GPA Midstream) as the basis of our reported metrics.⁷

Activity						
METRIC		UNIT	2021	2020	2019	FOOTNOTE NO.
Gross Throughput		BOE	53,445,247	35,444,366	58,801,306	8

Environmental						
METRIC		UNIT	2021	2020	2019	FOOTNOTE NO.
Hydrocarbon Releases	Number of hydrocarbon liquid releases beyond secondary containment > 5 bbl	#	1	0	0	
	Volume of hydrocarbon liquid releases beyond secondary containment > 5 bbl	bbl	50	0	0	
Emissions ⁹	Scope 1 GHG Emissions - EPA	mt co2e	20,008	16,470	25,482	
	Scope 1 CO ₂ Emissions - EPA	mt	18,046	13,852	22,899	
	Scope 1 Methane Emissions - EPA	mt co2e	433	576	568	
	Scope 2 GHG Emissions - EPA	mt co2e	3,523	2,097	3,042	
	Scope 2 CO ₂ Emissions - EPA	mt	2,478	1,394	2,278	
	Scope 2 Methane Emissions - EPA	mt co2e	4	3	5	
	NOx Emissions	Metric Tons	49	47	70	
	SOx Emissions	Metric Tons	5	5	9	
	VOC Emissions	Metric Tons	17	21	41	
	CO Emissions	Metric Tons	25	23	33	
	% of energy used (direct and indirect) that is renewable energy	%	17%	25%	27%	
	Does the company seek third-party data verification for any environmental metrics?	Yes/No	Yes	Yes	Yes	
Asset Diversification and Biodiversity	Does the company participate in any efforts to expand the share of alternative/renewable energy sources in the company’s portfolio?	Yes/No	Yes	Yes	Yes	10



ESG METRICS

Social

METRIC	UNIT	2021	2020	2019	FOOTNOTE NO.
Total Recordable Incident Rate (TRIR) – employees	#	0	0	0	
Total Recordable Incident Rate (TRIR) for third-party contractor operators at USDG/P Facilities	#	0	0	0	
Days away, restricted or transferred (DART) – employees	#	0	0	0	
Days away, restricted or transferred (DART) for third-party contractor operators at USDG/P Facilities	#	0	0	0	
Lost Time Incident Rate (LTIR) – employees	#	0	0	0	
Lost Time Incident Rate (LTIR) for third-party contractor operators at USDG/P Facilities	#	0	0	0	
Fatalities – employees	#	0	0	0	
Fatalities – third-party contractor operators at USDG/P Facilities	#	0	0	0	
% workforce that is female	%	40%	42%	41%	
% workforce from minority groups (EEOC defined)	%	18%	19%	20%	

Governance

METRIC		UNIT	2021	2020	2019	FOOTNOTE NO.
Diversity	% directors that are female	%	USDP 11% USDG 0%	USDP 11% USDG 0%	USDP 11% USDG 0%	
	% corporate management (Director and up) that are female	%	13%	9%	2%	
	% directors from minority groups (EEOC defined)	%	USDP 0% USDG 14%	USDP 0% USDG 0%	USDP 0% USDG 0%	
	% corporate management (Director and up) from minority groups (EEOC defined)	%	4%	3%	2%	
	Is any director under the age of 50?	Yes/No	Yes (USDP & USDG)	Yes (USDP & USDG)	Yes (USDP & USDG)	
Directors	% independent directors	%	USDP 33% USDG 14%	USDP 33% USDG 14%	USDP 33% USDG 14%	
	Does the company have directors with risk management experience?	Yes/No	Yes (USDP)	Yes (USDP)	Yes (USDP)	11



ESG METRICS

Governance (continued)						
METRIC		UNIT	2021	2020	2019	FOOTNOTE NO.
Compensation	What % of CEO target pay is performance-based?	%	80%	80%	80%	
	What % of CEO target pay is equity-based?	%	60%	60%	60%	
	Are there any shareholder return metrics (total return, return on invested capital, etc.) in any NEO equity compensation plan?	Yes/No	Yes	Yes	Yes	
	Is at least 10% of Named Executive Officer (NEO) short-term incentive (STI) or long-term incentive (LTI) linked to E or S metrics?	Yes/No	Yes	Yes	Yes	
	Does the company tie any amount of pay for all employees to ESG objectives?	Yes/No	Yes	Yes	Yes	
Share Ownership	Have any corporate officers or directors made share purchases with personal funds in the last 5 years?	Yes/No	Yes	Yes	Yes	
Supply Chain	Does the company require suppliers to sign off on the Code of Conduct or equivalent codes?	Yes/No	Yes	Yes	Yes	
Cybersecurity	Does the company undertake any of the following to manage cybersecurity risk?					
	Mandatory employee training	Yes/No	Yes	Yes	Yes	
	Adherence to industry cybersecurity standards	Yes/No	Yes	Yes	Yes	
	Ongoing evaluation of the threat landscape	Yes/No	Yes	Yes	Yes	
Structure and Ownership	Does the company have an IDR structure?	Yes/No	Yes	Yes	Yes	12
	What is the ownership structure of the General Partner?	Externally or Sponsor-Owned / Wholly owned by the MLP / other	Sponsor-Owned	Sponsor-Owned	Sponsor-Owned	
	What % of the Limited Partnership board is elected by unit holders?	%	0%	0%	0%	13
	What level of detail does the Limited Partnership publicly provide regarding compensation of named executives?	Full, Partial, None	Partial	Partial	Partial	14
	Does the Limited Partnership have stock ownership guidelines in place for the CEO?	Yes/No	No	No	No	15
	Does the Limited Partnership have stock ownership guidelines in place for directors?	Yes/No	No	No	No	16



APPENDIX

Footnote explanations:

USD Company Overview:

1. As of the publication of this report, USD operations in Mexico are suspended due to industry-wide regulatory and legal actions that began mid-2021, creating significant uncertainty across the energy products and services supply chain.
2. USDG referenced here includes USD-owned and operated assets.

DRUbit™: A Sustainable Change for the Better:

3. Results of a comparative carbon emissions model developed jointly by USDG, Gibson Energy, and Canadian Pacific; information verified by Dr. Damien Hocking, PhD (of Corelium) in report dated August 18, 2021; https://s29.q4cdn.com/946907383/files/doc_downloads/investor-page/Third-Party-Review-of-GibsonUSD-Group-Operational-Value-Chain-Carbon-Emissions-Model-August-2021.pdf

Clean Fuels Solutions:

4. Source: <https://xerces.org/endangered-species/species-profiles/other-at-risk-invertebrates/delhi-sands-flower-loving-fly>

Trusted Relationships, Commercial Rail Development:

5. Source: <https://www.cn.ca/en/stories/20200807-fuel-efficiency/>
6. Source: <https://www.aar.org/wp-content/uploads/2021/02/AAR-Freight-Rail-Climate-Change-Fact-Sheet.pdf>

ESG Metrics:

7. The basis of our reported ESG metrics is the EIC/GPA Midstream ESG Reporting Template, which identified the material issues for the midstream industry group of which USD is a member. We omitted certain metrics from the template that are not applicable to our business, and modified certain metrics from the template to better represent our business. The reporting periods are the calendar years represented; all information is as of December 31, 2021 and includes all USD-owned and operated assets.

8. Densities may differ and energy content may vary; BOE conversion multipliers used: 0.61 for ethanol (higher heating value), 1.00 for oil (higher heating value), 0.90 for gasoline (higher heating value), and 0.89 (lower heating value) for renewable diesel.

9. - Hardisty Energy Terminal (HET) is not included, as USD does not operate HET.

- Since Scope 2 electric usage (kWh) data was not available for our West Colton Terminal, our Richmond Terminal's electric usage (kWh) was used as a proxy for electric usage.

- Since Scope 2 electric usage (kWh) data was not available for TDW Deer Park location, our TDWP location's electric usage (kWh) was used as a proxy for electric usage.

- Electric Grid Data per generation type for each grid location comes from: (U.S.) <https://www.epa.gov/egrid/power-profiler#/> & (Alberta, Canada) <https://www.cer-rec.gc.ca/en/data-analysis/canada-energy-future/>

- Scope 1 does not include emissions from incidental on-site vehicle use or HVAC coolant usage from our office locations.

10. We champion sustainability as a key tenant to our business model and the solutions we work to provide. We believe in better, and as a result are actively engaged in supporting the transition to prudent alternative/renewable energy options.

USD was an early developer of ethanol transportation infrastructure, supporting domestic transition to using ethanol as an alternative renewable fuel for octane blending. See details on our current ethanol network (West Colton and Richmond) on the following website: <https://usdg.com/terminal/west-colton/>. Note that you can also see our significant historical development in this space by reviewing our Past Projects—Previously Sold to Kinder Morgan Energy Partners.

USD's Clean Fuel Strategy is leading the industry toward a cleaner solution, providing transportation and terminalling infrastructure to do our part in supporting decarbonized energy solutions. <https://usdg.com/about-us/sustainability/>

Find further updates and disclosures at: <https://news.usdg.com/newsroom-home/default.aspx>

11. Jeff Wood served as Chair of the Risk Management Committee at Eagle Rock Energy, leading all commodity and interest rate hedging decisions. Jane O'Hagan serves on the Risk Committee and Audit Committee of the Board of Pinnacle Renewable Holdings Inc.

12. IDR structure was eliminated on April 6, 2022 as a result of a simplification transaction.

13. All Directors are appointed by the General Partner.

14. We disclose the amount of pay each named executive officer receives that is based on efforts on behalf of USDP.

15. The CEO has never sold equity in USDP, and has purchased additional USDP units with his own funds.

16. No Director has ever sold equity in USDP, and 3 have purchased additional USDP units with their own funds.



APPENDIX

Cautionary Note Regarding Forward-Looking Statements

This report includes “forward-looking statements” within the meaning of the U.S. federal securities laws. Forward-looking statements are any statements other than statements of historical fact. Forward-looking statements represent our current judgement about possible future events and are often identified by words such as “anticipate,” “appears,” “approximately,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “will,” “would,” or the negative of any of those words or similar expressions. In making these statements, we rely upon assumptions and analysis based on our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors we consider appropriate under the circumstances. We believe these judgements are reasonable, but these statements are not guarantees of any future events or financial results, and our actual results may differ materially due to a variety of factors, many of which are described in the most recent Annual Report on Form 10-K of USD Partners LP and USDP’s other

filings with the U.S. Securities and Exchange Commission (SEC). In addition, historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

We caution readers not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events, or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

Inclusion of information in this report is not an indication that the subject or information is material to our business or operating results or material to investors or that such information is required to be disclosed in our filings with the SEC. Use of or reference to frameworks is not an endorsement of such frameworks or a commitment to utilize such information in the future.

This report is based on USD, USDG, and USDP operations through December 31, 2021. For additional information regarding USD Sustainability, visit <https://usdg.com/about-us/sustainability/>

For questions regarding USD Sustainability, please e-mail sustainability@usdg.com

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