

Administrative Organisation and Measures of Internal Control | VTTI Terminals II B.V.

This document describes the administrative organisation and measures of internal control within VTTI Terminals II B.V.

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Signs, abbreviations and symbols

AO/IC	Document describing the Administrative Organization and Measures of Internal Control. Which is this document itself.
BzCtrl.	Cloud based control tool to perform business controls in a structured and efficient manner.
CS	Customer Services team.
ERP	Enterprise Resource Planning system (Tomcat rebranded and upgraded to ATLAS).
GT&Cs	General Terms and Conditions
HQ	Headquarters
OPS	Operations team
QOL	Quality Online
C&E	Customs and excise
EU	Customs territory of the EU
HS	Harmonised System, the global framework for commodity codes
CN	Combined Nomenclature, the EU implementation of the HS
CMS	Customs Management System - VTTI's dedicated customs management tool for automated C&E controls and creation of customs declarations and customs documents based on predefined business rules
ATLAS	VTTI's self-developed enterprise resource planning / terminal management system
HSE	Health, Safety and Environment

The orange colored callouts in the document refer to a specific customs & excise compliance risk identified by VTTI. Each respective risk is included in VTTI's risk register in BzCtrl. The risk register shows which measures have been implemented to mitigate the respective risk.

The blue colored callouts in the document refer to a procedure or other document that covers the relevant topic in more detail.

Introduction

VTTI is a global company operating in the energy storage sector. It manages and operates terminals for the storage and handling of bulk liquids, including petroleum products, chemicals, and other energy-related commodities. Its activities support the storage, distribution, and logistics of these products across international markets. VTTI owns energy storage terminals in EMEA, America's and the APAC region.

VTTI Terminals II B.V. is an intermediate holding entity within the VTTI group and holds the shares in various operational entities that operate terminal facilities.

Statutory relations are included [here](#)

VTTI Terminals II B.V. holds the authorisations and maintains the compliance framework for the following terminals:

Euro Tank Terminal (ETT)

Moezelweg 151
3198LS Europoort Rotterdam
The Netherlands

Eurotank Amsterdam (ETA)

Jan van Riebeeckhavenweg 9
1041 AD Amsterdam
The Netherlands

All other operational terminal entities maintain their own customs and excise authorisations, as well as their own customs compliance frameworks, including AO/IC.

The only exception concerns the customs warehouse at the following terminal:

VTT Vasiliko (VTTV)

Vasilikos Energy Centre
75 Mari
Larnaca 7736
Cyprus

This location falls within the scope of the cross-border customs warehouse authorisation held by VTTI Terminals II B.V. Even though VTTV maintains its own customs and excise authorisations, the authorisation of its customs warehouse is held by VTTI Terminals II B.V.

This document describes the Administrative Organisation and Internal Control measures for terminal operations of VTTI Terminals II B.V. The AO/IC is the umbrella document to the underlying procedures and work instructions for terminal services.

More details on how the C&E function for terminal services is organized from a group perspective is included [here](#)

Operational process

Operations

From an operational and logistical perspective, the physical terminal process consists of the following steps:

1. Arrival of the product at the terminal by vessel, barge, truck, rail, or pipeline;
2. Transfer of the product from the mode of transport to the storage tank;
3. Storage of the product, and in some cases blending, transfer of product from one tank to another, or other limited handling operations;
4. Transfer of the product from the storage tank to the mode of transport;
5. Dispatch of goods.

Each of these operational steps is, in principle, triggered by VTTI's client, who owns the product, by means of a nomination.

The administrative processing of the above steps, including relevant customs and excise formalities is included in procedure (...).

Type of goods

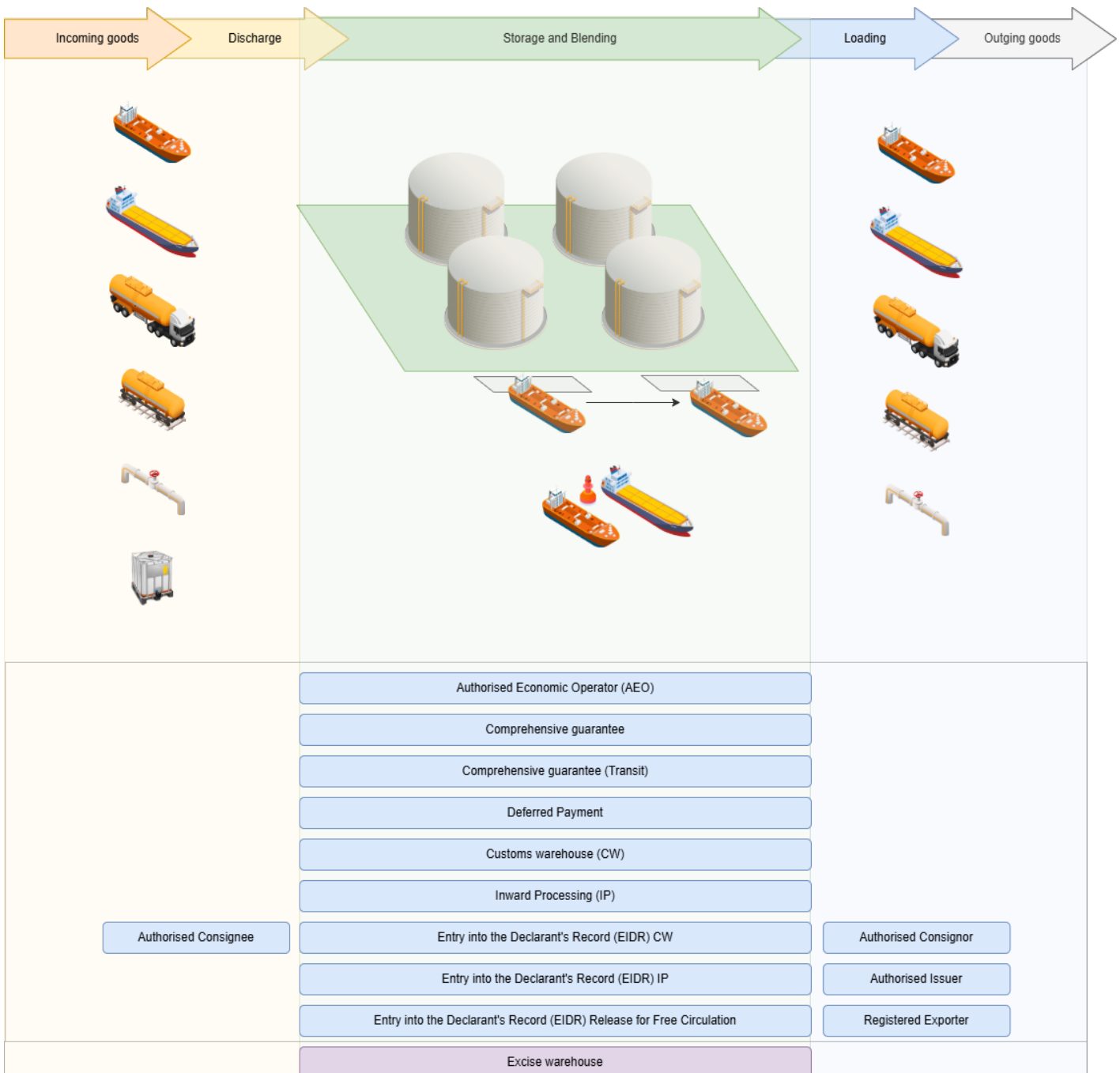
The goods handled at the terminals comprise of mineral oils and related goods. The goods fall under the following chapters of the Harmonized System and Combined Nomenclature:

- 22
- 27
- 29
- 38

Customs and excise process

Customs and excise authorisations

To facilitate the terminal operations from a customs and excise perspective, VTTI holds the following customs and excise authorisations:



The customs authorisations are applicable to the operations at ETT and ETA. The customs warehouse authorisation has a cross-border scope and is, besides ETT and ETA also applicable to

VTTV.

The customs and excise authorisations are crucial for the continuity of VTTI's terminal operations. Their scope determines which operations the terminal can/cannot execute (e.g., which products can be stored, which can be blended, etc.) As such, VTTI has implemented measures to prevent non-compliance with authorisation requirements, exceeding the scope of the authorisations, and the unintended expiry of an authorisation. See risk R-01 in the Risk Register.

Customs and excise status

The goods handled at VTTI's terminals may come from various parts of the world and are intended for international markets. Depending on their provenance, the instructions from VTTI's customer and the intended use, the customs and excise status of the goods stored at the terminals can be as follows:

- Bonded (i.e., Non-union goods)
- Equivalent (i.e., Union goods used as non-Union goods under a customs procedure)
- Excise-suspended (i.e., Union goods, subject to excise controls)
- Excise-paid (i.e., Union goods, release for consumption)
- Free (i.e., Union goods, not subject to excise controls)

The customs and excise status is always visible in real time in VTTI's ERP system.

AANPASSEN Free - domestic

AAD - excise controlled

T1 - bonded

Customs and excise process

General declaration process

(tbd)

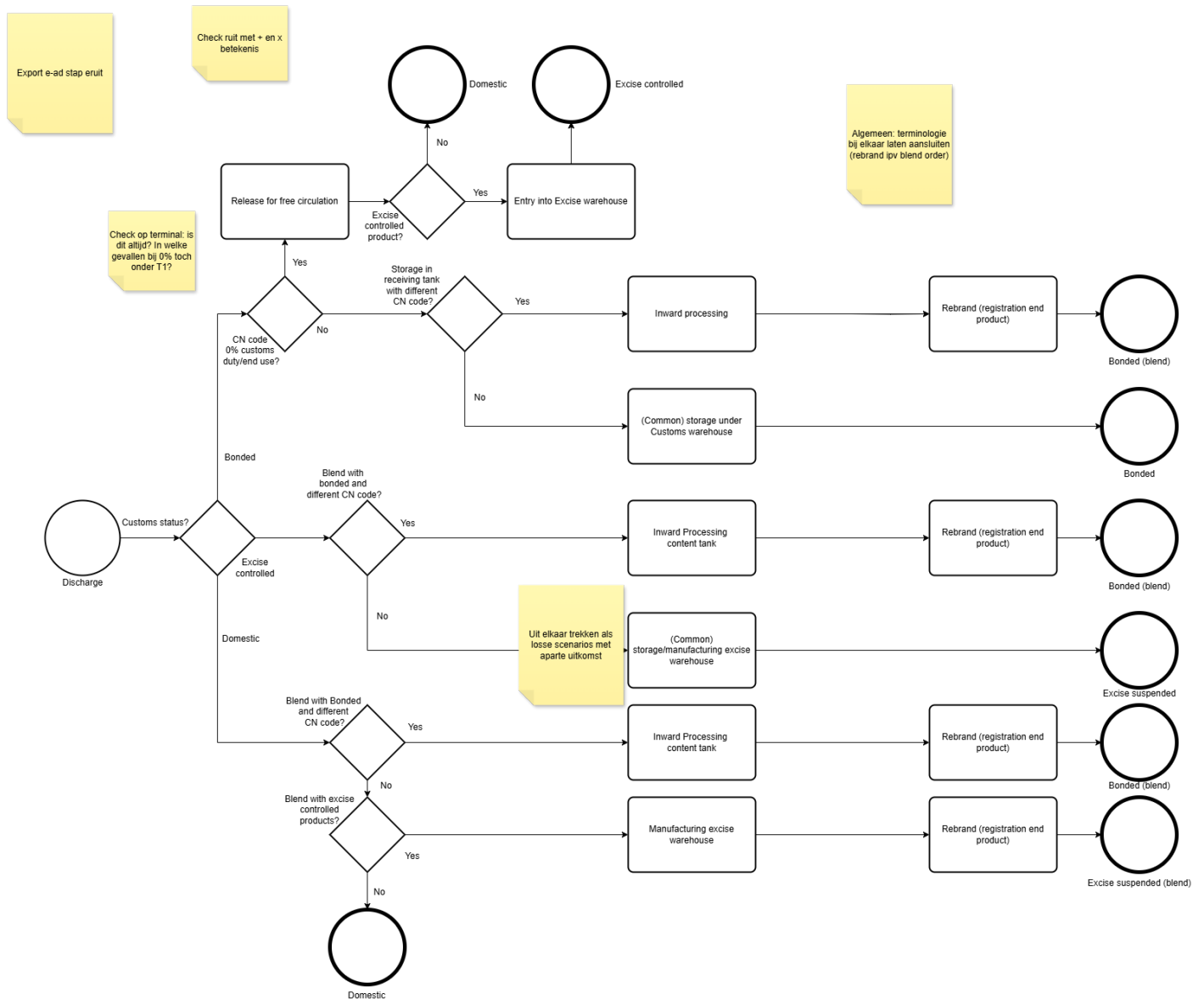
Clearance customs documents

During the month and ultimately with creating the monthly stock reports, it is checked if there are any outstanding transit documents and/or e-AD's that have not been cleared within the timeframe one may expect.

In case documents are not cleared within the expected timeframe the customers are informed accordingly.

Discharge

When receiving goods, the following processes are applied to ensure proper recording in VTTI's record keeping and lodging of the required customs declarations.



The procedure that is followed by CS and OPS is included as annex. Please note that this is an EU wide procedure and may cover activities that are not applicable to the respective country (e.g. operations at buoys).

A link to VTTI's "C&E - Discharge procedure" is included here.

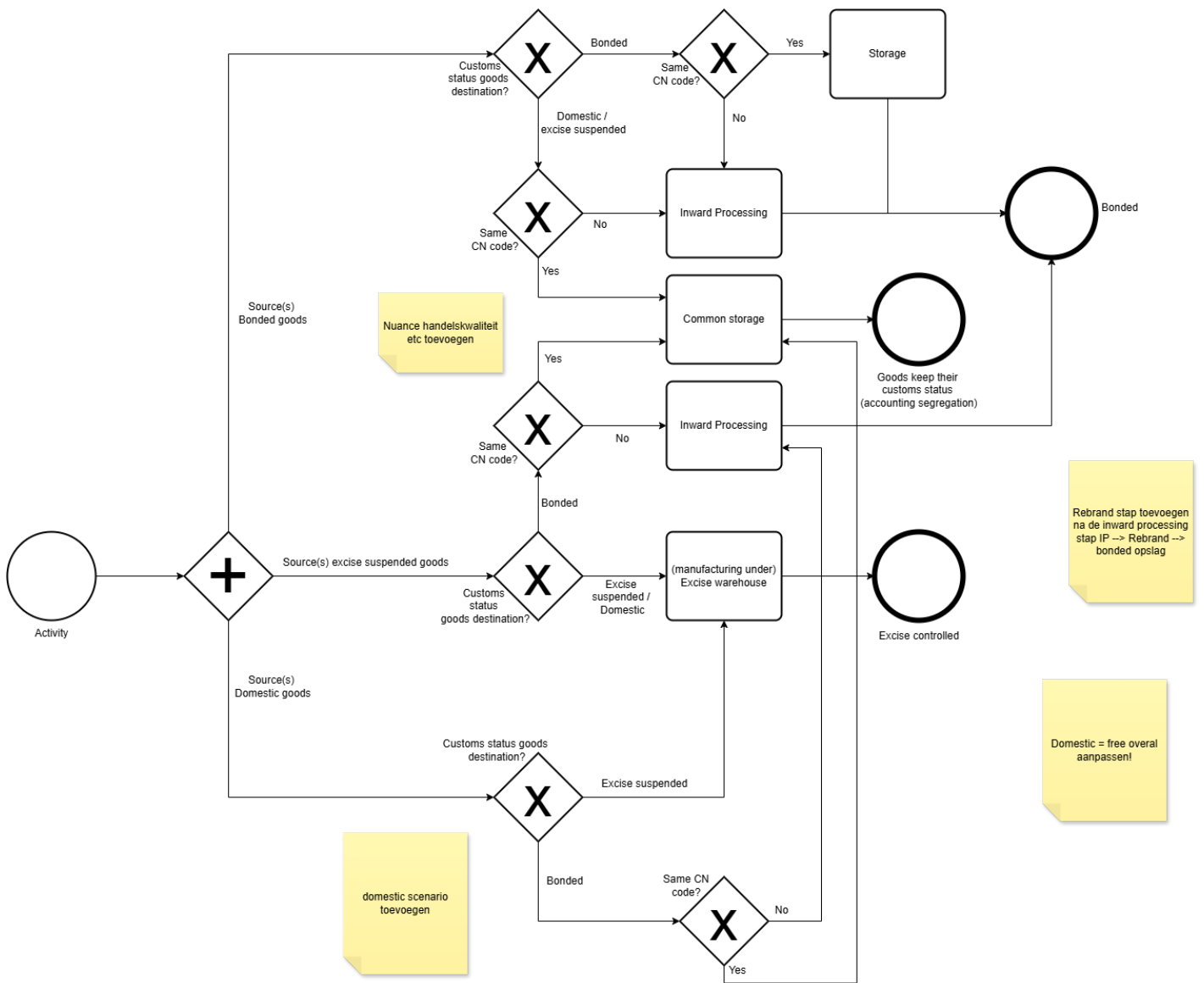
Related work instructions to discharges are available in QOL.

Storage, blending and transshipment

Terminal Storage

The terminal location is authorised as a customs warehouse, comprising of the complete infrastructure of tanks, pipelines, jetties and refinery. To optimize storage capacity and avoid disproportionate costs, accounting segregation is applied and non-Union and Union goods are commonly stored.

VTTI's ERP system facilitates an inventory module where an audit trail is provided regarding all goods at the terminal for their entire lifecycle, clearly identifying the type of goods, the customs status and, where appropriate, the origin. The following process applies to any movement of goods at the terminal with regard to applying the correct customs procedures and rules around customs status.



A link to the "C&E - Storage of goods" procedure is included [here](#).

At the terminal, various manipulations take place. All manipulations are recorded in VTTI's ERP by means of activities to ensure a complete audit trail.

A link to the "C&E - Orders related to manipulations during storage" procedure is included [here](#).

Movements of goods in VTTI's terminal, tank to tank transfers, may also require customs declarations, depending on whether or not the movement results in a blend.

A link to “C&E – Tank to tank transfer” is included [here](#).

Cross Border Customs Warehouse including Equivalent goods

Due to economic needs and with a view on sustainability, VTTI Terminals II B.V. has implemented a cross-border Customs Warehouse authorisation between the Netherlands and Cyprus. The longer-term goal is to also implement centralized clearance, which will deliver significant cost and time savings.

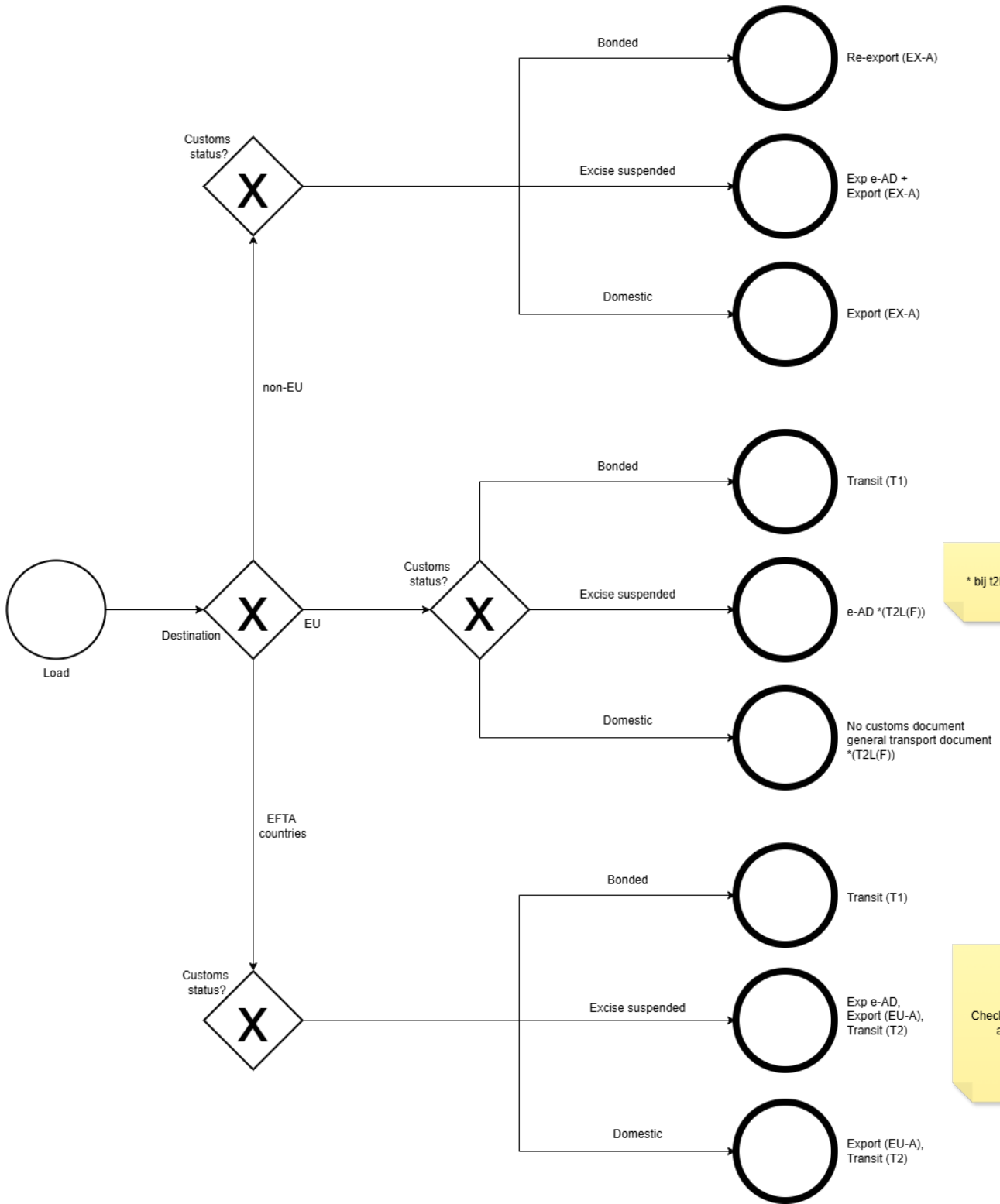
A link to VTTI's “Equivalent goods” procedure is included [here](#).

Related work instructions to terminal activities are available in VTTI's quality management system QOL.

Load

When loading goods, the applicable customs procedure is defined by the customs status of the product to be loaded and the destination.

AOIB volgorde - waar is dit logisch? los hoofdstuk/losse paragraaf?



* bij t2lf bijwerken

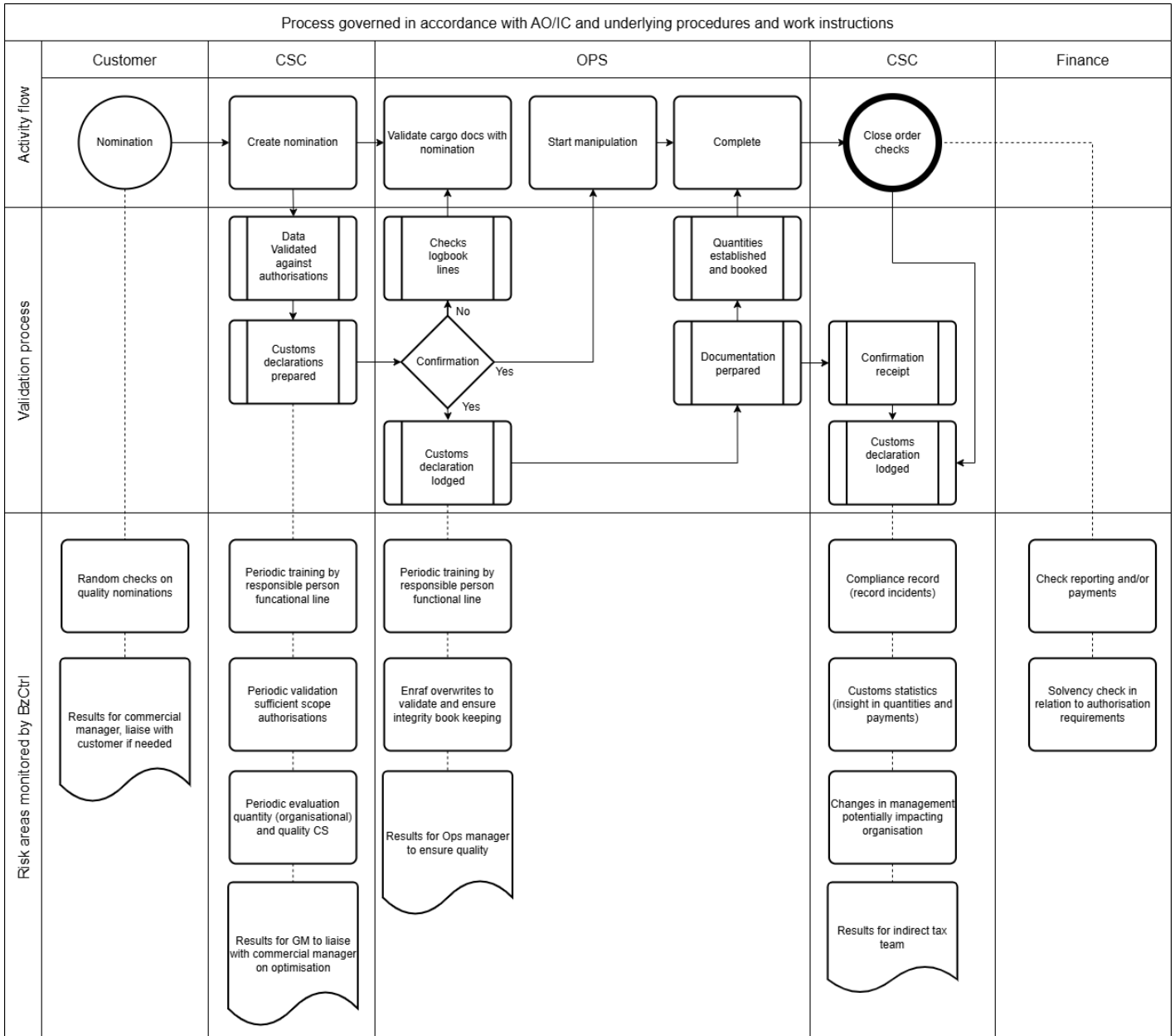
Check of EU-A nog actueel is

The procedure that is followed by CS and OPS is included as annex.

A link to VTTI's "C&E - Loads" procedure is included [here](#).

Related work instructions to loads are available in VTTI's quality management system QOL.

Schematic overview



Customs data elements

Classification

The customer, as owner of the goods, is required to provide the CN code of the product that will be discharged and/or blended (i.e., the CN code of the end product in case of a blend). VTTI's CS typically receives product analyses which are used to verify the CN code provided by the customer. The CN code provided by the customer is leading and is verified on the basis of incoming customs documentation and product analysis reports in accordance with attached procedure. Should the product analysis show characteristics that contradict with the customer's nomination, CS will liaise with the customer before the goods are moved to ensure a correct customs declaration can be lodged.

A link to VTTI's "C&E Classification" procedure is included [here](#)

VTTI maintains a product database on the basis of the information received from VTTI's customers and links the products to the appropriate tax treatment. Attached procedure provides specific details on how the product database is maintained.

A link to VTTI's "IT - Product masterdata" procedure is included [here](#).

Customs value

“ When a parcel is registered in the terminal's ERP system, the value of that parcel is recorded by CS in line with the current market value. The market value is usually provided by the customer. Otherwise, it is obtained by CS from publicly available market data sources, such as Platts Market Data from S&P. As such, all parcels registered in the ERP system are accompanied by a value.

The value becomes relevant for customs purposes when an import declaration is submitted. Where the applicable import duty rate is 0%, the goods qualify for preferential treatment upon import, or where a specific duty applies (i.e., duties are not calculated over the value but over another factor such as weight), the customs value declared serves a purely statistical purpose and has no financial impact. In such cases, VTTI has agreed with the customs authorities to apply the “reasonable means” method as an alternative method of customs valuation, in accordance with Article 74(3) of the UCC. More specifically, VTTI determines the customs value on the basis of the current market value of the relevant product.

If the import duty rate exceeds 0%, no preferential treatment applies or customs duties due are calculated on an ad valorem basis, the customs value will be determined in accordance with the general customs valuation framework of the UCC. This means that the customs value will in principle be determined in line with the transaction value method, in accordance with article 70 of the UCC. In specific cases where no valid transaction is available, the customs value will be determined according to one of the alternative valuation valuation methods.

More practical details on customs valuation are included in VTTI's "Customs valuation procedure", which can be found [here](#).

Origin

Preferential origin and provenance

If the goods to be declared for import are subject to a reduced import duty tariff due to the presence of a preferential certificate of origin (e.g. EUR.1 or Form A) or a document attesting the provenance of the goods (A.TR, INF3, T2L(F)) CS will verify the correctness of said documents.

Occasionally, the terminal can have a certificate of origin EUR.1 validated by Customs. This involves certificates EUR.1 for goods of EU origin that are intended for shipment to third countries. The certificate EUR.1 is issued on the basis of supplier declarations, which are issued by VTTI's principals. All documents related to the certificate EUR.1 to be issued are saved in a separate dossier.

A link to "C&E - Preferential origin documentation" is included [here](#).

Non preferential origin

A non-preferential certificate of origin can be presented upon the discharge of goods. There are no tax-related measures on the non-preferential origin of goods; therefore, these certificates are accepted for information only. The origin listed on the certificate will be registered in VTTI's ERP system.

CS checks whether the certificate of origin is related to the goods discharged and that the certificate is filled in completely. Because there are no further measures attached to the origin, no other checks will take place. The origin will be recorded in ERP.

Upon loading of vessels, a non-preferential certificate can be issued at the request of a principal. All correspondence regarding the issuing of this certificate shall be retained by the terminal in the administration (DIVA). The internal procedure used to establish the non-preferential origin is attached.

A link to "C&E - Non-preferential origin" is included [here](#).

Quantities

Establishing the quantities of the goods VTTI handles is the responsibility of OPS. Quantities are typically established by means of ENRAF, VTTI's automated gauging system which is certified. In case of specific reasons, the ENRAF readings turn out to be unreliable, the ENRAF reading can be overwritten with clear explanations as to why the reading was overwritten.

A link to VTTI's "C&E - OPS Measurements" procedure is included [here](#).

Safety & Security

Safety & Security

Certifications

Opgevraagd bij Jan van der Wulp

Customers

This chapter describes VTTI's contractual relations and procedures for interaction with customers

Customers

Customer onboarding process

(tbd)

Contractual relations

The product handled at VTTI's terminal is typically owned by VTTI's customers. Part of the contracting phase is that the customer and the terminal map the activities anticipated and the products involved to ensure they are covered by VTTI's authorisations (article 17.1 GT&C's).

Part of VTTI's services is handling customs and excise formalities on behalf of VTTI's customers. To enable VTTI to handle these formalities in a compliant manner, the customer is required to provide VTTI timely with the correct and complete data needed to lodge a particular customs or excise declaration (article 17.2 GT&Cs).

VTTI's General Terms & Conditions are included [here](#).

Customs representation

Most customs declarations lodged by VTTI are based on a customs authorisation held by VTTI:

- Customs warehouse
- Inward processing
- Import via VTTI's EIDR authorisation.

As a consequence these customs declarations are lodged in VTTI's own name and on VTTI's own behalf (i.e., no customs representation is applied).

Only two types of declarations remain where VTTI might lodge a customs declaration on behalf of a customer:

- Declarations for release for free circulation via the "normal declaration procedure" (i.e., the declaration is not lodged via EIDR, but directly in the declaration system of the Customs Authorities);
- (Re-)export.

Whether these two types of declarations can be filed under direct- or indirect customs representation depends on the country of establishment of the customer:

- Declarations for customers not established in the EU will always be filed under indirect customs representation, as EU customs legislation requires the declarant to be established in the EU. Indirect customs representation means that the declaration is filed on behalf of the customer, but in VTTI's own name.
- Declarations for customers established in the EU can be filed under direct customs representation. Direct customs representation means that the declaration is filed on behalf of and in the name of the customer.

Where VTTI files (re-)export declarations on behalf of a customer not established in the EU, VTTI, in addition to acting as declarant, usually also assumes the role of exporter in the (re-)export declaration, as customs legislation requires the exporter to be established in the EU. Given that the exporter must have the power to determine, and must in fact have determined, that the goods are to be taken out of the customs territory, a mandate is required in order to fulfil the conditions for qualification as exporter.

Control Framework

Organization personnel

The terminals are managed by the local management team under the direction of the General Manager. The Commercial Manager reports to the General Manager and is responsible for commercial and related support functions, including customs. Responsibility for customs matters lies with the CSC Manager, who reports to the Commercial Manager.

ETT and ETA both have dedicated customs resources. The customs employees at the terminal are supported proactively and upon request by the CGT team at HQ.

Customs employees at the terminals have a hierarchical reporting line to the CSC Manager and a functional reporting line to CGT.

An organization chart of each terminal is included as annex:

[ETT - Org chart.pdf](#)

[ETA - Org chart.pdf](#)

More details on how the C&E function for terminal services is organized from a group perspective is included [here](#).

Competence and professional qualifications

All employees engaged in customs-related activities have successfully completed training covering applicable customs legislation, aligned with and proportionate to their respective roles and levels of involvement.

To remain up to speed with relevant customs and excise legislation, all VTTI employees involved in customs and excise matters are also subject to a comprehensive, ongoing training program. The program can consist, among other things, of the following elements:

- For less experienced employees: Training programs at recognized educational establishments, such as Evofenedex or similar;
- For all employees involved in customs matters: Annual internal customs and excise training, organized by CGT;
- For all employees involved in customs matters: Internal toolbox training sessions (organized by CGT in case of relevant legislative changes or other relevant developments);
- For all employees involved in customs matters: E-learning program in BzCtrl;
- For all employees involved in customs matters: Webinars organized by Customs and other relevant authorities;
- For all employees involved in customs matters: External conferences concerning customs matters.

The CGT team is responsible for the training program and determines which trainings are followed by which employee.

Risk register

All customs and excise compliance risks identified by VTTI are centrally captured in a risk register. For each identified risk, appropriate mitigating measures are implemented. The risk register provides a clear overview of the relationship between risks and their corresponding controls, enabling visibility of both the identified risks and the measures in place to manage them at a glance. Mitigating measures may include internal controls, automated checks or validations within ERP systems, or specific work instructions.

The risk register is included [here](#)

Incident registration

An important element of VTTI's control framework is incident registration. All employees involved in customs-related activities are trained to identify situations of (potential) non-compliance and to report these. Incidents are registered in the incident registry in BzCtrl.

Registered incidents are discussed by the terminal customs team during the weekly stand-up meeting. Where appropriate, the customs team implements corrective actions to address non-compliant situations. In addition, the team assesses whether further measures are required to reduce the risk of recurrence. Such measures may include additional employee training, updates to work instructions or procedures, improvements in ERP, or the implementation of enhanced internal controls.

Incidents that require additional attention or are relevant from an AEO perspective are reported to the CGT team.

On a quarterly basis, an incident review is conducted during which CGT and the CSC managers of ETA and ETT evaluate incidents from the preceding quarter, identify measures to mitigate the risk of recurrence, and define follow-up actions.

Computerization and administration

ERP

To ensure compliance with its authorisations, VTTI strongly relies on its ERP system and the measures of internal control therein.

VTTI currently operates an ERP system called ATLAS. ATLAS has been developed in-house to ensure it aligns closely with the specific requirements of the tank storage terminal business. All relevant activities are registered in Atlas.

ATLAS interacts with CMS, VTTI's customs module, through an interface. Based on standardized, predefined business rules, CMS reviews data input, generates documentation, submits declarations, and provides feedback to the user.

A detailed description of the process governed through ATLAS and CMS is included [here](#).

The previous ERP system, Tomcat, is currently still operational at a number of terminals awaiting the phased, terminal-by-terminal rollout of ATLAS.

The software specialists who manage the ERP system from a technical perspective are employed by VTTI Terminal support services B.V. and have their permanent place at the head office in Rotterdam, the Netherlands.

With regard to the operation of VTTI's ERP system, the following procedures are relevant to hardware, software, and access control in order to prevent system outages and security breaches.

A detailed description of the IT Authorisation procedure is included [here](#)

A detailed description of the Data security procedure is included [here](#)

A detailed description of the Technical data procedure is included [here](#)

Quality online

Within the VTTI Group, the management system tool QOL is available worldwide as both a document management and reporting tool.

When it comes to customs and excise, QOL is used for:

- storage of work instructions
- HSE

BzCtrl.

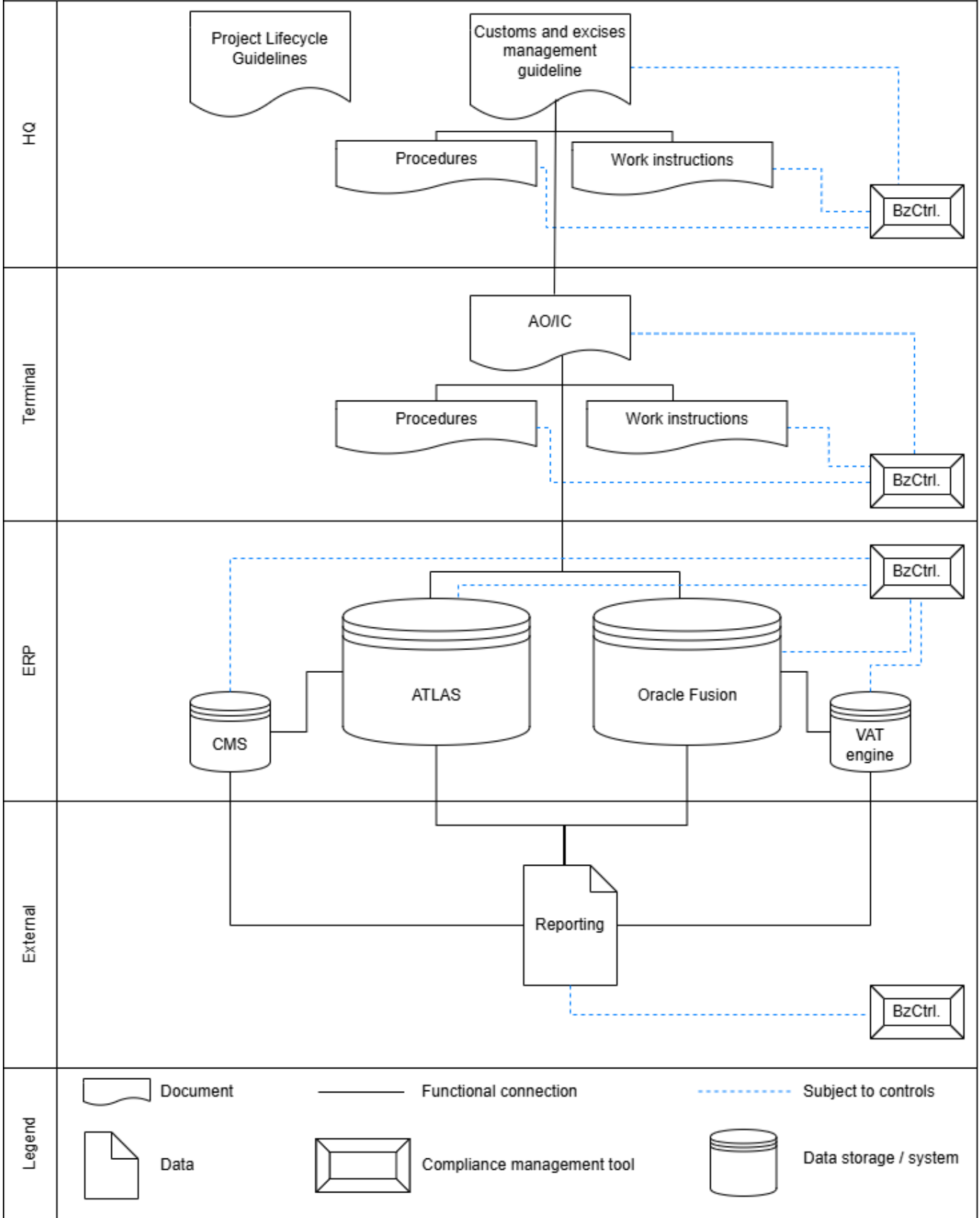
VTTI uses BzCtrl. as its compliance platform specifically for customs, excise and AEO-compliance. Key functions are:

- Domains and workspaces – BzCtrl. is structured into multiple domains and workspaces, allowing user-specific access rights to be defined so that only elements relevant to a particular user are visible.
- Risk register – All identified customs-related risks are centrally documented. The risk register plays a central role in VTTI's control framework. Each risk is mitigated through measures designed to keep the risk manageable.
- Document management – The AO/IC, procedures, work instructions, and other relevant customs & excise documents can be accessed and updated centrally in BzCtrl. BzCtrl includes a revision history function, allowing updates to be monitored and earlier versions to be retrieved. Access rights and authorization to make updates can be granted to specific individuals, or documents can be marked as private, limiting access to a defined group of colleagues.
- Internal controls – Customs and excise related ICs are integrated in BzCtrl. They can be assigned to a specific user, including a fixed recurrence term, deadline and reviewer. The results of internal controls are made accessible via BzCtrl.'s dashboard function.
- Incident register – Customs compliance incidents (at HQ or at one of the terminals) are registered centrally in BzCtrl, providing the CGT team with real-time insight, and enabling the team to take measures as needed.
- Archiving – Documents relevant for customs & excise can be stored in the system.
- E-learning – BzCtrl. is VTTI's central tool for customs- and excise-related e-learning, which can be assigned to specific users based on content and role.
- To-do – BzCtrl's to-do function makes the system suitable for use as a project management tool, enabling the tracking of actions, the setting of deadlines, and the assignment of actions to specific users.

Schematic overview

Schematically, VTTI's C&E control framework is set up as follows:

Customs and excise control framework



Measures of internal control

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Automated controls

To guide the physical processes, VTTI's Orders & Nominations module in VTTI's ERP is governed by "order statuses". An order can only move to the next step in the process when the relevant data required at that time is available. Moving from one status to another triggers various checks and balances to ensure compliance. These checks and balances are based on rules. The procedure on order statuses that provides for more detail around the working of this concept is included as annex.

A link to VTTI's "IT - Order statuses" procedure is included [here](#).

To ensure all activities at VTTI's terminal are covered by VTTI's customs and excise authorisations, VTTI's ERP system automatically validates:

- If the activity is covered by VTTI's authorisations, and which authorisation is applicable;
- If the products involved are covered by VTTI's authorisations.

Details around the rules and working of these controls are described in attached procedure.

A link to VTTI's "IT - Blending licence" procedure is included [here](#).

The physical process is further governed by embedded checklists in VTTI's ERP system. Depending on the type of manipulation, the relevant checks are performed by Operations, including verification that the appropriate documentation and authorisations are in place prior to discharging or loading a vessel. More details about these checks are provided in the procedure attached.

A link to VTTI's "C&E - Checks ERP per stage and order type" procedure is included [here](#).

Measures of internal control

Manual controls

On a monthly basis, VTTI's stocks are reconciled and the (monthly) supplementary declaration (GPA) is sent to Customs.

A link to VTTI's "C&E - Customs monthly declaration GPA" procedure is included [here](#).

The specific modalities of GPA of VTTI Terminals II B.V. related to the nature of goods (liquid bulk) are captured in the Work agreement with the Customs authorities.

A link to "Work agreements GPA VTTI Terminals II BV" is included [here](#).

Besides the above controls. several other controls are included in BzCtrl.

AEO Monitoring

VTTI has integrated the annual AEO-monitoring activities for all the EU-terminals in BzCtrl.

Audit trail	The availability of an adequate audit trail to ensure an efficient and effective audit based customs control. Separation Union from non-Union goods. SAQrev6 3.1 ISO 9001:2015, section 6. SAQrev6 3.2.2.
Accounting system	A satisfactory system of managing commercial and where appropriate, transport records, which allows appropriate customs controls (Articles 39 (b) UCC and 25 UCC IA). SAQrev6 - 3.2; ISO 9001:2015, section 6.
Compliance record	An appropriate record of compliance with customs requirements (Articles 39 (a) UCC and 24 UCC IA). Section 2 from the SAQrev6.
Customs routines	Ensuring compliance with regard to applying the appropriate customs procedures (Subsection 3.5 from SAQ rev6) and non-fiscal measures (Subsection 3.5.4 from SAQ rev6)
Flow of goods	A satisfactory system of managing the appropriate customs treatment of goods handled. SAQrev6 - 3.4; ISO 9001:2015, sections 6, and 7
General information	The purpose of this control is to verify that no crucial changes took place in relation to the organisation, operational licenses and measures of internal control. SAQrev6 Section 1.1 TAXUD/B2/047/2011-REV6
Information security	Procedures as regards back-up, recovery and fall-back and archiving options (Subsection 3.6 from SAQ), protection of computer systems (Subsection 3.7 from SAQrev6) and documentation security (Subsection 3.8 from SAQrev6).
Practical standards of competence or professional qualifications	Practical standards of competence or professional qualifications directly related to the activity carried out (Article 39 (d) UCC, Article 27 UCC IA, AEO Guidelines Part 2 Section IV)
Proven financial solvency	The purpose of this control is to validate that the company continues to meet the criteria around financial solvency. (Article 39 (c) UCC, Article 26 UCC IA, AEO Guidelines Part 2 Section III)