



A hand holding a glass globe of the Earth against a background of green grass and sunlight.

# ABOUT THIS REPORT

This Report highlights our progress towards the Environmental, Social, and Governance (ESG) priorities we had set in 2020 while also presenting our new Mission, our commitment to ESG and our path forward to leading the charge as we embrace the changes around us.

This Report summarizes our performance and metrics for relevant topics per the Sustainability Accounting Standards Board's (SASB) Waste Management Framework. This Report covers our operations from Jan. 1, 2021 to Dec. 31, 2021, unless otherwise noted. The content of this Report was provided by VLS managers and subject matter experts, approved by executive leaders and reviewed by VLS Board of Directors.

We welcome your feedback on this report. Please contact us at [info@www.vlses.com](mailto:info@www.vlses.com)





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**750+**  
EMPLOYEES

**4,000+**  
CLIENTS

**27**  
LOCATIONS

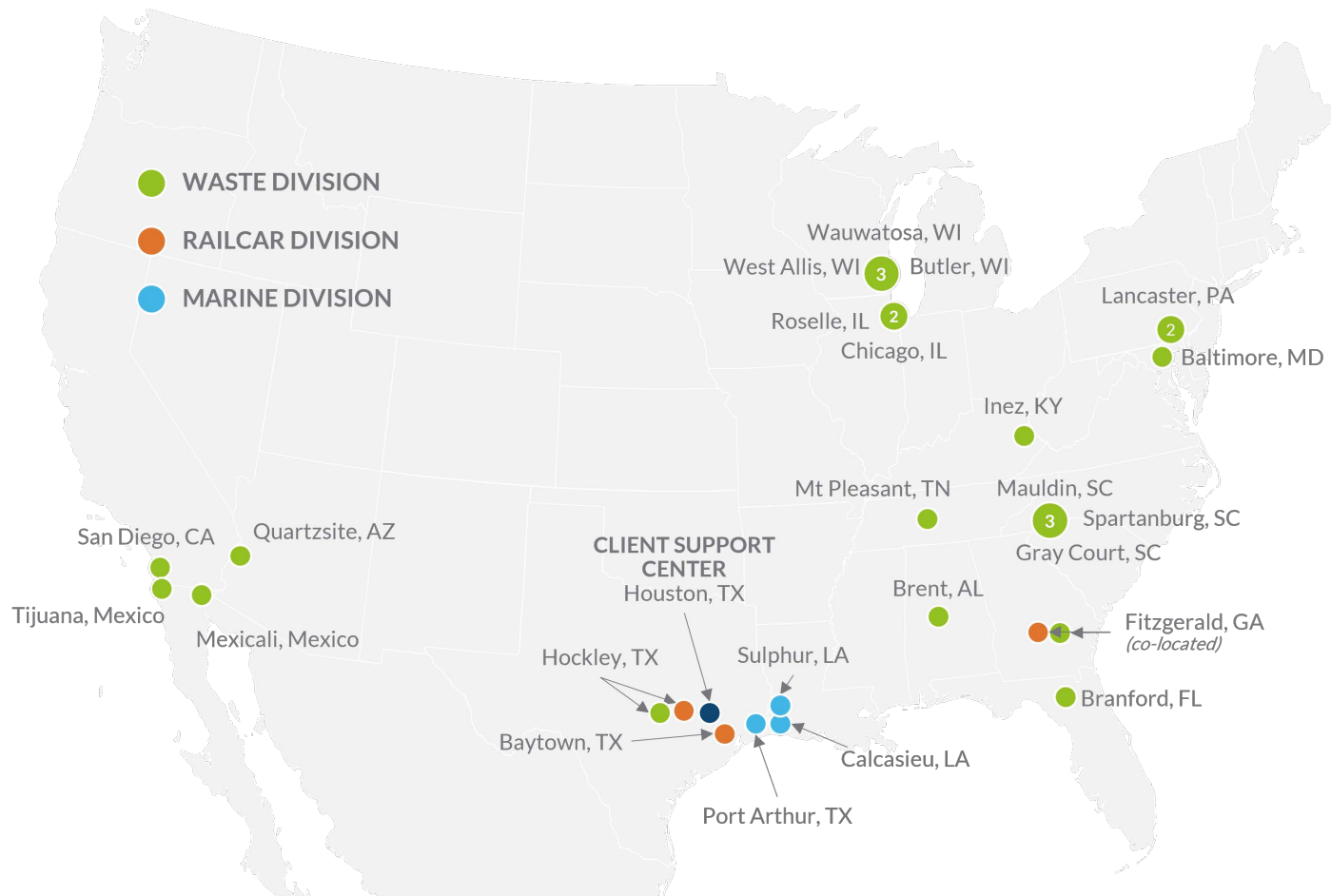
# VLS AT A GLANCE

VLS is a high growth company and nearly doubled the number of locations and employees in 2021.

The Waste Services division provides customized waste processing solutions for non-hazardous industrial and commercial waste, including landfill diversion and sustainability programs, solidification of liquid waste, recycling, and wastewater treatment.

The Railcar Cleaning and Repair division specializes in difficult-to-clean products including chemicals, hardened materials and pressurized gases, using the most environmentally friendly and safe processes in the industry.

The Marine Services division has state-of-the-art barge cleaning and repair facilities for a wide variety of petroleum and chemical solvents with industry leading processes, safety practices, and sustainability focus.



A cross-functional team developed a new Mission Statement for VLS, inspired by the mission and values of two companies we acquired in 2021, Pacific Trans and ERC.

#### NEW MISSION STATEMENT

**“Delivering innovative environmental solutions  
that support our client’s sustainability goals.”**

# CORE VALUES

Our core values build upon the strong foundations of past years and integrate the values of the acquired entities, ERC and Pacific Trans. We believe these enhanced values reflect our new organization and ensure we remain true and committed to upholding them.



## **SAFETY**

We are committed to the health and safety of our employees, contractors, clients, and communities.



## **INTEGRITY**

We engage in open, honest, and fair dialogue; hold ourselves and others accountable; and listen with the intent of learning.



## **EMPLOYEES**

We provide opportunities to learn and grow while recognizing achievements.



## **INNOVATION**

We are problem-solvers who develop processes, adapt to change, and continuously strive for improvement.



## **PARTNERSHIPS**

We collaborate with our clients, colleagues, and providers to improve the communities in which we work and live.



# LETTER FROM OUR CEO

Sustainability has always been at the heart of our business. In 2021, our acquisitional growth and transformation has taken us even further in understanding our role in advancing sustainability goals for VLS and our clients. Our expanded geographical presence and addition of processing capabilities have increased our sphere of sustainability impact, helping us serve more clients and industries, and solve a wider variety of environmental problems with our innovative solutions. With our renewed ESG-minded approach to operations, we have integrated sustainability into our new Mission statement and remain committed as ever to our ESG focus areas.

Our clients operate in industries that provide important goods and services but grapple with a wide variety of sustainability concerns – carbon emissions, waste disposal, landfill use, soil and water contamination – just to name a few. VLS strives to help our clients mitigate their environmental impacts by finding alternative sources of energy and providing productive uses for their waste and unusable materials.

We embrace our role as enablers of our client's sustainability goals, as leaders transforming our industry and as emerging participants in the circular economy. And by committing to these ESG-focused partnerships and solutions, we aim to benefit our clients, communities and environment.

VLS had an incredible safety record in 2021, and I continue to be most proud of our people and their dedication to doing the job safely.

Safety at VLS is not just a one-time event – it's an ever-present top priority and a personal responsibility that we take seriously every single day. Our clients trust us to do our job properly and safely, and our record reflects our ongoing commitment to remaining vigilant in our safety processes, training and execution.

We are at the beginning of our journey toward expanding our ESG programs and commitments, and will continue down a path that positions VLS as an environmental solutions provider for road, rail and water. We have an exciting future ahead and I thank you for your interest in VLS and our ESG Report.

**John Magee**  
President and CEO





# YEAR IN REVIEW

VLS is uniquely positioned as an environmental solutions provider for road, rail and water. Our sustainability offerings help drive not only our environmental responsibility efforts but also drive our client's ability to meet sustainability goals.





GHG SCOPE 1

**20,279 metric tons**

BENEFICIAL REUSE

**14,193 tons**

TOTAL LANDFILL AVOIDANCE

**147,027 tons**

GHG SCOPE 2

**11,610 metric tons**

WASTEWATER TREATMENT

**62,740,810 gallons**

RECYCLED

**6,242 tons**

\*\*in metric tons of CO<sub>2</sub>e

# GREENHOUSE GAS EMISSIONS

We believe reducing our own footprint is just as important as helping our clients reduce their environmental impacts. We quantified our scope 1 and 2 greenhouse gas (GHG) emissions to better understand our impact on the climate and help prioritize improvement opportunities. Our newly launched VLS Cares committee is tasked with developing targets, GHG reduction plans and implementing improvements to minimize our footprint.

GREENHOUSE GAS EMISSIONS, IN MT OF CO <sub>2</sub> e	2021 RESULTS
Scope 1 Emissions	20,279 MT
Scope 2 Emissions	11,610 MT

Scope 1 emissions are direct GHG emissions from sources owned or controlled by the company.

Scope 2 emissions are the GHG emissions from the generation of purchased electricity consumed by the company.

*\*\* The 2021 GHG data includes a full year of emissions from our 2021 acquisitions regardless of when the transaction closed in 2021. We calculated our GHG emission in accordance with the GHG Protocol and applied market-based electricity grid emission factors.*





PARTNERSHIP WITH UNIVAR AND BMW

# BMW KORN FERRY PRO-AM ZERO LANDFILL EVENT PARTICIPATION

At the BMW Charity Pro-Am, 47,360 lbs. of trash were prevented from entering landfill, enough waste to fill at least 4,100 tall kitchen bags. We were excited to co-sponsor the BMW Korn Ferry event. It was the first Korn Ferry event to be a Zero Landfill event.

As a zero-waste event, we diverted all waste streams such as glass, food waste (compost), recycling, and construction and demolition materials from the landfill.





# CEMENT KILNS

VLS processes waste that can't be traditionally recycled (aluminum, glass) and has exclusive partnerships with cement kilns to co-process our Shredded Heat <sup>TM</sup>.

Co-processing is the simultaneous recycling of mineral materials and recovery of energy within one single process: cement manufacturing. Kilns only process waste that has been pre-qualified to tight specifications.



## CEMENT KILNS ARE UNIQUE IN THEIR PROCESS OF EMISSIONS CONTROL

Cement kilns are one of the biggest users of coal. They are pushing programs to conserve resources by turning to waste and discarded materials to use as supplementary and replacement fuel. This is called co-processing.

Fuel we manufacture is an ideal fit for cement kilns. Our fuel, called Shredded Heat (R), is a steady supply with consistent heating value that cement kilns require to operate the kiln. We listen and learn to understand kiln needs, and we continue to develop and improve the quality of our fuel.

- 70% to 75% of the raw material to make cement is limestone
- Limestone is the primary material used in emissions scrubbers
- Limestone continues in the process and becomes cement
- When the combustion process is complete, the emissions must travel through a few hundred tons of limestone to exit and remain in a high temperature environment for several seconds (this is referred to as residence time).
- The input of the Alternative Engineered Fuel into a cement kiln is in an area much hotter than typical WTE plants, up to 1800°F.
- So, with high combustion temperatures, long residence time, and a natural scrubber, cement kilns burn at a 99.99% DRE (destruction ratio efficiency) of contaminants.
- Therefore, cement kiln technology is referred to as BDAT (Best Demonstrated Achievable Technology) for complete combustion.



## PEANUT HULLS & PECAN SHELLS

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**22,227 tons**  
IN 2 YEARS

## BIOMASS

### RENEWABLE ENERGY FROM PEANUT HULLS AND PECAN SHELLS IN GEORGIA

Biomass is used as a coal-substitute in cement kilns. One ton of peanut hulls replaces one ton of coal and is much cleaner than coal. We are proud to have partnered with agriculture processors to develop sustainable solutions for agriculture waste.

Instead of landfilling pecan shells and peanut hulls, we have developed a program to collect, ship, and use discards to manufacture a cement kiln fuel. Each ton of shells and hulls replaces one ton of coal. It is exciting to provide an environmentally friendly alternative to landfill and a conservation of natural resources for the agricultural industry.



# AUTOMOTIVE MANUFACTURER GOALS

One of our core values is fostering long term partnerships with clients. One segment of our customer base is automotive manufacturers, an industry that is leading the way for zero landfill goals. Our commitment to sustainability is evident in the development of engineered fuels from automotive waste and secondary materials that help automotive manufacturers meet zero landfill goals.

We are members in Suppliers Partnership, which is an organization consisting of automotive manufacturers and suppliers. The mission is to join ideas to commit to sustainable manufacturing at the plant level as well as upstream and downstream.

Automotive manufactures have set a target to reduce emissions from vehicle production by 40% by 2030. This target will require continued optimization of the supply chain and increased demand for best-in-class ESG practices.



## GOALS OF AN AUTOMOTIVE MANUFACTURER TO REDUCE EMISSIONS

<b>SUPPLY CHAIN</b>	<b>BY 20% CO2/ VEHICLE</b>
<b>PRODUCTION</b>	<b>BY 80% CO2/ VEHICLE</b>
<b>UTILIZATION</b>	<b>BY 50% CO2/ VEHICLE</b>

### BY 2030

Increase use of  
secondary materials  
from  
30% to 50%

### BY 2050

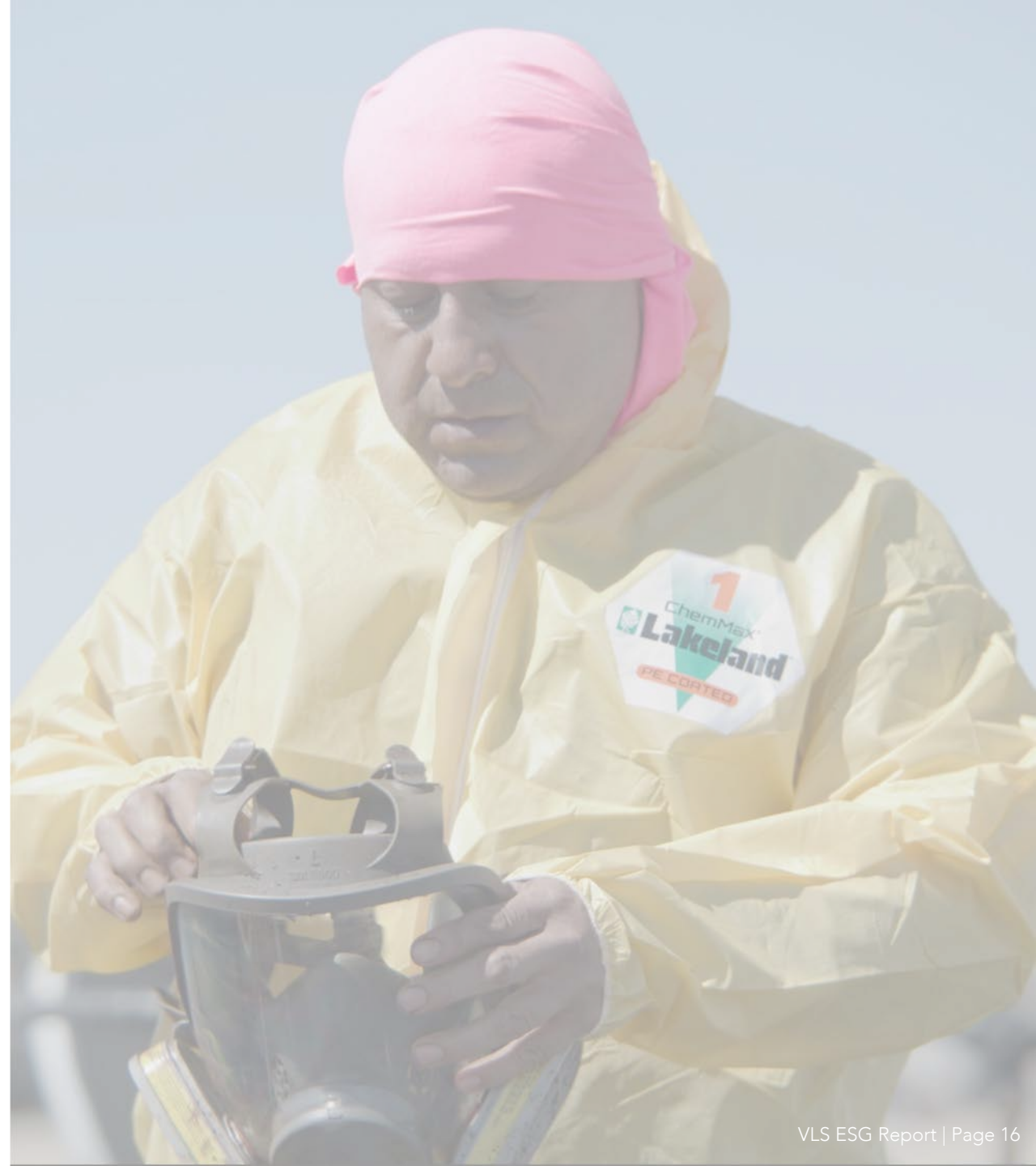
Climate neutral. Business  
ambition for 1.5c and  
Paris Agreement model  
of production and  
consumption

# SAFETY IS OUR #1 CORE VALUE

At VLS Environmental Solutions, our commitment to Health, Safety and the Environment is at the heart of everything we do – it is our topmost priority and remains at the forefront of our mandate for excellence. The health and safety of our employees and employees and contractors is our first consideration in every part of our business.

Our high safety standards are outlined in our policy statement and is an integral part of our operations. Our safety policy outlines VLS's objectives to provide and maintain a workplace that is safe and without risk to the health of all employees and contractors. To ensure the ongoing effectiveness of our safety policy, we conduct regular evaluation and review of the policy and its objectives to ensure it remains relevant and appropriate to our philosophy.

Employee safety and health are to be the first consideration in the operation of our business. Safe practices on the part of our employees and contractors must be a part of all operations and employees must understand their personal responsibility for the prevention of accidents and injuries on and off the job. Accident prevention and effective production go hand-in-hand. The health and safety of our employees and contractors is our first consideration in every part of our business.





# SAFETY MILESTONES

We aim to solidify a uniform approach to all operations and how they are conducted. A company-wide management system will help us achieve that.

## Creation of Safety Essentials

**125,830**  
CONFINED  
SPACE ENTRIES

INDUSTRY LEADING  
**0.92 Total**  
**Recordable Injury**  
**Rate (TRIR)**

INDUSTRY AVERAGE IS 2.63

**1,250,000 miles**

DRIVEN SAFELY

VLS LEADERSHIP, ALONG WITH THE EH&S STEERING COMMITTEE, CREATED A UNIFORM EH&S MANAGEMENT SYSTEM PROVIDING CLEAR PROCESSES FOR:

- Incident report and case management
- Site assessment completion and tracking
- Permit storage and management
- Training completion and tracking
- Organizational data analysis and communication

**Compliance with all  
rules and regulations**





SETTING STANDARDS WITH THE

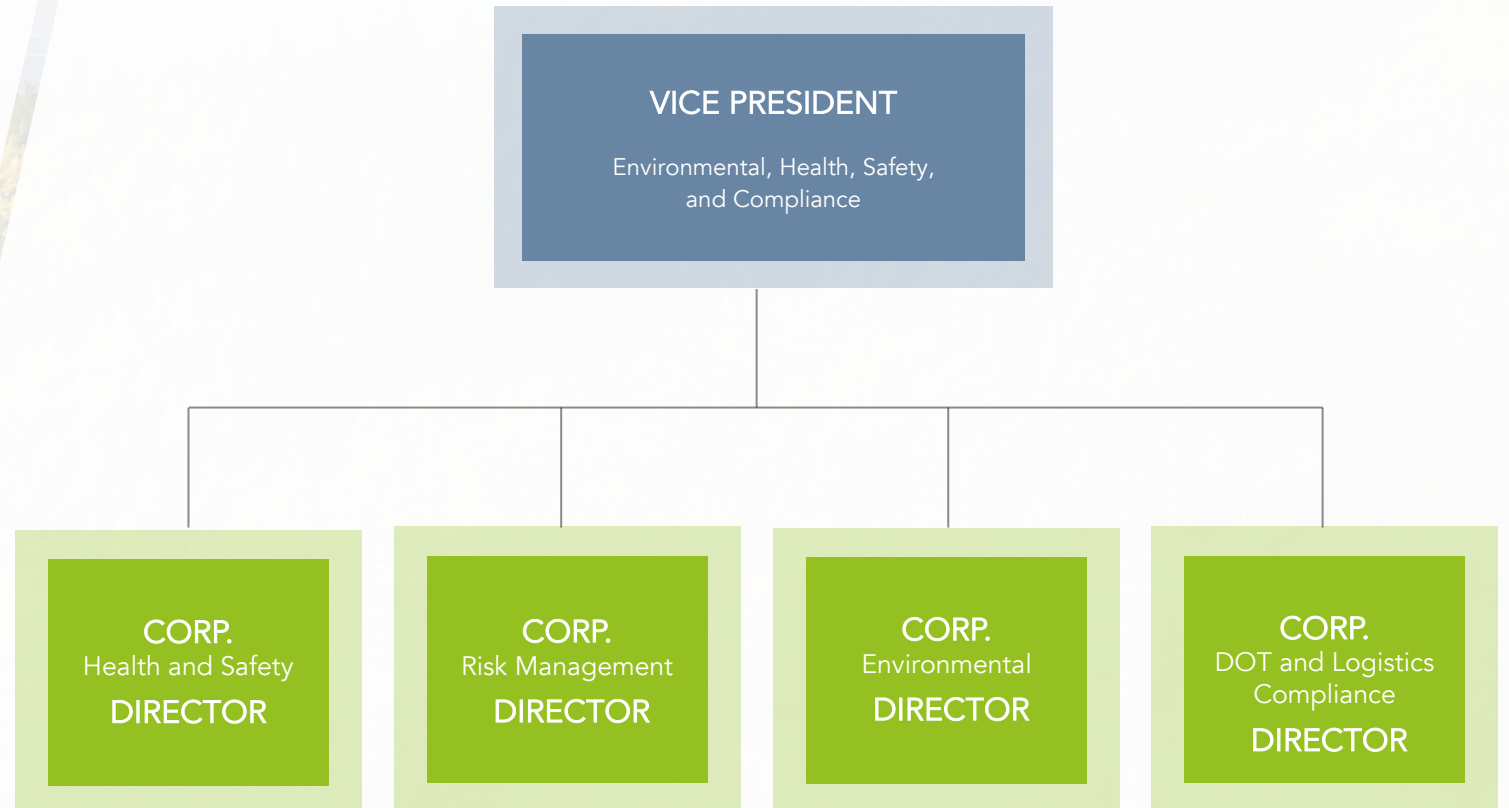
# CREATION OF SAFETY ESSENTIALS

As part of our continuous improvement efforts, we created and launched Safety Essentials, our safety education and training program that aims to simply and clearly communicate the most elemental safety procedures. Our goal is to reach and maintain strong awareness among all VLS employees.

# REVAMP SAFETY ORGANIZATION

Safety is at the forefront of everything we do. We continue to develop the organization to prepare for our high growth strategy. Our duty is to build a structure that ensures the safety of every one of our employees.

Our employees and safety leaders were engaged in an analysis on strategies to build the safety organization. The result of the analysis, strategic thinking by our leaders, and foresight into high growth, we designed a structure that we are confident will support safe operations today and well into the future.





# EMPOWERED EMPLOYEES



**Employees are empowered to prevent injury with a stop work authority**



**An event at Marine Services in Port Arthur occurred in 2021 where an employee noticed an issue and called for a work stoppage**



**EHS staff fully supported the work stoppage and investigated the incident**



## **The Full Story:**

*A barge was received in need of specialty cleaning services. While a front-line VLS employee began atmospheric pre-entry testing and ventilation, the GM of the Gas-Free facility received a call from the customer, who noted that they had failed to inform us of additional product included in the barge. The GM immediately called the supervisor and issued a stop work authority, shut down the operations, and instructed the team to leave the barge. The supervisors on-site had already begun the process, given the readings from the initial testing.*

*The Safety Manager worked with the Safety Specialist to ensure all protective measures were taken to alert employees, including tagging out and taping off all cargo tank entry points. The GM contacted our Marine Chemist to take readings and instruct cleaning from that point forward.*





# EMPLOYEE ENGAGEMENT

VLS employs an expert leadership team that blends local and global experience with deep roots in the industrial services sector. We understand that we are only as good as our team and that leadership drives culture, and culture drives performance.

We conducted our first employee engagement survey in 2021 to establish a baseline for organizational health and to realize the characteristics of our culture and leadership that need improvement. We are using the feedback received through the survey to strengthen our leadership skills, abilities and communication with our team so we can continue to foster an inclusive and high-performance company.

The company will continue to offer an annual employee survey and review its employee engagement practices, taking all feedback into consideration.



# EMPLOYEE ENGAGEMENT

The company will continue to offer an annual employee survey and review its employee engagement practices, implementing feedback when appropriate. In 2021, we more than doubled our number of team members and will continue to add new team members as we execute our strategic plans. To better support our current and new team members during this period of rapid growth, we identified opportunities to improve their experience from the time they join VLS to the time they part with us. We improved our onboarding process to better welcome new hires and streamlined our employee handbook across our three divisions. We heard our team members' concerns about our incentive program and updated it.

# DIVERSITY, EQUITY & INCLUSION

VLS is determined to foster a company culture of inclusivity and diversity. Respect for differences within our teams facilitates a global introspective for problem solving. We are proud to support and employ a collaborative group of individuals whose diverse backgrounds and experiences are the foundation of our success.

We took steps to increase diversity at the vice president, director and manager levels by hiring four diverse individuals in four new roles. These new leaders are the future of our company.

Furthermore, VLS is committed to providing a work environment that is free from all forms of discrimination and harassment. Employees can raise concerns without fear of reprisal or retaliation.





# DIVERSITY, EQUITY & INCLUSION

Four new leadership positions were created last year to strategically enhance the performance of our company.



**GABRIEL VILLASMIL**  
Vice President  
Business Development



**GREG BAULDING**  
Corporate Director  
of Health and Safety



**HANNAH FRITZ**  
Vice President  
Operational Excellence



**JONATHAN SANDERS**  
National Fleet Manager

# COMMUNITY INVOLVEMENT

As part of our giving goal for all employees, during the annual VLS leadership meeting, held this year VLS is committed to supporting and giving back to the communities in which we operate. We are passionate about creating an environment of volunteering and philanthropy. We set the following goals to start building our community outreach programming, which we call VLS Cares:

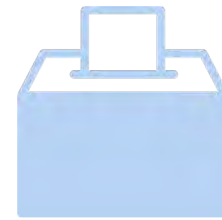
## OUR ACTIONS



Set aside two, paid  
dedicated volunteer  
days company-wide



Select two to three  
organizations for  
Corporate  
charitable giving



Each facility votes  
on a site-specific  
organization of  
their choice



Facilities enroll in the  
local Chamber of  
Commerce (US and  
Mexico)



# CHARITIES

During the annual VLS leadership meeting, held this year in Woodlands, TX, the team partnered with Experience Houston, A Hosts Global Member. In the spirit of the season, they worked together to build 20 bikes that were then donated to the Salvation Army. What a great way to stay grounded in giving back while recommitting to being a Sustainable company.





Every year, people from our Marine Services Division get together and donate to the Bridge City/Orangefield Ministerial Alliance (Texas), a non-profit ministry that provides assistance for individuals and families in the community.



**PET PRO LIFE  
ADOPTION &  
PLACEMENT**

Founder, CEO, COB

**CHILDREN'S  
ADVOCACY  
CENTER**

**CHRISTMAS  
TOY DRIVE**

**SERVING  
COMMUNITY  
NEEDS  
501C(3)**

**BOARD  
MEMBER OF  
SPACE**

**BOBBY JO  
LEWIS  
FOUNDATION**

Director & Board member

**LOCAL  
HUMANE  
SOCIETIES**

**MEALS ON  
WHEELS**

**HOPE  
CENTER FOR  
CHILDREN**

**B.A.B.E.S**

(Beating Alzheimer's By  
Embracing Science)

**RALLY 4  
REILLY &  
FRIENDS**

(Spinal Cord Injuries)

**GIRL SCOUTS  
OF AMERICA**



**VLS**

**ENVIRONMENTAL  
SOLUTIONS**