

An aerial photograph of a multi-lane highway bridge spanning a lush green forest. The bridge has a reddish-brown railing and a single car is visible on the road. The surrounding landscape is dense with green trees and grass. In the bottom right corner, there are decorative geometric shapes in shades of blue and purple.

ACCELERATING THE FUTURE OF SUSTAINABLE ENERGIES

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INTRODUCING VARO

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Sustainability reporting

This report has been prepared in accordance with the GRI Standards, and with other sustainability reporting standards and commonly used guidance as deemed necessary to communicate VARO Energy's Environmental, Social and Governance (ESG) strategy and performance.

The report encompasses the general governance of sustainability, programmes and particular initiatives (historical, present and planned for the future), as well as quantitative data reflecting ESG performance.

The report is structured in three major parts:

Part I: Introducing VARO and our sustainability approach.

Part II: VARO's management of material topics.

Part III: Appendices summarising key KPIs.

We have used a mixed approach based on the GRI Standards 2016 and updated Universal GRI Standards 2021. For General Disclosures we used the Universal GRI Standards 2021.

For Topic Standard Disclosures we adopted the core approach of the GRI Standards 2016, reporting at least one disclosure for each relevant topic, presenting, where possible, reasons for omission of information.

For evaluation of material topics, VARO conducted the evaluation and positioned the relative weighting for the topics consistently with the GRI Standards 2016.

In addition to the GRI Standards 2016 and updated Universal GRI Standards 2021, the report refers to SASB sustainability reporting standards and the UN Global Compact Ten Principles.

A TCFD report will be published separately at a later stage. VARO intends to seek external limited assurance for next year's edition of the report.

VARO Energy B.V. is the reporting company and top holding company of the group. The operational headquarters are in Cham, Switzerland¹. Throughout the report VARO Energy and VARO are used interchangeably.



Corporate purpose, vision and mission



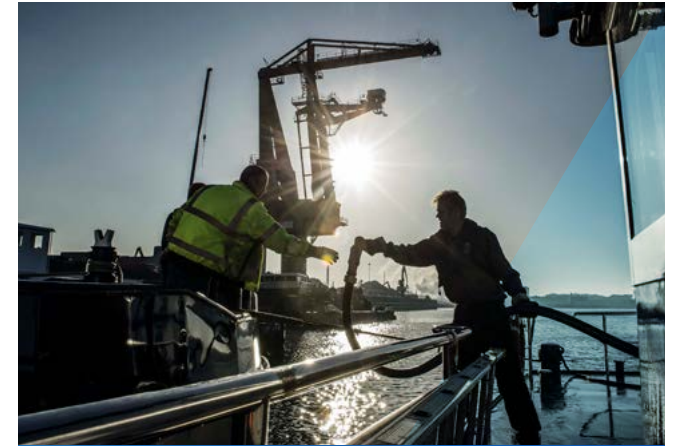
Our Purpose

We exist to accelerate the transition to a world of reliable, accessible, sustainable energy.



Vision

We will be the energy transition partner of choice.



Mission

We build, we partner, we empower to deliver energy solutions for our customers and the world.

Letter from the CEO

I was delighted to be appointed CEO of VARO earlier this year. Our ambition is to be the energy transition partner of choice. A fundamental part of our new ONE VARO Transformation strategy is to build a diverse portfolio of sustainable and reliable energy solutions that help our customers to meet their decarbonisation targets. Underpinning this are clear and measurable ESG targets.

Our “twin engine” strategy is focused on reliability of supply as well as acceleration of the energy transition.

Our Conventional Energies business – Engine 1 – will continue to deliver reliable and accessible energy solutions to our customers. We operate assets that are critical for European energy security. Safety remains the bedrock of our manufacturing, distribution and marketing business, which we will continue to optimise for efficiency and carbon-saving.

In our Sustainable Energies business – Engine 2 – we are working with customers to offer sustainable energy solutions to meet their rapidly changing energy needs. By 2030 we expect more than 50% of renewable EBITDA from our five strategic growth pillars encompassing biofuels, bio-methane/bio-LNG, hydrogen, carbon removals and e-mobility.

Our ambitious 2040 Net Zero target is at the core of our sustainability agenda. We are committed to reducing our Scope 1 and 2 emissions by 40% by 2030, and attaining Net Zero by 2040. For Scope 3, we will reduce Carbon Intensity by 15% and will be Net Zero by 2040. We are committed to using more than two thirds of renewable electricity in our operations by the end of 2023.

In order to accelerate the energy transition, we will invest in innovative new solutions, efficiency and infrastructure. For example, we have approved a pre-treatment unit in our Swiss manufacturing hub which converts waste-based feedstock into Hydrotreated Vegetable Oil (HVO). We have invested in a significant solar facility in Switzerland, which at its peak will generate more than 60% of the power required by the site. We also recently announced the conversion of fuel in tanks in the port of Amsterdam, from hydrocarbons to ethanol for the production of biofuels, and we are in active discussions with the German government on major electrolyser investments with a view to producing green hydrogen.

Partnerships and investments are key to our ESG strategy. In 2021, we acquired a 51% stake in SilviCarbon, a company developing high-quality nature-based Carbon Dioxide Removal projects such as afforestation and regenerative farming. We have also expanded into e-mobility through our purchase of a 49.5% stake in E-Flux, which offers digital EV charging back-end solutions to serve EV customers. This is an important building block in the e-mobility ecosystem, one that will support

VARO on the route to becoming a leading turnkey charging solution provider for clients transitioning to electric mobility. This year, we signed an important strategic long-term co-operation agreement with Fintoil, an associated company of Taaleri, for the supply of feedstock which qualifies under the European Commission's definition of advanced biofuels.

Safety and well-being are our top priority. We continue to work to prevent accidents at our sites and to drive down the number of injuries. We are also actively seeking to reduce the carbon footprint of our operations, and managing our environmental footprint. In line with our broader commitment to be a responsible business, this year we joined the UN Global Compact.

At VARO, our people are our greatest asset. Integral to the new ONE VARO Transformation strategy is the ability to attract and retain the best talent. As our business evolves, it is vital that we have the right people to grow with us. Our recent hires have greatly enhanced our existing capabilities.

We are committed to providing equal opportunities for our diverse workforce. As part of our Equity, Inclusion and Diversity policy, we have set targets to increase female representation at all levels of the company.

Strong governance is key to the execution of our new ONE VARO Transformation strategy. Our Supervisory Board is comprised of experienced, sector-specific executives who guide and coach us. They have been highly

engaged and supportive in the evolution of our strategy. I was pleased to announce a new management structure earlier this year. Our new Executive Board has significant industry experience and will spearhead the transformation of the company. Our business practices are guided by our core principles: honesty, integrity and reliability. These principles anchor our commitment to abide by the applicable laws, regulations and standards. Our governance is underpinned by five risk committees – operating risk committee, financial risk committee, people and capability committee, business development committee and investment committee.

This is an exciting time for our company and for the energy industry. There is an enormous opportunity for companies that can provide customers with the energy they need, in the way that they want. Our track record of building new businesses and customer solutions, executed by an entrepreneurial and agile team, means that we are poised to be a leader in this transition.

I hope that you enjoy learning more about our ESG strategy, which is anchored on our business strategy and which we believe delivers value to shareholders and wider stakeholders.

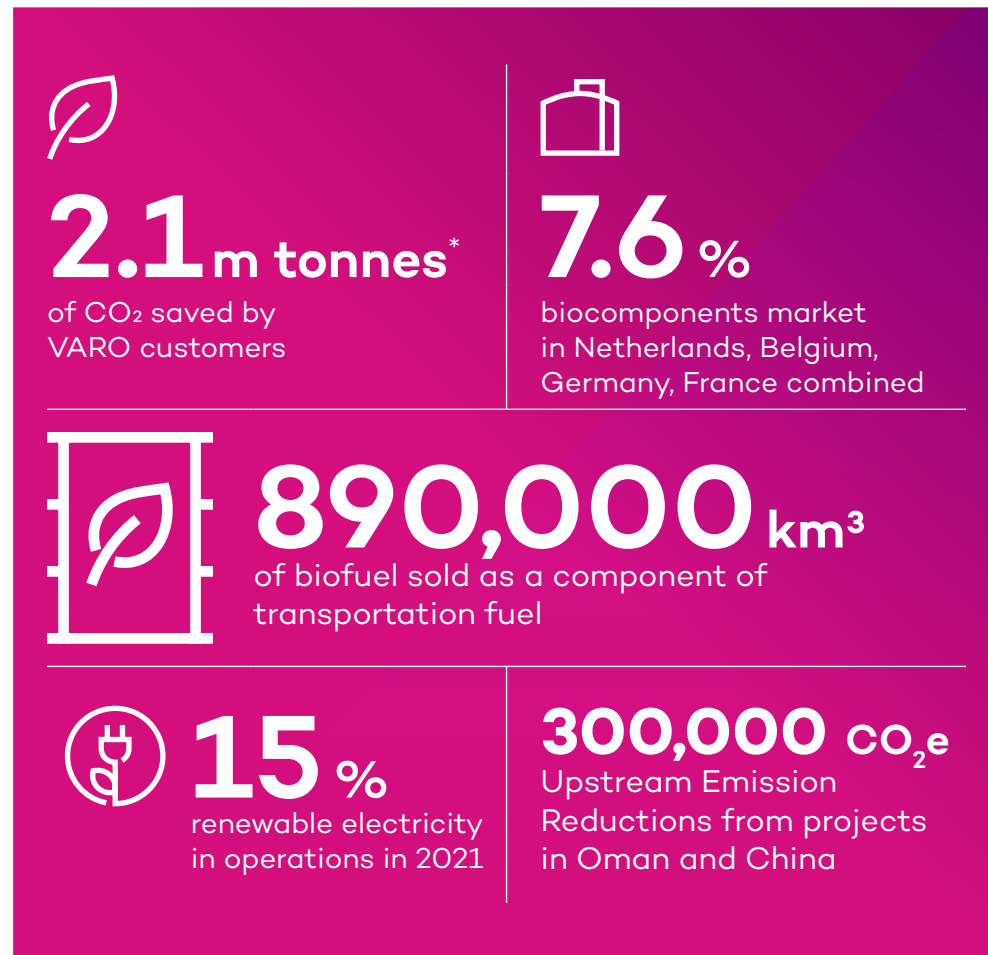


Dev Sanyal
Chief Executive
Officer

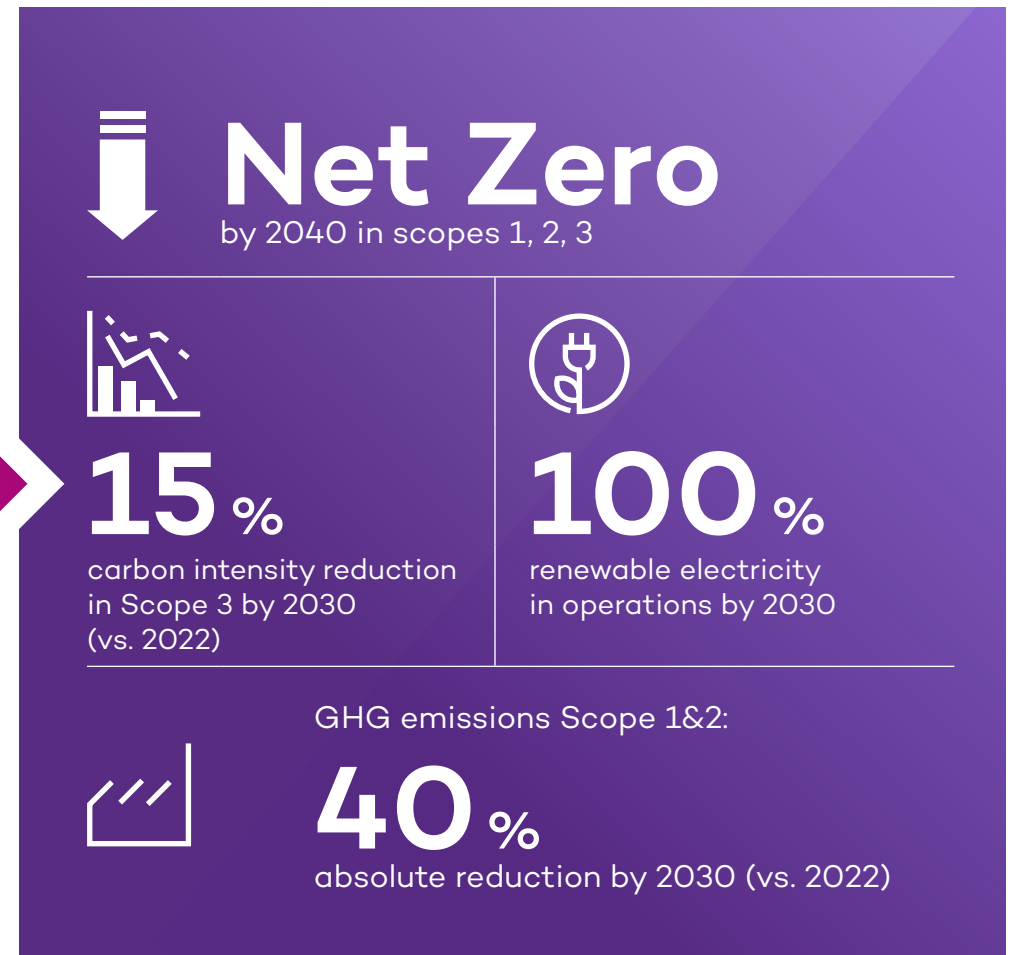
Highlights

ENVIRONMENTAL HIGHLIGHTS

Where we are today



Where we will be



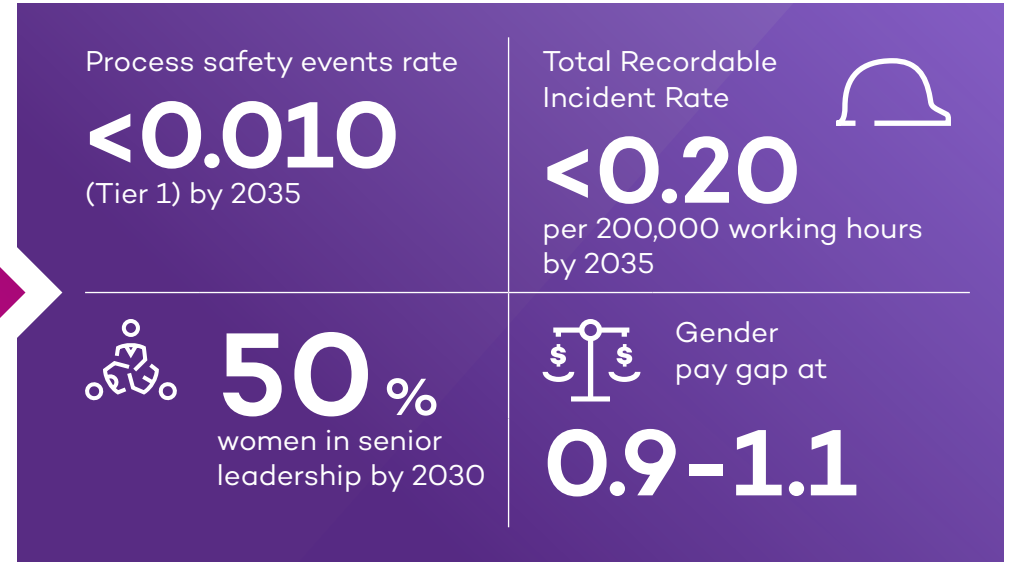
*Savings compared to the fossil-fuel baseline of 2010, achieved by including 0.9 billion litres of product from renewable sources.

SOCIAL HIGHLIGHTS

Where we are today



Where we will be



GOVERNANCE HIGHLIGHTS

Where we are today

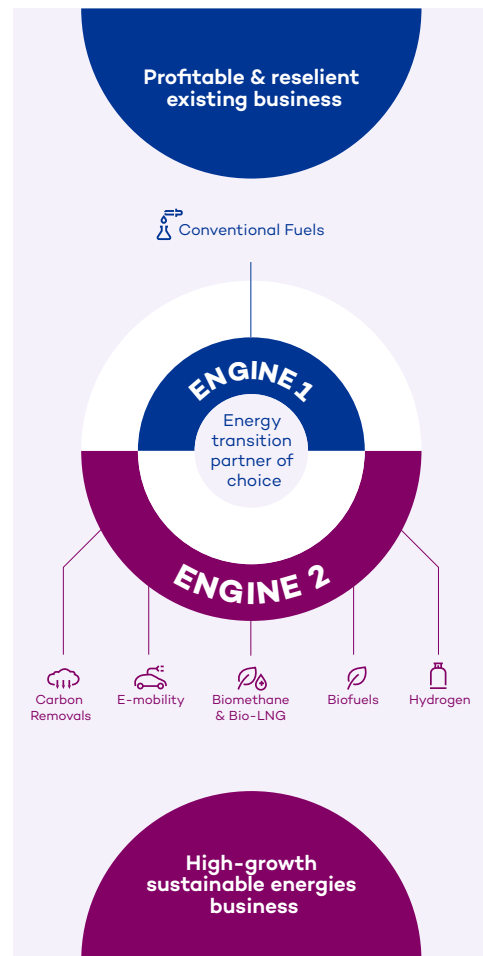


Where we will be



Introducing VARO

VARO Energy (“VARO”) is a leading European energy company that manufactures, stores and distributes conventional fuels and sustainable energies and services. Its core markets are in Western Europe: Switzerland, Germany, Netherlands, Belgium and France.



VARO was created in 2012 and is a partnership between international energy and commodities company Vitol (owner, 33% of VARO Energy), and (two investment funds related to) global alternative asset manager The Carlyle Group (owner, 66% of VARO Energy).

Twin engine strategy

VARO has recently announced its ONE VARO transformation strategy, its path to becoming the partner of choice in the energy transition by providing customers the sustainable and reliable energy solutions that they need to reach Net Zero.

VARO’s twin engine strategy seeks to respond to both energy security and energy transition requirements of our customers, with “Engine 1”, the Conventional Energies business, and “Engine 2”, the Sustainable Energies business.

Engine 1 activities consist of manufacturing, storage, and marketing & distribution of conventional fuels. The priority for Engine 1 is to continue to operate safely and reliably, to reduce carbon intensity and to provide the energy security that is essential for our customers.

The Engine 1 portfolio has been growing over the years, starting in 2012 at VARO’s inception with the Cressier manufacturing hub – currently the only operating crude oil manufacturing facility in Switzerland – and storage and marketing assets in Switzerland. It expanded to Germany with the acquisition of 45% stake in Bayernoil in 2014 (increased in 2020 to the current 51.4% share) and the merger with Argos in 2015.

Engine 2 focuses on Sustainable Energies, and consists of five growth pillars: biofuels, biomethane & bio-LNG, hydrogen, e-mobility and carbon removals.

- ▶ **Biofuels:** an integrated producer of 2G advanced biofuels, including SAF. Leveraging existing biofuel optimisation and sourcing expertise, VARO will build new renewable-manufacturing facilities and, in time, repurpose older assets.
- ▶ **Biomethane and Bio-LNG:** a leading producer of biomethane and bio-LNG. VARO will develop its portfolio through both acquisition and development of greenfield sites to strengthen our offer for the industrial and road transport sectors.
- ▶ **Hydrogen:** a key player that can leverage its position as hydrogen consumer to develop hydrogen production hubs. In the initial phase, VARO will invest in an electrolyser at Bayernoil, with offtake meeting part of the demand from the site. Additional green and biogenic production could lead to offtake opportunities for industry, heavy transport and synthetic fuels.
- ▶ **E-mobility:** a turnkey charging solution for customers transitioning to e-mobility.

Through its acquisition of stakes in E-Flux, VARO is already at the heart of the EV ecosystem. Our focus will be on further partnerships and acquisitions to create new businesses and enter new, less mature markets.

- ▶ **Carbon removal:** a fully integrated carbon removal offer. Leveraging its existing expertise in carbon removal, gained from its majority stake in SilviCarbon, VARO will invest in forestry projects to generate high-quality nature-based carbon removal over the next 5-10 years, optimised through advisory and trading.

The strategy builds on the momentum that VARO has created as a major biofuels marketing and distribution franchise in Europe, alongside several investments to offer decarbonisation solutions to its customers.

In 2021 VARO acquired a 51% stake in SilviCarbon – a company developing nature-based Carbon Dioxide Removals (CDRs) projects such as afforestation, reforestation, and regenerative farming.

SilviCarbon acquired Stora Enso’s holding in the Laos Plantation, with the aim of restoring the plantation by planting trees on the 35,000 ha of degraded land. This is intended to remove an estimated 5 million tonnes of CO₂ over the project’s lifetime.

VARO has acquired a 49.5% stake in E-Flux, a Dutch technology company providing software for electric vehicle (EV) charging stations and key E-mobility services by connecting EV drivers to an extensive EV charging infrastructure.

Cash flows from Engine 1 will be reinvested into Engine 2 to accelerate the growth of the five strategic pillars.

INTEGRATED END-TO-END OPTIMISATION

VARO operates an integrated end-to-end value chain, from feedstock sourcing to the end customer. Staying on top of market developments and overseeing the value chain from raw material to final customer makes it possible for us to:

- ▶ Mitigate financial risks related to the processing margin, through various mechanisms such as hedging;
- ▶ Have flexibility in the throughput level of our production facilities;
- ▶ Adapt the filling level in our storage capacity.

Sourcing

In order to distribute the energy our customers need, VARO is sourcing high-quality feedstock that will be processed either in our infrastructure or in third-party infrastructure. Feedstock can be multiple (crude oil, natural gas, electricity, bio-feedstock, waste, etc.) and VARO is constantly investigating more sustainable solutions.

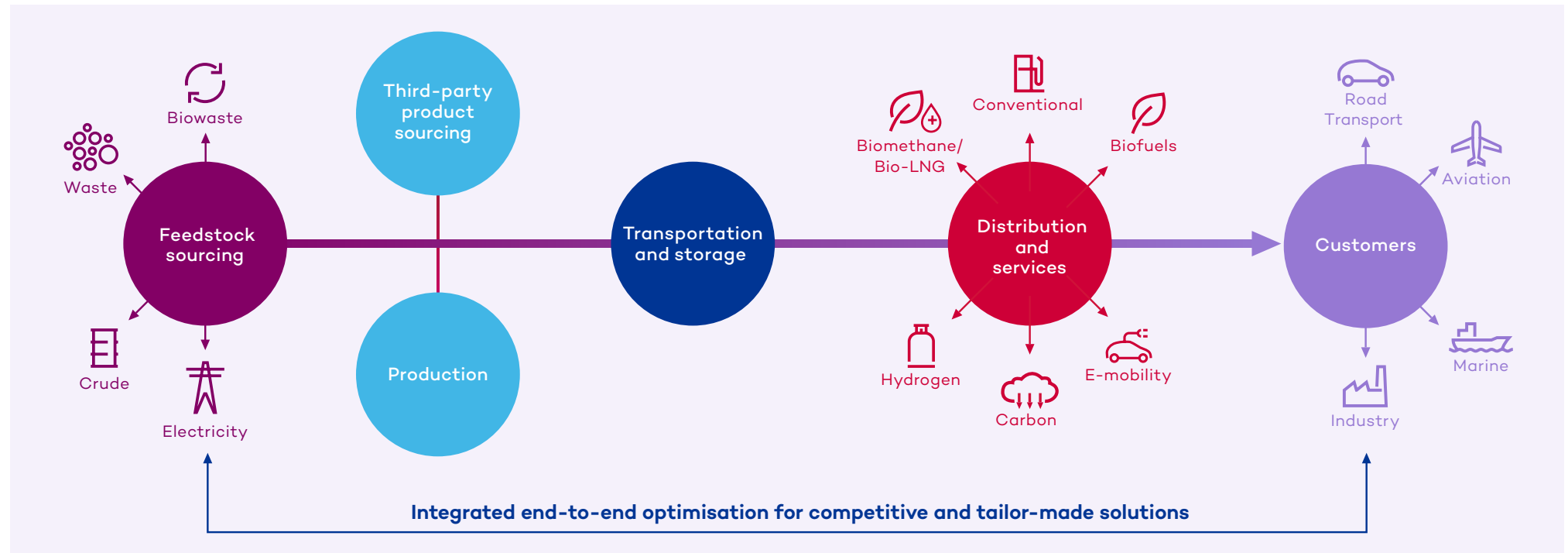
When it comes to crude oil sourcing, our shareholder Vitol – the world’s largest

oil trading company – is the sole trader from which VARO sources crude oil for its manufacturing hubs. The crude oil is received at the discharge ports of Fos-sur-Mer/Marseille, where it travels via the SPSE pipeline and then via our own pipelines to Cressier. From the port of Trieste the crude is delivered via the TAL pipeline to Bayernoil.

VARO’s crude mix has included a very minor share of Russian crude oil (up to 1% during the past three years), generally used for bitumen

production. Since Russia’s invasion of Ukraine, we have completely stopped purchasing crudes of Russian origin.

Biofuels are sourced from a network of suppliers and are certified under the ISCC system or other voluntary certification schemes (see “Sustainability of feedstock production” section).



Production

VARO is manufacturing energies to meet its customers' demand. VARO owns and operates the Cressier manufacturing hub in Switzerland, and owns a 51.4% share in the Bayernoil manufacturing hub in Germany. Daily manufacturing hub capacity of circa 176,000 tonnes has established VARO as an experienced, safe and reliable operator, well respected by the local communities.

Our manufacturing asset base is expected to grow as VARO invests in Sustainable Energies.

Transportation and storage

A reliable and efficient logistics network is a key element in delivering energy to our customers. Apart from pipeline transportation, VARO's major logistics channels are rail and marine transportation, and to a lesser extent, cargo vehicle transportation.

Rail transportation is used to transport fuels (fossil fuel and biofuel) from supply points to VARO manufacturing hubs, or to deliver refined products to terminals. VARO leases 1,264² rail tank cars (RTCs) from several rail freight vehicle companies – especially in Switzerland and Germany.

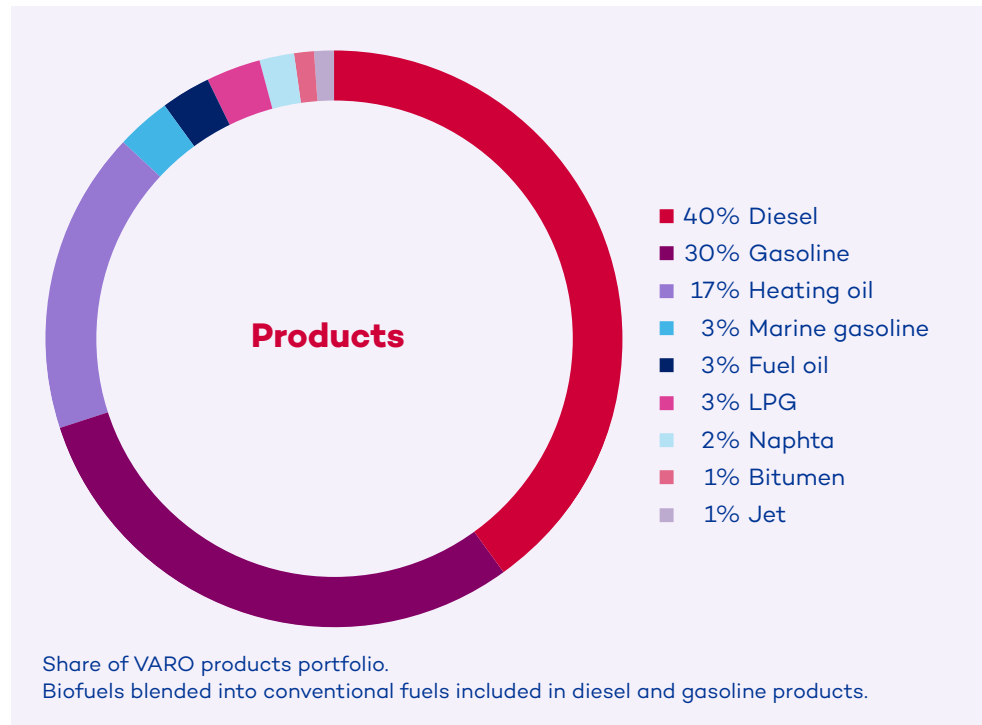
VARO has developed projects to improve railroad infrastructure in Europe, such as our cooperation with GPS Group, a growing storage and logistics provider in Amsterdam. This strategic partnership has resulted in the construction of a new railway line and ethanol storage tanks at the Port of Amsterdam, to provide greater flexibility and an alternative to freight along the Rhine.

The storage assets consist of 42 terminals used for storing and blending fuels. These terminals are in Switzerland (6 locations), Germany (17 locations), the Netherlands (8 locations), Belgium (8 locations), and France (3 locations). The combined storage capacity of all the terminals is around 2.3 million m³. Our terminals are connected either to the railway or with the inland waterways.

5%
of the energy content of VARO products comprises biofuels

VARO's position in its core markets for biofuels supplied in 2021

	Renewable gasoline	Renewable diesel
Switzerland	59.0%	14.0%
Netherlands	21.7%	22.0%
Belgium	23.6%	19.9%
Germany	6.7%	4.7%
France	5.5%	0.5%



Distribution and services

Conventional energies

VARO offers a variety of products such as diesel and gasoline (for transportation), heating oil (for homes), fuel oil (for ships), aviation fuel (for aircraft), bitumen (for road construction), and LPG.

Sustainable energies

VARO is a leading supplier of biofuels that are being blended in conventional fuels. VARO sources biofuels from trading companies and directly from producers, as described in the "Sustainability of feedstock production" section. VARO has a team dedicated to managing the risks related to supply and demand in the short-, medium-, and long-term.

VARO contributes to holistic targets set under the Paris Agreement and the EU Green Deal, and in particular, the targets defined in the EU Renewable Energy Directive and the EU Fuel Quality Directive.

In 2021, VARO's total energy mix included 0.9 billion litres of product from renewable sources (5% of the traded volume), which resulted in an average greenhouse gas emissions saving of 82.5% compared to oil. VARO's customers achieved a total reduction of 2.1 million tonnes of CO₂ in 2021 compared to the fossil-fuel baseline of 2010.

Distribution network

VARO serves a large network of Business-to-Business (B2B) customers across Europe. In 2021, the biggest customer segments were retailers (42%), international oil companies (24%) and wholesalers (18%).

Delivery and offtake of marine fuel takes place in the bunkering facilities, located at VARO terminals. VARO has the largest inland bunkering network in Europe, delivering in

36 locations. With a total capacity of 21,000 m³ in its own bunker stations and bunker ships, VARO is the largest supplier in Europe to inland waterway vessels and cruise ships.

VARO owns and operates 200+ manned and unmanned fuel service stations to date. It operates under the brand names Argos, amiGo and EPT.

Throughout its network, VARO offers eco-

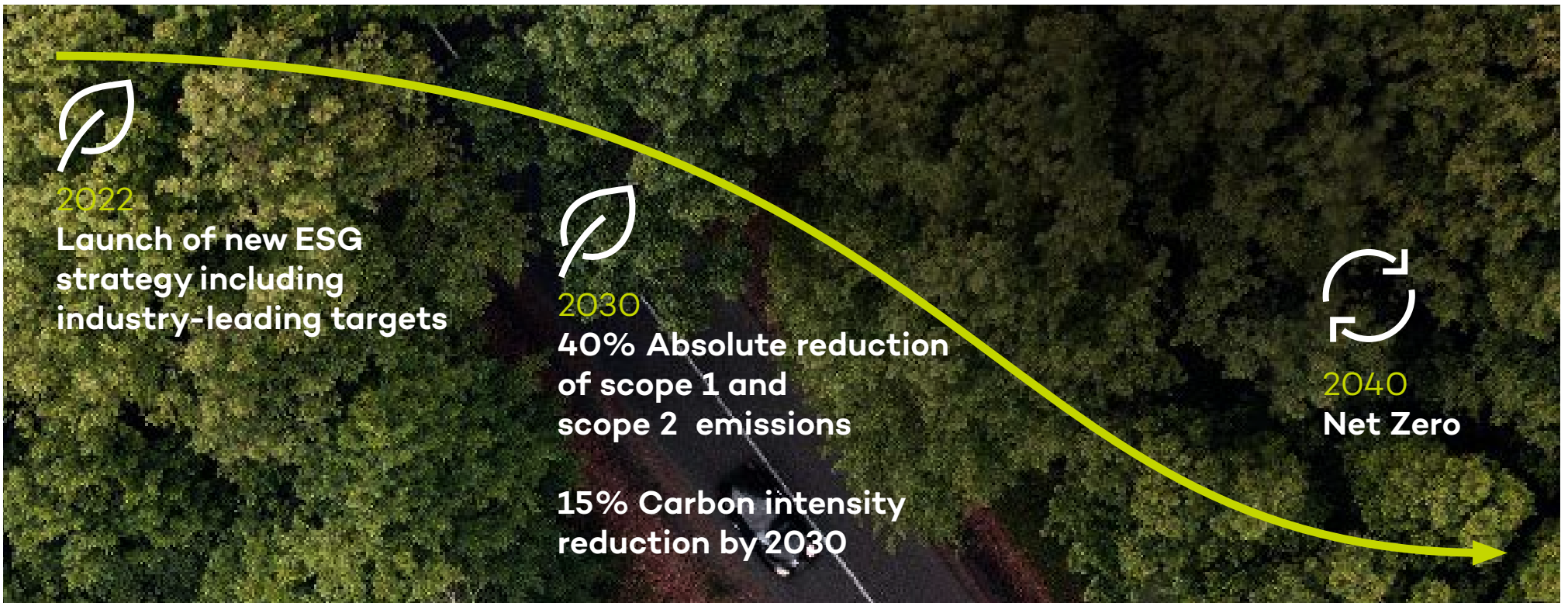
conscious customers alternative products containing a higher percentage of biofuels (typically B20, B30 or B100). With stricter mandates for renewable fuels, HVO will remain an important (drop-in) biodiesel. Expanding its offering of HVO blends at truck loading racks is an important investment in VARO's distribution network.

During 2021, VARO also continued to increase the number of retail stations offering 100%

HVO and HVO blends to end-consumers. At the end of 2021, 100% HVO products are available at 12 locations within the retail network, and B30 products are offered at 27 retail locations.

As part of its ONE VARO Transformation strategy, VARO will be partnering with existing and future customer segments (aviation, industry, food retailers, etc.) to co-develop energy solutions to meet their decarbonisation needs.

A CARBON NEUTRAL COMPANY BY 2040



GHG EMISSIONS | VARO'S PATH TO NET ZERO BY 2040

Immediate action is required | We believe it is our responsibility to act fast and decisively and commit to providing supply security in the short term, while taking action at the same time to reduce our emissions, and help our customers with their decarbonisation journey.



2030
>40% absolute reduction S1+2

Short-term target (absolute GHG reduction): Achieve 40% absolute GHG emissions reduction in Scope 1 + 2 emissions by implementing clearly defined decarbonisation initiatives in our manufacturing hubs, incl. energy conservation measures, purchasing green electricity and replacing grey H₂ with green and waste-based biogenic H₂

>15% intensity reduction S3

Long-term target (carbon intensity reduction): Achieve 15% reduction in our value chain emission intensity; ensuring security of supply in the short term and supporting customers during the transition towards low-carbon and green solutions by growing our portfolio of biofuels, biomethane, bio-LNG, hydrogen, high-quality nature-based carbon removals and e-mobility solutions.

2040
Full Net Zero

Long term ambition: Achieve full value chain Net Zero by maximising our decarbonisation efforts. This includes further repurposing our manufacturing hubs (e.g., SAF production, CCUS, synthetic fuels projects) and additional strong growth in our low-carbon product portfolio to provide future-proof green solutions tailored to future needs of customers – any remaining impact will be neutralised through CO₂ removal projects.

Our contribution towards a decarbonised world | With these targets, we strongly believe that we can make a significant contribution both to security of supply and to the energy transition in Europe, and are among the most ambitious players in our industry with regard to decarbonisation targets.



ESG Strategy

At VARO, we aim to be the energy transition partner of choice for reliable, accessible and sustainable energy solutions. Our ESG strategy is central to our plan for long-term value creation, and is based on industry-leading, rigorous and transparent ESG targets. Its main driver is our push to achieve Net Zero by 2040. Our role in the energy industry provides us with valuable insights which enable us to empower our customers as they pursue their own decarbonisation ambitions. Key to meeting our objectives is partnering with our customers, suppliers and stakeholders to deliver energy solutions that meet the world's changing energy needs.

In the face of major social and environmental risk and opportunity, we are committed both to ensuring energy security and to advancing the energy transition.

In this report, we make disclosures based on the internationally respected Global Reporting Initiative standards. We also set out bold and ambitious targets encompassing society's most pressing challenges. We are particularly proud of our industry-leading decarbonisation plan, which targets a 40% GHG reduction of our scope 1 and 2 emissions by 2030 (vs. 2022), a reduction of 15% in our scope 3 carbon intensity by 2030 and achieving Net Zero in all scopes by 2040. Also the definition of our scope 3 emissions is broad as it includes not only the emissions from the products manufactured at our assets, but more widely the emissions from the products we market.

Our holistic approach to ESG is based on avoiding negative impacts, mitigating risk, and expanding opportunity. On the environment, we are ambitious with respect to both the energy efficiency of our operations and meeting

the new energy needs of our customers.

As regards our operations, we are improving our energy efficiency and therefore reducing GHG emissions, which, as well as reducing impacts on the environment, has the potential to positively impact production yields.

We are also working hard to accelerate our customers' decarbonisation plans. Our Engine 2 strategy includes five growth pillars: biofuels, bio-methane and bio-LNG, hydrogen, e-mobility and carbon removals. Through the development of the five pillars, we will offer to our customers sustainable energy solutions, which will allow us to decrease the overall scope 3 carbon intensity. We will also invest into re-purposing existing assets and building new ones to ensure that we have modern and flexible infrastructure to connect energy supply to demand.

Key to our ESG goals is strategic collaboration and long-term partnerships. For example, through our role as a leading supplier of biofuels VARO will develop partnerships and build new manufacturing capacities. We will



gradually minimise the use of food and feed crop biofuels to focus in the future on the production and promotion of advanced biofuels and other sustainable fuels that do not interfere with the cultivation of food and feed crops.

At VARO, we are also committed to conduct our business with a goal of no harm to people, to protect our environment and to respect our neighbouring communities. We believe that a good safety and environmental culture is one where the two-way dialogue with our employees, contractors, authorities, neighbouring communities and all relevant stakeholders is effective. We have developed demanding targets for continuing to drive down rates of injury at work.

Our people are our greatest asset, and their safety is of paramount importance. We also aim to further improve on our Equity, Inclusiveness and Diversity action plan, as we believe this is the right thing to do, and it is also a key enabler for our company's success. More specifically, we plan to increase female representation at all levels of VARO.

More broadly, although we operate in countries with a relatively low risk of breaching human rights, we are proud to have joined the UN Global Compact and committed to align our operations and strategies with important social principles in support of the UN Sustainable Development Goals. These principles embody the core values that guide our business practices, which centre on honesty, integrity

and reliability. We embed these values in our approach to compensation, for example by linking all employees' annual bonus to our ESG targets. Our licence to operate depends on our relations with local communities, and we continue to support these groups and engage with them effectively on our activities and their possible impact.

Background to our commitments

Disruption of the global refining market, by the COVID-19 pandemic and the war in Ukraine, have underlined the vital importance of operators managing financial risk and ensuring the long-term resilience of their businesses.

We remain committed to ensuring reliable and accessible energy solutions, and to accelerating the transition to a world powered by sustainable energy. In that context, ESG is key both to our management of financial risk and to the myriad opportunities that we see for longer-term growth.

In terms of mitigating ESG risks, given the nature of our business activities, we are particularly focused on climate change and ensuring the legal and regulatory compliance of our business.


Our ESG strategy is designed to support the growth of our company and strengthen our customer pipeline, by expanding existing markets and also entering new ones. Key to our growth is expanding our renewable CAPEX (with at least two-thirds destined to the Sustainable Energies business), which we

believe is critical for financing the infrastructure necessary to decarbonise our markets.

We believe that our approach will both address the gap in sustainable financing for climate change mitigation, and enhance investment returns for our investors through superior allocation of long-term capital.

We also know that achieving our ambitious ESG targets will boost productivity and help us to attract and retain the best talent.

In designing our ESG strategy, we have engaged extensively with internal and external stakeholders to identify the issues that really matter. As part of this ESG materiality exercise, we assessed a comprehensive range of topics, and we have prioritised the matters that emerged as the most important for all stakeholders.



Spring at Cressier manufacturing hub.

OUR STRATEGY

At VARO, ESG is central to everything we do. Therefore, we aim to push aggressively towards multiple ESG targets across the short-, medium- and long-term horizons.

Our operations

GHG Emissions Scope 1 & 2

- ▶ 40% absolute reduction by 2030
- ▶ Net Zero by 2040
- ▶ More than two-thirds renewable electricity in operations by 2023

Health and Safety

- ▶ Process Safety Event Rate*:
 - ▶ 2025: ≤0.050 (Tier 1); ≤0.200 (Tier 2)
 - ▶ 2030: ≤0.025 (Tier 1); ≤0.150 (Tier 2)
 - ▶ 2035: ≤0.010 (Tier 1); ≤0.100 (Tier 2)
- ▶ Total Recordable Incident Rate**:
 - ▶ 2025: ≤0.50
 - ▶ 2030: ≤0.35
 - ▶ 2035: ≤0.20
- ▶ Fatalities: 0

Our customers

GHG Emissions Scope 3

- ▶ 15% carbon intensity*** reduction by 2030
- ▶ Net zero by 2040
- ▶ ~5 Mt of customers' carbon emissions p.a. avoided by 2030

Product Stewardship & innovation

- ▶ 60-70% renewable commercial and growth CAPEX from 2023
- ▶ 60-70% of M&A spend on renewable projects from 2023

Renewable Fuels

- ▶ >500 kt waste-based biofuels production by 2030 & >1500 GWh bio-methane/ bioLNG production by 2030
- ▶ > 50% of renewable EBTIDA by 2030
- ▶ ~10% yoy growth in renewable energy content in sales (on a 5 year average basis)

Our people

Equity, Inclusion and Diversity

- ▶ At least 50% female employees (office based) by 2030
- ▶ 50% women in senior management by 2030
- ▶ Gender pay equality across all geographies: 0.9-1.1 pay gap

Employee satisfaction & development

- ▶ >75% engagement level by 2025
- ▶ Maintain >90% voluntary retention rate
- ▶ Implement company-wide training plan on VARO transition by 2024

Our values

Accountability

- ▶ >20% of bonus scorecard linked to ESG targets and with clear weighting on components

*Total Tier 1 Process Safety Events per 200,000 work hours.

**Total Recordable Incidents per 200,000 work hours.

***Carbon intensity measured as gCO₂e/MJ of energy content in marketed energy.

SDGs supported by our ESG strategy



OUR OPERATIONS

Renewable energy

We are focused on reducing the GHG emissions of our operations, and have committed to a target of more than two thirds of renewable electricity by 2023. We are adopting various initiatives in order to achieve our target, including a plan to use green hydrogen in the operating process in our Bayernoil manufacturing hub and having solar panels installed in Cressier. Furthermore, we continue to deploy energy efficiency and energy-saving measures at our manufacturing hubs including the use of LED energy-saving light bulbs, improved heat recovery, steam savings and the introduction of energy-efficient technologies in various parts of the production process. These energy efficiency measures have positively impacted production yields, and exemplify how improved environmental practices enhance financial performance.

Biodiversity

As we grow VARO, we remain mindful of the importance of maintaining biodiversity in the areas in which we operate. As part of our strategy, we will continue to cooperate extensively with local authorities and associations to preserve the local biodiversity. This work includes improvements for local wildlife with respect to existing operations, plus assessments and measures, such as biodiversity pockets, for new facilities.

OUR CUSTOMERS' ENERGY NEEDS

As well as our plans to reduce our own emissions, we aim to reduce our customers' emissions. To that end, by 2030 we are targeting a 15% reduction in the carbon intensity of our sold products, resulting in more than 5Mt/yr of customers' emissions avoided. As part of that commitment, we are building a wider range of products to help our customers decarbonise, including biofuels, biomethane/bio-LNG, hydrogen, carbon removals and e-mobility.

Sustainable energies

A fundamental part of our strategy is to enable our customers to decarbonise by providing solutions responding to their needs for cleaner energy. VARO already provides multiple biofuel solutions for customers, and we plan to increase our share of the advanced biofuels

market. We also have ambitious plans to expand into the biomethane, bio-LNG and hydrogen markets.

Our advanced biofuels are produced from certified feedstocks labelled as waste or residue. VARO's Biofuel B100, for example, reduces CO₂ well-to-exhaust emissions by up to 90% and eliminates SOX emissions almost entirely. Such products are an important part of our customers' journey towards Net Zero emissions. We were delighted to announce earlier this year that Unifeeder Group, a global feeder and shortsea shipping company, had bunkered its first truly 100% sustainable biofuel from VARO in the Port of Rotterdam.

Strategic partnerships

Long-term partnerships and collaboration with our suppliers and customers are key to ensuring reliable energy sources for sustainable development. The production of biofuels, which rely on feedstock for conversion, provides a good example of the benefits of collaboration. The feedstock market has witnessed unprecedented growth in demand, coupled with limited availability which challenges scalability. Our strategic partnership with Fintoil for the provision of feedstock for advanced biofuels (which does not compete for the raw material with the food or feed chain) will ensure stable and reliable biofuels for customers, supporting their decarbonisation journeys.

Modern and flexible infrastructure

Essential to our ESG strategy is to continue to invest in our manufacturing capacity, to run modern and flexible infrastructure that supports the energy transition. Repurposing assets and building new infrastructure are key in order to respond to the increasing demand for biofuels in particular. An example of our commitment is the development, with our partner GPS, of a unique rail handling system combined with ethanol storage capacity in Amsterdam. As part of the upgrade works, new ethanol storage tanks have been connected directly to tanks that already existed in the port, adding flexibility to the supply chain. Plus, the upgraded rail system represents more low-carbon transport alongside offering important new trading opportunities. Our repurposing strategy also supports our commitment to the circular economy,



with benefits including reduced costs, shorter lead times and minimised waste disposal. Our infrastructure strategy is also designed to support our ambitious plans for expansion in the markets for advanced biofuels, biomethane/bio-LNG and green H₂.

For example, by 2030 we aim to produce > 500 kt of waste-based biofuels and attain biomethane/bio-LNG production of > 1500 GWh.

Carbon removals

In 2021, VARO acquired a 51% stake in SilviCarbon, a company that develops nature-based Carbon Dioxide Removals (CDRs) projects such as afforestation, reforestation and regenerative farming. This business acquisition is part of our commitment to offer comprehensive solutions that help our customers meet their carbon emission reduction targets. We see this as an effective way of creating meaningful impact and addressing the urgency of climate change. By building a bridge between forestry and today's carbon market experts, we are paving a direct route to advancing our shared mission of rebalancing our world's climate.

OUR PEOPLE

Safety

VARO's commitment to the safety of our people and the communities within which we operate is paramount. We take collective responsibility for the safety of all our colleagues and we share a common Health and Safety vision of "no harm to people". Our culture of excellence is based on the acknowledgement that our profitability is only sustainable if we have safe, compliant and reliable operations. Therefore, it is critical that we further reduce rates of workplace injury. We aim to drive down our Process Safety Events Rate to < 0.010 (Tier 1) and our Total Recordable Incident Rate to < 0.20 by 2035. There have been zero work-related fatalities in our operations since the creation of VARO.

Representation

At VARO, we are proud to be building an organisation where all aspects of diversity are balanced and fairly represented at every level. We know, in particular, that companies with a significant share of female representation across all levels tend to outperform their peers. Traditionally, the energy industry has struggled to attract and retain women. At VARO we aim to increase female representation at all levels of the company. As part of our ESG strategy, we aim to have at least 25% female management by 2025, and at least 50% female employees in both office-based and managerial roles by 2030. In addition, we are adopting initiatives to eliminate unconscious bias from

all processes, and have set up initiatives to ensure equal pay for all VARO employees in all countries.

Engagement and incentives

We plan to operate an annual employee engagement survey, with a view to gathering our people's feedback and building targeted initiatives to respond to their pain points and issues. We aim to exceed 75% engagement in this by 2025.

We seek to evaluate our people's performance fairly and to allocate compensation equitably. As part of our ESG strategy, we link all personnel compensation to safety, and going forward we plan to link at least 20% of annual bonuses to ESG targets with clear weighting on components. We believe that this approach will boost our ESG performance, support the value of our company and ensure a focus on long-term performance.

OUR VALUES

Business behaviour and ethics

At VARO, our strong moral compass defines everything that we do. Our governance structures, policies and processes are designed to serve the interests of all our stakeholders and to promote a culture of accountability and ethical conduct across the firm. Our Code of Conduct contains rules and guidelines for conduct in business relations and at the workplace. We target to train all employees on

the Code of Conduct, and we train all commercial and financial staff about competition law. Since a large part of VARO's activity is tied to the commercial handling of energy goods and services, we strictly abide by European Union and national rules regulating anti-competitive and anti-trust behaviour. Also critical to our ESG strategy is safeguarding the privacy of the data we hold regarding our staff, customers, suppliers and business partners. We comply rigorously with all anti-money laundering and counter-terrorism financing laws, rules, regulations and trade sanctions wherever we operate.

Human rights

VARO operates its energy business in countries where there is a relatively low risk of breaching human rights thanks to strong national legislation and a fair judicial system protecting these rights. The countries where we operate our energy business – the Netherlands, Belgium, Germany, Luxembourg, Switzerland and France – have received the highest ranking on the Human Freedom Index. We will continue our careful monitoring of the human rights risks in the territories where we operate, especially as we move into new geographies. We are proud to have recently joined the UN Global Compact and committed to align our operations and strategies with important social principles in support of the UN's Sustainable Development Goals (SDGs). These principles embody the core values that guide our business practices, which centre on honesty, integrity and reliability.

CONCLUSION

At VARO, the long-term vision for our business and our ESG strategy are inextricably linked and mutually reinforcing. We are committed to both providing energy security and accelerating the transition. Our industry-leading Net Zero target drives not only ambitions for our operations, but also our commitment to support our customers' decarbonisation journey. We will push hard to achieve meaningful targets over the coming years, from 100% renewable electricity in our operations by 2023, a 40% reduction in absolute scope 1 & 2 emissions by 2030 and attaining Net Zero by 2040. In order to achieve this ambitious agenda, we are building strategic collaborative relationships with customers, partners and governments, and ensuring meaningful engagement with and incentivisation of our people. This reflects our determination to incorporate sustainability into all we do.

“ESG is an essential part of our ONE VARO Transformation strategy, through which we redefine customer solutions to enable the transition to sustainable energies.”

Ernestina Benedetto
EVP Strategy and Transformation



MATERIAL TOPICS

Materiality assessment

21

Materiality assessment

In our pursuit of meeting tomorrow's sustainable energy needs, we performed an initial materiality assessment of topics that are of interest to our internal and external stakeholders and relevant to their understanding of the environmental, societal, and economic impact of VARO's business activities.

The process of material assessment was planned in consultation with Senior Management and company shareholders who represent part of the company's Supervisory Board.

For our stakeholder assessment, we began by analysing a list of the most relevant topics for the energy industry. We assessed these topics in terms of industry impact in environmental, social, and economic areas, as well as relevance in VARO's value chain. This list was prepared in accordance with the topics outlined in the GRI Standards, and SASB Standards for Refining & Marketing, Midstream and Biofuels, and it includes material topics selected by our peers in the integrated oil and gas industry.

We prioritised 23 topics of particular importance for VARO, based on the impact generated by our business and potential relevance for our stakeholders. These topics were selected for further consultation with our internal and external stakeholders.

Representatives from the following internal and external stakeholder groups were identified for consultation:

- ▶ Employees
- ▶ Investors and shareholders
- ▶ Customers
- ▶ Suppliers
- ▶ Membership organisations
- ▶ Partners
- ▶ Banks
- ▶ NGOs
- ▶ Local authorities (as representatives of local communities)

We conducted 24 interviews and collected 358 employees' surveys with the purpose of assigning a weight to each material topic. During the consultations, our stakeholders were also encouraged to propose new topics that might not have been listed, but that they viewed as important.

As a result of the stakeholder assessment, our materiality matrix maps the material topics for VARO along two axes:

- 1 importance to our stakeholders;
- 2 economic, environmental and social impact.

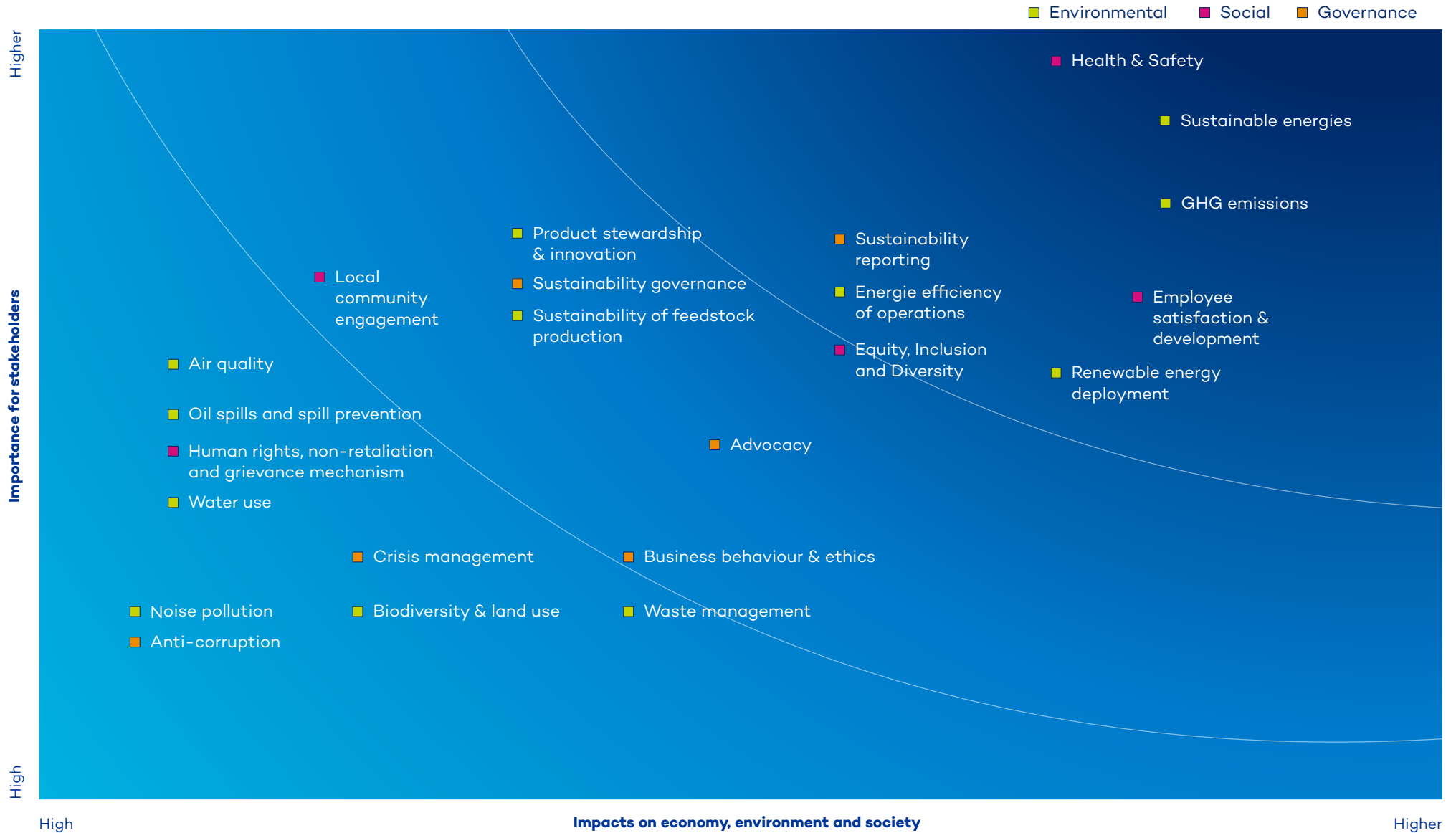
The results of the materiality matrix are validated by VARO's senior management and inform the ESG strategy process. VARO's ESG strategy focuses on reducing negative impacts and amplifying positive impacts in these topics.

The topics of highest material importance are those located above the top threshold: Health & Safety, Sustainable energies, GHG emissions, Employee satisfaction and development, Sustainability reporting, Energy efficiency of operations, and Equity, Inclusion and Diversity. VARO's ESG strategy mostly focuses on transforming VARO's management and performance in these areas.

This sustainability report provides a transparent account of VARO Energy's performance and strategic plans in relation to the identified material topics, as they are relevant for corresponding parts of our value chain. To continuously improve our ESG strategy and performance, we continue to engage with our stakeholders in various ways. The next materiality assessment will be conducted in 2023.



MATERIALITY MATRIX



ENVIRONMENT

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Our approach

Conducting our business while minimising the impact of our operations on the environment is a key priority for VARO. Not only do we strive to comply with the relevant environmental legislation, but we also have a policy to communicate openly with all stakeholders and to continuously improve our performance. Operational risks at our manufacturing hubs and terminals, or linked to transportation via pipelines, sea, road and rail, are assessed on a regular basis and minimised. The main impacts identified relate to emissions, potential spills, water and energy use, waste generation, and land use. On the other hand, VARO is very active in promoting renewable energy use, boosting energy efficiency, and assisting in biodiversity recovery, via multiple initiatives.

Environmental management is an integral part of the HSSE (Health, Safety, Security and environmental protection) domain. All the HSSE aspects are also closely linked to the planning and production activities, as one event can have several consequences for safety and environment.

At Bayernoil, the Environmental Management Officer is responsible for the quality of the environmental management process. Bayernoil produces an annual environmental report indicating measurable goals, achievements, challenges, and performance KPIs. The statement is sent to the EMAS authorities as part of an annual audit (see section on Certifications).

Our Cressier manufacturing hub has regulated processes that involve assessing the environmental load, or footprint, resulting from activities on site, and minimising any identified risks. This Environmental Impact Assessment (EIA) is prepared for normal operations, start-up, shutdown and overhaul, and addresses emissions to water, air and land, plus waste disposal, noise pollution, energy and water use, odours, and potential impacts from incidents.

The EIA includes the following processes and procedures:

- ▶ Environmental Operating Permit
- ▶ Update of environmental impact plan
- ▶ Update of site data sheet
- ▶ Soil pollution history
- ▶ Method for assessing the significance of environmental impacts
- ▶ Update and list of environmental legal requirements
- ▶ Update and list of environmental permits.

At VARO we are committed to conducting our business with a goal of no harm to people, protecting the environment and respecting our neighbouring communities. Specifically, this means respecting the needs of the environment in which we operate, and protecting the safety and health of those who work with us. HSSE performance provides the foundation on which we have built the continuity of our business.

	Bayernoil Manufacturing hub	Cressier Manufacturing hub	VARO Tankstorage Switzerland	VARO Terminals Germany	VARO Terminals Netherlands	VARO Terminals Belgium	VARO Terminals France
ISO 9001	●	●	●	●	●	●	
ISO 14001		●	●	●		●	●
ISO 45001		●	●			●	
EMAS	●						
ISO 27001	●						

Certifications

The quality of our Integrated Management System approach to environmental and safety performance is reflected in the various certifications obtained, as shown in the image above. It should be noted, for Bayernoil, that certification by the EU Eco-Management and Audit Scheme (EMAS) integrates and goes beyond the requirements of ISO 14001:2015, and hence can be considered equivalent in the context.

Regular audits within certification schemes ensure that our asset management processes are based on responsible business practices, oriented towards continuous performance improvement, and meet our required obligations.

Memberships

Bayernoil manufacturing hub is part of the Umwelt + Klimapakt Bayern¹ (i.e. Environmental and Climate Pact of Bavaria), which is a cooperation between the government of the Free State of Bavaria and over 4,000 local businesses, ranging from small to medium and large companies. The pact establishes a cooperation in which the businesses undertake various obligations related to improving their climate-related performance, setting up or enhancing environmental management systems, and improving resource efficiency. In turn, state authorities provide financial support for such initiatives, as well as expert recommendations and other types of assistance.

GHG emissions

Carbon efficiency of operations

Renewable energy deployment in operations

Local legislation places urgency on switching from conventional to renewable energy sources in the production process. By passing the Climate Action Law in June 2021, Germany has undertaken a commitment to become climate-neutral by 2045. This will place the onus on all industrial processes to find the most carbon-efficient method(s) of production, but also provides new opportunities in the form of governmental financial support for implementing new technologies.

At both Cressier and Bayernoil manufacturing hubs, VARO is very actively preparing projects that reduce our carbon footprint. In February 2021, we applied for the EU initiative “Important Projects of Common European Interest” (IPCEI) to support green hydrogen production at our Bayernoil asset. This is a significant project directed at increasing the use of renewable energy in the operating process by installing a 125 MW electrolyser. This electrolyser supplies the hydrocracker with hydrogen, which is produced by separating water molecules using electricity generated from renewable energy sources.

This green hydrogen will replace the grey hydrogen generated by the Steam Methane Reforming (SMR) unit. This unit uses natural

gas during production, generating more CO₂, unlike when producing green hydrogen. It is estimated that the first phase of the project will reduce GHG emissions by 65,000 tonnes of CO₂ per year.

At the Cressier manufacturing hub, in partnership with Group E, we are constructing the largest ground-mounted solar farm in Switzerland. This will be located in an industrial zone adjacent to the manufacturing hub, and will cover an area of 45,000 m². It will include 19,000 new-generation solar panels, developed in cooperation with the Swiss Research and Development Centre (CSEM). Estimated production is 8.4 GWh, equivalent to the annual energy consumption of 2000 to 2500 Swiss households. It is estimated that when operating at its peak, the solar farm will supply more than 60% of the site’s power needs, starting from November 2022. The project will reduce CO₂ emissions by 3,000 tonnes per year. Solar projects started at the manufacturing hub in 2018, when 830 m² of photovoltaic panels were installed to supply 140 MWh of electricity per year for our four buildings, saving 50 tonnes of CO₂ annually.

Energy efficiency of operations

A large share of the energy consumption in the VARO value chain is related to processing, i.e. refining crude oil into the

end-products at our two manufacturing hubs, Cressier and Bayernoil. It is in our financial and environmental interests to optimise our energy consumption process and to continue investing in energy efficiency modifications and process improvements. VARO has an established process for exploring innovative projects, identifying feasible opportunities, and making decisions on project implementation in the production assets².

At Bayernoil, the Department of Asset Development continuously identifies technical ideas available on the market, and works to optimise production processes within the design parameters of Bayernoil. Similarly, at the Cressier manufacturing hub, the Business Development team in the Technology Department identifies such opportunities and proposes them to management. Decisions on investments in energy conservation projects are taken by the Investment Committee of VARO and approved by the Supervisory Board (as part of the annual budget process or as part of extraordinary meetings for projects outside of budget).

The compact design of the Cressier manufacturing hub already promotes efficient energy use. Various stages of the production process are located in close proximity to each other, meaning that less energy is wasted during transfer of the product between stages. This removes the need to cool the intermediate product before transporting it to the following stage and subsequently reheating it, avoiding unnecessary energy use.

In addition, Cressier has enacted several measures directed at increasing energy efficiency, and plans to continue doing so into the future. These measures have enabled us to save 690,000 MWh of energy since 2015, and avoid emitting 130,000 tonnes of CO₂. In 2020, we installed a PreFlash Column that allows us to extract light product from the crude before the first stage of heating in the furnace.

19,000 NEW-GENERATION SOLAR PANELS

The solar farm is estimated to supply at its peak more than **60%** OF CRESSIER NEEDS equivalent to the annual electricity consumption by **2,000 SWISS HOUSEHOLDS**

THE PROJECT WILL REDUCE CO₂ EMISSIONS **by 3,000 t/year**

Skipping light product distillation in later processing allows us to reduce heating needs, thereby saving an estimated 9,600 MWh per year and 1,860 tonnes of CO₂.

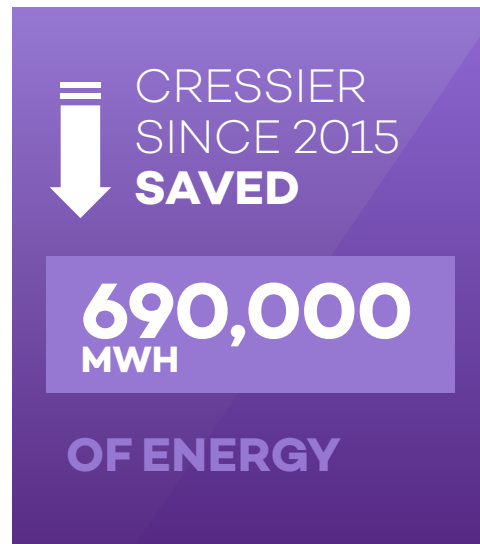
During Cressier manufacturing hub's 2017 maintenance shutdown, we invested around 4.8 million CHF into several projects that have subsequently allowed us to save energy and reduce our CO₂ emissions by more than 77,500 tonnes.

These projects include:

- ▶ Modification of our processing unit (vacuum distillation furnace); this has saved an estimated 40,000 MWh of energy, and avoided emitting 7,750 tonnes of CO₂ in a period between 2017 and 2020.
- ▶ Optimisation of the process by reducing the production of out-of-specification products (so called "slops") by nearly 40%. This lowers the energy consumption needed for heating during the desulphurisation process. Since 2017, this initiative has saved 35,000 MWh of energy and avoided 6,775 tonnes of CO₂ emissions. In addition, slops reduction also reduces quantities of low-quality by-product, which normally accumulates in the tanks and requires further re-processing.
- ▶ The modifications to the Vacuum Distillation furnace have allowed us to reduce the minimum feed rate and eliminate the recirculation of flux oil. Since 2017, this initiative has saved 70,000 MWh of energy and avoided 13,500 tonnes of CO₂ emissions.
- ▶ Optimisation of the combustion in our furnaces has increased efficiency, saving

150,000 MWh of energy and avoiding 29,000 tonnes of CO₂ emissions since it was implemented in 2015.

- ▶ Modification of the Hydrogen Manufacturing Units so that natural gas, rather than butane, can be used in the hydrogen generation process. Butane has also been replaced by natural gas as a fuel feedstock for the furnace. These modifications have reduced carbon emissions due to a lower carbon content of natural gas relative to butane, allowing us to save 110,000 tonnes of CO₂ since 2017.
- ▶ In addition, we invested 360,000 CHF in replacing all light bulbs with LED technology, saving 380 MWh of energy and avoiding 180 tonnes of CO₂ emissions since the start of the project in 2017.





“I am very proud to see the progress made in improving our energy efficiency during recent years. Multiple small and larger projects were executed. The recent district heating project will allow our neighbours and communities to benefit from our improvement.”

Reinout Houttuin, Cressier Manufacturing Manager

efficiency and energy-saving measures. With the support of the Swiss authorities, we set a target to improve our energy efficiency by 6.8% as a result of projects partially financed by the proceeds of the electricity tax.

Under this agreement, between 2015 and 2020 645,000 CHF were used to finance some of the following projects:

- ▶ Replacement of light bulbs with LED energy-saving ones around Cressier manufacturing site and its administrative buildings.
- ▶ Installation of photovoltaic panels, from 2017 to 2018, on the roof of the Cressier site's administrative buildings.

We have increased our energy efficiency by approximately 5.5% since the start of the agreement in 2014, and our aim is to improve this by a further 1.3% by 2023. To reach this target, we estimate that total investment in 2020-2023 will reach 400,000 CHF.

Cressier district heating

The Energy Strategy 2050 of the Swiss Confederation encourages measures to increase energy efficiency in industry and buildings, among other areas. With this in mind, in partnership with Group E and the municipality of Cornaux we have introduced a project designed to reuse “waste” heat, generated during our industrial processes, to heat neighbouring homes.

This project, planned to commence operation in 2022, is split into two networks. The first will serve the municipalities of Cornaux and Cressier, with a potential total duty of 5.1 MW. This will result in savings of 2,900 tonnes of CO₂ per year (compared to using heating oil). The second network, which is planned for 2024 onwards, is designed to supply other municipalities in the Canton of Neuchâtel, such as La Tène. This is expected to reduce CO₂ emissions by 12,000 tonnes. Around 3500 households, plus small industries, in the area surrounding the manufacturing hub will be supplied with this heat.

This solution replaces fossil fuel (that would have been used to heat the homes and businesses) with the spare energy from the manufacturing process that would otherwise go to waste. The waste heat from overhead air coolers or product coolers at the manufacturing site will be captured and used to heat water, which will then generate heat capacity to supply the external district system. The water used in the process will return to the manufacturing site, allowing for continuous circulation around a closed hot water loop.

Bayernoil manufacturing hub complex consists of two sites, Vohburg and Neustadt, built in 1967 and 1964 respectively.

In 2009, Bayernoil developed the Energy Conservation (EnCon) Masterplan directed at lowering energy consumption. As a result, the manufacturing hub introduced various measures and technological modifications to promote energy savings, at a cost of 46.3 million EUR. These actions delivered a total of 99.2 MW of energy savings between 2011 and 2020, and reduced GHG emissions by approximately 172,000 tonnes of CO₂.

These energy conservation measures decreased energy costs by 37%, and have made Bayernoil's assets more resilient to energy crisis situations and the increasing cost of natural gas. Energy-saving measures include improved heat recovery, steam savings, and the introduction of energy-efficient technologies in various parts of the production process. In particular:

- ▶ Installing heat exchangers in the hydrogen plant, converting heat into low-pressure steam and reusing residual heat to avoid the use of extra steam.
- ▶ Introducing new technology (sour water stripper) that complies with new limits on total bound nitrogen and changes in the monitoring of ammonium, nitrate and nitrogen. This reduces the hydraulic load of the wastewater plant, decreasing energy use³.
- ▶ Converting the FCC air compressor from a turbine drive to an electric motor, and minimising steam loss through a cyclical inspection of all condensate generating units.

As a result, before the incident at Vohburg in 2018 Bayernoil ranked in the top quartile of all petroleum refineries in Western Europe for energy efficiency, as rated by the Solomon Energy Intensity Index⁴.

Energy efficiency measures have significantly impacted production yield, as Bayernoil can now refine products at increased temperatures, allowing for higher product output. Without energy-efficient measures, such modifications in the production process would not be

“Repurposing our manufacturing hubs is crucial to continue to provide the products our customers need - today and tomorrow.”

Julian Stoll
EVP COO

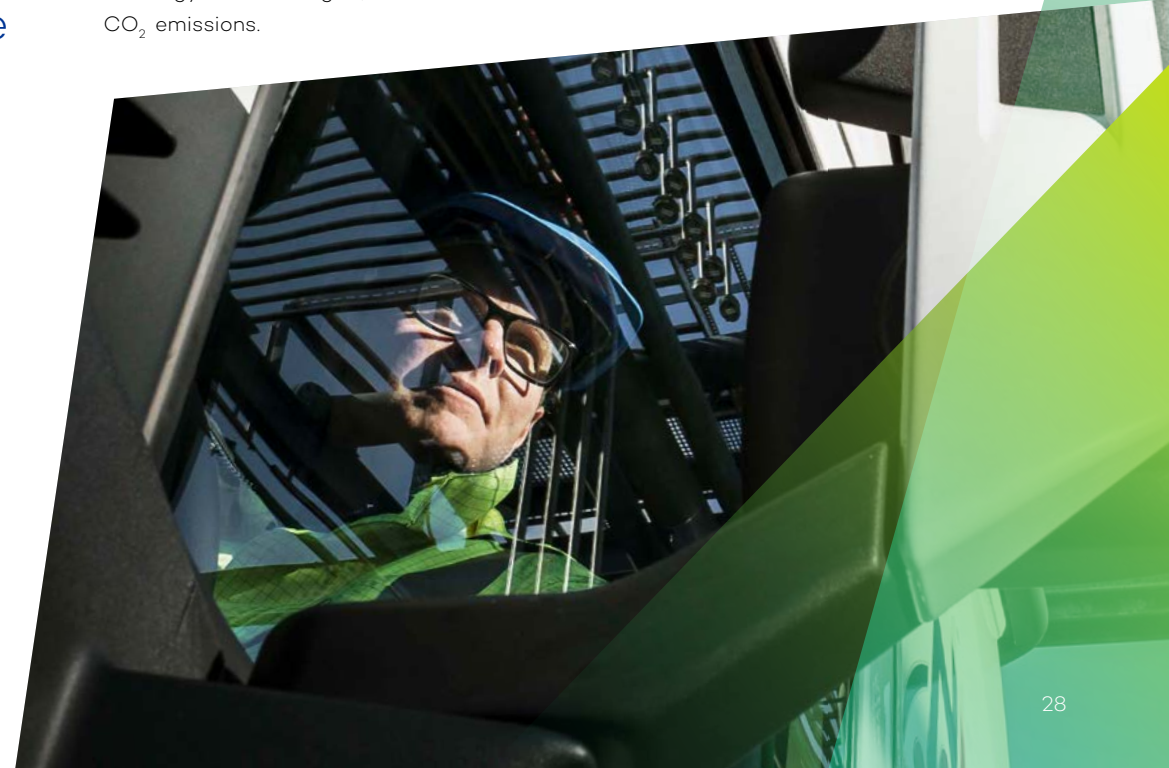
financially viable. This serves as an example of how improved environmental practices can enhance economic business performance.

The future pipeline for energy efficiency projects for 2022-2025 will allow Bayernoil to save a further 22.6 MW of energy and 38,000 tonnes of CO₂ each year. These include:

- ▶ A project aimed at reconfiguring the production process, which will allow us to optimise the flow of the feed products, saving 7 MW of energy and reducing annual CO₂ emissions by 11,900 tonnes.
- ▶ Two projects, planned to be implemented in 2024, focused on waste heat recovery in the production process at our Vohburg site. These projects will allow us to reduce our use of natural gas, saving a total of 9.1 MW of energy and avoiding 15,470 tonnes of CO₂ emissions.

Our maintenance measures, such as regular inspection of all 1,700 pumps involved in the production process, also help optimise energy use, because less energy is required to operate well-maintained equipment.

At Bayernoil, we operate five locomotives to transport nearly 30% of all our incoming and outgoing products. This exceeds the 2030 target of 25% freight traffic by rail, established by German regulations. In 2016, we started a programme to gradually update aging locomotives to compete with newer models and, where necessary, initiate a comprehensive overhaul. This will allow us to save up to 50% in diesel consumption for rail transport, significantly reducing CO₂ emissions.



Sustainable energy solutions

Product stewardship and innovation

As part of its ONE VARO transformation strategy, VARO has an ambitious plan to accelerate growth in its Sustainable Energies business, focusing on its five key strategic growth pillars: biofuels, biomethane/ bio-LNG, hydrogen, carbon removals and e-mobility. This strategy builds on the momentum that VARO has created as a major biofuels marketing and distribution franchise in Europe, alongside several investments and business innovations to offer decarbonisation solutions to its customers.

Biofuels

VARO is a leading supplier of biofuels that are being blended in conventional fuels. We were the first company to really introduce advanced bioethanol in Switzerland. In 2015 we invested in blending facilities to blend bio-ethanol (from waste) into gasoline and introduce the E5 grade and in 2016 we added biodiesel blending facilities to produce B7.

84% of VARO's bio-gasoline components are derived from ethanol (made from sugars distilled from biomass) and originate from sustainable or waste sources that do not compete with the food chain. About 16% of the biogasoline that VARO markets is ETBE (Ethyl Tertiary Butyl Ether), which is made from bio-ethanol and isobutylene and improves the combustion characteristics of gasoline.

When it comes to biodiesel, the majority (86%) is FAME, of which about two-thirds originates

from waste-based feedstock that falls under Annex IX part A & B published in the EU Renewable Energy Directive (RED). This typically results in a greenhouse gas emissions saving of 88% or higher. The remaining one-third of the FAME volume comes from crop-based feedstocks, made from oil crops or from the "other" category. Of the total biodiesel volume, about 66 km³ is HVO (hydrogenated vegetable oil). This originates from a mixture of crop-based and waste-based products.

62% of the total volume of biofuels are waste-based, and 38% are certified crop-based. For 7.8% of our total volume of biofuels, we have received PME and SME Proof of Sustainability certificates.

High blends distribution network

VARO has been blending renewable fuels and supplying them at its inland truck-loading racks for many years, in all its value chains. Following the successful introduction of HVO (hydrogenated vegetable oil) blending at truck-loading rack level on the Utrecht (NL) terminal, in 2019, the number of HVO distribution locations was extended further during 2020 and 2021.

Throughout its network, VARO offers customers products containing a higher percentage of biofuels (typically B20, B30 or B100). With increasing mandates for renewable fuel content, HVO will remain an important (drop-in) biodiesel, since it has certain advantageous characteristics over fossil diesel and regular



“VARO played a pioneering role in Switzerland by introducing 5% of advanced ethanol in our gasoline blending.”

Barbara Mühlemann, Country Manager Switzerland

biodiesel. Therefore, offering HVO blends at truck-loading rack level remains an important element in the VARO investment program for its fuel distribution network.

During 2021 VARO also continued to grow the number of retail stations offering 100% HVO and HVO blends to end-consumers. As at the end of 2021 the 100% HVO product is available at 12 locations in our retail network, and the B30 product is offered at 27 retail locations.

Sustainability of feedstock production

VARO is a leading supplier of biofuels that are being blended in non-renewable fuels. Although VARO currently does not produce biofuels from raw feedstock material, we take care to ensure that all biofuels we source from trading companies and biofuel producers are fully compliant with all relevant local (EU or Swiss) regulations. We realise the full importance of the impact that feedstock type and quality can have on a transition to clean energy.



Since the adoption of the Renewable Energy Directive, the transition to biofuels has been considered an important element of EU policy on transport decarbonisation. Biofuels represent a major source of renewable energy. They play an important role in the realisation of the UN's sustainable development goals, especially in the context of energy security and climate change. The production of sustainable biofuels is also linked to health, employment, economic growth, rural development, soil management and water quality. These positive effects can provide a significant boost for livelihoods in both rural and urban areas.

Bioenergy, like all sources of energy, can also have negative impacts if resources are developed and deployed improperly. Three key concerns about biofuels, and their corresponding sustainable development goals, are: food security; detrimental indirect effects on forests and biodiversity (described as indirect land use change) and associated greenhouse gas emissions, biodiversity loss, and availability of sustainable biomass for other uses (chemicals and materials). To cover these concerns, VARO Energy will gradually minimise the use of food and feed crop-based biofuels, and focus in future on promoting advanced biofuels and other low-carbon fuels.

These include renewable electricity, and also renewable liquid and gaseous transport fuels of non-biological origin and biological non-crop origin, i.e. biofuels that do not interfere with the production of food and feed or with the cultivation of food and feed crops.

One of our strategic growth pillars is manufacturing of advanced biofuels. We will focus on biofuels made from waste and advanced feedstocks (Annex IX A and B of the RED regulation).

Being part of business regulated by EU legislation – Fuel Quality Directive (FQD) and Renewable Energy Directive (RED) – national implementation laws related to EU Directives, and Swiss regulation related to the quality of bio-components, every molecule of biofuel blended and provided to our customers must be accompanied by a statement of proof of origin, quality, and environmental impact. For example, German regulations restrict the use of animal fat as a feedstock for the production of biofuels, listed in Part A of Annex IX to the EU Directive on promotion of the use of energy from renewable sources (dated 11 December 2018).

Our system of managing the supply of biofuel in tandem with the specifics of national demand, shaped by local regulation, is prepared to provide tracking of fuel quality and origin, even in continuously changing legal circumstances. One example of this is the ban on palm oil-based biofuels in Belgium, France, Austria and the Netherlands, which from 2022/

2023 directly affects the demand of markets in which we operate. Our network of biofuel suppliers allows us to balance the growing demand for particular types of biofuels.

This also means that contracts for supply of biofuels provide very specific requirements in relation to the product that VARO purchases from the trading companies. Every biofuel product supplied by a trading company has a corresponding document providing proof of sustainability, which at the very least indicates the country of origin, level of emissions associated with a product, and type of feedstock used to produce a given product. The proof of sustainability serves as evidence of the information we are obliged to provide to the authorities, in compliance with the EU and Swiss legislation, regarding the share and type of biofuels supplied to the markets where we operate.

VARO purchases ethanol, FAME, HVO, ETBE and bio-naphtha products from a wide variety of producers. All producers need to be certified under one of the voluntary certification schemes. The majority of producers we source biofuel products from are ISCC-certified, while others are certified through RSB, RedCert Eu, 2BSVS. These certifications apply to a company that produces biofuel from raw feedstock, where the company undergoes regular audits for re-certification in order to verify the producer's ongoing compliance with the requirements of the certifying scheme.

“The back-end solutions of E-Flux act at the heart of the e-mobility ecosystem, where it serves our customers by connecting the dots of EV charging. This is a part of the puzzle that supports efforts to transition the world to sustainable energy solutions.”

Theo Pannekeet, EVP New Energies and Innovation

Thus, the ISCC scheme requires biofuel producers to have an established process for managing the system of checking and registering the full flow of product, and to assess based on pre-defined environmental indicators.

Our system of supply management is designed to register any changes in the validity of suppliers' certification, such as an upcoming expiry date of the certification or flagging producers whose certification has been rescinded. In such cases we investigate the reasons for withdrawing the certification, or follow up requesting its renewal.

Switzerland has established strict ecological and social requirements on imported biogenic components. Biofuels obtained from waste, and residues from agriculture, forestry, and restoration (deep-frying oil), automatically qualify as tax-free when blended with conventional fuel. Other fuels must be proven

to have an acceptable environmental and social impact along the entire value chain: from feedstock collection to segregation, transportation, production and storage.

Mixing various types of biocomponents is prohibited. This means that all stages of the value chain must be completely segregated and traceable in detail. VARO has implemented a system of controls to ensure compliance with all the environmental and social criteria established in Article 12b of the Mineral Oil Tax Law.

Furthermore, companies that blend biofuels, and suppliers that import bio-components from abroad, must have a special licence. All of our bio-component suppliers hold BTCert, which means they undergo regular auditing to achieve maximum security and compliance with the approval criteria. Even for certified suppliers, VARO conducts random checks on compliance with the licence criteria.

This helps us avoid running the risk of a supplier's licence being revoked in the event of a licence breach on their side.

Generation of offsetting products

In 2021, VARO Energy acquired a 51% stake in SilviCarbon, a company that develops nature-based Carbon Dioxide Removals (CDRs) projects such as afforestation, reforestation and regenerative farming.

This business acquisition is part of our commitment to offer comprehensive solutions that help our customers meet their carbon emission reduction targets. Shortly after VARO Energy's purchase, SilviCarbon acquired Stora Enso's holding in the Laos Plantation, with the aim of planting trees on 35,000 ha of degraded land, and thereby removing an estimated 5 million tonnes of CO₂ from the atmosphere over the project's lifetime. For more details, see the section on Local community engagement.

Upstream Emission Reduction

Upstream Emission Reduction certificates (UERs) are an instrument designed to achieve significant reductions in CO₂ emissions through projects at the upstream end of the transport-fuel supply chain. UERs are generated by projects that reduce GHG emissions in upstream oil & gas production, typically implemented in countries outside Europe. UERs can be used to comply with Fuel Quality Directive (FQD) obligations in the EU, with Germany being the most significant market adopting this UER approach.

VARO was the first German-obligated company to introduce Upstream Emission Reduction certificates (UERs) as a means of meeting FQD obligations. Among a long list of regulatory rules, the most important are that projects need to be newly built and deliver proven additional CO₂ reduction benefits, and the emission reductions achieved can only count for one year in Germany.

In 2021 VARO was involved in four of the total of 17 projects that were approved under stringent rules by the German government, which accounted for ~14% of the UER market. VARO generated 300,000 tonnes of CO₂-equivalent UERs thanks to projects preventing methane flaring and producing solar energy.

E-Mobility business

In 2021, VARO Energy expanded its business into the E-mobility sphere and purchased 49.5% of E-Flux – a Dutch technology company that provides software for electric vehicle (EV) charging stations.

E-flux is operating a highly scalable state-of-the-art platform to manage a large number of electric vehicle charging transactions. It has successfully established a strong customer base, and is growing rapidly in the Netherlands, Belgium, Germany and beyond. Its customers typically own and operate charging stations and are coming from selected verticals within the EV ecosystem, including Utilities, Oil Majors, Car OEMs and Fleet Operators. VARO's entrance into the EV solutions market demonstrates our commitment to build a broad portfolio of sustainable energy products and services.

Air quality

The main sources of air emissions at our manufacturing hubs are the gas burners of furnaces and boilers, which generate the following air emissions as by-products of the heating process: SO_x, NO_x and dust. The 105m-high chimney at Cressier manufacturing hub collects the fumes from the sources of emissions, and is designed to optimise dilution of these fumes in a large volume of air.

Terminals that handle gasoline also generate VOCs, which are harmful if the limits are exceeded.

Adherence to local air emissions legislation

In order to mitigate the potential adverse impact of emissions to the air, VARO's processing facilities and terminals adhere to the relevant strict standards of local regulations. In compliance with these ordinances, Bayernoil regularly records emissions at the stacks and at other measuring points. In addition, at Bayernoil the measurements are taken at regular intervals by an external expert at both chimneys, at the Claus plants and in the vapour recovery systems of the product loadings.

The Cressier manufacturing hub control room registers emissions transmitted in real time from online analysers at the stack outlet.

Our manufacturing hubs monitor air emissions such as SO_x and NO_x, as well as CO and dust. Terminals also monitor all relevant air emissions, including VOCs, in accordance with the local

regulations. All measurements are reported to the local authorities. We adjust our production process to ensure we stay within the required daily or monthly emission limits.

At Bayernoil and Cressier, we complied with local regulations in 2021 and have not received any warnings, fines or requests that we change our production processes to comply with legal standards.

Cressier site also generates diffuse emissions – mainly volatile organic compounds (VOC) – which, for the most part, are recovered and re-liquefied at the Vapor Recovery Unit. The use of infrared cameras and other advanced equipment allows early detection of any diffuse emissions leak, so that repairs can be carried out in a timely manner.

Identifying risks and preventive measures

At Bayernoil, in order to identify risks related to air pollutant emissions that are above the legal limits, we carry out an environmental impact assessment as part of projects requiring approval, which are subject to assessment under the Environmental Impact Assessment Act. A reassessment is carried out whenever there is a significant change in the operating facilities.

This assessment identifies the potential level of emissions under different circumstances. Based on this assessment, our process engineers devise prevention and mitigation processes to keep air emissions from our operations within regulations, and to minimise them even further whenever possible.

In addition, Bayernoil prepares annual reports for the authorities, presenting data on the total emitted loads.

At Bayernoil, we use the following measures to prevent fugitive emissions arising due to leakage from equipment and disruptions to process safety:

- ▶ Multiple sealing systems on floating roof tanks
- ▶ Standard-compliant design of piping (flanges, gaskets, fittings)
- ▶ Modern sealing systems with increased tightening capacity provided by a double mechanical seal or magnetic coupling, applied on the relevant pumps and compressors
- ▶ Vapour recovery systems on the loading equipment
- ▶ Vapour extraction with combustion for bitumen tanks and loading.

At Cressier manufacturing hub we implement the following measures to prevent fugitive emissions from equipment leakage and process safety failures:

- ▶ Gas leakage testing (VOCs) on all production equipment for one week per year
- ▶ Replacement of pump seals with double seals
- ▶ Inspection and, if requested, replacement of the double seal of floating roof tanks when executing planned maintenance
- ▶ Regular inspection campaigns on all sensitive equipment
- ▶ Preventive maintenance of equipment, according to a strict schedule with fixed intervals between planned maintenance activities

- ▶ Predictive maintenance – a form of preventive maintenance based on a prediction of the future state of a piece of equipment, established by estimation or calculation from a defined set of historical data and known future operational parameters, in order to take appropriate measures to avoid the consequences of this equipment item being unavailable
- ▶ Regular visits by operators to all equipment, to identify any problems.

In the terminals, where there is a risk of VOCs exceeding the regulated limits we have installed Vapour Recovery Units that help us keep potentially harmful emissions at concentrations that are within regulated limits.



Oil spills and spill prevention

Spills at distribution

Regarding measures on preventing spills in the distribution part of the value chain, please read the Safety chapter.

The risk of spills also applies to the pipeline infrastructure that supplies our processing facilities with crude oil. Crude oil is supplied to the Cressier manufacturing hub via the SPSE pipeline from Fos-sur-Mer near Marseille, until it reaches Gennes, close to Besançon. The crude is transported onward from Gennes to the Cressier manufacturing hub via the French SFPLJ pipeline (VARO-owned) and to the Swiss OJNSA pipeline, in which VARO owns an 80% stake.

The pipeline owners are obligated to monitor the integrity of the pipeline structure for any cracks, holes, deformations, or deterioration of pipeline walls due to corrosion or other faults. As the pipeline lies below ground, and at various depths in accordance with the respective regulations in France and Switzerland, inspection is conducted via an instrumented “pig” – a device that runs the length of the pipeline to detect any damage. Prior to inspection, the pipeline must be fully cleaned of all oil and dirt on the inner walls.

France and Switzerland differ in their mandated intervals between inspections, with France requiring an inspection every 4 years and Switzerland every 6-10 years. However,

because the pipeline needs to be inspected in its entirety, VARO works to the French regulation of more frequent inspection and pipeline maintenance. This ensures more effective prevention of potential spills and improved continuity of crude supply.



Supply of crude to VARO's manufacturing hubs.

Bayernoil receives crude oil through the Transalpine Oil Pipeline (TAL) originating in the port of Trieste. The following measures are taken to prevent potential contamination of soil, groundwater and air due to pipeline leakage:

- ▶ Emergency departure programmes
- ▶ Oil alarm plan with topographic map
- ▶ Pipeline route as protective strip
- ▶ Leak detection system by volume comparison
- ▶ Leak detection system in the event of a pressure drop (detect pipeline leaks by monitoring pressure that could be linked to a possible lead)

- ▶ Permanently manned operations centre (operators monitor the flow of crude oil through the pipeline 24/7 and are ready to intervene if a leak is detected)
- ▶ Safety-related remote-control technology (prevents unacceptably high pressure, which may lead to leakage)
- ▶ Regular maintenance and inspection by experts and by the German State Office for the Environment
- ▶ Regular inspections of the pipeline routes.

Spills at the manufacturing hubs

The aim of process safety is to ensure that process plants, tank farms, and loading systems are operated safely and that state-of-the-art safety technology is implemented where appropriate and continually reviewed. This also includes protection of the environment and minimising spillages.

The management system at Bayernoil has a number of processes that help achieve these goals:

- ▶ Process Safety Information
- ▶ Process Hazard Analysis (Hazops)
- ▶ Operating Procedures
- ▶ Training, including for partner companies
- ▶ Mechanical integrity of the equipment (external and internal inspections)
- ▶ Work permits
- ▶ Management of Change Process⁵
- ▶ Incident Investigation
- ▶ Emergency Planning and Emergency Response
- ▶ Compliance Audits.

Any release of product represents a safety risk, regardless of whether there is any environmental damage. For this reason, all product releases are classified according to API 754⁶ and actively tracked.

The process units are equipped and monitored with a variety of sensors (e.g. pressure, flow, hydrocarbons) to quickly identify potential problems which could lead to or indicate the release of product. The staff dedicated to controlling the production process make regular inspections of the process units, tanks and loading facilities.

Any product leakage is immediately cleaned up. The cause of the leak is investigated and reviewed to inform future measures that minimise recurrence.

The regulation framework related to the prevention and containment of any spillage is defined by the Land and Water Protection section of the Instruction for Work: Cressier Health, Safety, Security and Environmental (HSSE) Management System “Green Book”. It is also guided by other internal regulatory documents such as:

- ▶ Updated environmental impact plan
- ▶ Updated site description sheet
- ▶ History of soil pollution
- ▶ Method for assessing the significance of environmental impacts
- ▶ Intervention plan: Thielle Pollution Intervention Plan.

Assurance processes are regulated in accordance with the “Green Book” (see section on Safety in Processing), and with other internal measures and processes to ensure that all infrastructures designed for, or having a role in, preventing soil, surface water, and groundwater contamination are inspected and maintained on a regular basis. This infrastructure includes paving, bund walls, drains, sumps, pumps and sewers.

Since 2020 any spillage of liquid hydrocarbons or other hazardous materials on unmade ground or water is recorded as an incident, allowing for appropriate follow-up.

Prevention of spills at VARO terminals is an integral part of the HSSE management system. The HSSE Manual regulates the management of risks related to process safety, which includes the risk of spills that negatively impact the environment through the penetration of hazardous materials, especially hydrocarbons, into soil and underground waters. For an overview of the HSSE Management system, please see the “Safety in Terminals” section.



Biodiversity & land use

For the last 15 years, Cressier manufacturing hub has been focused on biodiversity preservation. Cressier’s site is located between two areas of natural vegetation: one adjacent to the north-east⁷, and the other located about 600 metres to the south⁸ across the Thielle river.

Discharges from wastewater have a limited impact on the ecological balance of the Thielle river. The fact that the beavers continue living in the water streams serves as one of the indicators that the water in the river is suitable to support the local biodiversity. This is essential to maintaining the ecological balance, as beavers help clean the flowing water, removing sediment and harmful pollutants that can enter water streams from the neighbouring fields⁹.

We fully acknowledge the importance of maintaining biodiversity in the area, and we cooperate extensively with local authorities and associations to preserve it. In 2021,

we built a 150 m² pond on Cressier’s land. The pond is decorated with stones, and a wall provides a perch for kingfisher birds. This small nature-friendly pocket contributes to the preservation of local biodiversity. We also cooperate with environmental associations, such as ProNatura, to create a positive impact on the area around us.

In Switzerland, the anticipated impact on biodiversity is usually evaluated while building new facilities, as part of the construction permit. At this stage, a manufacturing asset may be asked to introduce measures in accordance with the mitigation hierarchy relating to biodiversity impact, in order to:

- ▶ Completely avoid a negative impact on biodiversity
- ▶ Where avoidance is not possible – minimise the negative impact
- ▶ Where the impact is taking place – remediate adverse effects
- ▶ If none of the above is possible – compensate by creating a positive impact on biodiversity elsewhere¹⁰

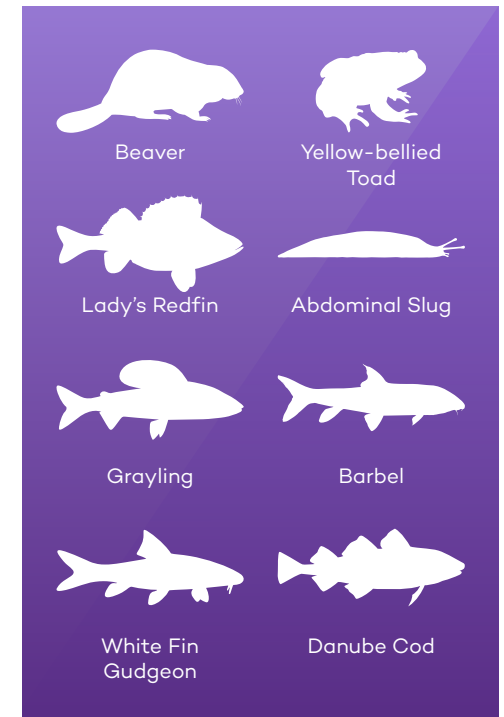


During construction of the natural gas pipeline in 2015, Cressier manufacturing hub built a biodiversity pocket, featuring various plants and stones, as part of the construction permit. During its application for the permit to construct a 7.7 MW solar farm covering 45,000 m², Cressier site collaborated on assessing the impact on biodiversity and society.

In Switzerland, industrial businesses largely depend on agreements with the local authorities and neighbouring communities. Business initiatives that demonstrate a positive impact on biodiversity and in other areas are welcomed by these stakeholders. This further motivates us to continue developing initiatives that benefit biodiversity.

Bayernoil manufacturing hub encompasses two locations – Neustadt and Vohburg. The Neustadt site is located 200 m from the lake Mauerner Badensee¹¹ and adjacent to a forested area¹². South of the Vohburg site lies the small forest pocket of Biendlweiher¹³ and the Paar and Danube rivers flow past on the northern side.

This is a Natura 2000 area, meaning that it is part of a network of core breeding and resting sites for rare and threatened species, and contains some rare natural habitat types that are protected in their own right¹⁴. Their protection is defined and regulated by Section 7, Paragraph 1, No. 18 in the Federal Nature Conservation Act (BNatSchG).



Main species found in Bayernoil area.

Several of the nearby nature reserves include:

- ▶ “Goldau” – an area of approximately 25 ha, located 1,200 m north-west of the company premises. Bayernoil uses water from five wells on the reserve for freshwater supply to the asset.
- ▶ “Heiligenstädter Moos” and “Dürnbucher Forst” – located approximately 2,200 m north-east and 2,000 m south of the company premises.
- ▶ “Donautal” – a landscape protection area located approximately 2,800 m from the Bayernoil site.
- ▶ “Altmühltal” – a nature park spanning 300,000 ha approx., located about 7.5 km north of the Bayernoil.

All nature reserves and places of significance for natural biodiversity (including wetlands) are named and governed by the Federal Nature Conservation Act, which regulates the measures aimed at protecting these areas. There are no bird sanctuaries near the manufacturing hub, and no landscape protection areas.

There are five Flora Fauna Habitats (FFH) around Bayernoil, mainly located between 4.8 km and 7 km away with the exception of one FFH located 300 m away. The Habitats Directive¹⁵ lists the relevant species present in the area where the Bayernoil sites operate, named "Danube area between Ingolstadt and Weltenburg". Among these are the beaver, yellow-bellied toad (mountain toad), lady's redfin (Lady's fish), abdominal slug, grayling, barbel, white-finned gudgeon and Danube cod.

The Danube river is an international body of water, crossing 10 European countries. This makes it the biggest river in Western Europe. The protection of its biodiversity is regulated by the Convention on Cooperation for the Protection and Sustainable Use of the Danube River. The regulations in this text are adopted by the corresponding national legislation of each country that is part of the Convention.

Impact on biodiversity is evaluated as part of the Environmental Impact Assessment (EIA), and this work is done whenever there is a new project that demands such assessment.

To initiate the planning process, we draw up a Species Protection Assessment, detailing the protection issues related to the species that a) fall under the specific regulations and b) are affected by the construction project. These protection issues and measures are examined in accordance with the law¹⁶.

During normal operations, our manufacturing hubs operate in accordance with local regulations related to biodiversity protection.

Our operations have not been subject to any fines or suffered any regulatory breaches in previous years in relation to adverse impacts on biodiversity.



Water use

Our manufacturing hubs process crude oils and mineral oil products, and use smaller quantities of alkalis, acids and additives. These substances can potentially contaminate soil and groundwater. Both of VARO's manufacturing hubs are located in areas (Switzerland and Germany) that have very strict regulatory requirements in relation to discharged water. We ensure full regulatory compliance by measuring wastewater composition and implementing projects aimed at purifying process water to the required level.

Discharge from wastewater at Cressier manufacturing hub has a limited impact on the ecological balance of the river Thielle, as discussed in the section on biodiversity and land use.

The quality of effluent discharge at Bayernoil is determined by the local regulations. Bayernoil consults water quality standards and guidelines in order to monitor various parameters in the discharged water.

The average quality of Bayernoil's discharged water is generally, and on multiple parameters, well above the legally established limits.

However, due to the recent tightening of the limits for nitrogen content, we are implementing a new project at the Neustadt site to ensure compliance.

All wastewater generated in the operating units of Bayernoil is routed to internal wastewater treatment facilities. Here, the water is purified by mechanical, chemical and biological processes. The process units and loading areas are built on concrete surfaces made of oil-resistant material. The tanks and equipment in adjacent tank farms are also surrounded by concrete or impervious surfaces to prevent the possibility of any oil-contaminated water seeping into the soil. We conduct regular inspections of the wastewater treatment equipment, as well as the facilities for storing and delivering wastewater, to make sure they are leak- and spill-proof.

The required analyses are continuously monitored and reported to the water management authorities. In turn, these authorities take random samples from treated wastewater and groundwater wells as part of their technical monitoring.

In terms of wastewater quality, in 2021 Bayernoil operated well within the limits of the chemical, biological and physical parameters stipulated by local environmental regulations.

Following the incident in 2018 at the Vohburg site, contaminated firefighting water was stored in tanks and treated using active carbon filters before being discharged.

A local regulation (Abwasserverordnung) imposes a limit, per metric tonne of crude oil processed, of 0.5 m³ of water that can be discharged by the refining industry. In 2021, Bayernoil reported a lower discharge volume of 0.48 m³ of water per metric tonne.



Waste management

Industrial waste is generated during operation of the terminals. This includes oily waste of various kinds, scrap metal and plastic packaging waste. In case oil is present in the water, the mixture undergoes a process of water effluent separation, where water is purified to the established regulatory limit to be suitably discharged into the water stream without harming the environment. The VARO terminals must monitor water quality according to local regulations, which are typically quite strict when it comes to discharge water standards. As of 2021, we have not incurred any fines relating to deviation from the established standards on discharge water quality.

Other types of waste are disposed of offsite, in accordance with local regulations. Our terminals have contractual relationships with

waste collection and utilisation companies regarding removal of hazardous and non-hazardous waste.

The process of processing crude oil involves near-complete processing of raw materials into final products, with a relatively small amount of waste remaining after processing. The residue formed during the various stages of distillation undergoes further cracking of larger hydrocarbon molecules, generating additional products. By-products generated during the process are recycled back into production. Sulphur produced during the sulphur purification process in hydrotreaters is also reused in other industrial processes.

Waste stream classification is largely similar to that used in municipal waste contexts: waste paper, waste glass, organic waste, residual waste. There is also commercial waste such as blasting sand, thermal insulation material, spent lyes, carbonate sludge, oil-containing waste, scrap metal, and asbestos-containing building materials from remediation measures (such as fire protection insulation).

Cressier manufacturing hub disposes of 34 types of waste, of which 13% is recycled, 22% undergoes energy recovery during waste treatment, and 65% is sent to landfill. All waste from the manufacturing hub is recycled or disposed of in accordance with Swiss legislation on waste management (Regulation on Waste, Regulation on Movements of Waste,



Regulation on Contaminated Sites, Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their disposal). Regular checks are performed at sites, in collaboration with the authorities.

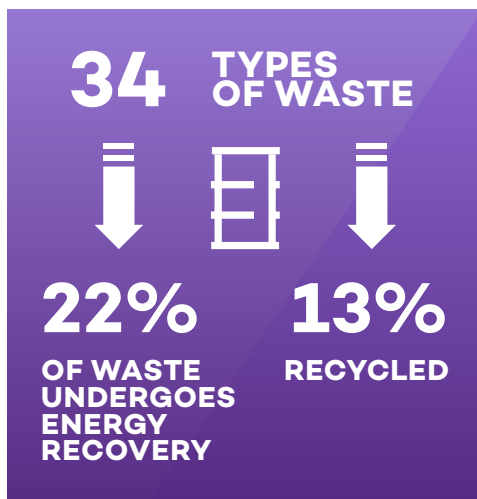
The site is protected against underground pollution thanks to a complex method of pumping the water table to create hydraulic dams. This system is regularly checked to make sure it is functioning properly, by an engineering company in collaboration with the cantonal authorities. The majority of the manufacturing site is located outside the water protection zone; however, the areas within 50 metres of the river are subject to more stringent requirements.

Cressier is taking proactive steps to measure levels of PFC (Perfluorinated Chemicals). PFC is a component present in some of the firefighting foams. We are looking at ways to

eliminate PFAS (polyfluoroalkyl substances) from our firefighting foams.

During our most recent monitoring campaign we analysed the PFC (Perfluorinated Chemicals) in the groundwater. A significant concentration of PFC was recorded at several locations on the site, where firefighting foams have been used frequently in the past. The authorities are currently working to define limits on the permitted quantities of PFC.

Our special waste mainly consists of used chemicals, plant cleaning residues and heavily polluted soil. All soil with low-to-medium levels of hydrocarbon contamination is treated onsite, via biological decontamination using bacteria. This greatly reduces the impact of transport and landfill.



Cleaning of contaminated soil using bacteria

Whenever possible, soil contaminated by hydrocarbons is kept onsite, rather than being sent to landfill. After the affected area has been thoroughly skimmed, the contaminated soil is spread over a specially prepared area. Conditions are created to optimise bacterial digestion of the oil, transforming it into organic matter. The soil can then be reused to edge ponds or create grassland areas. This natural decontamination has the added benefits of saving on transport, landfill capacity, and even incineration energy.

Bacteria capable of degrading hydrocarbons are usually already present in soil. However, without further activation the process would take quite a while. By applying an activation solution, we can give this process a boost. This solution is created by placing bacteria in natural conditions that favour their multiplication. Activation solutions ("bio booster") are prepared in the boiler room at a temperature of 30°C. Within a few days, water containing a high concentration of bacteria is ready to be applied to contaminated soil, usually with the addition of a special compost produced in the region. Mechanical measures, such as turning the soil to aerate it, further improve the efficiency of the process.



In Germany, waste from Bayernoil is disposed of or recycled in accordance with the provisions set by the Recycling Waste Management Act (KrWG).

Bayernoil separates as much waste as possible in order to achieve a high proportion of recycling. The most significant waste resulting from the production process is the catalysts from the FCC units and the hydrogen generation process

in the catalytic reformers. The quantities of catalyst waste generated are variable depending on the throughputs and catalyst lifespan.

We treat oil sludge using a tricanter process. This process separates the sludge into oils and solids, allowing us to recover the oil and dispose of the remaining waste safely.

Perfluorinated chemicals (PFCs) in rehabilitation of the Ingolstadt site and in other operating sites of the Bayernoil manufacturing hub

Following the closure of Bayernoil's Ingolstadt site in 2008, rehabilitation work continues: the clean-up of Perfluorinated Chemicals (PFCs) on the land for which Bayernoil is still contractually obligated. Firefighting foams containing PFCs were used for exercises and extinguishing fires during operations and the production process. Foam manufacturers used PFCs to enhance the firefighting properties of the foam. Unfortunately, PFCs can penetrate soil and underground water. In order to clean up the Ingolstadt site, contaminated soil has been excavated and disposed of while the contaminated groundwater is treated using active carbon filters.

In light of the PFC toxicity problem, Bayernoil has been looking into alternative options, i.e. firefighting foams with lower PFC content. Bayernoil has successfully introduced fluorine-free firefighting (F3) foams, replacing the use of the fluorinated aqueous film-forming foams (AFFF).

We are working to find the right balance between safety and the environment. The addition of PFCs helps the foam float on the surface of the liquid, which is useful for effectively extinguishing a large tank fire. Firefighting foams with few to no PFCs can be less effective, and are therefore used for small-scale incidents and training purposes.

At the Neustadt site, Bayernoil is implementing a project to remove PFCs from groundwater, aiming to eliminate this chemical from the groundwater of the neighbouring village of Mauern. Water will be pumped out of the ground and treated using active carbon filters. The treated water will then be used for cooling and other production processes. The project is due to begin operation in 2024.

At the Vohburg site, Bayernoil plans to implement state-of-the-art technology to purify groundwater used onsite. The treatment system will remove PFCs and other substances such as hydrocarbons and ETBE¹⁷. This will be achieved by using a gravel filtration system, followed by three-stage activated carbon filtration. This allows the treated water to be used as process water in the production process. Any excess purified water can be discharged directly into the river with no harmful impact on the environment or ecosystem.

Noise pollution

Managing noise pollution includes both protecting employees who are exposed to high noise levels during the production process, and minimising noise disturbance to the communities surrounding our production facilities.

To protect employees, VARO's occupational health and safety rules endorse the use of personal protective equipment (PPE), in accordance with local regulations, international standards for occupational health and safety, and our own Safety Management System.

We pay particular attention to the effect our noise disturbance has on the local communities, and we work to minimise it. In Switzerland, limits on noise disturbance are enforced by the Noise Abatement Ordinance, issued by the Swiss Federal Council¹⁸. At the Cressier manufacturing hub, our continuous engagement with the local community revealed deep concerns about the impact of noise pollution. With the surrounding communities in close proximity to our production facilities, we try to keep noise disturbance to a minimum.

Following a request made by the surrounding municipalities, a major initiative to reduce noise emissions has been implemented in several stages. The project began with an extensive noise measurement campaign covering an area of 4.5 km². Work was mainly carried out overnight, when the impact of human activity and traffic are at their lowest. Measurements

were made at 38 spot locations, and the resulting computer modelling allowed a number of sound sources to be calculated.

The most significant values came from the fans used to cool hydrocarbons. As a result of a subsequent campaign, spanning several years, the blades of nearly 80 giant fans have been changed. Other kinds of equipment have also been modified by the transformation, including motors and compressor suction devices.

For the latter, anti-noise walls have been built to reduce noise levels.

In 2016, we invested 1.2 million CHF to install a state-of-the-art flare. At an oil manufacturing site, the flare is a vital safety device allowing the escape of gases or liquids that are momentarily in excess. However, flares can also be one of the asset's biggest noise generators.

Multiple improvements were made, the most important being the reduction of standby noise from 100 dB to less than 70 dB. This considerable noise reduction represents welcome progress for the neighbours.

We have invested over 4.5 million CHF since 2004 to install equipment (silencers, new air cooler blades, the entire flare, anti-noise walls, new motors), which has helped to decrease noise pollution by 50%. Noise is now at a level (equivalent to -3dBA) that is acceptable to the community.

Occasionally there can still be noise disturbance, particularly in the event of equipment failure or unit shutdown. We continue to monitor our installations very closely, and work on reducing this noise disturbance for the local communities as quickly as possible. All production staff are immediately made aware of any abnormal noise emissions, helping them take the quickest measures to reduce the impact on local residents.

During the regular rounds, we monitor equipment that might affect noise levels during both day and night. This includes machines such as pumps, compressors, air coolers and turbines.

We are in constant contact with the local authorities regarding abnormal noise emissions. If necessary, we also take noise measurements with the authorities, at the houses closest to the manufacturing site.

Our hotline also serves as an emergency line for the community to express their concerns.

For each complaint, the source of the noise is identified and the reasons analysed, with the production staff. This makes it possible to increase knowledge and awareness among all stakeholders, including the local community.

Bayernoil has also introduced measures focused on minimising the operational noise at our Neustadt site, such as sound insulation of the pump room and of the extension. These

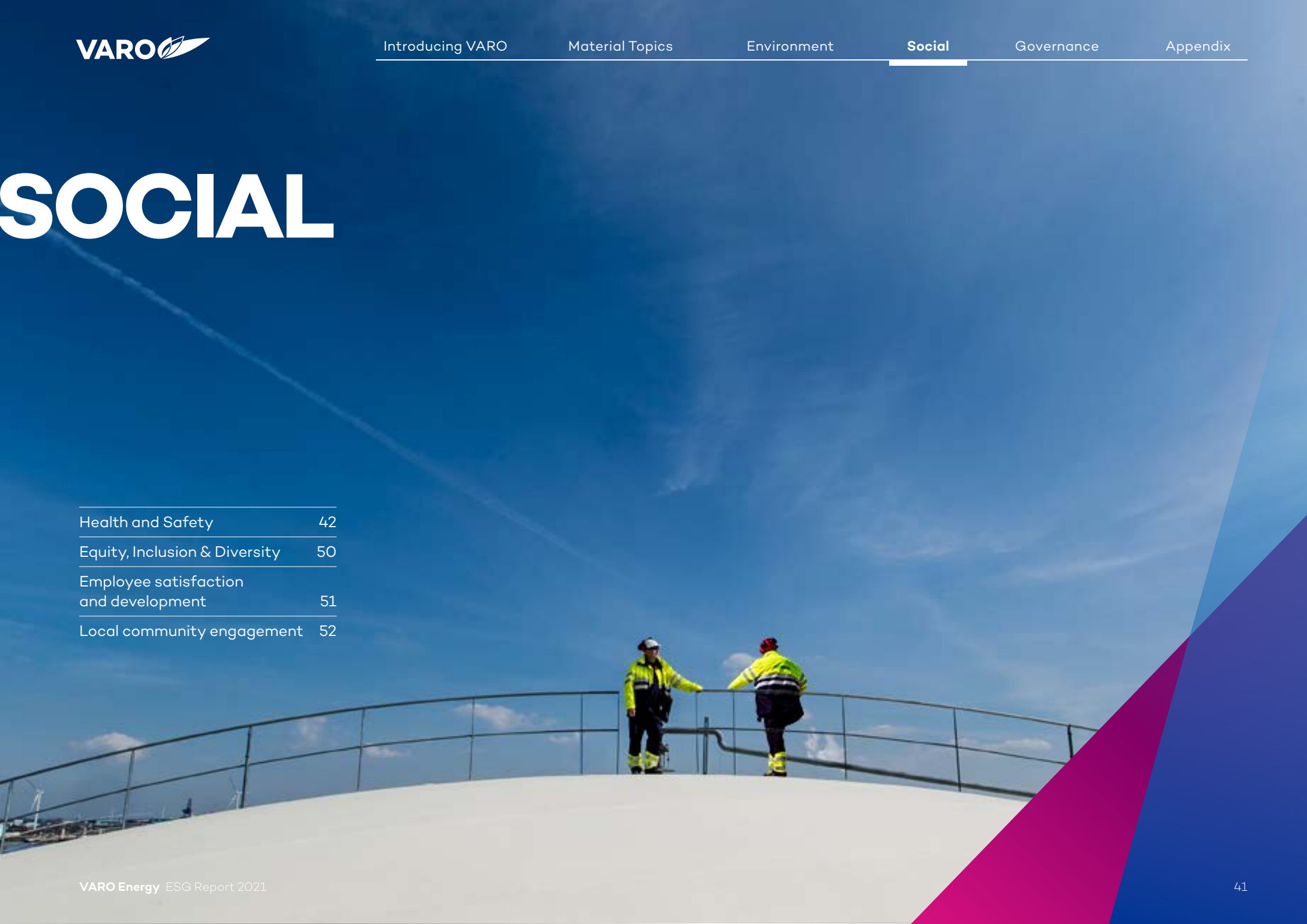
measures are aimed at reducing noise pollution at the production site, rather than mitigating noise impact on the neighbouring community.

We have introduced the following measures to reduce noise pollution in our production and loading facilities (ovens, air coolers, blowers, pumps, compressors, control valves, piping, etc.):

- ▶ Renovation of the furnaces
- ▶ Conversion and modification of air coolers, and installation of the latest-generation fans
- ▶ Noise protection measures for pumps and fans
- ▶ Replacement of drive motors with noise-reduced models
- ▶ Enclosure of compressors and blowers in sound-insulated housings
- ▶ Sound-insulation of piping components
- ▶ Noise minimisation by replacing cooling tower equipment with a newly designed version
- ▶ Inspection, replacement and sound-insulation of control valves
- ▶ Adding vegetation to the plant boundary to reduce sound propagation
- ▶ Optimisation of loading operations during periods of public rest.

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Health and Safety

Doing business safely is VARO's first priority. It is the very bedrock of what we do. Inherent in VARO Group's mission is ensuring that everyone involved in VARO's operations returns home from work safely, every single day.

Health, safety, and security are integral parts of the HSSE (Health, Safety, Security and Environmental protection) domain. All the HSSE aspects are also closely linked to the planning and production activities, as one event can have several consequences for safety and environment. Health and Safety go hand in hand with process safety and inspection topics, as the integrity of our hardware, and the safety of our operational and technological processes, are critical enablers of safe performance that also respects the environment.

Specifically, this means protecting the safety and health of those who work with us and for us, and respecting the needs of the environment in which we operate. It is the responsibility of everyone in VARO to maintain and improve safety culture. VARO's HSSE Policy establishes core principles and requirements in relation to managing workspace, throughout all VARO operations, in a safe and secure manner and with minimal environmental impact. It defines our organisation's HSSE strategy and the governance structure for managing HSSE risks within the company.

VARO has a unified HSSE management approach, whilst different segments of its production value chain (Bayernoil, Cressier manufacturing hubs and terminals) follow specific HSSE management processes in accordance with related operational risks.

VARO takes a uniform corporate approach to managing the HSSE of distribution outlets (terminals), and the distribution part of the value chain. Our two manufacturing hubs follow their own established HSSE management approach in alignment with the national legislation, as well as international HSSE guidelines and standards (such as ISO 14001, ISO 9001, OHSAS 18001 and ISO 45001), and best practices.

In this section on Health and Safety, we focus our attention on occupational health and safety, as well as process safety and hardware integrity. All operational activities align with a common VARO HSSE vision: "no harm to people or environment". VARO's Operational Excellence concept, focused on creating a culture of excellence, is based on the prioritisation of safety, environmental responsibility, reliability and profitability. Our goal as a business is to obtain profits in a way that ensures the safety of people that work for and with us, and for the environment. We acknowledge that profitability can be only sustainable if we have safe, compliant and reliable operations.

HEALTH

Health and mental well-being

2021 was an extraordinary year. Looking after employees' well-being, and ensuring that we remained connected, were our priority.

For many of us, one of the most challenging parts of the coronavirus pandemic was coping with anxiety and fears. In 2021, we piloted an anonymous helpline in Germany, an outlet for employees to share anything on their minds, whether work-related or personal, and to receive advice from a trained operator or psychologist. This service was perceived very positively and was extended to all VARO locations in 2022.

We introduced a group-wide programme #thisshowwestayconnected, which offered a mix of activities ranging from presentations of new energy solutions and key projects to creative workshops focused on arts, photography, gardening and cooking.

The "we stay energised" programme, launched by our Hamburg team, proposed activities around well-being, creativity, and social topics for our colleagues based in Germany. Many members of staff participated in both programmes, which we have retained in the agenda for the time being.

The mental health and well-being of employees are important topics for VARO. In order to help them manage stress, reduce anxiety and cultivate peace of mind, employees were offered a free yearly subscription to the meditation app "Headspace". Through this offer, VARO is investing in supporting employees suffering from stress and anxiety, through a wide range of tools available in the app, including meditation, relaxation, and mindfulness.

In some locations, VARO offers onsite gym facilities. At these sites, the company also offers "functional training" sessions and yoga classes.

"Helping our employees during the Covid pandemic was a key priority for HR. The support provided by our helpline is one example of our actions, and had a high usage rate by our staff."

Friedemann Schmidt, HR Manager Germany

Occupational health and well-being at the production and processing facilities

Operating onsite carries the risk of potential exposure to substances and conditions that can cause harm to human health. In response, we carefully monitor potential health hazards, develop precautionary measures, and provide the necessary equipment and training to enable employees and contractors to implement safety measures correctly.

Our health surveillance system includes:

- ▶ Health assessment of individuals during pre-placement at work
- ▶ Specific health surveillance requirements aligned with the sites' health risk profile
- ▶ Proactive programme sampling the main health hazards identified onsite
- ▶ Tracking illness statistics and reviewing any relationship between illness and work.



“Run around the site” charity health event at Bayernoil.

We have established an independent employee assistance programme which makes it possible for each employee to receive external advice on any health issue.

This programme includes:

- ▶ Planned or unplanned consultation or visit to our dedicated medical advisor
- ▶ Opportunity to freely contact the Inter-Company Social Service in relation to health issues
- ▶ Specific coaching when requested.

We have made available 50 professionally trained first aid providers, a first aid treatment room, and multiple showers and sinks around the production site to enable swift washing of the face or body in the event of hazardous substance exposure.

Sports activities are encouraged by motivating and incentivising our employees. For example, in Bayernoil every autumn we organise a “Run around the site” event, in which employees and their families are invited to run around our Vohburg site and receive a reward for each lap they complete.

All employees are assessed in terms of their health status as it relates to the potential hazards linked to their specific job. Each site has a health risk profile, and in the terminals health monitoring requirements are established in accordance with the health hazards identified. Monitoring also includes proactive sampling of the main health hazards identified onsite.

Aside from hazard management in relation to employees' health, staff at the terminals actively promote the health and well-being of employees onsite by:

- ▶ Conducting proactive and routine health screenings to monitor all aspects of health for the duration of employment
- ▶ Setting high standards for workplace and personal hygiene practices
- ▶ Organising health education and promotion activities.



Handling the coronavirus pandemic

At Cressier manufacturing hub we introduced our own coronavirus prevention measures in addition to those established by the authorities.

These included:

- ▶ Twice-weekly PCR testing for all employees, via salivary sampling
- ▶ Setting up a temporary testing facility, attended by a nurse
- ▶ Reorganisation of recreational and lunch spaces for our employees, to ensure appropriate social distancing
- ▶ Organisation of informational meetings with medical specialists about vaccination objectives, as well as hosting vaccination sessions onsite.

The measures were communicated to our teams via local intranet and by the management. The early testing was very effective in identifying cases at an early stage and avoiding further spread of the virus. There were no identified cases of infection spread inside the site in 2020 and 2021. All recorded cases of coronavirus were reported outside the site. Even during the turnaround period of 2021, when the number of people on site oscillated between 230 and 1,100 people per day, we managed to avoid the internal spread of coronavirus.

SAFETY

VARO's approach to safety is tailored to the specifics of operational processes in each part of our value chain. In this chapter we present specifics on safety management in our storage and distribution outlets (terminals), processing facilities (manufacturing hubs), and logistics network (transportation by rail, road and sea/river). Safety management includes safe management of processes, occupational safety of workers (VARO employees and contractors), as well as product safety.

Safety in terminals

VARO has 42 terminals in five countries, with total storage capacity of 2.3 million m³. VARO stores hydrocarbon products and biofuels, and keeps them ready to be dispatched at the request of customers. Terminals also include facilities for blending hydrocarbon fuels with biofuels in the proportions that match regulatory and customer requirements.

HSSE risks related to the operation of terminals include:

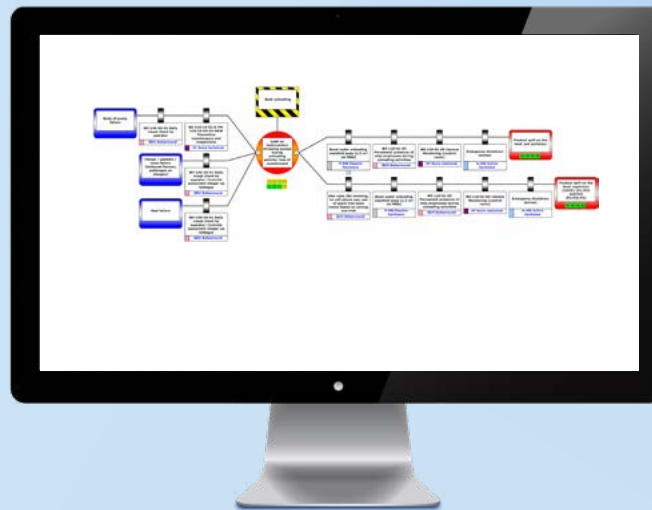
- ▶ Fire or explosion;
- ▶ Personal injuries of our own staff, contractors or drivers;
- ▶ Damage to equipment and installations;
- ▶ Damage to environment and neighbouring areas;
- ▶ Contamination of air, water or soil from product leakage.

VARO takes a uniform corporate approach to managing the operation of terminals in terms of HSSE.

Terminals risk assessment practice following "bow-tie" analysis

The VARO terminals in Belgium, the Netherlands and Germany evaluate the potential hazards related to specific activities by allocating the left-hand side of the "bow-tie" to different measures ("barriers") that could prevent the hazard from occurring. The right-hand side of the "bow-tie" displays the measures that would reduce the consequences of the incident. Measures relate to hardware, organisational and individual behaviour, and knowledge.

Each measure is assigned a quantifiable probability of risk reduction, and an owner whose responsibility for implementing the specified measures is an integral part of their daily tasks.



"Learning from incidents" initiative

On a quarterly basis, the Terminals Director and the HSSE – Operational Excellence Director will select one or two severe incidents (or near-misses with high potential of occurring) that happened in VARO or in the industry, and represent high value in terms of learning for the Terminals organisation. From this, the Directors will ensure that a "Learning from incident" report is produced, which includes information about the context, what happened, pictures and process diagram, analysis of the causes, learnings, and actions requested. The Terminals Country Managers will distribute the report among all their staff, who will be asked to provide feedback on actions needed to prevent a similar incident happening at their site.



Consultation, participation and communication of HSSE matters

We believe that a good safety culture is one where the two-way dialogue is effective. To this end, employees receive regular HSSE information to maintain awareness and increase knowledge. Employees provide feedback on the HSSE issues they are facing, the quality of operating procedures, and whether or not these are practical and effective. This feedback is provided daily by informal means, but also during regular meetings with the relevant line managers and technical personnel responsible for HSSE matters. The sites establish forums to enable regular consultation on and communication of HSSE matters, and these platforms are used as a mechanism to track, monitor and report on the effectiveness of current safety systems and performance. Key topics include the sharing of lessons learned (toolbox and LFI – Learning from incidents), best practices, and opportunities for improvement.

Consultation, participation and communication processes are reviewed on a regular basis with all applicable personnel, to evaluate their effectiveness and to ensure they remain relevant and appropriate. The process also includes the sharing of information with other sites in the VARO organisation.

Containment of hazardous materials and ensuring appropriate functioning of the safety system are handled through the HSSE Management Programme, which ensures that:

- ▶ Hazards and associated risks are identified;
- ▶ Appropriate safeguards are put in place;
- ▶ Procedures for safe operation of critical equipment are in place;
- ▶ Sufficient human and technical resources are in place, as well as adequate training being provided to ensure that employees can competently operate, inspect and maintain the equipment and systems, and follow and apply procedures.

Firefighting brigade of Birsfelden

In the two terminals of Birsfelden, we formed our own firefighting brigade in 2021. This decision was based on the in-house expertise provided by one of our employees, who is an experienced firefighter and engaged in firefighting services in the surrounding communities. 23 terminal employees (around 38%) volunteered to be part of the firefighting brigade of Birsfelden terminals, including two women. In cooperation with the town of Birsfelden, our firefighters must go through a training course to be licenced as qualified firefighters. This cooperation allows us to access equipment belonging to the Birsfelden firefighting unit. In addition, our Terminals purchased three vehicles for their own firefighting purposes – two small and one larger – to keep and transport equipment.

Our firefighters are on rotational duty, available at all times to reach an incident within 15 minutes. Our staff regularly participate in training courses related to dealing with fire emergencies. Since the formation of the firefighting brigade, there have been nine training sessions.



Safety in processing

At our manufacturing hubs, we have strict procedures for managing work-related hazards, and have built and maintained a culture of taking the safety of workers and local people seriously. Both sites follow international, national, and industry-specific regulations (please see specific regulations for each asset below) in designing processes to manage biological, chemical, ergonomic and physical hazards.

The VARO approach to incident categorisation is based on OSHA-regulated categories. Cressier's HSSE Management System is based on the motto "Everyday safety ensures a future for tomorrow". It covers all activities on the manufacturing site and the entire lifecycle of operations including

planning, operation, decommissioning and remediation. It is managed via the Quality Management System ("Système de Gestion") which defines processes and procedures for managing the risks.

In 2021, Cressier manufacturing hub issued 13,700 "permits to work", of which 5,400 were issued during the turnaround period to both VARO employees and contractors.

Plant operation

All our assets operate in accordance with national safety rules and requirements.

Emergency preparedness

We pay particular attention to establishing and following appropriate systems for all reasonably foreseeable emergencies. VARO conducted a study to identify all possible events that could result in major accidents that may impact the neighbourhood. This was in compliance with the Swiss Ordinance on Protection against Major Accidents¹ which establishes requirements for various industries to uphold safety management rules in accordance with the hazards associated with their activities.

Emergency procedures also include management in the event of a terrorist attack or threat. Our emergency plans are planned and reviewed on an annual basis.

Emergency systems include emergency response plans, procedures and tools for warning people onsite and if necessary offsite,

evaluation procedures, arrangements for summoning assistance from the emergency services (fire, ambulance and police), notifying authorities, prompt treatment of injury, etc.

In 2021 we carried out five large-scale emergency exercises. One event was planned with the local authorities and involved the simulation of a leakage from our crude oil pipeline. The other four events were unplanned and included the following scenarios: SO₂ emission, leakage in a flushing system, fire on a pump, and a local Low Explosion Limit alarm

related to H₂S. These exercises and events engaged the entire site's emergency organisation: internal firemen of the first and second level, and Technical and Management Command Posts.

We also implemented 64 additional training sessions for our Management Command Post, internal firemen, fire truck drivers, fire officers, new operators, and aid providers. Altogether, over 300 VARO employees were involved in training sessions.





HSE risk management

Risk management related to each specific area has a system in place to prevent and mitigate the probability and severity of risk, and a compliance mechanism.

In our approach to risk management, all hazards are assessed and published in the risk assessment matrix.

We carry out different types of risk assessment for routine and non-routine activities. The interests of personnel, contractors, suppliers, visitors, local communities and neighbouring businesses also form part of the overall HSE risk assessment process.

We also train contractors to risk-assess their activities before and during their work. In the event that a risk is considered “serious”, risk assessments are conducted and barriers are put in place until the risk is considered acceptable or tolerable. Only then will the work intervention proceed.

The occupational health and safety policy at Bayernoil is focused on implementing the main aim – “No accidents and no health hazards”. The policy applies equally to employees and contractors.

The following mechanisms are used to minimise the risks of potential incidents:

- ▶ Involvement of process safety specialists;
- ▶ Training;
- ▶ Motivation of all employees to implement our occupational and process safety policy through recognition of positive achievements, initiatives, and conduct in this field;
- ▶ Development of analytical methods to assess process safety issues;
- ▶ Analysis of near-misses;
- ▶ Effective Functional Safety Management regulations;
- ▶ Exchange with other manufacturing assets and committees about experiences;
- ▶ Reporting of process safety performance and specific events in the process safety team;
- ▶ Involvement of external experts in projects;
- ▶ Updated documentation;
- ▶ Emergency management and concept for incident prevention.

When making modifications to the units, tank farms and loading systems, we identify and assess potential incidents based on the HAZOP² system – Hazard and Operability Studies. This allows us to identify possible hazards arising from deviations from the process design associated with operation and modification of the plant or installation. The approach evaluates the causes and consequences of each deviation, existing safeguards, and preventive measures to develop corrective actions. The results of the HAZOP study are used in preparing the five-year safety reports.

We address safety issues, identified in the HAZOP study or through a risk management

system, by conducting specifically designated training (such as emergency management or alarm management). Training is provided in online format, in classrooms, and in real-life exercises and drills such as evacuation exercises.

Bayernoil keeps its neighbouring communities closely informed about the safety precautions and the correct response in the event of a production incident. Information is communicated on a regular basis, in accordance with paragraph 11 of the Major Accidents Ordinance on the Implementation of the Federal Emission Control Act³.

Inspection

Checking the integrity of our hardware is of primary importance to ensure safe operations. Our Cressier and Bayernoil manufacturing hubs not only comply with legal requirements but also put in place detailed inspection plans. Both Cressier and Bayernoil use RBI (Risk Based Inspection) studies to identify and assess integrity risks. RBI studies are very intensive studies involving inspection, corrosion, technology and operations experts to review the degradation mechanisms and the associated risks, and to identify inspection control points and frequency to ensure that we always operate within safe limits. Turnaround events are also used as lever to improve integrity and intense inspection campaigns are conducted during turnaround. Independent audits are also conducted at our manufacturing hubs to continue to improve our systems and get learnings from external organisations.

Safety training for contractors⁴

The framework regulation related to control over the safe work of contracted workers on Cressier manufacturing hub premises is defined by the Instruction for Work – Cressier Health, Safety, Security and Environmental (HSSE) Management System “Green Book”, and by other internal regulatory documents.

During the turnaround of 2021, Cressier manufacturing hub engaged 1,000 contracted workers. Cressier brings in a similar number of contractors for every turnaround. While our occupational safety policy and management approach apply to contractors and employees in the same way, contractors need to be brought up to speed about our continuously evolving safety culture in a short amount of time. Our safety onboarding for contractors begins several months prior to kicking off the turnaround, and includes training sessions focusing on turnaround operations, turnaround activities, and risk assessment.

As part of the tender process to provide contractors with services during the turnaround, we also include specific occupational safety conditions that potential service providers must comply with when supplying contractors for turnaround work.

In the year before the turnaround, we set up control mechanisms with the government to ensure that all contractors receive wages and conditions in accordance with Swiss law. This unique and fruitful cooperation, developed

over the years, has led to full compliance with all Swiss government requirements.

During the turnaround we conduct daily site safety observations, in collaboration with the HSSE contractor’s representative and managers, as well as daily HSSE meetings in order to monitor safety onsite and prevent any potential safety-related risks.

Product safety

Environmental impacts from the use of our products (fuels for motor vehicles, aircraft, oil-fired heating systems and large commercial and industrial consumers) include exhaust of CO, CO₂, NOX, SO₂, dust and soot. This exhaust, if accumulated in the air in certain amounts, may have a negative impact on human health. To decrease these negative impacts, we reduce the sulphur content of our products and optimise combustion properties through the use of additives, such as Elixir for Celsium Premium for Heating Oil, and Elixir for Endura for Diesel performance.

The process of increasing the octane number in the fuel enables greater engine efficiency and higher performance. The main quality regulation for VARO products, as required for companies producing and supplying products in European Economic Area (EEA)⁵ countries, is REACH: Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)⁶.

VARO’s internal process for compiling, handling and communicating product information through Material Safety Data Sheets (MSDS) is directed at ensuring compliance with REACH and CLP⁷ regulations. VARO has around 78 MSDS available for 16 different countries, in 14 different languages.

Similarly, the manufacturing hubs manage the information about chemicals used on site, based on Safety Data Sheets (SDS) received from the suppliers of materials. These sheets are available to employees and contractors, who are expected to carry out activities in compliance with the data sheets.

“We recently completed the update of all our MSDS. This was an important piece of work involving manufacturing site experts and external experts, which now continues as a periodic process.”

Annelies Bosman
Senior Corporate HSSE advisor

Distribution safety

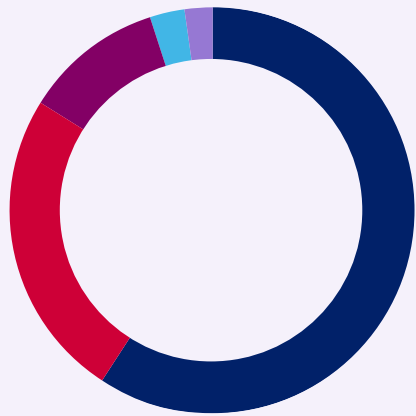
Water transport safety

VARO strives to integrate internal safety standards in addition to local regulatory standards, which are already relatively high in Europe. We engage external companies in conducting technical inspections for leased barges that are in use for more than three months. Inspection, including the onboard and desk inspection, includes ranking the risk level of nearly 300 aspects.

Railway transport safety

There are various risks related to the management of logistics, safe driving of rail transportation, and safe use of rail tank cars (RTC). VARO maintains a risk register, which includes a ranking of the likelihood of rail transportation risks and the severity of the impact of incidents on H&S, environment, financial standing, customer relations, and reputation. Control measures used to prevent risks include maintenance and regular safety training of the employees who operate the trains – for example, the loading teams at the manufacturing hubs. Leased RTCs undergo regular maintenance in accordance with the technical requirements of RTC utilisation. This maintenance is performed by both VARO and the RTC owners. However, most of the responsibility to keep railcars safe and operable lies with the rail companies. Maintenance of the railcars to keep them in good condition is regulated by the International Carriage of Dangerous Goods by Rail (RID) document, established by OTIC – the inter-governmental organisation dedicated to international rail transport.

Share of RTCs by type of safety requirements, corresponding to the type of product loaded.



- 60% RTCs without special features
- 25% RTCs with product heating
- 11% RTCs for jet fuel with specific coating
- 3% RTCs with close system for high pressure tank
- 2% RTCs with close system for highly dangerous products

Products are moved in rail tank cars – RTCs – specifically designed for safely moving products with the chemical and physical properties of biofuels.

Looking to the future, we are working on a project involving automatic coupling of locomotives with wagons, or Digital Automatic Coupling (DAC). This saves time and increases safety. DAC reflects the trend of shifting towards intelligent freight trains, facilitated by a foreseeable European standard. The European objective is to convert all wagons and locomotives to the DAC by 2030.

Digitalisation is another initiative that increases the efficiency of our logistics operation, and prevents business risks and risks related to human or technical error. For example, using GPS mapping for trains carrying our RTCs prevents the risk of a multi-day external communication failure, which can result in the inability to contact external parties.

Installing a GPS transmitter on the railcar mitigates the risk of the railcar being “forgotten” due to an incorrect manoeuvre in the depots or in a railway station. This would lead to an inability to use the railcar while still paying rent for it, which has adverse financial consequences.

Road vehicle safety

VARO ensures safe driving through implementation of the VARO Driving Standard. The Standard is directed at VARO truck drivers, direct contractors delivering VARO products, and VARO employees who are frequent business drivers .

The Standard establishes medical and driving licence permits as necessary qualifications to drive vehicles for VARO business purposes, as

well as required training for different driver categories. Two training courses – Induction training and Defensive Driving training – are mandatory for professional and frequent business drivers.

There are also requirements regarding driving style, rest breaks, use of mobile phones in the vehicle, minimum equipment in the truck, and other details related to safe driving.



Equity, Inclusion & Diversity

At VARO Energy, we are conscious of the fact that our team is a reflection of the society we live in. This is why we are putting our energy into building an organisation where all aspects of diversity are balanced and fairly represented at every level.

In our view, everyone deserves to be given an equal chance. However, fostering a sense of equity doesn't just mean we treat everyone as equals. To us, providing a fair chance to everyone means taking different approaches with different people. We want to support each person with what they need to succeed – be that opportunity, networks, resources or support – based on where they are starting from. By taking this approach, we hope to help every individual reach their maximum potential.

Our decisions are always guided by the principle of equal rights combined with equitable

treatment, independently from race, colour, religion, sex, gender, gender identity or expression, sexual orientation, national origin, genetics, disability, or age.

Whether it comes from an employee or a customer, partner or supplier, discrimination is not tolerated.

The tapestry of skills and backgrounds collectively represented within VARO reflects the diversity of the environment in which we and our stakeholders operate. We believe this improves our effectiveness and creativity by enabling a wide variety of perspectives and approaches. The differences within our personnel pool enable us to look at issues and to solve problems in different ways, respond readily to challenges, and take more innovative, robust decisions.

“Since its beginning, VARO's success was built on the heritage of around 20 companies with different stories, backgrounds, cultures and ways of thinking. There is no doubt for us that diversity is a key recipe for success and entrepreneurship. This is why we are very committed to further focus on it today and in future.”

Gilles Vollen
EVP Integration and Capability

We believe that VARO's diverse environment enables the company to attract and retain the highest talent.

Our commitment to Equity, Inclusion and Diversity is expressed in our E, I & D Policy, which we update regularly to ensure that it reflects the progress made in our learning, thinking, and actions along our organisational journey.

To understand our employees' point of view and be able to set the right priorities, in 2021 we partnered with B-Corp certified company, Culture Amp. With them we conducted our first survey designed to assess how inclusive our company culture feels and how we can create a more comfortable and equitable work environment for every member of our staff, including our partners. To measure our progress over time, we plan to conduct surveys on a regular basis.

Using this feedback, we have identified areas we can focus on to facilitate a more inclusive and equitable environment:

- ▶ Ensure that everyone has an opportunity to express their opinion without reprisal
- ▶ Fairly evaluate individual performance and allocate compensation equitably
- ▶ Consider the perspectives of everyone potentially affected in the decision-making process.

To achieve our ambitions and succeed in our efforts to be a great place to work based on inclusive and equitable treatment, we have formed the E&I&D Steering Committee.

Members of this group are nominated based on individuals who have expressed interest from all corners of the organisation – different locations, functional areas, seniority levels, and genders – to assure diverse representation and allow colleagues to identify with them. To reflect this continuous progress towards the diversity of ideas and reflections, half of the E&I&D Steering Committee members will be replaced every 12 months. This approach ensures consistency while taking advantage of the diversity we house as an organisation.

In 2021, VARO completed an Equal Salary^a certification for all employees based in Switzerland. To obtain this certification, a company must follow an established process that verifies and communicates that they pay their female and male employees equally for jobs of the same value.

To further demonstrate our firm commitment to fostering diversity and reinforce our approach to inclusivity and access to equal opportunity, we are implementing the following initiatives:

- ▶ Completion of a fair-pay certification for all of VARO by end of 2022
- ▶ Quarterly meetings of the E&I&D Steering Committee with regular revision of the action plan
- ▶ Roll-out by 2023 of E&I&D training programmes across VARO (onboarding and refresher programmes)
- ▶ Review of recruitment process, including targets for minimum share of women in short and long list.

Employee satisfaction and development

VARO Energy is a dynamic company, operating in many different locations thanks to a dedicated and diverse workforce. Staying informed about what's happening in and around our organisation is a key element in our success.

To be successful as a team, we must actively create a psychologically safe environment where everyone has an equal opportunity to develop skills and talents consistent with VARO's core values and business objectives. The aim is to create and foster a company culture where people feel involved, respected and connected; and where differences in life experiences, ideas, and characters contribute to creative ideas and added value. We want to create an environment where individuals feel open to understanding and accepting each other's biases, and remain determined to overcome prejudice.

We are committed to progressing with this philosophy, not just because it is the right thing to do but also because it is a key element in our future success.

To realise our goals, we are making psychological safety a priority by creating an environment where people:

- ▶ Can speak up, participate, and be heard without judgment or attack
- ▶ Are treated fairly based on individual circumstances

- ▶ Can be their authentic self
- ▶ Are accepted and valued for their individuality.

Creating this safe space will boost our creativity, our power to innovate, and our ability to learn from our mistakes, while also empowering employees to engage.

We value open and honest communication among all members of staff, and have always favoured person-to-person encounters to support our employee culture. In achieving this, we have developed a variety of channels that support frequent dialogue with employees whenever and wherever necessary.

Digital tools play a key role in the way we interact, especially during a time where personal contact is limited. This is why we introduced new formats to permit frequent interaction between colleagues and promote personal exchanges.

The satisfaction and development of our employees enable us to achieve a high voluntary retention rate (89% in 2021). Our target is to put initiatives in place to reach and stay beyond a voluntary retention rate of above 90%.

VARO encourages employees to further their capabilities, knowledge, skills, and competencies by networking with other professionals and pursuing formal training. This often results in improved job performance and increased potential for individual career development.



With the introduction of our new digital HR Management system across the group, we have improved our efficiency and enabled more consistency in our approach to performance management. We have currently developed the system to follow up on the development of HSSE competences at our Cressier manufacturing hub.

VARO also furthered its partnership with IMD Business School Executive Education in Lausanne. As part of the partnership, we were able to offer more online training to our staff, and received very positive feedback. We have taken steps to improve the quality and selection of online and live training over the last year, and we see this as a promising opportunity to grow the competences of our staff.

As previously stated, we conduct regular people surveys in association with Culture Amp. Individual responses are confidential. Senior Management reviews the aggregated results and trends against the benchmarks for high-performing companies. Action plans are then prepared for themes that require specific attention. In our 2021 survey, we focused on Diversity and Inclusiveness. As a result of the feedback, we formed an EI&D committee, updated our policy, and are working with IMD to improve the way we collaborate in a varied work environment.

Further education and development are supported by "Lunch & Learn"-sessions delivered by in-house subject experts and supported with freely available e-learning materials.

Local community engagement

We seek to make positive impact in our environment by maintaining solid relationships with the communities surrounding our manufacturing hubs. As a result, both assets are in continuous and close contact with the local residents, providing us with solid licence to operate.

Cressier manufacturing hub continuously engages with the communities of Cressier, Cornaux, Le Landeron, La Tène and Gals. The radius of communities with which we cooperate is determined by the impact on environmental, social, and economic factors resulting from the operation of Cressier hub. These impacts can include noise pollution (see section on Noise pollution), emissions to the air (see Air quality section), discharge of treated water, need for cooperation in matters of security and safety (see section on Crisis Prevention and Management), and provision of local employment.



Pump track in the local community sponsored by VARO.

The main channel with which we engage the neighbouring communities is via the local authorities.

We also have a hotline that serves as an emergency line for the community to express their concerns, which is described in the section on Noise pollution.



Self-service bicycle network provided in the surrounding area of Cressier, with two solar charging stations.

At Cressier manufacturing hub, representatives of local communal authorities as well as local people visit regularly, at least once per year. We update them on the changes in our production process, and inform them about the impact this may have on the neighbouring communities. The purpose of this direct regular communication with the local communities and authorities is to be transparent about our operations, and to build trust that the interests and safety of communities remain a priority when we plan our operations.

At Bayernoil we organise an annual reception at our premises for representatives of the official and municipal authorities. We invite mayors, district councillors, heads of fire and police departments, and representatives of our supervisory authorities to this gathering, an opportunity for us to present our activities from the past year and share our future plans. During a communal lunch, we exchange ideas and concerns about our past and future activity.

We also inform local communities about planned overhaul activities and turnarounds, and the impact they may have. We provide this information through our website, announce it in local newspapers, and inform our regulators.



Oil product samples are made available to schools by our laboratory for demonstrations in chemistry lessons.



Trainee Daniel Thomas in process safety discipline at Cressier manufacturing hub.

At Cressier manufacturing hub, we have a long history of supporting the diverse needs of the local community. We prioritise initiatives we support by ensuring that they:

- ▶ Relate to the five communities most impacted by the site's operations
- ▶ Include the topic of support related to our field of business (energy, in particular renewable energy)
- ▶ Benefit local social protection services (fire services, police)
- ▶ Protect nature and enhance biodiversity
- ▶ Support activities of a humanitarian nature, directed towards social support for vulnerable social groups or groups in need
- ▶ Allow VARO employees to directly participate in supporting the initiative.

Our support of local community needs is realised in the following ways:

- ▶ Sponsoring culture, sport, and education initiatives, and maintaining and improving local infrastructure.
- ▶ This involves helping to: renovate buildings, install a heating facility, develop recreational areas, develop facilities for tennis, provide furniture for local schools, renovate leisure buildings, support establishment of a self-service bicycle network, and participate in rehabilitation of the roads.
- ▶ Exchanging our technical expertise to support the needs of society.
- ▶ For schools and vocational training organisations, we provide informative documents related to topics of study reflected in our activities including energy use, chemistry and physics. We also provide them with samples of crude oil and other products. For more advanced educational institutions, we invite a few interns to apply their knowledge in practice, and guide them on choosing the topics for their research that would be of practical interest for the manufacturing industry.
- ▶ Offering our industrial facilities and personnel in support of various training courses and exercises.
- ▶ We share our expertise regarding best safety practice – such as the use of lifts, safety equipment, waste management practices and noise management – with the organisers of public events and music festivals.



Emergency services (fire brigade, army, police) use the Bayernoil facility for their exercises.

We also share our expertise and provide Bayernoil’s facilities during training of the local fire brigade, ambulance services, police and army. The training sessions mainly focus on implementing safety practices, or require the use of products and materials, such as gasoline.

Apart from the sponsorship and donations provided to local sports clubs, festivals and other selected institutions, Bayernoil engages with children of various ages, to familiarise them with our operations and pique their interest to pursue a profession in the energy industry.



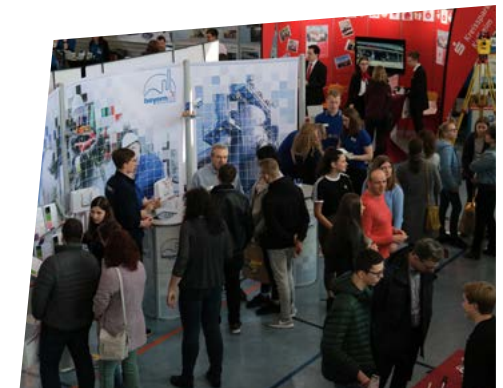
Local schoolchildren visit Bayernoil.

In the summer, Bayernoil offers a vacation pass programme for schoolchildren in the region. For one afternoon, about 20 children between the ages of 8 and 12 are shown around the plant’s firefighting facilities.

Twice a year, our Training department takes part in the fair and information days at several schools. We present the students with the prospect of receiving professional training as a chemist or a fireman/firewoman. We invite local schoolchildren to visit our facilities during the Boys and Girls Day event, to offer them insight into the jobs and activities at Bayernoil.

We are establishing our Corporate Social Responsibility (CSR) strategy directed at selecting initiatives and projects, to which we will lend our support and/or participation where we see the most potential in terms of how

VARO can provide the biggest positive impact. As a first step we analysed which of the UN’s SDGs require the most attention in the countries where VARO operates. We have formulated objectives on a preliminary level.



Bayernoil participates in a school fair to demonstrate the prospect of working at a manufacturing hub.

SilviCarbon

SilviCarbon's activity includes managing carbon assets for third-party reforestation projects, as well as developing and managing its own plantations and carbon assets. SilviCarbon manages the development of the carbon asset part for 60,000 ha of plantation in Burapha in the north-west of Laos. The project is aimed at reforesting degraded land and providing an agroforestry-intercropping scheme.

In 2021 SilviCarbon received, in concession, 35,000 ha of degraded land in southern Laos, where an agroforestry project is to be developed, and a plantation created. The project envisages alternating strips of afforested land and land dedicated to rice-growing. This will allow local farmers to abandon their traditional migrating slash-and-burn practices, where more forest is cut to clear new cultivation land. Thus the plantation will act as a natural carbon sink, absorbing CO₂ emissions from the atmosphere, while providing sustainable agricultural practices for the local community. It is estimated that during its lifetime, this plantation will remove 5 million tonnes of CO₂ from the atmosphere. SilviCarbon's operation of plantation in the south of Laos also has the important social benefit of clearing the land from ammunition and bombs that remain from the military conflict in 1964-1973.



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Sustainability governance

VARO's governance structure is designed to oversee and manage corporate functions, including ESG-related topics.

ESG governance of VARO Energy is integrated into VARO's System of Internal Control (SIC). The SIC is of paramount importance when it comes to ensuring that VARO achieves its business objectives and continues to improve the sustainability of operations.

The SIC's structure is designed to enable VARO to develop effective governance mechanisms and internal control systems that help adapt to a changing operating environment, mitigate risk exposure to acceptable levels, and support sound decision-making.

VARO has a two-tier board structure consisting of the Management Board and Supervisory Board. The Supervisory Board's task is supervision of the conduct of the day-to-day management by the Management Board and the Management Board has the responsibility for the day-to-day executive management of the company and its affiliated entities.

The Supervisory Board meetings take place at least six times per year. In performing their duties, the Management Board has a focus on the effectiveness of internal risk management and control systems, as well as on the integrity and quality of financial reporting, including the ESG strategy. The Management Board is also responsible for corporate business performance

and the alignment of activities with the VARO strategy. The Management Board keeps the Supervisory Board informed on company strategy, general and financial risks, and their management and control systems.

The Supervisory Board directors also advise the Management Board.

The Audit Committee, containing members of the Supervisory Board or their nominees is appointed by the Board of Directors to support its oversight of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and integral control system. As part of its tasks, the Audit Committee

provides oversight on significant business risk exposures including reputational risk and climate change risk as well as any risks that may arise in the course of business or as a consequence of the external economic environment in which the Company operates. The Committee meets on a quarterly basis.

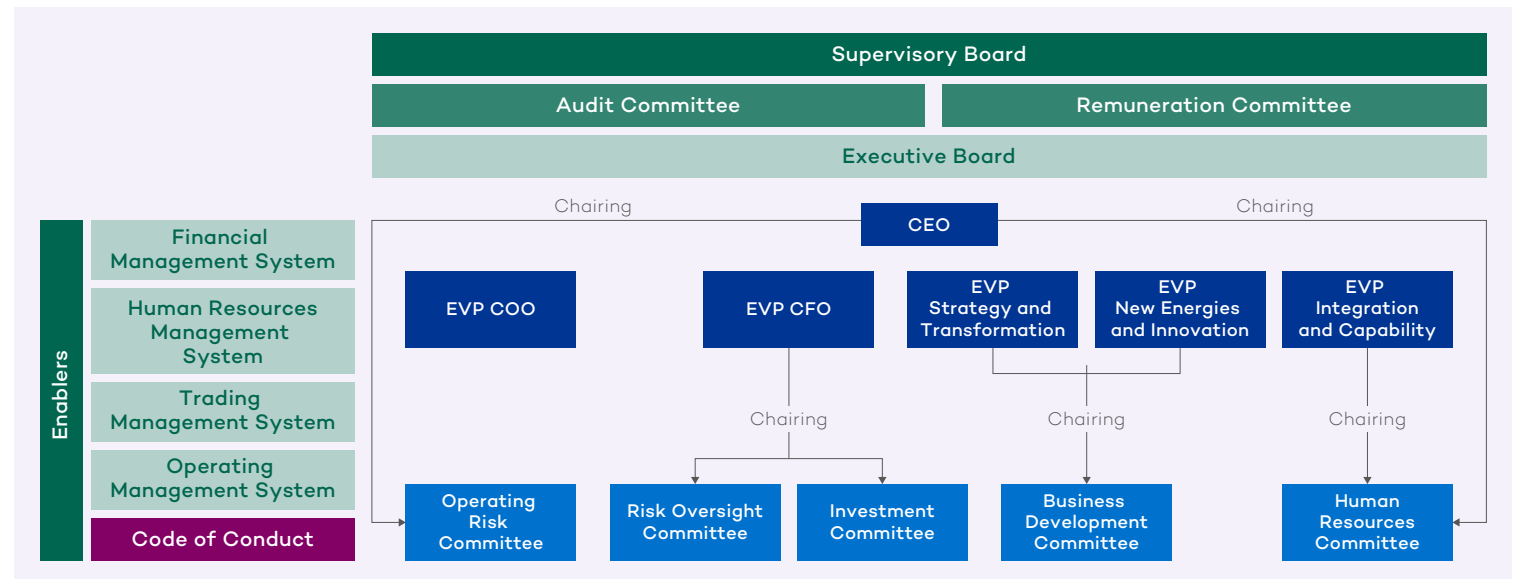
The Executive Board assumes day-to-day operational management of VARO's business. The Executive Board meets on a weekly basis.

The Operating Risk Committee maintains an oversight of the operational risks affecting VARO's activities related to health and safety, the environment, integrity and the process safety aspects of operating manufacturing,

tank storage and logistics activities. It sets regulations and procedures to mitigate exposure to risk. The CEO is chairman of the Operating Risk Committee.

The Risk Oversight Committee oversees the commercial risk exposure, such as commodity and fixed price fluctuations, commercial credit risk, and liquidity risks. The CFO is chairman of the Risk Oversight Committee.

The Investment Committee approves relevant capital investments and assesses their alignment with VARO's mission, values, strategic goals (including ESG strategic goals), and performance expectations. The CFO is chairman of the Investment Committee.





VARO's Executive Board.

The Business Development Committee is in charge of assessing potential business initiatives that align with VARO's strategic goals, including ESG strategy. The EVP Strategy and Transformation and the EVP New Energies and Innovation jointly chair the Business Development Committee.

The Human Resources Committee oversees VARO's capability to attract and retain people possessing the desired set of skills, as well as managing corporate social responsibility. The CEO is chairman of the Human Resources Committee.

These committees meet on a monthly basis, and additional ad hoc meetings are organised as required.

Support systems are designed to enable corporate governance to function smoothly and effectively. They include various IT systems dedicated to respective functions supervised by the committees, as well as the Code of Conduct. The Code is an overarching set of principles that guide VARO's stakeholder interactions, ensuring the protection of our reputation for honesty, integrity and reliability.

VARO's governance system is designed to cover various aspects related to topics of material importance for the company and stakeholders. For example, the Operating Risk Committee oversees issues related to

health and safety, plus issues related to the environmental material topics located in the Environmental pillar of the ESG strategy.

The Operating Risk Committee also investigates risks and opportunities linked to decarbonisation as it pertains to the operation of VARO's production assets. The Business Development Committee directs the selection of business opportunities (approved by the Investment Committee) that support the achievement of targets and ambitions set forward in the ONE VARO Transformation strategy.

The Risk Oversight Committee investigates approaches to mitigate commodity-related risks for fossil fuels, biofuels, and feedstock linked to regulations and policies aiming to tackle climate change. The Human Resources Committee acts to fulfil objectives to improve performance in topics detailed in the Social section of the ESG strategy. This includes employee satisfaction and development, diversity and inclusion, human rights, non-retaliation and grievance mechanisms, and local community engagement.



Business behaviour and ethics

The core values that guide our business practices centre on honesty, integrity and reliability. It is not only our employees who are expected to respect and adhere to these values, but also everyone acting on behalf of VARO (e.g. consultants and representatives). Our values, and commitment to upholding them, is communicated to our employees and to anyone who takes part in our business activities.

The Code of Conduct is our core documentation establishing rules and guidelines of conduct in business relations and at the workplace. It is published on our website, where anyone can access and read it¹. The Code of Conduct is a comprehensive set of rules related to the following aspects of our business:

- ▶ Legal compliance
- ▶ Anti-trust, sales practices, and competitive information
- ▶ Prohibition of business with counterparties under sanctions
- ▶ Anti-bribery and anti-corruption
- ▶ Conflict of interest
- ▶ Confidentiality
- ▶ Priority of well-being, safety, security, and positive environmental impact
- ▶ Data privacy
- ▶ Non-discrimination and fair treatment at work.

The General Counsel and the EVP Integration and Capability act as custodians of our Code of Conduct. The General Counsel has access to a team of external legal advisors, should the need arise.

The Code of Conduct is part of the agreement entered into by each employee. It is an integral part of management agreements, service agreements and other partnerships.

During the first months of employment, each new employee follows a specific personal course educating them on the Code of Conduct, and must acknowledge having read and understood the document. In addition, all employees must attend an annual online training session on the Code of Conduct. This training describes the rules of the Code and, through practical examples, demonstrates how people may find themselves in situations regulated by the Code. To ensure a good understanding of the Code and possible situations that risk breaching business ethics, training can only be completed along with the assessment questions. Training is available in the four official languages of VARO: English, Dutch, German and French.

So far, 84.2% of employees have completed the Code of Conduct training. We plan to have trained 100% of employees by 2023.

Ethical business practices

A large part of VARO is involved in the commercial handling of energy goods and services, as well as risk management of the price volatility of input materials and output products in order to retain a healthy and financially sustainable margin. Such trade operations are subject to strict European Union and national rules regulating anti-competitive and anti-trust behaviour.

We strictly abide by national and international regulations related to countries, natural and legal entities from a country, state, territory, or region sanctioned by the United Nations (UN), European Union (EU), United States (US) or Switzerland. We do not engage in direct or indirect entrepreneurial activities, business, supply or purchase of goods and/or services from such countries, entities, or persons.

Aside from the risk of legal non-compliance, VARO's risk to its reputation on the market is of the utmost importance. In a highly competitive market, we follow the spirit of very strict compliance with impeccable business ethics in all activities we engage in, including commerce. We strongly believe that this is a precondition for successful long-term business, as it builds and maintains our reputation as a trusted counterparty.

Although the Code of Conduct refers to numerous topics related to ethical behaviour at work and when doing business with counter-



parties, some topics require a more in-depth understanding. Colleagues who engage in commercial activities with counterparties are governed by the ethical norms of the VARO Energy Competition Rules. This document regulates conduct in situations that involve a risk of anti-competitive behaviour or a breach of anti-trust compliance (such as price fixing, bid rigging, or exchange of confidential information).

Cartel conduct is considered the most serious form of illegal antitrust conduct. VARO is firmly committed to preventing any possibility of such practice, and the spirit of fair competition is embedded in the way we conduct our business.

It is crucial that all those who deal in trade are properly informed of our rules of conduct, and are able to clearly distinguish the boundaries of information-sharing and market conduct

with competitors. For employees in these roles, we conduct training biannually.

Data privacy laws safeguard information about individuals, namely their personal data. At VARO, we respect the data privacy rights of our staff, customers, suppliers and business partners. As we are an international organisation, many of our business activities are carried out through the processing of information and storing of personal data in systems located at specific worldwide facilities. We have clearly allocated responsibilities for data processes among our various entities.

To oversee data protection matters, VARO has appointed Privacy Contact Persons. These roles serve as a channel of communication for the affected stakeholders. Stakeholder complaints are treated in a fair, impartial, and unbiased manner, without repercussion or prejudice towards the person filing the complaint.

We are committed to managing personal data in a professional, lawful and ethical way. The VARO Energy Privacy Policy ensures that data processing takes place fairly, lawfully and securely. This Policy aligns with the requirements of applicable laws and regulations, particularly the General Data Protection Regulation 2016/679 (“GDPR”). The Policy also provides a list of local authorities within our countries of operation, to which employees can direct any complaints regarding data processing and handling.

The same sense of responsibility extends to our treatment of confidential information entrusted

to us by our counterparties. We inform employees of the type of information that should be kept confidential, and the potential financial, reputational, and legal risks related to improper handling of such information. We also provide training on safeguarding confidential information, particularly in relation to proper handling of computer equipment used for work purposes.

Situations where personal interests could potentially interfere with company business interests (such as financial interest of an employee or a close relative in a competitor company, voluntary involvement in competitor activities, involvement in a public office) may increase the risk of:

- ▶ a non-impartial approach to an individual’s duties at VARO,
- ▶ the likelihood of a confidentiality breach, or
- ▶ the use of inside information for personal gain.

To mitigate this risk, we have established a Conflict of Interest Policy that aligns with our Code of Conduct. Any existing or potential conflicts of interest must be brought to the attention of the General Counsel.

Personal ties to colleagues or potential colleagues may bring an element of subjectivity into daily work relations. To guarantee an impartial and equitable approach to all VARO employees, we have imposed a policy of transparency of all personal ties between employees and potential employees. In the event of a report or use of the grievance mechanism, there is a policy of non-retaliation against the reporting person(s).

Anti-corruption

VARO Energy is committed to complying with anti-money laundering and counter-terrorism financing laws, rules, regulations, and trade sanctions. VARO Energy may be held liable for the conduct of anyone acting on our behalf, such as agents, consultants, joint venture partners, suppliers and other third parties. Given such compliance and reputational risk, we have established a process for conducting due diligence on our counterparties, regulated by the Know Your Customer (KYC) Policy.

The process is directed at identifying, mitigating and managing the risks of:

- ▶ Breaching sanctions
- ▶ Facilitating money laundering, financing of terrorism, or other criminal activity
- ▶ Exposure to bribery and corruption.

The VARO Credit Risk Department is responsible for conducting due diligence and vetting our counterparties.

All business relationships resulting in one or more transactions with a total value of over 15,000 EUR are subject to due diligence. There are around 18,000 counterparties that abide by the KYC Policy and undergo risk checks and due diligence.

After a general check, we establish whether the counterparty is in a low-, medium- or high-risk domain, depending on the nature of their business, location, links with potentially risky intermediaries and parties, and other parameters. Further due diligence depends on the degree of the initially assigned risk. When a

counterparty presents an excessive risk of business integrity, or where information is not sufficient to provide any conclusion, we do not enter into a business relationship.

After initial due diligence and the start of the contract, we monitor our counterparties – on an ongoing annual basis for high-risk counterparties, and triennially for medium-to-low risk counterparties – to ensure continuous compliance with our policies on anti-corruption, sanctions, money laundering, and financial support of illegal activities.



FX global code

Business ethics affects various segments of VARO's business, including foreign exchange trading.

VARO adheres to the FX Global Code² through the statement published on the website of the CLS – a global settlement platform for participants in many of the world's most actively traded currencies³.

The FX Global Code (Code) is a set of principles of good practice for the wholesale FX market, developed by the industry to provide a common set of guidelines to promote the integrity and effective functioning of the global wholesale FX market. While much of the ESG focus for asset classes beyond FX has been on environmental elements, there is a strong case to be made for linking the social and governance aspects of ESG to the Code.

With this statement, VARO establishes its commitment to ethical business conduct, sustainability, and resilience in the sphere of the foreign exchange market, which is an important part of our business, representing an annual turnover of over 32 billion USD. Our commitment increases credibility and trust for VARO counterparties, such as financial institutions, and boosts VARO's credentials as a trusted partner.

FX is used to hedge the risk exposure from ESG-linked projects, such as forest plantation financing in an emerging market by our JV SilviCarbon. The capital deployment and intermediation needed to facilitate greater financing of climate or other pro-ESG action may be constrained by currency risks, among others, particularly in emerging markets. FX derivatives can be used to ensure that these risks are efficiently managed. FX may be able to help bridge the gap between the "natural" currency of providers of ESG-focused investment capital, and the currency in areas which face urgent societal and climate change adaptation challenges (typically emerging markets).

Human rights, non-retaliation, and grievance mechanism

The topic of human rights encompasses various rights of people, specifically those rights that are universally recognised as essential for creating a fair and equitable society. Human rights are regulated by many international⁴ and national legal bodies. It is the major task of a government, as a sovereign custodian for the well-being of society, to ensure that the rights of people are respected within its national borders. However, the degree of implementation and protection of human rights in various aspects of life can significantly differ between countries.

Businesses can play an important role by operating with respect to and in the interest of universal human rights, and by following global best practices in relation to employees, communities affected by operations, products and services, and the supply chain.

We commit to align our operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals (SDGs). In April 2022 we joined the UN Global Compact, and will work on making sure that the ten principles are fully incorporated throughout our corporate practices and our value chain.

VARO Energy operates in countries with a relatively low risk of breaching human rights thanks to strong national legislation and a fair judicial system protecting these rights.

WE SUPPORT



All countries where we operate – Belgium, France, Germany, Luxembourg, the Netherlands, and Switzerland – have received the highest ranking on the Human Freedom Index⁵. This means that our relation and treatment of employees and society is well regulated by the local legislation, with high standards and strict norms governing respect for human rights.

We have a very close relationship with the communities we operate in (for more information, see in the section on Local community engagement, and the Health and Safety section in relation to our manufacturing hubs). Aside from our vision of "No harm to persons and environment" (see more in the Health and Safety section), our licence to operate is defined by local communities, thanks to high standards on the protection of human rights within our countries of operation. This defines

our direct and continuous communication with local communities, as well as with local authorities. These channels of communication also act as our grievance mechanism.

Local grievance mechanisms related to various aspects of our operation are detailed in the section on Local community engagement.

In relation to employees, our Code of Conduct highlights our commitment to a workplace environment where people are treated with dignity, fairness and respect. We strive to conduct business in a way that provides equal employment opportunities and is free of discriminatory practices and illegal harassment. Our Code of Conduct establishes basic principles of conduct in an environment where everyone can perform their work in a comfortable way. More details on our approach and implementation of fair treatment and equality can be found in the section on Equity, Inclusion and Diversity.

Our employees have a duty to report in good faith any and all actual or potential violations of the Code of Conduct or of the company's laws, regulations, policies and procedures. We place strong emphasis on the shared obligation to uphold high standards of business and personal ethics when fulfilling duties and responsibilities. We believe that timely notification of any violation can mitigate or prevent the negative impact that can result from a breach of ethical practices.

We provide a channel for reporting breaches of the Code of Conduct, which acts as our grievance or whistle-blowing mechanisms for employees; reporting should be via email or in-person communication to the Human Resources Department and/or to the General Counsel. In 2021 we registered four grievances, all of which were resolved.

Our employees who raise concerns or help us resolve reported matters are protected against retaliation. Reports of violations or suspected violations are kept confidential to the greatest extent possible, consistent with the need to conduct an adequate investigation.

Reports can also be submitted anonymously. However, this does limit our ability to conduct an effective investigation. This is why non-retaliation is an important right for our employees, and is emphasised in order to encourage reporting and prevent the risk of escalating damage or recurrence.

Human rights regulations apply to our supply chain as follows:

- ▶ In relation to biofuels, all producers from whom we purchase must be certified with one of the voluntary certification schemes in the EU and have equivalent licences in Switzerland, as indicated in the section on Sustainability of feedstock production. These certifications and licences include an auditing process regarding compliance with the list of requirements, among which there are aspects of socio-economic context^{t4}.

- ▶ In relation to fossil-based crude, VARO Energy offtakes nearly all oil from our shareholder Vitol. Vitol, being a counterparty at the same time, undergoes the KYC procedure in accordance with our KYC Policy. In turn, Vitol applies its own compliance programme with the KYC Policy to trading and non-trading counterparties in their supply chains (see the Human Rights section in Vitol's Sustainability Report 2021⁷).

All other counterparties in the supply chain (agents, consultants, joint venture partners, suppliers and other) undergo the KYC Policy due diligence for risks related to sanctions, money laundering, criminal activity and corruption. The Code of Conduct requires all who have knowledge of any supplier, customer, or business partner breaching business or personal ethics, laws, or regulations, to report any actual or potential violations.



Crisis prevention and management

At VARO, a crisis is defined as an incident occurring outside of normal operations and significantly threatening (or potentially threatening) the safety and well-being of people, the environment, our reputation, the financial bottom line, or our licence to operate.

Examples of potential crises include:

- ▶ Fatal or multiple reported injuries
- ▶ Fire or explosion
- ▶ Release of substances to the environment with significant offsite effects
- ▶ Truck, trailer or railcar accident with significant product leakage
- ▶ Significant accident at the pipeline, barge, or ship
- ▶ Significant (adverse) media/public attention
- ▶ Significant property damage
- ▶ Kidnapping, sabotage, or direct action
- ▶ Delivery of products that do not match customer specifications, or at an incorrect delivery location with potentially major impacts
- ▶ Terrorist attack.

The principles that guide our response are in the following order of priority:

- 1 Minimising harm to people
- 2 Minimising environmental impact
- 3 Protecting VARO Energy's reputation
- 4 Ensuring continuation of business activities or re-establishing business continuity
- 5 Minimising company financial exposure.

Principles of crisis management, responsibilities and procedures during and after a crisis are regulated by the VARO Corporate Crisis Management Plan. This defines different levels of involvement from management, depending on whether the crisis is occurring at local, country or group level.

At group level, the Crisis Team includes members with a range of communication, technical, and language competences, and involves permanent members such as the CEO, CFO, Communications Manager, HSSE Manager, Human Resources Manager, General Counsel Head of Strategy, and Country Managers. When needed, the Crisis Team is supported by the Technical Manager, Supply Chain Manager, Tank Storage Manager, IT experts, and more. With this composition, we seek to cover all potential incidents that may arise.

Each crisis is followed by a review to capture experiences and share learnings. The review procedure evaluates:

- ▶ Quality of initial response
- ▶ Management of information
- ▶ Functioning of support for the Crisis Team
- ▶ Decision-making process
- ▶ Engagement with external and internal stakeholders
- ▶ Functioning of crisis management facilities.

VARO's production and operational assets (manufacturing hubs, terminals, retail facilities) in turn have their own procedures for responding to a crisis or emergency with a view to ensuring process safety and business continuity.

During the past two years, VARO's Corporate Crisis Management plan proved useful in



enabling the company to handle the effects of the coronavirus pandemic successfully. More details can be found in the "Handling the Coronavirus Pandemic" box in the section on Health.

Our crisis management is based on processes established for effective and efficient management of circumstances which are unlikely to happen, but might (if they happen) severely impact on the safety and health of our employees, bring considerable interruption to the operational processes, or cause significant adverse impacts on the environment.

In our various assets within the value chain, we have specific processes directed at managing the crisis.

At the Cressier manufacturing hub, we prepare for a multitude of possible crises, including terrorist attack, cyberattack, extreme weather event, significant process disruption caused by human error, or an unforeseen event such as fire, flooding, explosion or exhaust of gases. We have established processes that help us to identify the event location and isolate it from the main stream of the processes. This is done from our control room, which centrally manages operational processes throughout the site and can trigger a general alarm in an emergency situation.

Such alarms cover various incidents, both internal and those that require external emergency support. Alarms can also be initiated independently by a second device outside of the control room, from the site's premises as well as remotely.

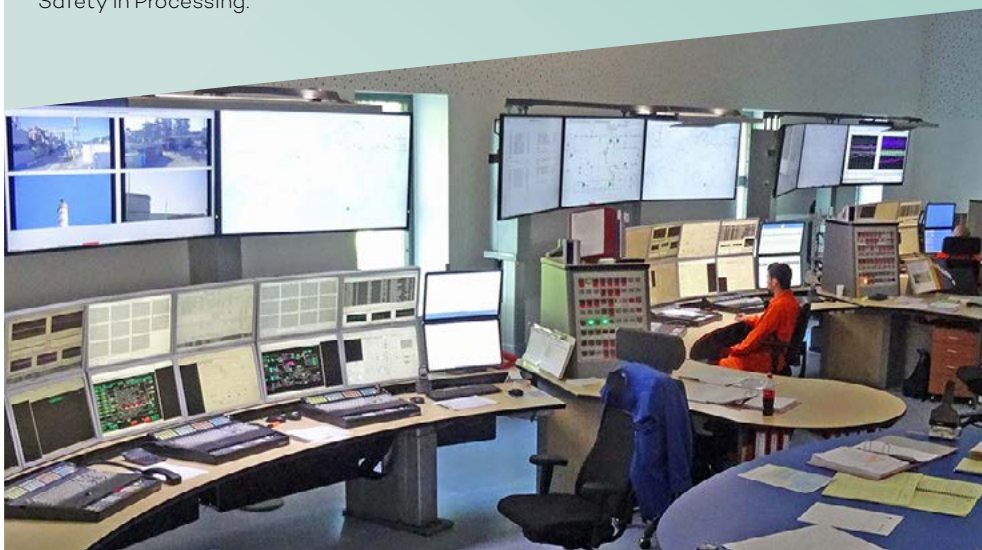
State-of-the-art control room

In the 1960s, control rooms were built in the middle of production units. The control room functions much the same as a brain: receiving signals via sensors, analysing the information, and giving orders for execution. Technology has evolved to the point that control rooms can now be built outside of production units, retaining their basic functions with added safety for personnel.

Commissioned in 2015, the new control room at Cressier manufacturing hub directs the critical operating functions of the site while protecting people in the best way possible. It underwent a key alteration to improve the safety of control room operators, who now operate out of an explosion-proof building located outside the production units. A second major improvement was the centralisation of a safety instrumented system for all but a few units. This means that technology and artificial intelligence now control most of the operating parameters.

Finally, special attention has been given to ergonomics (light and noise levels, screen ergonomics, etc.) to promote optimal conditions that aid readability and concentration for the personnel carrying out continuous surveillance 24/7.

See more details on the management approach to emergency preparedness in the section Safety in Processing.



We conduct training on a regular basis to simulate possible incidents of different natures, so that our employees – but also local entities and authorities at risk of being affected – can devise a timely and adequately prepared response to the event. This will help to mitigate or prevent negative impacts.

In the past few years, we have conducted training sessions offering opportunities to practice our response to a large fire, toxic gas release, or terrorist attack. Depending on the exercise, it may involve the local community, local authorities, police and/or army.

In 2019, we conducted an internal exercise to test our manufacturing hub evacuation “muster points” in the event of a H₂S gas release. In 2020, we conducted an exercise with the scenario of a terrorist attack. This exercise was conducted over the course of 3 days, and involved the Swiss army and cantonal police. Before the turnaround in 2021, we also cooperated with cantonal police to manage the potential disruption of operations due to activists.

During the 2021 turnaround, we were able to successfully manage several real-life emergency situations, such as SO₂ emissions, a leak in the flushing system and the start of a fire on a pump.

We conduct annual exercises with local fire brigades at the manufacturing hub fire training area, and perform similar exercises on our crude pipeline with the cantonal authorities. We perform firefighting exercises on a weekly basis too.

The reporting process aligns with the established management channels for HSSE management at Cressier site (for more detail, see the section on Safety in Processing). The Corporate Energy Management Team is informed immediately in the event of a major HSSE incident, such as direct action on any premises controlled by the company, or the kidnapping of any VARO employee or contractor working on behalf of the company.

At the terminals we evaluate risks that could link to emergency situations, such as attacks by unauthorised persons or other types of intervention. Since highly flammable materials are handled at the Terminals, we have established processes for handling emergencies.

Our Central Teams for each region include members who are responsible for various management roles: operations, engineering, health and safety, logistics and more. Depending on the type of emergency, terminal location, and specific response needed, our chain of communication is set up in a way that enables relevant members of the Central Team to respond in the most effective manner. Personnel is available 24/7 to respond to incidents and to ensure that information about more serious events is conveyed in accordance with the established notification procedure. We have implemented preventive measures, such as training and exercises, to test our processes for responding to a variety of unforeseen circumstances. For example, in 2021 we conducted a large exercise to test our response to a fire explosion.

A particularly important aspect of process safety at the Terminals is the appropriate and timely reaction to a fire emergency. We pay close attention to our staff training to ensure that our staff are able to deal with fire-related emergencies effectively. One example of such training was a two-day course in Rotterdam in November 2021, in which six VARO employees from different Swiss and German Terminals participated. The course, conducted by the RelyOn Nutec's training centre, provided a simulation of real-life large-scale fire incidents

of various types, at and around a terminal (including wildfire), involving spills of flammable products. The VARO employees received an unparalleled opportunity to experience bringing these major fire emergencies under control, using fire containment and extinguishing tools, but also strengthening their behavioural skills to react appropriately in response to such situations. For more details of training related to emergency situations such as fire, please see the Safety in terminals section.

At the Bayernoil hub, the crisis management process is implemented by the Crisis Team, which consists of 25 employees. The team leader carries out weekly duties, and all team members are available 24/7 via mobile phone to respond if an emergency arises.

There are dedicated emergency centres in the cities of Vohburg and Neustadt, equipped with all communication devices, camera systems, and computers. In the event of emergency, the team notifies the authorities, police, citizens and shareholders, and supports in-house crisis action on the site.

A member of the Crisis Team is sent to the relevant local authority, and provides the communication link between the authorities and Bayernoil. Additionally, there is a "Werkseinsatzleitung" (Management of works operations) team, which includes the Head of the Fire Brigade and a dedicated shift foreman who manage quick decisions on the front line. The Crisis Team receives additional "Emergency response training" for a variety of possible incidents, to determine the best way to communicate the actions that must be taken in the event of a fire, oil spill, or leakage of hazardous gases or materials.

Emergency planning includes a general and oil spill alarm, a deployment plan and a hazard prevention plan.

Specifically designated training is given to a professional firefighting team, along with the management team, for cases such as:

- ▶ The death of an employee or contractor
- ▶ Multiple injuries sustained by employees, contractors, or third parties visiting the premises
- ▶ Any incident related to process safety
- ▶ Any incident generating, or potentially generating, significant (adverse) media or public attention
- ▶ Any environmental incident with potential widespread, long-term, significant adverse effects
- ▶ Any sabotage.

Each year, we carry out two exercises at Bayernoil for the Crisis Team and perform monthly alarm checks.

In 2018 a significant incident occurred at Bayernoil's Vohburg site, arising from a loss of containment of hydrocarbons due to an unexpected vessel failure in the OATS unit. An OATS (Olefin Alleviation of Thiophenic Sulphur) unit involves a process to desulphurise light hydrocarbons, without using hydrogen, to support the production of ultra-low-sulphur gasoline. The incident resulted in an explosion and fire that caused damage to a number of process units, and non-life-threatening injuries to some site personnel. The cause of the incident remains under investigation by the German authorities. Corrective actions arising from internal investigations are being implemented, and a reinvestment and rebuild programme is under way.



Simulation of real-life large-scale fire incidents during a training course.

Information and cybersecurity

Cybersecurity has a dedicated place in VARO's corporate strategy. Its job is to ensure smooth and continuous operation of all corporate functions, and protect against cyberattacks and intrusions that may damage business continuity.

Digital, VARO's process of digitisation, makes it a strategic priority to discover and implement cutting-edge technology, embrace cultural change around innovation and data literacy, and explore technology-based business models. To create and strengthen the Digital culture, we have hosted awareness sessions around such topics as Artificial Intelligence, Big Data, Machine Learning, and more. We have allocated an Innovation Centre, in which high-risk and high-benefit initiatives are explored with sophisticated technology.

Having access to the right information at the right time is essential to achieving our Digital vision. In 2017, VARO implemented Business Intelligence (BI) technology, collecting information from various sources and consolidating it into analytical structures that deliver relevant and reliable information.

This is intended to create actionable insights for faster, more informed decision-making.

We implement BI technology in:

- ▶ Planning and control of railcar movement in Cressier manufacturing hub (Railcar Tracking)
- ▶ Terminal analytics on movement, details, and stocks analytics, (Terminal Analytics TopHat)
- ▶ Managing retail operations via daily and weekly reporting on volume, margin, and performance of automatic pricing
- ▶ Consolidating and centralising information used in group inventory reporting (Group Inventory Reporting).

In addition to BI, VARO has developed sophisticated price prediction solutions to help our trading and logistics teams make better commercial decisions. These solutions leverage state-of-the-art Machine Learning and AI technology.

Increasing digitalisation and continued reliance on technology systems and cloud platforms across our value chain help us meet the needs of a "Covid-19 displaced" workforce.

However, targeted and indiscriminate threats to the security of our digital infrastructures and our operational data continue to evolve in severity, sophistication and scale.



Cyber risks come from a variety of actors including nation states, criminal enterprises, terrorists, hackers, and employee negligence. These factors all have the potential to disrupt the reliability, security and privacy of our data and systems, as well as impact on our ability to operate. A breach or failure of our digital infrastructure, including process control systems, could result in: the misuse or loss of private or commercially sensitive data, injury to people, harm to our assets, local communities and/or the environment, loss of customer trust, damage to our reputation, and/or legal and regulatory liabilities, penalties and fines.

Recognising the need to effectively manage these complex cyber risks and ensure alignment with our business-risk appetite, the VARO Executive Team and Supervisory Board

approved the formation of an Information and Cybersecurity organisation at VARO. Led by the Global Information Security Officer (GISO) appointed in August 2021, the team takes a risk-based, intelligence-led approach to delivering cybersecurity services and capabilities across our manufacturing hubs, terminal and office locations. The work of the team is aimed at deterring, detecting, responding to and containing cyber-attacks and intrusions that threaten our assets or people, in compliance with laws, regulations, NIST Cybersecurity Framework⁹ and ISO27001 cybersecurity best practices. Cybersecurity governance is administered through audit, risk and data protection committees, who complete quarterly Cybersecurity KPI reporting submitted to the VARO Executive Team.

Throughout 2021 we implemented a range of technical and organisational measures and controls within our manufacturing hubs, terminal, office and data centre locations to optimise our digital infrastructure security, increase data protection, ensure compliance, and mitigate the cyber risks VARO faces.

These include:

- ▶ Use of mobile, email, and cloud security protection tools against threats such as malware, spam and phishing
- ▶ Multi-factor authentication capabilities to restrict unauthorised access to the VARO network, systems, applications, data and information
- ▶ Enhanced threat monitoring, detection, and disaster recovery capabilities to minimise the impact of a cyber-attack on the continuity of our business operations.

We increased our efforts in our vulnerability management programme to quickly implement approved workarounds and critical software updates to our core business applications and systems, minimising the risk of cyber-attackers exploiting known reported weaknesses (e.g. Log4j). Although VARO experienced cyber-attacks during 2021, they were quickly detected and stopped before they made any material impact on our operations.

To encourage vigilance among our employees, our cybersecurity awareness programme covers essential training in our core information security policies: Information Security Policy, Acceptable Use Policy, IT Monitoring Policy.

We place strong emphasis on modelling good cybersecurity practices and responding effectively to cyber-attacks such as phishing or ransomware. Our aim is to create a security-conscious culture, in which all employees take personal responsibility for cybersecurity.

In autumn 2021, we began the overhaul of our incident management process. We started by implementing a new group-wide service management platform, designed to harmonise and consolidate existing manual and electronic incident management processes and provide an easy-to-use support contact tool to track and fix all IT and cybersecurity incidents. Later, we developed a standardised set of security incident response plans for major incidents such as ransomware attacks, and for cyber-attacks against our critical business systems. This culminated in an end-of-year ransomware tabletop exercise, assessing both our level of preparedness for such an attack and the effectiveness of our response to security incidents and data breaches.

This was also a test of the crisis management processes that guide our teams to detect, respond to and recover from a sustained cyber-attack impacting the continuity of our business operations.

Work will continue through 2022 to strengthen our organisational cyber-resilience so that we can withstand cyber-attacks, in alignment with the priority of our 3-year cybersecurity risk strategy and roadmap.



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Appendix I: ESG Data

ENVIRONMENT

Greenhouse gas emissions (GHG)*

	Unit	2021	2020	2019
Direct (Scope 1) GHG emissions	tonnes CO ₂ e	967,505	998,624	990,890
<i>of which from Cressier</i>	tonnes CO ₂ e	304,283	363,705	363,705
<i>of which from Bayernoil (attributable to 51.4% share of VARO)</i>	tonnes CO ₂ e	624,818	590,945	579,600
Indirect (Scope 2) GHG emissions (energy use)	tonnes CO ₂ e	182,985	191,409	198,150
<i>of which from Cressier</i>	tonnes CO ₂ e	48,981	52,479	52,479
<i>of which from Bayernoil (attributable to 51.4% share of VARO)</i>	tonnes CO ₂ e	116,510	119,054	125,328
Other indirect (Scope 3) GHG emissions**	tonnes CO ₂ e	71,500,814	69,708,434	67,174,462

* Entities included in GHG accounting are: VARO Benelux, VARO France, VARO Germany, VARO Switzerland, VARO Manufacturing Hubs (Cressier and Bayernoil). GHG emissions from Bayernoil manufacturing hub are accounted for 51.4%, proportionally to the shareholding ownership by VARO. In GHG accounting VARO follows financial control approach, in line with the GHG Protocol.

** Nearly all of VARO's Scope 3 emissions are related to categories 3.1 of GHG Protocol guidelines "Purchased goods and services" and category 3.11 "Use of sold products". The share of Scope 3.11 "Use of sold products" emissions attributable to own manufactured products could be estimated as one third, while the other approximate two thirds of Scope 3.11 emissions could be attributed to traded products (i.e. purchased from suppliers and re-sold to our customers). For conservative estimation, it is assumed that all products marketed by VARO are combusted.

GHG Intensities for year 2021

Intensity of manufacturing processing	22.73 kg CO ₂ /boe
Intensity of Scope 3 GHG*	87 gCO ₂ /MJ

* Calculated as the sum of emissions from category 3.1 of GHG Protocol guidelines "Purchased goods and services" and category 3.11 of GHG Protocol guidelines "Use of sold products" minus retired marketed CO₂ removals and divided by the energy content of all products sold by VARO.

$$CI = \frac{gCO_2e}{MJ} = \frac{\text{Scope 3 (marketing-based)} - \text{Retired marketed CO}_2 \text{ removals}^2}{\text{Conventional fuels marketed} + \text{Sustainable energies marketed}}$$

1. Volumes marketed multiplied by production (Scope 3.1) and combustion (Scope 3.11) emission factors to determine Scope 3 emissions.
2. Sold to customers & retired at the same time. Only includes high quality carbon removals.

Air emissions

	Unit	2021	2020	2019
NOx	tonnes	610	651	617
SOx	tonnes	873	1186	1246
VOC (volatile organic compounds)	tonnes	318	372	376
PM (Particulate matter)	tonnes	6	9	12
CO	tonnes	33	28	31

Energy consumption

	Unit	2021	2020	2019
Energy intensity of refining	GJ per tonne of throughput	2.63	2.61	3.32
Total energy consumption within the organisation	TJ	21,068	21,028	20,836
Total fuel consumption within the organisation from non-renewable sources	TJ	27,481	26,965	29,334
Electricity consumption	TJ	2,207	1,390	1,196
<i>of which electricity generated from renewable sources</i>	TJ	320	338	309
Heating energy consumption	TJ	14,881	15,033	15,246
Cooling energy consumption	TJ	132	137	130
Steam consumption	TJ	3,455	3,468	3,297
Electricity sold	TJ	15	14	10
Heating sold	TJ	3	1	1

Water consumption

	Unit	2021	2020	2019
Total water consumption from all areas	megalitres	412	435	428
Water consumed in water-stress areas	megalitres	0	0	0
Total water withdrawal from all areas	megalitres	3,227	3,101	3,159
Total withdrawal of surface water	megalitres	2,737	2,636	2,752
Total withdrawal of third-party water	megalitres	21	21	22
Total water discharge to all areas	megalitres	2,755	2,629	2,718
Total discharge of freshwater	megalitres	2,755	2,629	2,718

Waste management*

	Unit	2021	2020	2019
Total weight of waste generated	tonnes	21,233	14,072	25,841
<i>of which hazardous</i>	tonnes	3,288	2,984	4,977
<i>of which non-hazardous</i>	tonnes	16,500	10,550	20,320
<i>of which scale and sludges</i>	tonnes	1,669	941	1,547
Total weight of waste diverted from disposal	tonnes	14,613	9,680	19,497
<i>of which hazardous</i>	tonnes	613	515	824
<i>of which non-hazardous</i>	tonnes	14,000	9,165	18,673
Total weight of waste directed to disposal	tonnes	4,852	3,056	5,168
<i>of which hazardous</i>	tonnes	2,203	1,727	3,460
<i>of which non-hazardous</i>	tonnes	2,341	1,192	1,508

* non-manufacturing facilities of VARO are partially included into the data for total waste generated, however detailed categorization statistic is non consistently available for hazardous and non-hazardous, for diverted from disposal and directed to disposal. Non-manufacturing facilities are accountable for an estimated less than 7% waste generation

SAFETY

Work-related injuries sustained by employees and contractors

	Unit	2021	2020	2019
Fatalities	Number	0	0	0
Rate of fatalities	per 200,000 hours worked	0	0	0
Number of hours worked	hours	5,815,500	6,482,000	7,304,500
Lost Time Injuries*	Number	15	4	n.a.
Lost Time Injury Rate	per 200,000 hours worked	0.52	0.12	n.a.
High-consequence work-related injury	Number	0	0	0
High-consequence work-related injury Rate	per 200,000 hours worked	0	0	0
Total Recordable Work-related Injuries (TRIR)**	Number	24	13	25
Total Recordable Work-related Injury Rate	per 200,000 hours worked	0.8	0.4	0.7

* Main types of injuries: 27% as a result of being hit by an object, 42% fractures and twisting of limbs; 8% respiratory damage; 8% burns.

**Total recordable injury (TRI): includes fatalities, Lost time injury (LTI), Restricted work injury (RWI), Medical treatment case (MTC).

Process safety

	2021	2020	2019
Tier 1 process safety events	1	2	1
Tier 2 process safety events	4	8	7

Spills of oil and refined products

	Unit	2021	2020	2019
Total number of recorded significant spills (above 100 litres)	number	15	10	4
Total number of spills with low severity (below 100 litres)	number	99	104	9

EMPLOYEES

Headcount of employees, by region, gender, employment, and contract type

Status as at 31.12.2021

	Total	Netherlands	Belgium	France	Germany	Switzerland	Male	Female
Total employees	1225	303	40	32	368	482	938	287
Employees with permanent contract	1171	269	40	31	349	482	901	270
Employees with temporary contract*	54	34	0	1	19	0	37	17
Employees with non- guaranteed hours	6	4	0	0	0	2	3	3
Full-time employees	1085	246	36	32	337	434	895	190
Part-time employees	138	57	4	0	29	48	41	97

* temporary contract as defined by the national law

Headcount of employees, by region, gender, employment, and contract type

Status as at 31.12.2020

	Total	Netherlands	Belgium	France	Germany	Switzerland	Male	Female
Total employees	1210	295	40	31	371	473	935	275
Employees with permanent contract	1164	267	40	31	354	472	902	626
Employees with temporary contract*	46	28	0	0	17	1	33	13
Employees with non- guaranteed hours	5	3	0	0	0	2	2	3
Full-time employees	1085	242	38	31	344	430	905	180
Part-time employees	114	53	2	0	16	43	30	84

* temporary contract as defined by the national law

Headcount of workers who are not employees*

	Total	Netherlands	Belgium	France	Germany	Switzerland
Year 2021	117	29	1	2	11	75

* Does not include contractors engaged in turnaround at the manufacturing hubs. "Worker who is not an employee" usually refers to a person filling in during a vacancy in fixed positions, or a replacement providing maternity or sickness cover, or assigned to temporary project work.

New hires, by region, gender and age 2021

	Total	Netherlands	Belgium	France	Germany	Switzerland
Total	123	36	3	3	38	43
Under 30 years old, headcount	47	17	2	0	9	19
Between 30 and 50 years old, headcount	53	12	1	2	22	16
Over 50 years old, headcount	23	7	0	1	7	8
Under 30 years old, percentage	38%	47%	67%	0%	24%	44%
Between 30 and 50 years old, percentage	43%	33%	33%	67%	58%	37%
Over 50 years old, percentage	19%	19%	0%	33%	18%	19%
Male, headcount	84					
Male, percentage	68%					
Female, headcount	39					
Female, percentage	32%					

New hires, by region, gender and age 2020

	Total	Netherlands	Belgium	France	Germany	Switzerland
Total	147	32	3	3	64	45
Under 30 years old, headcount	36	9	0	0	12	15
Between 30 and 50 years old, headcount	84	18	2	2	35	27
Over 50 years old, headcount	27	5	1	1	17	3
Under 30 years old, percentage	24%	28%	0%	0%	19%	33%
Between 30 and 50 years old, percentage	57%	56%	67%	67%	55%	60%
Over 50 years old, percentage	18%	16%	33%	33%	27%	7%
Male, headcount	113					
Male, percentage	77%					
Female, headcount	34					
Female, percentage	23%					

Employee turnover – employees with terminated contracts.

2021

	Total	Netherlands	Belgium	France	Germany	Switzerland
Total	134	34	3	3	56	38
Under 30 years old, headcount	29	8	0	0	15	6
Between 30 and 50 years old, headcount	56	15	1	1	24	15
Over 50 years old, headcount	49	11	2	2	17	17
Under 30 years old, percentage	22%	28%	0%	0%	52%	21%
Between 30 and 50 years old, percentage	42%	27%	2%	2%	43%	27%
Over 50 years old, percentage	37%	22%	4%	2%	35%	35%
Male, headcount	92					
Male, percentage	69%					
Female, headcount	42					
Female, percentage	31%					

Employee turnover – employees with terminated contracts.

2020

	Total	Netherlands	Belgium	France	Germany	Switzerland
Total	135	37	1	3	54	40
Under 30 years old, headcount	25	10	0	0	6	9
Between 30 and 50 years old, headcount	63	17	0	2	25	19
Over 50 years old, headcount	47	10	1	1	23	12
Under 30 years old, percentage	19%	40%	0%	0%	24%	36%
Between 30 and 50 years old, percentage	47%	27%	0%	3%	40%	30%
Over 50 years old, percentage	35%	21%	2%	2%	49%	26%
Male, headcount	95					
Male, percentage	70%					
Female, headcount	40					
Female, percentage	30%					

Parental leave

	2021	2020
Employees who took parental leave	41	32
<i>of whom male</i>	18	12
<i>of whom female</i>	23	20
Total number of employees who returned to work after parental leave	40	32
<i>of whom male</i>	18	12
<i>of whom female</i>	22	20
Employees who returned to work after parental leave ended, and who were still employed 12 months after their return to work	40	32
<i>of whom male</i>	18	12
<i>of whom female</i>	22	20
Retention rates of employees who returned to work after parental leave	100%	100%
<i>of whom male</i>	100%	100%
<i>of whom female</i>	100%	100%

Diversity of governance bodies, by age and gender

Supervisory Board	2021	2020	2019
Total	4	6	6
Under 30 years old, percentage	0%	0%	0%
Between 30 and 50 years old, percentage	25%	17%	17%
Over 50 years old, percentage	75%	83%	83%
Male, percentage	100%	83%	83%
Female, percentage	0%	17%	17%

Executive Board	2021	2020	2019
Total	7	7	6
Under 30 years old, percentage	0%	0%	0%
Between 30 and 50 years old, percentage	29%	29%	17%
Over 50 years old, percentage	71%	71%	83%
Male, percentage	100%	100%	100%
Female, percentage	0%	0%	0%

Diversity of employee categories, by age and gender

Year 2021	Senior Management	Middle Management	Senior Expert	Project Manager
Under 30 years old, percentage	1%	0%	11%	14%
Between 30 and 50 years old, percentage	54%	67%	56%	48%
Over 50 years old, percentage	45%	33%	33%	39%
Male, percentage	86%	71%	68%	82%
Female, percentage	14%	29%	32%	18%

Year 2020	Senior Management	Middle Management	Senior Expert	Project Manager
Under 30 years old, percentage	1%	2%	12%	12%
Between 30 and 50 years old, percentage	54%	71%	58%	49%
Over 50 years old, percentage	45%	28%	30%	38%
Male, percentage	90%	72%	68%	82%
Female, percentage	10%	28%	32%	18%

Appendix II: Associations

VARO Energy advocates its values of sustainable business, establishes partnerships and co-operations with like-minded parties in the common business sphere, and exchanges experience on best practices in the business, through its active role and participation in these associations and other membership institutions.

Association	Country	Status of VARO	Purpose of association
Avenergy Suisse	Switzerland	Board Member	Avenergy Switzerland represents the interests of importers of liquid fuels. The members of Avenergy Switzerland guarantee the security of supply of the country's most important energy carriers: liquid fuels for mobility and heating purposes.
CARBURA	Switzerland	Board Member	Private association for importers of liquid fuels and combustibles, fulfilling compulsory stockpiling of fuels. The association is supervised by the Federal Office for National Economic Supply (FONES)
CONCAWE	Switzerland	Member	Concawe was established in 1963 by a small group of leading oil companies to carry out research on environmental issues relevant to the oil industry. The scope of Concawe's activities has gradually expanded in line with the development of societal concerns over environmental, health and safety issues. These now cover areas such as fuels quality and emissions, air quality, water quality, soil contamination, waste, occupational health and safety, petroleum product stewardship and cross-country pipeline performance.
ANCL (Association des Negociants en combustibles de Lausanne et environment)	Switzerland	Member	Association of Fuel Dealers of Lausanne with the objective to promote the use of liquid fuels.
ZCA (Zug Commodity Association)	Switzerland	Member	The purpose of the Association is to represent and protect the interests and rights of the Zug (and the surrounding area) -based community of companies active in the commodities supply chain. This includes but is not limited to exploration, production, processing, trading and marketing. Furthermore, ZCA organises events and training related to commodities trading.
Swiss Shippers Council (SSC)	Switzerland	Member	Represents the interests of industry, trade, and major distributors vis- à-vis state and private transport institutions, moving companies and freight carriers in Switzerland and abroad.
Fuels Europe Association	Switzerland; EU	Member	Fuels Europe is a division of the European Petroleum Refiners Association, an AISBL operating in Belgium. It was formed in 1989 to represent the interests of companies conducting refinery operations in the EU. Fuels Europe aims to promote economically and environmentally sustainable refining, supply, and use of petroleum products in the EU by providing input and expert advice to the EU Institutions, Member State Governments, and the wider community. This contributes to a constructive and proactive way to develop and implement EU policies and regulations.
Biofuels Schweiz	Switzerland	Advisory Board Member	Represents the interests of the biofuels industry and its members in dealings with authorities, politicians and market participants. It takes part in consultation processes on behalf of its members and the industry and provides services for the members in the areas of public relations, politics, communication, information exchange and advice.
KliK	Switzerland	Member	KliK stands for the Foundation for Climate Protection and Carbon Offsetting, established in 2012. They help companies fulfil their obligations to offset CO ₂ emissions from fossil-based motor fuels consumed in Switzerland, according to the Swiss CO ₂ Law. KliK also funds projects that aim to reduce greenhouse gas emissions in Switzerland and abroad.

Association	Country	Status of VARO	Purpose of association
en2X	Germany	Seat on the Board	The result of a merger between the associations of MWV and IWO. They promote low-carbon energy sources in support of the targets set by the Paris Agreement, and define the role of fossil fuel producers in the transition towards climate neutrality.
AFM+E	Germany	Seat on the Board	The Foreign Trade Association for Mineral Oil and Energy e. V. (AFM+E) represents the interests of independent, medium-sized energy trading companies and importers in politics. It seeks to promote the political framework to enable the ramp up of low carbon liquid fuels.
eFuels Today	Germany	Sponsor	Alliance of companies and partners that advocate for a more open technology policy, where eFuels can also play a role.
MEW	Germany	Joint position with UPEI	Umbrella organisation for associations that engage in import & wholesale, retail, bunkering and tank storage of fuels. Joint position with UPEI, MEW, FETSA (where possible) to set up proposals for amendments on FIT for 55-documents (by WSW).
UTV, Unabhängiger Tanklagerverband	Germany	Member of the Board, President	German independent tank storage association, representing 80% of German tank capacity. UTV is active in aligning the overall regulatory framework and the essential adaptation of all terminals. Furthermore, the association aligns the German activities in the European framework.
BFT, German Federal Association of Independent Petrol Stations	Germany	Regular Member	Association that represents the interests of white label petrol stations and SME wholesalers in Germany. Its mission is to promote a free-market economy in the mineral oil trade and to advise and represent the members in general economic and legal subjects.
UNITI Bundesverband mittelständischer Mineralölunternehmen e. V.	Germany	Regular Member	The UNITI federal association of medium-sized mineral oil companies e. V. represents around 90% of medium-sized mineral oil companies in Germany and pools expertise in fuels, the heating market and lubricants.
EBV	Germany	Seat in the Advisory Board	Government agency for stockpiling strategic reserves
SBMV (Sachsischer Brennstoff- und Mineralelhandelsverband e.V)	Germany	Supporting Member	Independent Saxon fuel and mineral trade association, representing mineral oil traders' interests.
NOVE	Netherlands	Member of the Board	Industry association of small to mid-sized traders and distributors of road and shipping fuels.
VNPI	Netherlands	Member	Industry association representing all Dutch oil refineries, large storage, and petroleum distributors.
PHB	Netherlands	Participant	Platform to accelerate and scale the utilisation of bio-based fuels for road, water, and air transportation.

Association	Country	Status of VARO	Purpose of association
BRAFCO	Belgium	Board Member, as well as Member of several working groups / commissions	Federation of fuel distributors in Belgium, including independent excise warehouses
Energia	Belgium	Member, as well as Member of several working groups / commissions	ENERGIA is the sector organisation in Belgium of companies providing energy solutions for mobility and heating. Its members are active in the refining, distribution and storage in Belgium of energy solutions for mobility, heating and industry as well as in the production of feedstock for the petrochemical sector.
Operateur de Normalisation Petroliere (ONP)	Belgium	Member	The ONP is the overarching Belgian commission which handles standardization of petroleum products. The commission develops the national annexes to the national standards for liquid products, as well as for bitumen, LPG and bunker fuels.
Fonds Social Chauffage	Belgium	Board Member	Fund helping vulnerable parts of the Belgian population to access heating oil, in accordance with the regulatory scheme. Nearly a third of the amount is financed by the industry, and the rest by the government. It is estimated that around 100,000 Belgian households using heating oil are potential beneficiaries. In 2021, approximately 77,000 households applied for the financial aid, amounting to a total of around €17 million. Recently the Fund started looking into the need to adapt the legal framework to reflect the needs of the population in this area.
CPDP (Comité Professionnel Du Pétrole)	France	Member	Non-profit association that provides services to the oil industry. It produces economic information, collects and distributes national and international statistical data and provides regulatory information and updates.
ATEE	France	Member	Organisation is dedicated to representing issues related to Energy Savings Certificates (C2E)
USI	France	Member	Federation of all tank storage operators in France for regional, national and international organisations.
FF3C	France	Member	Federation of nearly 2000 independent companies whose main activity is the distribution of off-grid energy: domestic fuel, bulk fuel, LPG, wood-energy, etc.
FFPI	France	Member	Federation of independent oil companies.
UPEI	EU	Board Member/President	UPEI represents nearly 2,000 European independent importers and wholesale/retail distributors of energy for the transport and heating sectors.

Appendix III: GRI Index

Statement of use:	VARO Energy has reported in accordance with the GRI Standards for the period 1 Jan 2021 – 31 Dec 2021.
GRI 1 used:	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s):	GRI 11: Oil and Gas Sector 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	GRI 11: OIL AND GAS SECTOR 2021	LOCATION	OMISSION			SDG Relevant for material topics of VARO business, and as per the GRI 11: Oil and Gas Sector 2021
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	

GENERAL DISCLOSURES

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION
GRI 2: General Disclosures 2021	2-1 Organizational details	Sustainability reporting	A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.
	2-2 Entities included in the organization's sustainability reporting	Introducing VARO The Group's holding company is VARO Energy BV, based in the Netherlands. The Group operational headquarters company is VARO Energy Marketing AG (VMAG), in Switzerland. VMAG is where the Group's main financial risks are managed, inventory is held, working capital is financed and associated rewards are recognised. All other companies perform well-defined services for the Group following OECD guidance for correct transfer pricing of intra-group services.	
	2-3 Reporting period, frequency and contact point	1 Jan 2021 - 31.12.2021 Annual Contact point: Mrs Ernestina Benedetto ernestina.benedetto@varoenergy.com Mrs Julia Massey julia.massey@varoenergy.com	
	2-4 Restatements of information	No restatements, this is the first sustainability report of VARO in accordance with the GRI Standards	
	2-5 External assurance	No external assurance has been performed, but for next year's report we will seek limited assurance. Internal assurance has been performed on the integrity and reliability of the internal corporate process of information and data gathering, processing and reporting but for next year's report we will seek external limited assurance.	
	2-6 Activities, value chain and other business relationships	Introducing VARO Environment , section Product stewardship and innovation, section Sustainability of feedstock production	
	2-7 Employees	Appendix I. ESG Data. Employees.	
	2-8 Workers who are not employees	Appendix I. ESG Data. Employees. Social , section Safety training for contractors.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	GRI 11: OIL AND GAS SECTOR 2021	LOCATION	OMISSION			SDG Relevant for material topics of VARO business, and as per the GRI 11: Oil and Gas Sector 2021
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-9 Governance structure and composition		Sustainability governance Constitution and operations of the Company governance bodies is based on the provisions of Dutch law in effect on the date of this document, the articles of association of the Company (the Articles of Association) and the shareholders agreement. The Company has a two-tier board structure consisting of the Management Board and the Supervisory Board.				
	2-10 Nomination and selection of the highest governance body		The General Meeting of shareholders appoints the Supervisory Board and the Management Board. The Company recognises that differences in skills, experience, education, background, nationality, age, race, gender, sexual orientation, religious beliefs, physical ability and other characteristics of people are important. VARO therefore places high emphasis on the development of diversity in the senior management roles within the Group.				
	2-11 Chair of the highest governance body		The Chair of the Management Board is CEO.				
	2-12 Role of the highest governance body in overseeing the management of impacts		Sustainability governance The Company has a two-tier board structure consisting of the Management Board and the Supervisory Board. The Management Board is the executive body (bestuur) and is responsible for the day-to-day management of the Company. For day-to-day operational management the Management Board has installed an Executive Board. The Supervisory Board (raad van commissarissen) supervises and advises the Management Board. The Management Board is entrusted with the management of the Company's Group and responsible for the continuity of the Company's Group under the supervision of the Supervisory Board. The Management Board's responsibilities include, among other things: <ul style="list-style-type: none"> • Setting the Company's management agenda, • Developing a vision on how to create long-term value, • Developing a strategy, • Enhancing the performance of the Company, • Identifying, analysing and managing the risks associated with the Company's strategy and activities and • Establishing and implementing internal procedures, that ensure that all relevant information is known to the Management Board and the Supervisory Board in a timely manner. 				
	2-13 Delegation of responsibility for managing impacts		Sustainability governance				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	GRI 11: OIL AND GAS SECTOR 2021	LOCATION	OMISSION			SDG Relevant for material topics of VARO business, and as per the GRI 11: Oil and Gas Sector 2021
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting		Management Board reviews and approves sustainability report				
	2-15 Conflicts of interest		Business behaviour and ethics				
	2-16 Communication of critical concerns		Sustainability governance				
	2-17 Collective knowledge of the highest governance body		Sustainability governance				
	2-18 Evaluation of the performance of the highest governance body		The Management Board is evaluated on the basis of a company wide scorecard including financial, safety and strategic KPIs				
	2-19 Remuneration policies		not available		Confidentiality constraints		
	2-20 Process to determine remuneration		not available		Confidentiality constraints		
	2-21 Annual total compensation ratio		not available		Confidentiality constraints		
	2-22 Statement on sustainable development strategy		ESG Strategy				
	2-23 Policy commitments		Group companies perform well-defined services for the Group following OECD guidance for correct transfer pricing of intra-group services. FX Global Code UN Global Compact, signatory				
	2-24 Embedding policy commitments		Business behaviour and ethics				
	2-25 Processes to remediate negative impacts		Governance , section Human rights, non-retaliation and grievance mechanisms Social , section Local community engagement				
	2-26 Mechanisms for seeking advice and raising concerns		Business behaviour and ethics				
	2-27 Compliance with laws and regulations		No significant fines were incurred				
2-28 Membership associations		Appendix II: Associations					
2-29 Approach to stakeholder engagement		Appendix V: Stakeholder Engagement					

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	GRI 11: OIL AND GAS SECTOR 2021	LOCATION	OMISSION			SDG Relevant for material topics of VARO business, and as per the GRI 11: Oil and Gas Sector 2021
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-30 Collective bargaining agreements		not available	OMISSION	Information unavailable/incomplete	VARO operates in the countries with the freedom of joining collective bargaining agreements. It is free choice of employees to join such agreements and as they do not need to inform VARO we don't keep track of this information.	

MATERIAL TOPICS

GRI 3: Material Topics 2021	3-1 Process to determine material topics		Materiality assessment
	3-2 List of material topics		Materiality assessment

Anti-corruption

GRI 3: Material Topics 2021	3-3 Management of material topics	11.201: Anti-corruption	Business behaviour and ethics	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	11.202	Business behaviour and ethics	
	205-2 Communication and training about anti-corruption policies and procedures	11.203	Business behaviour and ethics	
	205-3 Confirmed incidents of corruption and actions taken	11.204	There were no incidents of corruption	

Anti-competitive behavior

GRI 3: Material Topics 2021	3-3 Management of material topics	11.191 Anti-competitive behavior	Business behaviour and ethics	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	11.192	There were no legal actions, pending or completed, during 2021, related to anti-competitive behavior, anti-trust, and monopoly practices	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	GRI 11: OIL AND GAS SECTOR 2021	LOCATION	OMISSION			SDG Relevant for material topics of VARO business, and as per the GRI 11: Oil and Gas Sector 2021
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Advocacy (specific topic of VARO)							
		11.2.4 Additional sector disclosures	Appendix II: Associations				
Energy							
GRI 3: Material Topics 2021	3-3 Management of material topics	11.1.1 GHG Emissions	GHG Emissions Section Renewable energy deployment in operations Section Energy efficiency of operations				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	11.1.2	Appendix I: ESG Data (Energy consumption)				
	302-2 Energy consumption outside of the organization	11.1.3	Appendix I: ESG Data (Energy consumption)				
	302-3 Energy intensity	11.1.4	Appendix I: ESG Data (Energy consumption)				
	302-4 Reduction of energy consumption		GHG Emissions , section Energy efficiency of operations				
	302-5 Reductions in energy requirements of products and services		not available		OMISSION	Information unavailable/incomplete	
Water and effluents							
GRI 3: Material Topics 2021	3-3 Management of material topics	11.6.1 Water and effluents	Water use				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	11.6.2	Water use				
	303-2 Management of water discharge-related impacts	11.6.3	Water use				
	303-3 Water withdrawal	11.6.4	Appendix I: ESG Data (Water consumption)				
	303-4 Water discharge	11.6.5	Appendix I: ESG Data (Water consumption)				
	303-5 Water consumption	11.6.6	Appendix I: ESG Data (Water consumption)				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	GRI 11: OIL AND GAS SECTOR 2021	LOCATION	OMISSION			SDG Relevant for material topics of VARO business, and as per the GRI 11: Oil and Gas Sector 2021
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Biodiversity							
GRI 3: Material Topics 2021	3-3 Management of material topics	11.4.1 Biodiversity	Biodiversity & Land use				
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	11.4.2	Biodiversity & Land use				
	304-2 Significant impacts of activities, products and services on biodiversity	11.4.3	Biodiversity & Land use				
	304-3 Habitats protected or restored	11.4.4	Biodiversity & Land use				
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	11.4.5	Biodiversity & Land use				
Sustainability of feedstock production							
SASB: RR-BI-430a.1. Discussion of strategy to manage risks associated with environmental impacts of feedstock production (and risks of supply interruption/ deficiency) RR-BI-430a.2. Percentage of biofuel production third-party certified to an environmental sustainability standard (ISCC and other)			GHG Emissions , section Sustainability of feedstock production				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	GRI 11: OIL AND GAS SECTOR 2021	LOCATION	OMISSION			SDG Relevant for material topics of VARO business, and as per the GRI 11: Oil and Gas Sector 2021
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Emissions (GHG)							
GRI 3: Material Topics 2021	3-3 Management of material topics	11.1.1 GHG Emissions	ESG Strategy GHG Emissions				
		11.2.1 Climate adaptation, resilience, and transition					
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	11.1.5	Appendix I: ESG Data (GHG emissions)				
	305-2 Energy indirect (Scope 2) GHG emissions	11.1.6	Appendix I: ESG Data (GHG emissions)				
	305-3 Other indirect (Scope 3) GHG emissions	11.1.7	Appendix I: ESG Data (GHG emissions)				
	305-4 GHG emissions intensity	11.1.8	Appendix I: ESG Data (GHG intensities)				
	305-5 Reduction of GHG emissions	11.2.3	GHG Emissions , section Sustainable energy solutions				
	305-6 Emissions of ozone- depleting substances (ODS)		not applicable		OMISSION	Not applicable	
Emissions (non-GHG)							
	3-3 Management of material topics	11.3.1 Air emissions	Air quality				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	11.3.2	Air quality				
	416-1 Assessment of the health and safety impacts of product and service categories	11.3.3	Health and Safety , section Product safety				
Waste							
GRI 3: Material Topics 2021	3-3 Management of material topics	11.5.1 Waste	Waste management				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	11.5.2	Waste management				
	306-2 Management of significant waste-related impacts	11.5.3	Waste management				
	306-3 Waste generated	11.5.4	Appendix I: ESG Data (Waste management)				
	306-4 Waste diverted from disposal	11.5.5	Appendix I: ESG Data (Waste management)				
	306-5 Waste directed to disposal	11.5.6	Appendix I: ESG Data (Waste management)				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	GRI 11: OIL AND GAS SECTOR 2021	LOCATION	OMISSION			SDG Relevant for material topics of VARO business, and as per the GRI 11: Oil and Gas Sector 2021
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Oil spills and spill prevention							
SASB: EM-MD-160a.1.		11.8.1 Asset integrity and critical incident management	Oil spills and spill prevention Crisis prevention and management				
GRI 306: Effluents and waste 2016	306-3 Significant spills	11.8.2	Appendix I: ESG Data (Spills of oil and refined products)				
Closure and rehabilitation							
		11.7.4. Additional Sector Disclosure	Waste management See page 39 Perfluorinated chemicals (PFCS) in the rehabilitation of Ingolstadt site and in other operating sites of the Bayernoil manufacturing hub.				
Employment							
GRI 3: Material Topics 2021	3-3 Management of material topics	11.10.1 Employment practices	Employee satisfaction and development				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	11.10.2	Appendix I: ESG Data (New hires, by region, gender and age) Appendix I: ESG Data (Employee turnover)				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	11.10.3	There is no difference in benefits between employees with fulltime, parttime or temporary contract. Non-fulltime employees are not entitled to a bonus.				
	401-3 Parental leave	11.10.4	Appendix I: ESG Data (Parental leave)				
Occupational health and safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	11.9.1 Occupational health and safety	Health and safety				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	11.9.2	Health and safety Section Health and mental wellbeing Section Occupational health and wellbeing at the production and processing facilities Section Safety in terminals Section Safety in processing Section Distribution safety				
	403-2 Hazard identification, risk assessment, and incident investigation	11.9.3	Health and safety Section Safety in terminals Section Safety in processing Section Distribution safety Oil spills and spill prevention , section Spills at the manufacturing hubs Crisis prevention and management				
	403-3 Occupational health services	11.9.4	Health and safety , section Health				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	GRI 11: OIL AND GAS SECTOR 2021	LOCATION	OMISSION			SDG Relevant for material topics of VARO business, and as per the GRI 11: Oil and Gas Sector 2021
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	403-4 Worker participation, consultation, and communication on occupational health and safety	11.95	Health and safety Section Safety in terminals Section Safety in processing				
	403-5 Worker training on occupational health and safety	11.96	Health and safety Section Safety in terminals Section Safety in processing Section Safety training for contractors Section Distribution safety				
	403-6 Promotion of worker health	11.97	Health and safety Section Health and mental wellbeing Section Occupational health and wellbeing at the production and processing facilities				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	11.98	Health and safety , section Safety training for contractors				
	403-8 Workers covered by an occupational health and safety management system	11.99	All employees and workers who are not employees but whose work and/or workplace is controlled by the organization, are covered by an occupational health and safety management system. Certifications				
	403-9 Work-related injuries	11.910	Appendix I: ESG Data (Work related injuries, employees and contractors)				
	403-10 Work-related ill health	11.911		OMISSION	Information unavailable/incomplete		
Diversity and equal opportunity							
GRI 3: Material Topics 2021	3-3 Management of material topics	11.11.1 Non-discrimination and equal opportunity	Equity, Inclusion & Diversity				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	11.11.4	Appendix I: ESG Data (Diversity of governance bodies, by age and gender) Appendix I: ESG Data (Diversity of employee categories, by age and gender)				
	405-2 Ratio of basic salary and remuneration of women to men	11.11.5	Equity, Inclusion & Diversity				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	GRI 11: OIL AND GAS SECTOR 2021	LOCATION	OMISSION			SDG Relevant for material topics of VARO business, and as per the GRI 11: Oil and Gas Sector 2021
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Non-discrimination							
GRI 3: Material Topics 2021	3-3 Management of material topics		Equity, Inclusion & Diversity Business behaviour and ethics				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		There were no incidents of discrimination in 2021				
Local communities							
GRI 3: Material Topics 2021	3-3 Management of material topics	11.15.1 Local communities	Local community engagement Noise pollution Crisis prevention and management				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	11.15.2	Local community engagement				
	413-2 Operations with significant actual and potential negative impacts on local communities	11.15.3	Noise pollution Crisis prevention and management				

Topics in the applicable GRI Sector Standards determined as not material

Topic	Explanation
GRI 11: Oil and Gas Sector 2021	
11.12 Forced labor and modern slavery	Topic of low risk for VARO operations
11.14 Economic impacts	Management of the topic is part of the Annual Report. ESG Report is focused on disclosing non-financial impacts
11.16 Land and resource rights	Topic is not relevant for VARO value chain. Indirect potential impact from sourcing of biofeedstock is incorporated into the topic of Sustainability of feedstock supply.
11.17 Rights of indigenous peoples	Topic is not relevant for VARO value chain. Indirect potential impact from sourcing of biofeedstock is incorporated into the topic of Sustainability of feedstock supply.
11.18 Conflict and security	Topic is not relevant for VARO value chain.
11.21 Payments to governments	Payments to governments are related to taxation and other payment obligation. Management of the topic is incorporated into the topics of Business behavior and ethics and Anti-corruption.
11.22 Public policy	Management of the topic is incorporated into the topic Business behavior and ethics

The Ten Principles of the UN Global Compact

Number	Area	Description	Location of report sections relevant to demonstrate VARO commitment and progress in operating in accordance with the UNGC Principles
1	Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights; and	Business behaviour and ethics , section Human rights, non-retaliation and grievance mechanism
2	Human Rights	make sure that they are not complicit in human rights abuses.	Business behaviour and ethics , section Human rights, non-retaliation and grievance mechanism
3	Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	GRI Index, Disclosure 2-30: Collective bargaining agreements
4	Labour	the elimination of all forms of forced and compulsory labour;	Business behaviour and ethics , section Human rights, non-retaliation and grievance mechanism
5	Labour	the effective abolition of child labour; and	Business behaviour and ethics , section Human rights, non-retaliation and grievance mechanism
6	Labour	the elimination of discrimination in respect of employment and occupation.	Equity, Inclusion & Diversity
7	Environment	Businesses should support a precautionary approach to environmental challenges;	Crisis prevention and management Air quality , section Identifying risks and preventive measures Oil spills and spill prevention , section Spills at the manufacturing hubs
8	Environment	undertake initiatives to promote greater environmental responsibility; and	ESG strategy Environment
9	Environment	encourage the development and diffusion of environmentally friendly technologies.	Environment
10	Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	Governance , section Anti-corruption

Appendix IV: Footnotes and References

Introducing VARO

1. The full legal address of VARO Energy is Riedstrasse 8, 6330 Cham"
2. Status on 31.12.2021

Environment

1. <https://www.umweltpakt.bayern.de/index.php>
2. VARO has financial control in Bayernoil, with 51.4% shareholding, while the internal operating management is conducted at Bayernoil
3. The introduction of a stripper system into the wastewater treatment will also lead to reduced SOx as this gas is channeled directly into the Sulphur extracting facility.
4. Solomon Energy Intensity Index® or "Solomon EII" or "EII" means a petroleum refinery energy efficiency metric that compares actual energy consumption for a refinery with the "standard" energy consumption for a refinery of similar size and configuration. (Source: lawinsider.com/dictionary; accessed 28.10.2021)
5. Management of change is defined as any change in the approved method of production facility operation, introduction of new substances into the process or plant equipment, any temporary or permanent alteration of hardware or equipment, structures, pipelines, and infrastructural parts of the buildings.
6. Management of change is defined as any change in the approved method of production facility operation, introduction of new substances into the process or plant equipment, any temporary or permanent alteration of hardware or equipment, structures, pipelines, and infrastructural parts of the buildings.
7. Coordinates [47°02'51.8"N 7°02'38.1"E](https://www.google.com/maps/@47.02518,7.02381) (Google maps)
8. Coordinates [47°01'40.4"N 7°02'27.9"E](https://www.google.com/maps/@47.01404,7.02279) (Google maps)
9. <https://www.sciencedaily.com/releases/2018/05/180509121552.htm>
10. International Council for Mining and Metals (ICMM), International Petroleum Industry Environmental Conservation Association (IPIECA), and Equator Principles, A cross-sector guide for implementing the Mitigation
11. [48°46'54.7"N 11°43'40.6"E](https://www.google.com/maps/@48.46547,11.43406) (Google maps)
12. [48°46'37.5"N 11°45'15.5"E](https://www.google.com/maps/@48.46375,11.45155) (Google maps)
13. [48°45'38.4"N 11°36'26.1"E](https://www.google.com/maps/@48.45384,11.36261) (Google maps)
14. https://ec.europa.eu/environment/nature/natura2000/index_en.htm
15. FFH Richtlinie, Richtlinie 92/43/EWG
16. § 44 BNatSchG
17. ETBE stands for Ethyl Tertiary Butyl Ether, which is an oxygenate used as a gasoline blendstock to enhance octane, and is produced from ethanol and isobutylene in a catalytic reaction.
18. https://www.fedlex.admin.ch/eli/cc/1987/338_338_338/en

Appendix IV: Footnotes and References

Social

1. https://www.fedlex.admin.ch/eli/cc/1991/748_748_748/en
2. See Glossary for more details
3. https://www.gesetze-im-internet.de/bimschv_12_2000/BJNR060310000.html
4. Contractor is a worker who implements activities at the refinery premises and whose work this refinery oversees. Contractor is also understood as a company sub-contracted to perform needed services that brings its employees to the operating site for service delivery. These employees have to comply with HSSE policies and regulations of this operating site.
5. EEA includes 27 EU member states and European Free Trade Association (EFTA) member states.
6. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02006R1907-20140410>

7. Regulation (EC) No 1272/2008 on classification, labelling and packaging (CLP) of substances and mixtures. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32008R1272>

8. <https://www.equalsalary.org/>

Governance

1. <https://varoenergy.com/getmedia/55eb43db-5ed3-44ab-96a5-e7acc-c063e62/Code-of-Conduct.aspx>
2. https://www.globalfxc.org/fx_global_code.html
3. https://www.cls-group.com/media/jOdiutpr/varo_statement_nov2021.pdf
4. International legal sources defining human rights include but are not limited by the UN International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The UN International Bill of Human Rights consists of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights,

and the International Covenant on Civil and Political Rights and its two Optional Protocols.

5. Human Freedom Index presents the state of human freedom of 162 countries around the world based on a broad measure that encompasses, economic, civil, and personal freedom. The Human Freedom Index is co-published by the Cato Institute, the Fraser Institute, and the Liberales Institut at the Friedrich Naumann Foundation for Freedom. <https://www.freiheit.org/ost-und-sudosteuropa/release-human-rights-index>
6. RSB certification audit, for example, provides different number of compliance points, depending on the threshold of the Inequality Adjusted Human Development Index and Human Development Index for the feedstock origin country. The assessment takes into account also if the company undergoing certification undertakes mitigation measures to address human rights-related risk. <https://rsb.org/wp-content/uploads/2017/05/RSB-STD-11-001-60-001-vers-3.2-Consolidated-RSB-EU-RED-Standard-for-Risk-Management.pdf>

7. <https://3wy4t48t53n2zjure-2oko7k3-wpengine.netdna-ssl.com/wp-content/uploads/2022/04/ESG-2021-Report-digital-1.pdf>

Appendix V: Stakeholder Engagement

Stakeholder group	Expectations of the group from interaction with VARO	Engagement channels to explore opportunities and to foresee and resolve concerns
Employees	<ul style="list-style-type: none"> • Safe workplace • Work environment that supports well-being • Professional development and career opportunities • Competitive financial benefits • Equal opportunities 	<ul style="list-style-type: none"> • Initiatives to create safety culture in all parts of the VARO value chain (see section on Safety) • Initiatives directed at supporting health of employees (see section on Health) • Networking with other professionals and pursuing formal training • Partnership with IMD Business School Executive Education in Lausanne • Benchmarking VARO salaries against peers in the industry, in the countries of operation • Evaluating the parity of payment between men and women, across the company (see section on Equity, Inclusion and Diversity) • Conducting surveys on various topics of particular interest (see section on employee satisfaction and development)
Investors and shareholders	<ul style="list-style-type: none"> • Successful financial performance, based on a sustainable business model 	<ul style="list-style-type: none"> • Regular communication with financial institutions • Regular communication with shareholders, ad hoc or as part of the Supervisory Board meetings • Cooperation in the development and approval of the ESG Strategy
Banks	<ul style="list-style-type: none"> • Competitive business • Cost efficiency • Reputation and licence to operate 	
Partners, Suppliers	<ul style="list-style-type: none"> • Business continuity and long-term cooperation • Reliability • Trust 	<ul style="list-style-type: none"> • Strategic partnerships with suppliers, product and service providers, business partners (more information provided in the sections on ESG Strategy, Introduction to VARO) • Cooperation within associations and network institutions (see Appendix on Associations)
Customers	<ul style="list-style-type: none"> • Reliable supply of product • Product corresponding to safety and quality requirements • Sustainable product solutions, helping customers to meet their GHG emission reduction targets and obligations 	<ul style="list-style-type: none"> • Experienced management of customers' demand through timely engagement with supplier network, efficient use of storage facilities and balancing of own refining capacity • Setting up strategic cooperation with providers of sustainable products and services (more information provided in the sections on ESG Strategy, Introduction to VARO)
Membership organisations	<ul style="list-style-type: none"> • Exchanging ideas on best practices to deal with the challenges of the energy industry • Establishing cooperation in the spheres of common benefit 	<ul style="list-style-type: none"> • Conducting dialogue and advocating VARO's business values through participation in various associations and membership institutions (more details provided in the Appendix on Associations)
NGOs	<ul style="list-style-type: none"> • Sustainable business conduct in relation to society and environment 	<ul style="list-style-type: none"> • Communication with local NGOs regarding specific issues may carry significant impact on communities or environment
Local authorities and communities	<ul style="list-style-type: none"> • Benefits for local communities from the business (such as local employment, tax payment, local procurement) • Eliminating negative impact on the surrounding environment (waste, water, noise, development of production infrastructure) 	<ul style="list-style-type: none"> • Continuous engagement and very close communication with local communities, directly and through authorities, as it provides our business with licence to operate (see section on Local community engagement) • Supporting local communities with initiatives and developing projects that would provide benefits (for example, the district heating project being run by Cressier manufacturing hub; see section on Energy efficiency of operations) • We strive to respect all legislative requirements in relation to environmental performance • Diligent assessment of possible impacts from any changes in the business operations

Abbreviations & Glossary

ABBREVIATIONS

EEA	European Economic Area
EFTA	European Free Trade Association
ETBE	Bio-ETBE, or Ethyl Tertiary Butyl Ether
FAME	Fatty Acid Methyl Ester
FCC	Fluid Catalytic Cracking
FQD	Fuel Quality Directive
H&S	Health and Safety
HAZOP	Hazard and Operability Study
HVO	Hydrotreated vegetable oil
JV	Joint Venture
KliK	Foundation for Climate Protection and Carbon Offset (Switzerland)
KPI	Key performance indicator
LPG	Liquid Petroleum Gas
MSDS	Material Safety Data Sheets
OATS	Olefin Alleviation of Thiophenic Sulphur
PFC	Perfluorinated Chemicals
PPE	Personal Protective Equipment
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RED	Renewable Energy Directive
SMR	Steam Methane Reforming

GLOSSARY

Bitumen – crude oil components that are obtained from heavy, viscous asphalt-based crude oils. Bitumen is mainly used in road construction, hydraulic engineering, and in the building construction industry.

CO₂ – Carbon dioxide is a gas that is produced during complete combustion of carbonaceous fuels, and is one of the gases causing greenhouse gas effect.

E5, E7, B7 are labels used for petrol and diesel blended with biofuels. 'E' stands for ethanol and the 5 means the fuel has up to 5% renewable ethanol. 'B' represents biodiesel and the 7 refers to the fuel containing up to 7% renewable biodiesel.

EMAS – “Eco-Management and Audit Scheme” (system for environmental management according to Regulation [EC] No. 761/2001 of the European Parliament and of the Council). This is an environmental management system for evaluating and improving the environmental performance of a company, and informing the public with the aim of continuing this improvement.

FAME – Fatty acid methyl ester, or compounds of fatty acids and ethanol. Mixtures of these are also known as “biodiesel”.

Feedstock – any biomass destined for conversion to energy or biofuel. For example, corn is a feedstock for ethanol production, and soybean oil is a feedstock for biodiesel.

Green hydrogen – hydrogen produced using renewable energy sources.

Grey hydrogen – hydrogen produced using natural gas.

HAZOP – Hazard and Operability Study, a systematic way to identify possible hazards in a work process. In this approach, the process is broken down into steps and every variation in the work parameters is considered to assess the permutations of what could go wrong.

Hydrogen – A colourless and odourless gas that accumulates during the production process in the refinery and is reused in further refining processes.

Liquefied petroleum gas (LPG) – Autogas or propellant gas, often a mixture of propane and butane. It is usually used as a lighter gas, refrigerant in air-conditioning systems, for heating and cooking purposes, and as a liquid fuel in cars that have been converted accordingly.

Lost Work Incident (LWI) – A Lost Work Incident is a work-related injury that causes the injured person to be away from work for at least one normal shift because they are unfit to perform their duties.

Near-Miss – An incident that could have caused (but did not actually result in) illness or injury to people, damage to assets, environment, or company reputation, or consequential business loss.

NOX (Nitrogen oxides) – Gases that are produced during combustion processes at high temperatures, among other things.

OSHA – This abbreviation stands for “Occupational Health and Safety Administration”. Internationally active companies often base their occupational safety standards on OSHA’s standard specifications.

Process Safety Incident – An incident shall be reported as a Process Safety Incident if it involves chemicals or chemical processes as well as one or more of the following: sudden release of material above a threshold defined by the US Centre for Chemical Process Safety, a fire or explosion resulting in direct cost >\$25,000 to VARO (Tier 2 > 2000), or a lost time injury or fatality.

PFC – Perfluorinated chemicals are used in firefighting foams to form a thin aqueous film on flammable liquids or solids to suppress the emulsion of fuel into the foam; this therefore dramatically increases the extinguishing performance of foam agents. However, PFCs are an environmental contaminant when they penetrate the soil or groundwater.

SO₂ (Sulphur dioxide) – a colourless, pungent gas produced when sulphur is burned.

Spill – a spill is an unplanned or uncontrolled release of hydrocarbons or chemical substances to the ground or water. According to the HSSE Management System, any spillage of liquid hydrocarbons or other hazardous materials on ground or water, or any other spillage of such materials shall be recorded as an incident and appropriately investigated.

Sulphur – is produced during the desulphurisation of JET A-1, diesel, heating and petrol oil, and the subsequent Claus process. This sulphur is widely used in the chemical industry, e.g. for the production of sulphuric acid, dyes, insecticides and artificial fertilisers.

Third Parties – persons or organisations not employed or contracted to a company or contractor.

Throughput in manufacturing hub – refers to the monthly volume of crude oil fed to the crude unit at the processing hub.

Turnaround/shutdown – a scheduled event in which production from process units is stopped for an extended period (e.g. 1-2 months) for maintenance, inspection, revamp and/or renewal of the equipment.

Vacuum distillation – in crude oil distillation, crude oil is distilled under atmospheric pressure. All components of the crude oil (gas, petrol, petroleum, and gasoil) are recovered as long as their boiling point is below a working temperature of around 350°C. If the crude oil were to be heated more, its molecules would start cracking. Other distillates are recovered at only slightly higher temperatures, but at significantly lower pressure (vacuum). The lightest fraction is vacuum gasoil, and the heaviest fraction is processed into bitumen or heavy heating oil.

Colofon

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Design and lay-out

NOSUCH

Accelerating growth

Accelerating low-carbon

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