

MEDIA RELEASE

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VARO ANNOUNCES NEW AMBITIOUS ESG STRATEGY ALIGNED WITH ITS RECENTLY ANNOUNCED ONE VARO TRANSFORMATION STRATEGY

Zug, Switzerland, 25th July 2022 VARO Energy ("VARO") today announces the release of its first ESG report. A central part of VARO's new strategy to be the energy transition partner of choice, the report sets out ambitious ESG targets aligned with the ONE VARO Transformation strategy. At the core of the strategy is VARO's commitment to be Net Zero by 2040.

- ▶ **ESG central to strategy to invest \$3.5 billion in Sustainable Energies businesses over the next 5 years and to help customers meet Net Zero ambitions**
- ▶ **Wide consultation with internal and external stakeholders to prioritise ESG issues**
- ▶ **VARO to be Net Zero for Scope 1, 2 and 3 emissions by 2040**
- ▶ **VARO to scale-up investments in infrastructure and in strategic partnerships**
- ▶ **Equity, Inclusion, and Diversity key to VARO's growth plans**

Commenting on the announcement, **Dev Sanyal, VARO Chief Executive Officer**, said: "I am delighted to announce the publication of our first ESG report. Our ambitious strategy, the result of extensive consultation, is based on protecting and promoting people, our values, our operations, and our customer's energy needs. At VARO, ESG is central to everything that we do and the report that we are publishing today, sits at the heart of our strategy to be the energy transition partner of choice. I am particularly proud of our industry-leading Net Zero target. There is an enormous opportunity for companies that are able to provide customers with the energy that they need, in the way that they want. With our track record of building new businesses and customer solutions, executed by an entrepreneurial team, we are perfectly poised to be a leader in the transition."

Ernestina Benedetto, EVP Strategy and Transformation, said: "Our ESG strategy is central to our plan to create long-term value and is based on industry leading, rigorous and transparent ESG targets. Our role provides us with industry insights which enable us to empower our customers as they pursue their own decarbonisation ambitions. Critical to our plans is the integration of an ESG-focused approach in our

overall governance and internal controls, and the oversight of both the Supervisory Board and Executive Board."

New strategy to invest \$3.5 billion and help customers meet Net Zero ambitions

ESG is central to VARO's new strategy to become the partner of choice in the energy transition by providing secure and reliable energy solutions that customers need to reach Net Zero. Its "twin-engine" strategy will support these aims by generating cash flow (Engine 1) for reinvestment in Sustainable Energies (Engine 2). To achieve its ambitions:

- ▶ VARO to invest ~ \$3.5 billion over the 2022-26 period.
- ▶ Two-thirds committed to Sustainable Energies: biofuels, biomethane & LNG, hydrogen, e-mobility and carbon removal.

Wide consultation with internal and external stakeholders

VARO engaged extensively with internal and external stakeholders in order to identify ESG issues of material impact. Consistent with GRI and SASB disclosure standards, 23 topics were identified in consultation with employees, customers, and NGOs. The process was planned in consultation with Senior Management and company shareholders, who represent the company's Supervisory Board.

- ▶ 24 interviews and 358 employee surveys.
- ▶ Materiality assessment on the basis of stakeholder feedback and impacts.
- ▶ Most important topics include GHG emissions, energy efficiency and Equity, Inclusion and Diversity.

VARO to be Net Zero for Scope 1, 2 and 3 emissions by 2040

VARO is committed to providing supply security in the short term, while taking action at the same time to reduce its emissions and those of its customers. VARO has set ambitious and sector-leading new targets for the reduction and elimination of CO₂ emissions:

- ▶ Scope 1 & 2: interim target of 40% absolute reduction by 2030 and Net Zero by 2040.
- ▶ Scope 3: targeting a 15% reduction in carbon intensity by 2030 and Net Zero by 2040.

VARO is focused on reducing the GHG emissions of its operations and has committed to a target of more than two-thirds renewable electricity by 2023. Initiatives to achieve this target include:

- ▶ First phase of the Green Hydrogen project at Bayernoil manufacturing hub to reduce GHG emissions by 65,000 tonnes CO₂ /year.
- ▶ Installation of solar panels at Cressier manufacturing hub is the largest ground-mounted solar park in Switzerland.
- ▶ Energy efficiency and saving measures adopted at both manufacturing hubs.

VARO to scale-up investment in infrastructure and strategic partnerships

The ESG strategy is built around expanding renewable capital investments, investments in repurposing existing infrastructure and leveraging long-term strategic partnerships. Essential to the VARO strategy is investment in manufacturing capacity to ensure modern and flexible infrastructure in support of the energy transition. The infrastructure strategy is designed to support, in particular, its ambitious plans for expansion in the advanced biofuels, biomethane/ bioLNG and green hydrogen markets.

- ▶ Carbon removal: majority stake in SilviCarbon for investment in forestry projects to generate high-quality nature-based carbon removal over next 5-10 years, optimised through advisory services and trading.
- ▶ E-mobility: turnkey charging solutions for customers transitioning to E-mobility. Through its acquisition of stakes in E-Flux, VARO is already at the heart of the EV ecosystem.
- ▶ Decarbonising assets by investing in projects such as green hydrogen.
- ▶ Repurposing existing infrastructure and building and acquiring new infrastructure and businesses in support of expansion, e.g., producing by 2030 > 500 kt waste-based biofuels and reaching biomethane/bioLNG production of >1500GWh.

Equity, Diversity, and Inclusion key to VARO's growth plans

VARO is committed to improving the representation of all groups in the company. In particular, ensuring female representation across all levels is key to its strategy. VARO is committed to ensuring equal pay for all VARO employees in all countries. As part of its ESG strategy, the company has set aggressive targets with respect to female representation:

- ▶ 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.

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