

ESG Report

# 2023

Accelerating the  
energy transition





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# Part I

# Introduction to VARO

# VARO in brief

VARO Energy (VARO) is a leading European energy company that manufactures, stores and distributes conventional fuels and sustainable energies and services.

We ensure the reliable supply of conventional energies to customers while accelerating our transition to supply sustainable energies. Our target is to achieve net-zero emissions throughout our value chain by 2040.

VARO produces and markets a wide variety of energy solutions via a network of integrated downstream assets located across Europe. VARO was founded in 2012 with the acquisition of the Cressier manufacturing hub in Switzerland and has since grown rapidly through further acquisitions and mergers.

## Our business

### Key assets



**2,294**

employees

Including 1,401 VARO employees, 861 Bayernoil employees and 32 VARO Biogas Coevorden employees.



**100%** ownership of exelon, a major player in commercial e-mobility with more than 30,000 charging points at 900+ locations, primarily in Germany, Switzerland and Austria.



**4** manufacturing hubs  
**42** terminals

Including the Cressier manufacturing hub in Switzerland, a 51.4% share in Bayernoil that includes the Neustadt and Vohburg manufacturing hubs in Germany, and an 80% ownership of the VARO Biogas Coevorden manufacturing hub in the Netherlands.



**67.98%** share in Road, an EV charging platform provider.



Growing businesses in our five strategic growth pillars: biofuels, biomethane and bio-LNG, green hydrogen, e-mobility and carbon removals.



**59.8%** stake in SilviCarbon, a global leader in nature-based Carbon Dioxide Removals (CDRs).



### Core markets

Europe with diversified footprint across 26 countries globally.



**~867 million** gigajoules of energy distributed to **~115,000+** customers in 2023.

# Providing society with more sustainable energy solutions

Conventional energies currently account for the majority of our business, but our ONE VARO Transformation strategy lays out our ambitious plan to provide society with the reliable and net-zero emission energy solutions it requires.

## Creating the energy system of the future

The ONE VARO Transformation strategy is our 'twin engine' strategy that will both meet the need for energy security and the energy transition requirements of our customers. We will do this through our 'Engine 1' Conventional Energies business, and our 'Engine 2' Sustainable Energies business.

The strategy will ensure we create a diverse portfolio of sustainable, accessible and reliable energy solutions. Sustainable

energies will account for an increasing proportion of our business over time as we meet the customer demand for decarbonised energy – towards our ambition to deliver entirely net-zero emission products by 2040.

In the first phase of our ONE VARO Transformation strategy, we are investing USD 3.5 billion between 2022 and 2026, with more than two thirds of this investment committed to sustainable energies. Investments are being made in repurposing and building new infrastructure at scale, as well as making acquisitions

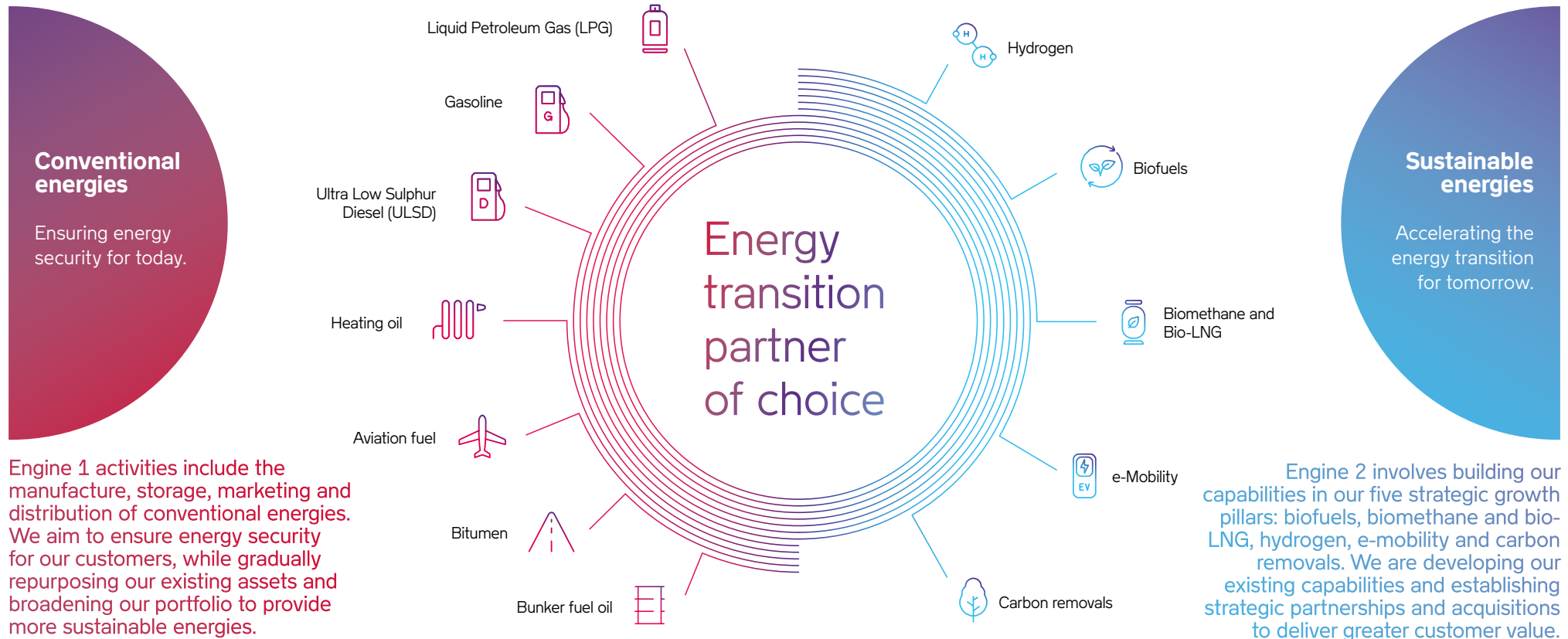
and forging new partnerships to be able to deliver more sustainable energies.

## The energy transition partner of choice

As the energy transition progresses and accelerates, customers will increasingly require a broad portfolio of energy solutions. A multi-energy strategy to provide flexibility and optionality to our customers will be key as the pace of the transition is uncertain, and the path unclear.

We aspire to be a reliable partner that offers an integrated product portfolio of energy solutions. This involves developing the infrastructure to simultaneously deliver conventional and sustainable energies. By ensuring we can meet complex customer energy demands now and in the future, we can become the partner of choice in the energy transition.

## The ONE VARO Transformation strategy



### Our ONE VARO Transformation strategy targets

- >50% of renewable EBTIDA by 2026.
- ~10% year-on-year growth in renewable energy content in sales (on a five year average basis).
- A 15% reduction in the carbon intensity of our sold products by 2030 – to help our customers to annually avoid more than 5 million tonnes of emissions compared with 2022.
- Net-zero emissions from our products by 2040.
- Treble Group earnings by 2026.
- USD 3.5 billion investment target with more than two thirds dedicated to sustainable energies.
- Ambitious operational targets for each of the five pillars.

## The VARO value chain



### Sourcing

We source various products – from crude oil, natural gas and refined conventional fuels to biofuels, waste-based bio feedstocks and low-carbon electricity. Crude oil is sourced to inland refineries through two major pipelines.

We constantly analyse new renewable feedstock to add to our portfolio.



### Manufacturing and blending

We manufacture various energies throughout Europe. Our Cressier manufacturing hub is the only fuel manufacturing facility in Switzerland, and we own a 51.4% share in Bayernoil that includes the Neustadt and Vohburg manufacturing hubs in Germany. These three manufacturing hubs have a joint capacity of around 176,000 barrels of liquid fuels per day. We are also a major biogas producer through our 80% ownership of VARO Biogas Coevorden in the Netherlands. Our manufacturing asset base will grow and process new types of bio-based feedstocks as we continue to invest in sustainable energies. VARO produces biofuels through tolling agreements for renewable feedstock at third-party producer locations and has a long experience of blending biofuels with conventional fuels.



### Storage and transportation

A reliable and efficient logistics network is key to delivering energy to our customers. Besides pipeline transportation, VARO's major logistics channels are rail, river and marine transportation and, to a lesser extent, heavy-duty vehicle transportation.



### Distribution and services

VARO serves a large network of business-to-business customers, retail customers and consumers across Europe. In addition to our own production, we buy and sell energy products from third parties to meet customer demand. We also partner with existing and potential customers (such as in aviation, industry, food retail and wholesale) to co-develop energy solutions that meet their decarbonisation needs.



# The VARO value chain

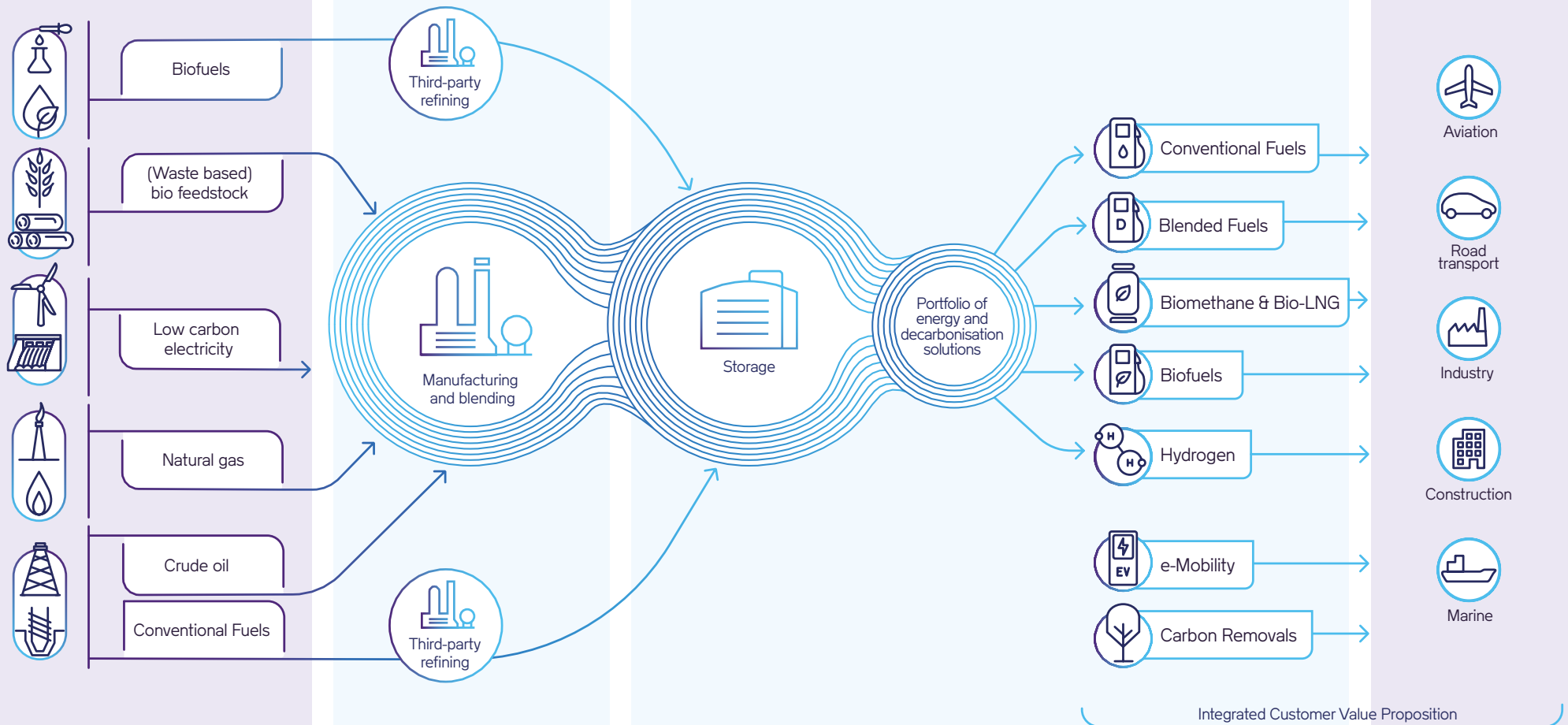
Our integrated value chain provides energy and decarbonisation solutions to our customers.

## Sourcing

## Manufacturing and blending

## Storage and transportation

## Distribution and services



## Sustainability highlights in 2023

### Enhanced capacity to provide Sustainable Aviation Fuel

A Memorandum of Understanding with Lufthansa to supply Sustainable Aviation Fuel (SAF) will involve an investment to build a major SAF manufacturing facility in Rotterdam, which will meet up to 7% of the EU's 2030 SAF target. [Read more on page 18.](#)



### New agreement to decarbonise shipping

VARO will supply a leading provider of ocean transportation solutions Höegh Autoliners with 100% advanced biofuels that reduce greenhouse gas emissions by 85% compared with conventional maritime fuels. [Read more on page 19.](#)

### Becoming a leader in commercial e-mobility

Our acquisition of elexon – the leading European developer of commercial vehicle charging gives us more than 30,000 charging points at 900+ locations. [Read more on page 25.](#)

### Increasing biogas trading capabilities across Europe

The acquisition of Renewable Energy Services (RES) provides VARO with 1 TWh of biogas and green certificate trading capabilities across ten European countries. [Read more on page 21.](#)



### Becoming a major biogas producer

We acquired the Bio Energy Coevorden BV (BEC) biogas manufacturing hub (now known as VARO Biogas Coevorden), and secured our first green loan to expand production. [Read more on page 20.](#)



### Enhanced carbon removal and trading capabilities

VARO increased its ownership of SilviCarbon, which delivered its first CDR credits to customers. [Read more on page 26.](#)



### Switzerland's largest ground-mounted solar power park at Cressier

Cressier will annually produce around 8.4 GWh, equivalent to the annual electricity consumption of around 2,000 households. [Read more on page 42.](#)

## Sustainability highlights in 2023

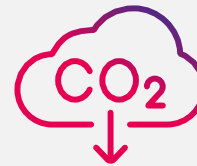
### Social



**22%** women  
in senior positions  
(vs 16% in 2022)

[Read more on page 55.](#)

### Carbon removals



**134,000 tonnes** CO<sub>2</sub>e of  
Carbon Dioxide Removals (CDRs)

[Read more on page 26.](#)

### Biofuels

**32,500 TJ**  
of biofuels supplied

**2.6 million** tonnes  
CO<sub>2</sub>e emissions saved by  
customers using VARO-  
distributed biofuels

(up 11% compared with 2022)

[Read more on page 37.](#)

### Biogas



**610 TJ**  
of biogas  
produced

**42,500 tonnes**  
CO<sub>2</sub>e emissions saved  
by customers using  
biogas from VARO  
Biogas Coevorden

[Read more on page 20.](#)

### Operations

**87%** electricity from  
certified renewable sources  
(30% above our 2023 targets)

[Read more on page 37.](#)

### Renewable energy in sales

**10%** YoY growth in  
renewable energy  
content in sales in line  
with our target

# CEO letter



**Dev Sanyal,**  
Chief Executive Officer

## Leading the energy transition

We are going through extraordinary change in the global energy system. Yet despite geopolitical uncertainty and challenging market conditions, 2023 was a year of momentum for VARO as we developed the manufacturing and supply of conventional and sustainable energies, achieving a resilient financial and operating performance in 2023.

To deliver future energy security, affordability and accessibility, we need to innovate, invest in and diversify energy solutions. Building a robust and resilient energy portfolio – while remaining agile and pragmatic – is paramount to navigating the path to net zero. Through our ‘twin engine’ ONE VARO Transformation strategy, we are developing sustainable energy businesses in e-mobility, biogas, green hydrogen, and biofuels and nature-based carbon removals to provide our customers with access to innovative, multi-energy solutions in the hardest-to-abate activities.

## Investing in our talent

I would like to thank all our dedicated employees for their part in our success this year. We have a team of talented, committed people who innovate to find diverse solutions for sustainable, secure energy. Their expertise is key to VARO’s own transformation.

Nurturing our teams and VARO’s entrepreneurial culture, as well as bringing in new capabilities, is crucial to navigating today’s complex energy landscape. Over 2023, we have continued to focus on investing in our people’s potential, equipping them with skills and knowledge across a multiple of energy solutions so we can offer an integrated customer value proposition.

## Safety – our top priority

We are focused on creating a culture where being safe is a way of life. It is our priority number one. We are committed to conducting our business in a safe and compliant manner, with a goal of zero harm to people, protecting the environment and respecting our neighbours.

Achieving this goal demands constant attention, teamwork and dedication. Our team's capabilities in process safety, integrity management and industrial engineering are critical success enablers. We strengthened our employee and process safety with our planned maintenance shutdown to ensure asset integrity and reliability. We have introduced our new VARO Operational Excellence Management System, reinforced our safety foundations with the roll-out of our Just Culture initiative and improved VARO's safety reporting culture, and trained our people in the 'Life Saving Rules' as our best defence against serious incidents and to protect our employees.

### Building a multi-energy portfolio

I strongly believe a disciplined approach to capital deployment, innovation and our multi-energy portfolio is critical to our success. In 2023, we accelerated momentum in both conventional energy assets and sustainable energies, a strategy that allows us to de-risk in a volatile energy environment and we are advancing on our target of growing sustainable energies.

We acquired 80% of Bio Energy Coevorden, one of Europe's largest biogas companies based in the Netherlands in

January 2023 and secured a green loan of USD 165 million to double the production capacity to 650 GWh by 2026. Our acquisition of RES, a leading biomethane and bio-LNG trader, provides us with 1 TWh of biogas and green certificate trading capabilities across Europe. We are also a major player in commercial e-mobility through our acquisition of elexon, a leading e-mobility company, in 2023, which has 30,000 charging points in Europe and significant potential synergies with our charging software business Road.

Success cannot be achieved in isolation, and strategic partnerships are imperative for navigating the evolving energy landscape. Collaborating closely with our customers and understanding their energy demands are at the heart of our customer value proposition. Through our 'customer lighthouse' approach we are serving their energy needs for today as well as tomorrow, and helping them progress their transition journeys. Following a Memorandum of Understanding with Lufthansa in February 2023 to supply 250,000 tonnes of sustainable airline fuel (SAF) a year by 2026, we then announced that we will repurpose an existing refinery in Rotterdam into a major SAF manufacturing facility.

### Towards net-zero emissions by 2040

We recognise that we are on a decarbonisation journey, and our ONE Varo Transformation strategy is helping us drive towards net zero for ourselves and our customers. We have an industry-leading target to achieve net zero emissions by 2040, which lies at the core of our sustainability agenda. We also aim to reduce emissions related to our operations (scope 1 and 2) by 40% by 2030 and our scope 3 carbon intensity by 15% by 2030 compared to 2022.

At a Group level, we have focused on building up carbon accounting and planning to match our net-zero target. We continue to decarbonise and repurpose our manufacturing assets to produce, transport and store low-carbon products. At Cressier, we have also commissioned Switzerland's most powerful ground-mounted solar power facility, which will supply up to 60% of Cressier's electricity requirements at peak. In addition we are connecting homes neighboring the Cressier hub to a district heating system, making use of our waste heat.

### Driving a sustainable future

I believe that great companies take on big societal challenges and deliver solutions – this is what our ONE VARO Transformation strategy is all about. With new opportunities come risk. We are building up our management processes and ESG governance with the formation of our ESG Committee, and investing in data sourcing and forecasting to align with upcoming developments in ESG regulatory reporting.

At VARO, there are many reasons for optimism, but we recognise there is still a way to go to achieve a sustainable future. Now is the time for action. We are focused on continuing momentum, building our integrated portfolio of conventional and low-carbon energy solutions through disciplined investment, collaboration and strategic partnerships. We face the future with confidence, as the 'partner of choice' for the energy transition.



**Our purpose**

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

**Our vision**

We will be the energy transition partner of choice.

**Our mission**

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



## Part II

# The energy transition in action

Meeting the demands of a  
transitioning energy market

# VARO in transitioning energy markets

The past year has been characterised by volatility and instability in the energy market and in society, highlighting the importance of our role in ensuring energy security and driving the energy transition through our ONE VARO Transformation strategy.

## The need for future energy solutions

Our customers and society in general need new and more diverse forms of energy to maintain energy supplies and promote affordability. 2023 was the hottest year on record, 1.48 degrees Celsius warmer than pre-industrial levels, which is dangerously close to the 1.5-degree threshold in the Paris climate agreement.<sup>1</sup> Energy security, affordability and climate change have never been such high priorities in Europe.

## Ensuring a 'just transition'

Transitions are often disruptive, and the shift towards cleaner, more affordable and more sustainable energy sources will have significant impacts on our customers,

communities and employees. Our focus extends beyond mitigating climate impact. This will help to achieve a just transition that meets societal and our customer's energy demands by being fair, inclusive and equitable for all.

Working together with policymakers is also essential to ensure regulation that supports more sustainable energies in a cost-efficient manner and promotes large-scale investment and attractive financing solutions. We are also invested in our employees, reskilling and upskilling them so they can thrive in the evolving energy landscape.

Besides meeting our customers' different energy needs, we engage with local communities to understand their needs and aspirations by working collaboratively to

create new opportunities and help mitigate any adverse effects of the transition. One example of this in 2023 was partnership with Group E at our Cressier manufacturing hub to connect a district heating network. This network makes use of waste heat from the hub's operations to supply homes in the neighbouring municipalities, replacing thousands of gas or oil-fired heating systems. As a result, the system has the potential to annually avoid up to 2,700 tonnes CO<sub>2</sub>e by replacing the use of gas or oil-fired heating systems. A second network, which is considered for 2025-2034, will supply 3,500 households and businesses in the Canton of Neuchâtel and could avoid around 15,000 tonnes CO<sub>2</sub>e annually.

## VARO can lead the energy transition

We are accelerating the energy transition and empowering our customers to achieve net-zero emissions by improving access to more sustainable liquid biofuels, biomethane and bio-LNG, green hydrogen, e-mobility solutions and carbon removals.

We are committed to providing our customers and society at large with energy security, greater affordability and more sustainable solutions. Our net-zero emissions target by 2040 not only drives

the ambitions for our operations, but also our commitment to support our customers to decarbonise.

Our ambitious ONE VARO Transformation strategy is using the opportunities of the energy transition to create value by developing new business models, repurposing our existing operations and establishing new partnerships to ensure we can meet our customer's future energy needs. Through investment, innovation and diversification, we will deliver more sustainable energy solutions that help tackle global challenges. With our track record of building new businesses and customer solutions, executed by an entrepreneurial team, VARO is perfectly poised to be a leader in the energy transition.

<sup>1</sup> Copernicus: 2023 is the hottest year on record, with global temperatures close to the 1.5°C threshold. [www.climate.copernicus.eu/copernicus-2023-hottest-year-record](http://www.climate.copernicus.eu/copernicus-2023-hottest-year-record)



# Our five strategic growth pillars

The ONE VARO Transformation strategy focuses on five strategic growth pillars – biofuels, biomethane and bio-LNG, hydrogen, e-mobility and carbon removals.

These five strategic growth pillars will drive our Engine 2 business as we strive to reduce the carbon intensity of our sold products by 15% by 2030, and achieve net-zero emissions from our products by 2040. Our strategic growth pillars will also help our customers and society to decarbonise by providing reliable and more sustainable energy solutions.

## Developing our capabilities in sustainable energies

In 2023, we continued to scale up in our key growth markets of biofuels, biomethane and bio-LNG, hydrogen, e-mobility and carbon removals. Our sold products had a carbon intensity of 85.8 gCO<sub>2</sub>/MJ, which equates to a 0.53% reduction compared to 2022.

We also made progress on financing our transition to more sustainable energies, securing a USD 165 million green loan to develop the VARO Biogas

Coevorden manufacturing hub. We are also investigating opportunities for green bonds, partnerships, subsidiaries and incentives. We plan to invest USD 3.5 billion between 2022 and 2026, with more than two thirds committed to more sustainable energies.

In 2023, we established dedicated expert teams to lead each of our pillars, and will add additional capabilities where necessary going forward. We also developed the customer value proposition for each pillar by assessing the relevant markets both now and in the future.



## Biofuels

We strengthened our capabilities to source renewable feedstock during 2023, announced an investment to produce SAF in Rotterdam and signed an agreement to supply a leading ocean transportation solutions provider with advanced biofuels. We also piloted and developed a new agroforestry concept for oil producing trees on degraded land in Laos.

### Our approach

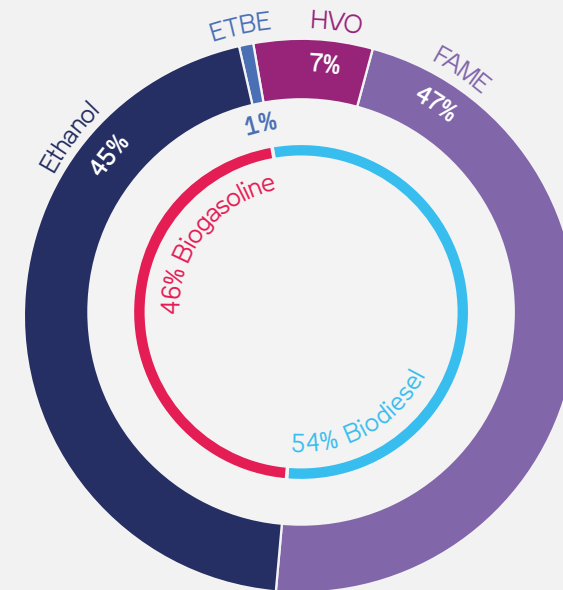
We aim to become an integrated producer of second-generation advanced biofuels, which are produced from waste and advanced feedstocks.<sup>1</sup>

We are already a leader in sourcing, marketing and distributing biofuels in Europe, with long experience of blending biofuels with conventional fuels. We produce biofuels through tolling agreements for renewable feedstock at third-party producer locations and around 80% of our current bio-feedstocks are waste-based.

We partner to invest in a secure supply of advanced feedstocks, as well as building new renewable manufacturing facilities and repurposing our existing assets. We take a phased approach to develop our own production capabilities to produce advanced biofuels – notably SAF and Hydrotreated Vegetable Oil (HVO), which will remain an important drop-in biodiesel with increasing mandates for renewable fuel content.

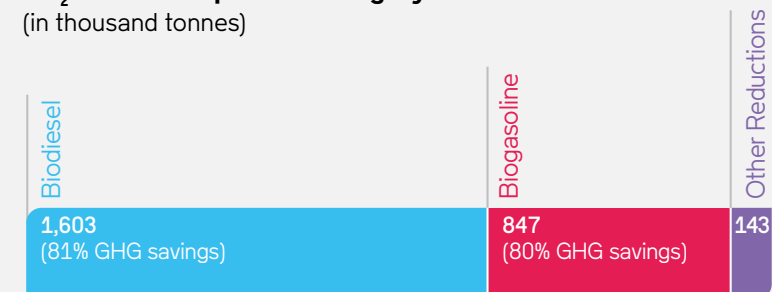
<sup>1</sup> according to Annex IX A and B of the RED regulations.

### Breakdown of biofuels sold by VARO in 2023



### CO<sub>2</sub> reductions per fuel category

(in thousand tonnes)



## Our progress in 2023

### Biofuel blending

In 2023, 98% of VARO's bio-gasoline components were derived from ethanol (with sugars extracted from biomass). HVO, which represented 13% of the total volume of biodiesel we offered in Europe in 2023, originated from mainly waste-based products.

We have ramped up our supply of biofuels for the marine sector since the summer 2023. In the Netherlands, we began supplying the Port of Rotterdam with HVO for its patrol boats.

### Feedstock procurement

In 2023, we strengthened our capabilities in bio-based feedstock procurement by enlarging our team and improving our ability to secure volumes of high-quality feedstock in an increasingly competitive market. Developing new commercial partnerships with bio feedstock producers and collectors is key to our success and we explored new sources of tree oils and waste feedstock, such as pongamia, camelina and tall oils during the year. We are also investigating upstream feedstock investment opportunities. Securing bio-based feedstock procurement will ensure our manufacturing hubs have the raw materials to produce biofuels in the future.

### Biofuel distribution capabilities

During the year, we repurposed more terminals and retail sites to handle HVO. This involved repurposing conventional terminal infrastructure to transport and store biofuels instead of fossil fuels. In Germany for example, our terminal in Würzburg increased its HVO capacity along with a EUR 2 million HVO investment at the VARO Regensburg terminal.

### Advocating co-processing opportunities

We are working with the Swiss authorities to allow the co-processing of bio-based feedstocks with petroleum at the Cressier manufacturing hub to produce biofuels. Our long-term ambition is to produce biofuels from renewable waste at Cressier.

## 2024 and beyond

- Continue to develop our capabilities to produce advanced 2G biofuels from waste and advanced feedstocks.
- Secure bio-based feedstock procurement in the long term.
- Establish partnerships to enable the deployment of advanced biofuels.
- Develop new co-processing opportunities.



## CASE STUDY

# Significant investment in Rotterdam to help the airline sector decarbonise

Following a Memorandum of Understanding with Lufthansa in February to supply more than 250,000 tonnes of biofuel a year by 2026, we then announced our plans to build a major Sustainable Aviation Fuels (SAF) manufacturing facility.

The project entails that our new large-scale SAF facility will be built on the Gunvor Energy site in Rotterdam. It will have an initial bio-based feedstock capacity of 350,000 tonnes and will be able to annually produce around 260,000 tonnes of SAF – equivalent to around 7% of the EU's SAF target by 2030. Our plans involve equipping the facility with a world-class pre-treatment unit to provide renewable feedstock flexibility and optimal production.

As part of the conversion of the Gunvor site, up to 70 existing conventional fuel operators will be re-trained to become skilled biofuel operators.

## Helping the airline industry to decarbonise

SAF produced from waste and renewable feedstocks is a viable and scalable low-carbon solution for the aviation sector. With 90% less GHG emissions on average compared to conventional jet fuel, SAF can play a crucial role in helping the airline industry to decarbonise.



“The development of a large-scale SAF manufacturing facility in Rotterdam, at the centre of one of Europe’s most significant aviation hubs, is an important milestone in the development of the ONE VARO Transformation strategy. This significant investment strengthens our leading position in biofuels in Europe by adding SAF production to our portfolio of solutions and provides our airline customers with an important route to decarbonisation.”

**Rick Klop,**  
EVP and Chief Operating Officer, Markets and Commercial

## CASE STUDY

# Partnering on more sustainable shipping solutions

Our new agreement supplies Höegh Autoliners, a leading provider of ocean transportation solutions, with 100% advanced biofuels that reduce GHG emissions by 85% compared with conventional maritime fuels.

Our collaboration will contribute towards the decarbonisation of maritime transportation by reducing GHG emissions compared with conventional maritime fuels. We aim to help shipping companies to meet the requirements of the EU Emissions Trading Scheme, which will be expanded into Marine and FuelEU Marine regulation.

“This agreement is a significant step forward in our commitment to becoming a leader in carbon-neutral deep-sea shipping and reduces our own environmental footprint. We are providing more maritime customers with greener deep-sea transportation solutions as a step toward more environmentally responsible shipping.”

**Andreas Enger,**  
CEO of Höegh Autoliners



## Biomethane and bio-LNG

In 2023, we acquired one of the largest European biogas producers. We also increased our biogas trading capabilities following the acquisition of Renewable Energy Services (RES).

### Our approach

Biogas has an important role to play in providing customers in hard-to-abate sectors such as heavy-duty transportation and shipping with cost-competitive low-carbon fuels. It can also help to decarbonise the agricultural sector and contribute to the circular economy.

Our ambition is to be a leading producer and trader of biogas, biomethane and bio-LNG, which can help customers to reduce their emissions by more than 90% while also promoting energy security. We are creating a biogas product portfolio through selected acquisitions, long-term trading positions and industrial-scale projects that draw on our production, construction and trading expertise and capabilities. We also leverage our customer relationships in our fuels business and our expertise in bio-based feedstock sourcing.

### Our progress in 2023

We produced 610 TJ of biogas during the year at VARO Biogas Coevorden. These products helped our customers avoid 42,500 tonnes CO<sub>2</sub>e emissions compared with conventional fuels.

In January 2023, VARO acquired 80% of VARO Biogas Coevorden, which is a Netherlands-based major European biogas producer. VARO plans to invest EUR 100 million in doubling its capacity to 650 GWh by 2026, which will make it the third largest biogas plant in Europe. VARO also plans to invest in solutions to liquefy the gas to produce a more sustainable alternative to diesel. The project is expected to account for 20-25% of VARO's Engine 2 (renewable energies) EBITDA by 2026.

VARO also acquired the biogas and green certificate trading company RES. [Read more in the Case Study on page 21.](#)

### 2024 and beyond

- More than double the manufacturing capacity of VARO Biogas Coevorden to 650 GWh by 2026.
- Build an integrated value chain by developing VARO's manufacturing capacity and utilising feedstock from agricultural waste to produce 1 TWh of biogas per year by 2026.
- Trade 1.5 TWh of biogas per year by 2026.



## CASE STUDY

# Our expanded biogas trading capabilities

Our acquisition of RES in 2023 provided us with 1 TWh per year of biogas and green certificate trading capabilities across ten European countries.

With our expanded capabilities and pan-European operations, we play an important role in matching biogas producers and consumers to enable substantial growth in the European biogas market. The acquisition also provided us with deep knowledge on compliance and green certificates. 1 TWh of biogas is equivalent to the energy needs of 100,000 European households and reduced 248,000 tonnes of GHG emissions.

“Biogas is a key ingredient in Europe’s future energy mix. Our diversified biogas portfolio has enhanced our sourcing and optimisation capabilities.”

**Theo Pannekeet,**  
EVP New Energies and Innovation

European demand for biogas is expected to triple by 2030, with a ten-fold growth in demand in Germany alone by the end of the decade. Through our expanded capabilities, we can deliver competitive end-to-end biogas solutions for customers across ten European countries.



“We are leveraging our trading capabilities and expertise to deliver renewable certified biogas and support customers to achieve their net-zero targets. We are driving growth in the biogas sector to create a sustainable future.”

**Christian Cuenot,**  
VP Biomethane & Bio-LNG

## Hydrogen

In 2023, we completed the engineering preparations for a 125 MW electrolyser project to produce hydrogen in Germany and developed our regional partnerships on green hydrogen.

### Our approach

Hydrogen is essential for refinery processes to produce the energy products society needs. Most of the hydrogen currently used by refineries has a significant carbon footprint. However, hydrogen is a clean-burning fuel that produces heat and electricity with only water vapor as a by-product. Therefore, lowering or eliminating CO<sub>2</sub> emissions across the hydrogen value chain represents a significant decarbonisation opportunity, with hydrogen also having a role to play in tackling emissions in hard to abate sectors such as the industrial and transport sectors.

Europe aspires to develop a large-scale hydrogen ecosystem by introducing incentives as well as obligations to utilise low-carbon hydrogen. We are starting to participate along the green and low-carbon hydrogen value chain through the production, supply and trading of green hydrogen molecules – both as a producer and consumer of hydrogen at our manufacturing hubs.

### Our progress in 2023

In 2023, we formed the VARO hydrogen team. The team drew on its experience of working with hydrogen and knowledge of the regulatory landscape, customer requirements and where VARO can deliver market value to develop a hydrogen

strategy that is initially focused on meeting VARO's own hydrogen demands.

In 2023, our team progressed plans in Germany to develop a 125 MW electrolyser to produce green hydrogen. Bayernoil is also investigating the potential to produce green hydrogen by gasifying locally sourced waste forestry material from Bavaria. The green hydrogen will replace the grey hydrogen used in our production generated from natural gas. The Bayernoil electrolyser can annually avoid 65,000 tonnes of CO<sub>2</sub>e emissions in its first phase and support the compliance with Europe's Renewable Fuels of Non-Biological Origin (RFNBO) obligations.

### Advocating green hydrogen

During the year, we applied for a CAPEX subsidy according to the Important Project of Common European Interest (IPCEI) rules under the Klima-, Energie- und Umweltbeihilfen (CEEAG) programme, and are waiting for regulatory clarity on the production of green hydrogen in Germany before making the final investment decision. During 2023, we continued to advocate for clear incentives for green hydrogen production in Germany, which would enable us to significantly reduce CO<sub>2</sub>e our emissions and supply surplus green hydrogen to customers.

### 2024 and beyond

- Continue our phased approach with an initial investment in a 125 MW electrolyser in Germany, scaling to a 500 MW capacity across Europe by 2030.
- Explore and evaluate possibilities to expand hydrogen production capabilities in proximity to our existing and future manufacturing hubs.
- Build a reputation with customers as a trusted partner and preferred supplier of hydrogen.





## CASE STUDY

# Bayernoil partners to develop the Bavarian hydrogen network

Bayernoil has established the HyPipe Bavaria hub together with regional partners to create a Bavarian hydrogen network by 2030.

## Developing a regional hydrogen pipeline network

In 2023, Bayernoil partnered with Gunvor, Bayengas, bayernets and Stadtwerke Ingolstadt to launch the HyPipe Bavaria hub. The network will be an important element in the European Hydrogen Backbone that will connect hydrogen users and producers throughout Europe – including the Bayernoil manufacturing hubs, which currently use grey hydrogen and have the potential to become green hydrogen producers in the future.

“HyPipe will support our ability to both source and sell green hydrogen. Interestingly, a great portion of the 300 km HyPipe network will consist of existing natural gas pipes that will be repurposed to carry hydrogen. HyPipe will be an important part of the transition to a more sustainable energy system in Bavaria and the surrounding region.”

**Fatemeh Rezazadeh,**  
VP Hydrogen



## e-mobility

In 2023, VARO increased its shareholding in Road, an EV charging platform provider, and acquired elexon, the leading European developer of charging infrastructure for commercial vehicles.

### Our approach

We are establishing a leading market position in commercial vehicle charging (including vans and trucks) based on an integrated offering for large fleet owners and charge point operators. Our offering combines dedicated charging infrastructure solutions for logistics (via elexon), power supply and smart charging to manage OPEX, and is supported by the distinctive charging transaction platform software from Road (formerly E-Flux). Solutions can be installed at a customer's depot or at a publicly accessible charging hub. Through our 67.9% ownership of Road and our 100% ownership of elexon, we are a key player in the European EV ecosystem. By supporting greater EV penetration in European vehicle fleets, VARO helps fleet customers to meet their net-zero emission ambitions.

### Our progress in 2023

Road built on its leading position in Belgium and the Netherlands and developed its capabilities and offering in Germany, France, Italy, Spain and the UK by hiring dedicated teams and promoting its services. VARO acquired elexon in 2023. [Read more in the Case Study on page 25.](#)

#### e-truck charging capabilities

We developed the first truck charging hub at the Port of Rotterdam, in collaboration with the Port of Rotterdam and Truckparkings Rotterdam. The hub offers 24/7 access to eight charging stations with a charging capacity of between 90 kW and 360 kW for all battery-electric heavy-duty trucks and coaches, irrespective of brand. The project was inaugurated in January 2024 and has the potential to be scaled up or replicated in more locations.

### 2024 and beyond

- Continue to build an integrated e-mobility offering.
- Develop additional partnerships and explore potential mid-sized acquisitions throughout the e-mobility value chain to support our focus on commercial fleet charging.

“VARO has proudly partnered with Truckparkings Rotterdam to launch the first e-truck charging site at the Port of Rotterdam. This milestone underscores our commitment to our e-mobility strategy and our dedication to decarbonising commercial road transportation.”

**Sacha Konan,**  
VP Commercial &  
President VARO Benelux & France



## CASE STUDY

# Expanding our presence in European commercial vehicle charging solutions

Our acquisition of exelon gives us more than 30,000 charging points at 900+ locations, primarily in Germany, Switzerland and Austria, making VARO a major player in commercial e-mobility.



## Enabling a cost-effective transition to e-mobility

exelon provides commercial customers with an end-to-end e-mobility solution that enables them to transition their commercial fleets to electric vehicles. Reducing complexity and optimising energy consumption across commercial fleets are key elements of exelon's offering along with enabling an affordable transition to sustainable transport.

With long-term relationships with major customers such as DHL Group, exelon has ambitious plans to continue its growth

journey. exelon plans to further expand its installed charging capacity in Germany – to an installed base of 1.56 GW by 2030. Germany is the largest commercial e-mobility market in Europe with expected growth rates over 30% CAGR by the end of the decade.

exelon has a network of installers, providing customers with a high degree of flexibility in sourcing options for their charging infrastructure.

## Accelerating VARO's e-mobility business

Our acquisition of exelon is a significant accelerator for our e-mobility business. By combining exelon with our leading charging software from our Road business, we can provide customers with an integrated fleet charging service, from infrastructure installation to price optimisation and portfolio management. Our customers want simpler, cost-efficient solutions for decarbonising their operations.

“VARO provides the perfect platform as we look to scale our business geographically and integrate it into a wider suite of services, bringing significant benefits to our customers.”

**Marcus Scholz,**  
CEO of exelon, a VARO company



## Carbon removals

In 2023, we increased our ownership in SilviCarbon, which will provide further opportunities to develop the customer carbon removals value proposition.

### Our approach

Removing carbon from the atmosphere will play an important role in climate change mitigation by supporting the decarbonisation of hard-to-abate sectors. But emission reduction should always be the primary focus of climate mitigation – which is true for our own operations, and we encourage our customers to take the same approach.

We believe there is significant potential to convert areas of degraded land into large-scale plantations and agro-forestry projects that remove carbon from the atmosphere while improving local biodiversity and creating long-lasting social and economic benefits. Such projects must be carefully selected to create long-term value.

### Supporting reforestation and regenerative farming

VARO owns a 59.8% stake in SilviCarbon, a global leader in nature-based Carbon Dioxide Removals (CDRs) that brings together reforestation projects and carbon market participants for long-term carbon removal from the atmosphere. SilviCarbon offers expertise in voluntary carbon removals and invests in scalable afforestation, reforestation and regenerative farming projects that provide tangible long-term economic and social benefits.

At the end of 2023, SilviCarbon was involved in four afforestation projects in Laos and Paraguay that will provide rights to approximately 10 million tonnes of CO<sub>2</sub>e removals over their lifetime. SilviCarbon also manages nurseries in Laos and Paraguay where it develops trees that store more carbon and are better suited to local conditions than standard varieties.

By drawing on SilviCarbon's services and leveraging its trading and marketing capabilities, VARO will provide an integrated energy offering that includes carbon removal credits to help meet their net-zero climate targets.

### Our progress in 2023

#### Increased ownership in SilviCarbon

We increased our ownership in SilviCarbon in 2023 from 51% to 59.8%. Our investment will help SilviCarbon to step up its work with afforestation and reforestation projects and develop more carbon removals solutions for its customers.

#### Providing CDRs to customers

In 2023, SilviCarbon began offering CDRs to customers. By the end of 2023, SilviCarbon had completed the issuance of 134,000 high-quality CDR certificates, which were mainly used to support the decarbonisation of hard-to-abate sectors.

### Fostering collaboration and learning in carbon removals

In 2023, we sponsored and participated in an ETH (Federal Institute of Technology Zurich) innovation challenge event with ETH Juniors (the student consultancy organisation of ETH Zurich). The event welcomed proposals for tracking carbon credits and using innovative technology. Establishing partnerships with flagship universities and start-ups is key to foster and kick-start innovation in areas such as carbon removals.

### 2024 and beyond

- Develop our carbon removals and trading capabilities, as well as the customer value proposition.
- Explore new partnerships to develop reforestation and other carbon removal projects.
- Develop significant opportunities to repair highly degraded land through bomb clearance (Laos) and promote more sustainable agroforestry practices (Laos and Paraguay).
- Expand the SilviCarbon team in Southeast Asia and Latin America.

## CASE STUDY

# Promoting community development in Laos

Through SilviCarbon, we manage reforestation projects on degraded land in Laos, with a focus on community development.

In 2021, SilviCarbon acquired land with forestry concessions in Laos that had been run by the paper and pulp company Stora Enso. Since then, SilviCarbon has more than doubled its land concessions. At the end of 2023, SilviCarbon's land covered 8,262 hectares in Eastern Laos, including 3,700 hectares that had been planted with eucalyptus. The land is allocated for forestry under 50-year government concessions.

## Bomb clearance for safe communities and forestry

SilviCarbon only acquires degraded land that has little ecological or social value to the local communities. Some of the land is also contaminated with unexploded bombs from the Vietnam war, which pose major safety hazards to local people. In 2023, SilviCarbon cleared unexploded bombs from

305 hectares of land – safely removing 101 bombs in the process.

“The very first thing we do when acquiring new land is a bomb inventory and we contract a specialist partner to clear any unexploded bombs,” explained Jaakko Kaukomies, ESG coordinator at SilviCarbon. “By removing bombs, we not only make the land safe for planting – we also make it safe for local people.”

## A catalyst for community development

SilviCarbon encourages engagement and collaboration with local communities with the aim of ensuring local community benefit and avoiding future land conflicts. More than 22 village meetings were held between September and December 2023.



“Under our land concession agreements, we pay a fee per hectare to local Village Development Funds and the villages decide how this money should be invested to promote local benefit,” said Kaukomies. “In recent years, the funds have been used to finance various projects – from village electrification and water well construction to investments in cattle.”

Local farmers are invited to intercrop rice with the eucalyptus plantations for free or use the unfenced SilviCarbon plantations for cattle grazing. In addition, SilviCarbon provides full-time employment for 33 local people and conducts detailed checks to prevent child labour.

## Enhancing degraded land

In 2023, Silvicarbon's land in Laos passed its annual Forest Stewardship Certification® audit, which assesses forestry practices, safety and labour conditions. SilviCarbon promotes biodiversity in its eucalyptus plantations by leaving dead trees to create habitats for insects and by preserving any existing rare or endangered trees on the land.

“SilviCarbon uses agroforestry techniques, that integrate forestry with intercropping and cattle farming, in its plantation in Laos. SilviCarbon is able to apply these methods in its other projects around the world, helping to restore soil health and provide economic opportunities to local communities.”

**Tom Rowe,**  
VP Carbon Removals

# Part III

# ESG at VARO



# Our ESG approach

The ONE VARO Transformation strategy and ESG programme are closely linked and both drive our commitment to accelerate the energy transition. Promoting sustainability throughout our value chain is not only essential for creating long-term stakeholder value, it is also integral to our strategy.

Our sustainability framework, ESG targets and responsibility are based on four key areas: our operations, our customers, our people, and our supply chain. By focusing on the impacts, risks and opportunities throughout our business, we aim to drive positive change, create long-term value and contribute to a more sustainable future.



## Our operations

We work to proactively minimise the negative environmental and social impacts of our operations. This includes mitigating our detrimental environmental impacts, decarbonising our operations, and promoting the safety and well-being of our employees, contractors and surrounding local communities.

## Our customers

We are committed to delivering reliable, accessible and sustainable energy solutions that align with the requirements of our customers while contributing to a more sustainable future. The ONE VARO Transformation strategy drives our business and supports our customers with their energy transition.

## Our people

Our employees are the driving force behind our success, and we are dedicated to their well-being, growth and development. We promote diverse and inclusive workplaces, invest in training and development programmes to enhance employee skills, and prioritise employee well-being and satisfaction.

## Our supply chain

Our ESG strategy includes our commitment to responsible and ethical practices among our suppliers and business partners. Our work with suppliers is based on long-term cooperation, reliability and trust.

# Managing our material ESG topics

## Our approach

We strive to comply with the relevant environmental legislation and work to continuously improve our performance. The management of material ESG topics is integrated and cascaded down from the Board and management team throughout the organisation through our committees that oversee specific ESG-related topics. Our management and support systems are designed to enable corporate governance

to function smoothly and effectively. [Read more in the Corporate governance section on page 66.](#)

## Certified management systems

Our integrated management system approach is based on various certifications, as shown in the table below. Regular internal and external certification audits ensure that our asset management processes are based

on responsible business practices and continuous performance improvements. Bayernoil's EU Eco-Management and Audit Scheme (EMAS) certification goes beyond the requirements of the ISO 14001 environmental management system.

## Memberships

We are a member, participant and board member of numerous national and international industry organisations and

associations that support the different stages of the fuel value chain in Europe. Many of these organisations support our work with ESG topics. Two of the most important partnerships from a pan-European collaboration perspective are the European Fuel Manufacturers Association and the voice of Europe's independent fuel suppliers (UPEI). We are a partner of the World Economic Forum and the UN Global Compact.

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



# Our commitments

We have ambitious targets to be net zero by 2040 and support our customers to decarbonise their operations.



## Our operations

### GHG emissions scope 1 and 2

More than **2/3** renewable electricity in operations by 2023

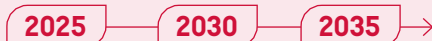
Net zero by **2040**

**40%** absolute reduction by 2030

For more detail on how we are reducing our scope 1, 2 and 3 emissions, see page 37.

### Health and safety

Process safety event rate:



Total recordable incident rate:



Fatalities **0**



## Our customers

### GHG emissions scope 3

**15%** carbon intensity<sup>3</sup> reduction by 2030

Net zero by **2040**

**~5 Mt** of annual customer carbon emissions avoided by 2030

### Product stewardship and innovation

**60%-70%** renewable commercial and growth CAPEX from 2023

**60%-70%** of M&A spend on renewable projects from 2023

### Renewable fuels

**>1,500 GWh** bio-methane/bio-LNG production by 2030

**~10%** YOY growth in renewable energy content in sales (on a five year average basis)

**>500 kt** waste-based biofuels production by 2030

**>50%** of renewable EBTIDA by 2026



## 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 and development

**>75%** employee engagement by 2025

Maintain **>90%** voluntary retention rate

Implement company-wide training plan on VARO transition by 2024

1Total Tier 1 Process Safety: Events per 200,000 work hours. 2Total Recordable Incidents per 200,000 work hours. 3Carbon intensity measured as gCO<sub>2</sub>e/MJ of energy content in marketed energy.

# Materiality assessment process

Together with senior management and our various stakeholders we identify and analyze the most relevant topics for the energy industry and our value chain.

Our most material topics are at the top right of our materiality matrix:

- Health and safety
- Sustainable energies
- GHG emissions
- Employee satisfaction and development
- Sustainability reporting
- Energy efficiency of operations
- Equity, diversity and inclusion

## Double materiality assessment in 2024

We continuously engage with our stakeholders to ensure our ESG strategy and targets are relevant. We began a 'double materiality' assessment in early 2024 to align with the latest reporting standards, including the mandatory ESG reporting requirements under the EU Corporate Sustainability Reporting Directive (CSRD). This will involve assessing the materiality of the sustainability topics related to our industry from two perspectives:

- 1. Financial materiality** – assessment of risk and opportunities and impact in terms of economic value creation for VARO.
- 2. Impact materiality** – the environmental and social impacts and livelihood throughout VARO's value chain for the benefit of its various stakeholders.

The assessment will identify the most material topics to be managed and reported and what is most relevant to VARO's strategy. By quantifying their severity and likelihood of impacts, risks and opportunities, they can be scored from a materiality perspective.

A double materiality assessment is a dynamic process that will provide VARO with a comprehensive understanding of its ESG impacts as well as its ESG-related financial risks and opportunities going forward. It will provide valuable guidance and shape our focus areas as we continue our sustainability transformation journey. Our double materiality process will involve internal experts from various business activities as well as external stakeholder perspectives and will be approved by VARO's ESG Committee in 2024.



# Material sustainability topics

We conducted our materiality assessment in 2021 and commenced a double materiality assessment in early 2024 with the objective to comply with CSRD. This section mainly refers to the 2021 assessment.

## Material sustainability topics

Our materiality assessment identified the most important topics related to our business based on input from internal and external stakeholders. These topics were prioritised from environmental, social and economic perspectives.






## Our stakeholders and stakeholder engagement

Engagement with local, regional and national stakeholders is a key part of our day-to-day business activities. As part of our materiality assessment, we identified our most material stakeholder categories based on their importance to our business and our impact on them.

Stakeholder category	Focus of engagement	Form of engagement
<b>Employees</b>	Health and safety, well-being, compliance, professional development, equal opportunities and salary competitiveness.	Training, internal initiatives, group and one-to-one meetings, networks, internal communication, surveys and benchmarking.
<b>Investors and banks</b>	Financial performance, competitive business, cost efficiency, reputation and licence to operate.	Regular communication and engagement around the One VARO Transformation strategy.
<b>Partners and suppliers</b>	Business continuity, long-term cooperation, reliability and trust.	Strategic partnerships with suppliers and business partners, and cooperation with associations and networks.
<b>Customers</b>	Reliable product supplies, product safety and quality, and more sustainable energy solutions.	Our customer services teams ensure customer needs are met. Strategic cooperation with the providers of sustainable products and services.
<b>Membership organisations</b>	Collaboration to overcome challenges in the energy industry.	Participation in various associations and membership institutions.
<b>NGOs</b>	Sustainable business conduct and performance.	Communication with local NGOs on specific topics that may impact communities or the environment.
<b>Local authorities and communities</b>	Regulation compliance, minimising negative impact and local socio-economic contribution.	Communication and dialogue with local communities and the authorities on topics and initiatives that affect them.

# VARO and the Sustainable Development Goals (SDGs)

We support all the SDGs and our strategy has a significant contribution to five of the goals.

SDG	Relevant SDG sub-targets	VARO's contribution	Read more in this report
	5.5 – Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	<ul style="list-style-type: none"> <li>Promoting female managers and business leaders.</li> <li>Minimising the gender pay gap.</li> </ul>	<a href="#">Equity, inclusion and diversity, page 55.</a>
	<p>7.1 – Universal access to modern energy.</p> <p>7.2 – Increase substantially the share of renewable energy in the global energy mix by 2030.</p> <p>7.3 – Double the improvement in energy efficiency.</p> <p>7.a – Enhance research, technology and investments in clean energy.</p>	<ul style="list-style-type: none"> <li>Promoting biofuels, biomethane and bio-LNG, green hydrogen and e-mobility in Europe.</li> <li>Investing in renewable energy.</li> <li>Working with energy efficiency in manufacturing.</li> </ul>	<a href="#">Energy transition in action, page 13.</a> <a href="#">Reducing CO2e emissions to decarbonise our value chain, page 37.</a>
	<p>8.1 – Sustainable economic growth.</p> <p>8.2 – Promote economic productivity through diversification, technical innovation and upgrading.</p> <p>8.4 – Improve resource efficiency in consumption and production.</p> <p>8.5 – Full employment and decent working conditions with equal pay for work of equal value.</p> <p>8.7 – Eradicate forced labour, slavery and child labour.</p> <p>8.8 – Protect labor rights and promote safe and secure working environments for all.</p>	<ul style="list-style-type: none"> <li>Positive economic impact on a local, national and regional level where VARO operates.</li> <li>Developing more resource efficient energy systems.</li> <li>Providing decent working conditions and equal pay.</li> <li>Zero tolerance to all forms of forced labour and child labour.</li> <li>Promoting safe and secure working environments.</li> </ul>	<a href="#">Community engagement and benefit, page 60.</a> <a href="#">Reducing CO2e emissions to decarbonise our value chain, page 37.</a> <a href="#">Equity, inclusion and diversity, page 55.</a> <a href="#">Health and safety, page 50.</a> <a href="#">Safeguarding human rights, page 75.</a>
	<p>9.1 – Develop sustainable, resilient and inclusive infrastructure.</p> <p>9.2 – Promote inclusive and sustainable industrialisation.</p> <p>9.4 – Upgrade all industries and infrastructures for sustainability.</p> <p>9.5 – Enhance research and upgrade industrial technologies.</p>	<ul style="list-style-type: none"> <li>Developing more sustainable and resilient energy infrastructure.</li> <li>Driving the development of more sustainable energy supplies for industry.</li> </ul>	<a href="#">Energy transition in action, page 13.</a> <a href="#">Reducing CO2e emissions to decarbonise our value chain, page 37.</a>
	<p>13.1 – Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> <p>13.2 – Integrate climate change measures in politics and planning.</p> <p>13.3 – Improve education and capacity to manage climate change.</p>	<ul style="list-style-type: none"> <li>Developing fuels and energy systems with lower climate impact.</li> <li>Building climate resilient energy systems.</li> <li>VARO's carbon removals customer offering.</li> </ul>	<a href="#">Energy transition in action, page 13.</a> <a href="#">Reducing CO2e emissions to decarbonise our value chain, page 37.</a> <a href="#">Carbon removals, page 26.</a>

## The regulations shaping our strategy

Several regulations support the ONE VARO Transformation strategy. These include:

### Fit for 55

an EU overarching package leading the ambition to tackle climate change by reducing European GHG emissions by 55% by 2030 (compared to 1990). Fit for 55 is part of the European Green Deal.

### Renewable Energy Directive (RED)

part of the Fit for 55 package. The recently approved revision (RED III) targets a renewable energy share in energy consumption of 42.5% by 2030 and lays out ambitious transport sector targets.

### EU Emissions Trading System (EU ETS)

a carbon market based on the cap-and-trade of emission allowances for energy-intensive industries and the power generation sector. From 2027, the ETS II will include downstream emissions in the building and road transport sectors, which directly impacts VARO products.

### Carbon Border Adjustment Mechanism (CBAM)

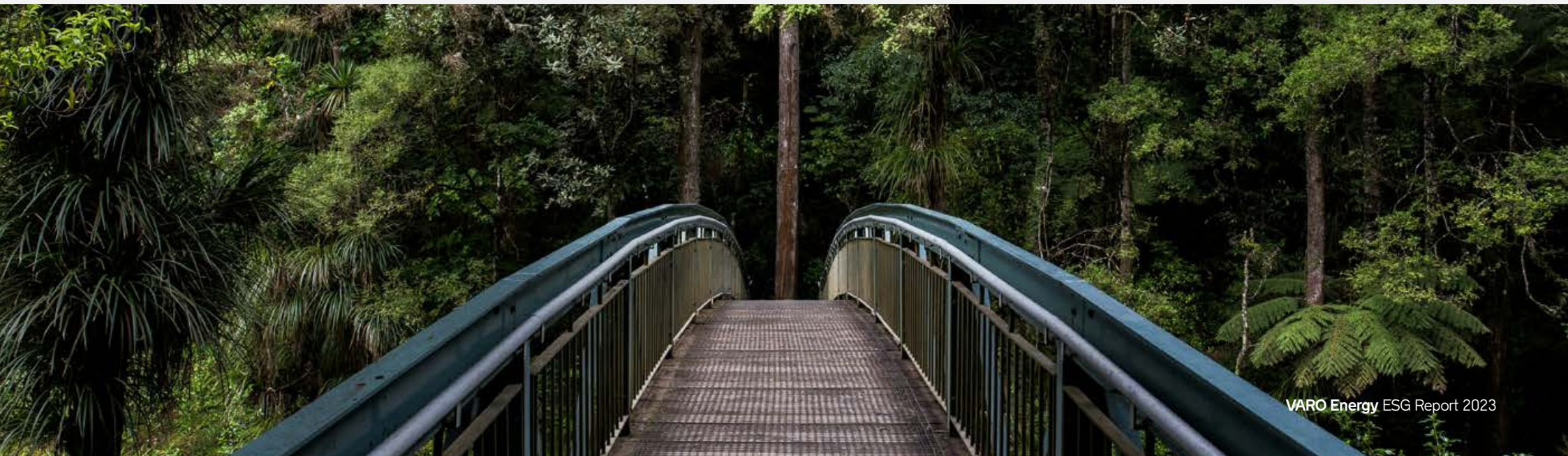
will start phasing in from 2026 for selected goods and is expected to extend to all imported products in the future. CBAM aims to protect local sectors and avoid the risk of carbon leakage.

### ReFuelEU Aviation and FuelEU Maritime

will promote the increased usage of biofuels in the aviation and maritime sectors and incorporate hydrogen in the long-term.

### Hydrogen and decarbonised gas market package

proposes revised and new rules to reduce the carbon footprint of the gas market by reducing barriers for renewable and low-carbon gases (particularly biomethane and hydrogen).



# Part IV

# ESG performance

## Environment

We work proactively to mitigate the environmental impacts of our operations by reducing emissions, avoiding spills, protecting biodiversity, and minimising waste and effluents.

### Our environmental management

We strive to continuously improve environmental performance throughout our operations and value chain, while ensuring transparency on environmental topics with key stakeholders.

Environmental management is an integral part of our Health, Security, Safety and Environment (HSSE) work related to emissions, potential spills, water and energy use, waste generation, land use, as

well as transportation via pipelines, water, rail and road. We proactively assess and mitigate environmental risks, and promote energy efficiency measures, the use of renewable energy, and biodiversity in our operations.

Our manufacturing hubs have comprehensive processes to assess, minimise and report on environmental impacts. We conduct regular assessments that focus on emissions to air, water and land, waste, noise pollution, energy and water use, odours and potential impacts from incidents.

# Reducing CO<sub>2</sub>e emissions to decarbonise our value chain

We are working to achieve net-zero emissions throughout our value chain by 2040, decarbonising our products, operations and supply chain.

## Our targets

### Scope 1 and 2 emissions

- 40% absolute reduction in scope 1 and 2 CO<sub>2</sub>e emissions by 2030 compared with 2022.
- Low-carbon electricity certificates for 100% of operations by 2030.
- More than 2/3 renewable electricity in operations by 2023.

### Total emissions

- 15% reduction in carbon intensity in marketed energy by 2030.
- Net-zero value chain<sup>1</sup> emissions by 2040.

<sup>1</sup>Scope 1, 2 and 3

## Our progress in 2023

- Scope 1 and 2 decreased by 24%, mainly through lower volumes of crude processed and sourcing 87% electricity from certified renewable sources.
- 32,500 TJ of biofuels supplied.
- Avoided 2.6 million tonnes CO<sub>2</sub>e emissions by enabling VARO customers to replace conventional fuels with renewable alternatives (increase of 11% savings compared with 2022).
- Finalised the acquisition of VARO Biogas Coevorden in January 2023.

## Our approach

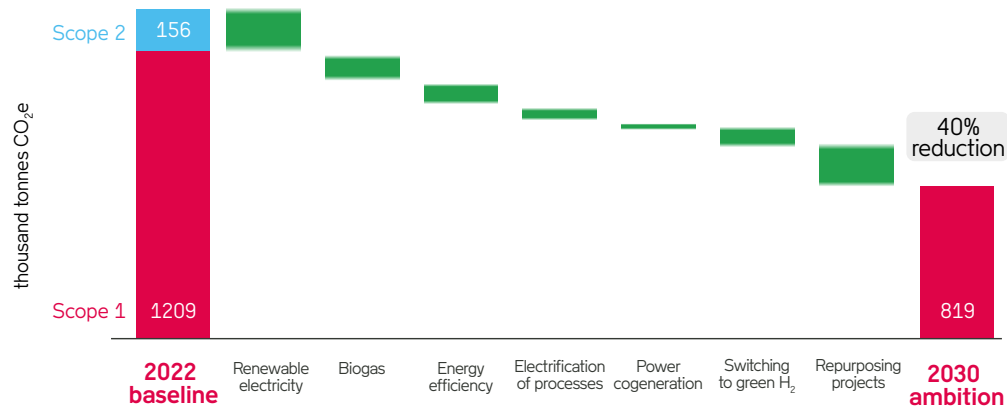
To achieve emission reductions, it is important to understand their origin. We continuously work to improve the completeness and accuracy of our CO<sub>2</sub>e emissions inventory. In 2023, we included more data from vessel, rail and pipeline transportation, and emission data from our bunkering business in Germany. Emissions from VARO Biogas Coevorden have also been included in our inventory since VARO acquired 80% of the company at the beginning of the year. The necessary adjustments have been made in our 2022 emissions inventory to ensure comparability with 2023 and the coming years. [Read more about the 2022 adjustments in the appendix on page 84.](#)

We continue to make progress on decarbonising our manufacturing hubs and terminals (scope 1 and 2 emissions). We mainly do this by implementing energy efficiency projects and by purchasing certified renewable electricity. We increased the proportion of our road fuels that were based on renewable feedstocks in 2023 (by 0.8% compared with 2022) and began producing biogas at VARO Biogas Coevorden, which reduced our end-use emissions and helped our customers meet their own decarbonisation targets. We are exploring opportunities to accelerate our decarbonisation programme, such as by replacing grey hydrogen with green hydrogen as well as more co-processing opportunities.



## Our decarbonisation roadmap

### VARO's scope 1 and 2 reduction target until 2030



Note: 2022 restated, ref. p. 86

### Decarbonising our operations (scope 1 and 2 emissions)

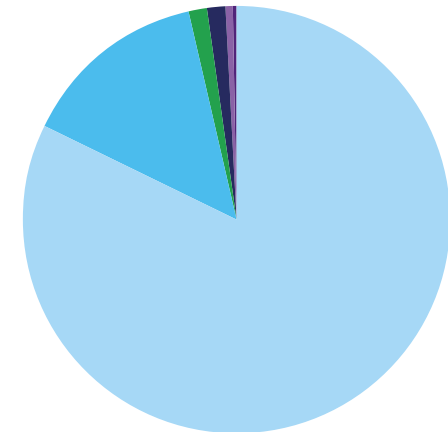
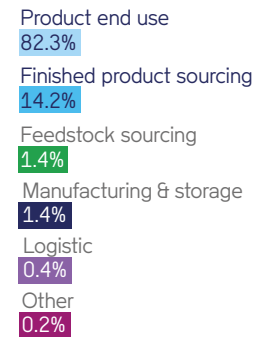
Our scope 1 and 2 emissions only represent 1.4% of our total value chain emissions. But as these are the emissions we have direct control over, we have set an ambitious reduction target.

The majority of VARO's scope 1 and 2 greenhouse gas emissions are related to energy use and hydrogen production at our Cressier, Neustadt and Vohburg manufacturing hubs. Mitigating these emissions is therefore essential in our work towards our 2030 target to reduce our scope 1 and 2 emissions by 40%.

Emission reduction measures include energy efficiency, process optimisation, switching to green hydrogen, electrification and sourcing electricity from certified renewable sources.

The projects included in our decarbonisation masterplans for our manufacturing hubs are at different stages of maturity, and some are dependent on changes in legislation and/or access to subsidies. We therefore constantly investigate and analyse new decarbonisation opportunities.

### VARO's value chain CO<sub>2</sub>e emissions in 2023



### Decarbonising the value chain (scope 3 emissions)

The customer use of our sold products and services generates around 82% of our total value chain CO<sub>2</sub>e emissions. We must therefore reduce the carbon intensity of our product and service portfolio by expanding our offering of more sustainable energy solutions to achieve our 2030 carbon intensity target and our 2040 net-zero target. By providing more sustainable fuels to both easy-to-abate sectors, such as fuels for road transport and heating, and harder-to-abate sectors such as aviation, we can help society to decarbonise.

External factors, such as technological and regulatory developments and customer preferences, will impact the pace of change in our product portfolio. The ONE VARO Transformation strategy focuses on developing and promoting more sustainable energy solutions. The co-processing of bio-feedstock offer other promising opportunities for emission reductions, among other repurposing projects. [Read more in The energy transition in action chapter on page 13.](#)

In the graph 'VARO's value chain CO<sub>2</sub>e emissions in 2023' above, 'Finished product sourcing' refers to traded volumes



of products that have not been produced at our manufacturing hubs. This accounts for 14.2% of our total emissions. These emissions are calculated using well-to-tank DEFRA factors, which includes emissions from the extraction of the raw material, the transportation to the manufacturing sites, the processing into final product, and transportation to the tank at the retail station.

Feedstock sourcing refers mainly to crude oil supply and accounts for 1.4% of our total emissions. Although detailed and accurate production emissions per well are rarely publicly available, studies show that oil production in the North Sea has relatively low emissions compared with crude sourced from other parts of the world. In 2023, 36% of our crude oil was sourced from the USA, with an average emission intensity of 16.4 kg CO<sub>2</sub>e/boe (barrel of oil equivalent), and 6% from the North Sea, with 0.7 kg CO<sub>2</sub>e/boe. The rest of our crude oil was sourced from around the world with an average emission intensity of 30.1 kg CO<sub>2</sub>e/boe.

To complement our portfolio, we will draw on SilviCarbon's carbon removals services to help meet customers' net-zero climate targets. We will do this by providing an integrated energy offering to customers that includes carbon removal credits.

## Performance in 2023

In 2023, our absolute scope 1 and 2 emissions amounted to 1,032,000 tonnes of CO<sub>2</sub>e, which was a 24% decrease compared to the previous year. This reduction was due to lower production volumes at our manufacturing hubs together with the purchase of renewable electricity at the Bayernoil manufacturing hubs to cover 100% of VARO's consumption. The Manufacturing Process Carbon Intensity (MPCI) in 2023 was 20.4 kg CO<sub>2</sub>e/boe,<sup>1</sup> which was 7.4% lower than in 2022.

To be able to compare manufacturing hubs with different characteristics, we express the MPCI in terms of energy processed. In 2023, our MPCI was 1.13 g CO<sub>2</sub>e/MJ, which was 9% lower than in 2022.

In 2023, we introduced internal carbon pricing to allow us to consider scope 1 and 2 emissions in our investment decisions. They are now included in our business case evaluation for our M&As and business development projects.

<sup>1</sup> Excluding VARO Biogas Coevorden.

<sup>2</sup> 2022 Restated, ref. [pag. 84](#).

CO <sub>2</sub> e emissions (thousand tonnes)	Category	2023	2022 <sup>2</sup>	Delta (%)
<b>Purchased raw materials and products</b>	Scope 3.1	<b>11,637</b>	<b>12,601</b>	<b>-8%</b>
<b>Manufacturing</b>	Scope 1 and 2	<b>1,032</b>	<b>1,365</b>	<b>-24%</b>
	Scope 1	1,016	1,209	-16%
	Scope 2, Market based	16	156	-90%
	Scope 2, Location based	80	101	-21%
<b>Use of sold products</b>	Scope 3.11	<b>61,260</b>	<b>66,324</b>	<b>-8%</b>
<b>Other</b>	Scope 3, cat. 2, 3, 4, 5, 6, 9, 12, 13	482	476	1%
<b>Total</b>	Scope 1, 2 and 3	<b>74,411</b>	<b>80,766</b>	<b>-8%</b>
<b>Carbon intensity of manufacturing (excluding VARO Biogas Coevorden)</b> (kg CO <sub>2</sub> e/boe)	Scope 1 and 2	<b>20.4</b>	<b>22.1</b>	<b>-7%</b>
<b>Carbon intensity of manufacturing (including VARO Biogas Coevorden)</b> (gCO <sub>2</sub> e/MJ)	Scope 1 and 2	<b>1.13</b>	<b>1.24</b>	<b>-9%</b>
<b>Carbon intensity of sold products</b> (gCO <sub>2</sub> e/MJ)	Scope 1, 2 and 3	<b>85.8</b>	<b>86.3</b>	<b>-1%</b>

<sup>2</sup> 2022 restated

## Emissions at the Cressier manufacturing hub

As part of our Cressier decarbonisation masterplan, the manufacturing hub has developed a list of decarbonisation projects that can result in estimated annual savings of 100,000 tonnes CO<sub>2</sub>e by 2030. These planned and ongoing initiatives include electrification measures, such as installing an electric motor to drive the catalytic reformer compressor, energy efficiency improvements through the real-time optimisation of assets, tank insulation and hydrogen recovery for use in refinery processes.

In January 2023, a planned maintenance shutdown was conducted at Cressier. The shutdown included routine measures to improve energy efficiency, such as cleaning heat exchangers, decoking furnaces and changing catalysts in different reactors.

Despite these efforts, the energy efficiency of manufacturing – measured as Solomon Energy Intensity Index – slightly decreased (-2.2%) in 2023 compared with 2022 due to lower throughput. As a counter measure, the site established an improved shutdown/turnaround strategy to mitigate the impact of reduced efficiency to save 10,000 tonnes CO<sub>2</sub>e/year from 2025.

Absolute emissions at Cressier decreased in 2023 by 5.7% compared with 2022, driven mainly by the reduction of the crude oil rate (around 7% reduction compared with 2022).

In September, our new solar park at Cressier became the largest ground-mounted solar park in Switzerland. We generated approximately 2.8 GWh by the end of 2023, and the park is expected to meet around 7% of Cressier's annual electric power needs. [Read more in the Case Study on page 42.](#)

We are collaborating with the local utilities company Groupe E to develop district heating systems that use waste heat from our industrial processes at Cressier to heat homes in the adjacent municipalities. The first of these systems became operational in July 2023 and has the potential to annually provide up to 5.1 MW of heat to the Cornaux and Cressier municipalities, which would avoid around 2,700 tonnes CO<sub>2</sub>e emissions compared to using heating oil. In 2023, the system delivered around 0.5 MW of heat and avoided an estimated 562 tonnes CO<sub>2</sub>e emissions. A second network, which we are considering for 2025-2034, would supply an additional 3,500 households and businesses in the canton of Neuchâtel and annually avoid around 15,000 tonnes CO<sub>2</sub>e.

## Emissions at the Bayernoil manufacturing hubs

Bayernoil emissions allocated to VARO decreased by 35.4% compared to 2022. Scope 1 emissions decreased by 21%, mainly due to a 28% reduction of crude throughput compared with 2022. Scope 2 emissions were reduced to zero as we purchased renewable electricity to cover 100% of our consumption at the Bayernoil manufacturing hubs for 2023, saving around 123,000 tonnes of CO<sub>2</sub>.

During the year, energy efficiency projects at the Neustadt and Vohburg manufacturing hubs included:

- The upgrade and reconfiguration of process units, such as a revamp of the steam methane reforming unit that has the potential to avoid 4,300 tonnes CO<sub>2</sub>e per year.
- Two energy efficiency projects at the Vohburg site that will annually save 5.3 MW and reduce CO<sub>2</sub>e emissions by approximately 9,000 tonnes per year from 2026.
- A reorganisation to promote better energy management.
- Work with employee 'energy scouts' continued as part of a long-term programme.
- Improved employee engagement on energy efficiency through better dialogue on issues, ideas, the status of energy saving measures and actions.

## Decarbonising our logistics

In 2023, we restructured and strengthened our supply chain management into a unified team. Our new organisation improved transparency and alignment on measuring our emissions from logistics. This involved shifting to a company-wide management, which created opportunities to optimise our logistics.

## New efficient office spaces

We relocated to new energy-efficient headquarters in Switzerland and a new office in the Netherlands during the year. The headquarters in Baar, Switzerland, uses a geothermal energy system with heat pumps to generate efficient heating and has a 150 kW solar photovoltaic system to generate renewable electricity. The office in Rotterdam is an Energy label A building that sources 100% renewable electricity. It uses district heating and efficient cooling from the River Maas.

## Performance on scope 3

VARO's total reported scope 3 emissions in 2023 decreased by 7.6% compared with 2022. This reduction was due to a 8.5% decrease in the volume of marketed liquid fuels and the production of biogas at VARO Biogas Coevorden. If expressed in terms of energy marketed, the reduction was 7.4% compared to the previous year.

The supply of biogas from VARO Biogas Coevorden in 2023, which replaced natural gas in the market, equated to emission savings of 42,500 tonnes CO<sub>2</sub>e.

The proportion of biofuels compared with fossil fuels expressed in terms of marketed energy increased by 0.6% in our product sales (including biogas produced at VARO Biogas Coevorden).

Biofuels represented 4.6% of the total volume of liquid fuels sold in 2023, which was an increase of 18.5% compared to 2022. The supply of these road biofuels enabled our customers to reduce their emissions during 2023 and avoided 2.6 million tonnes CO<sub>2</sub>e of scope 3 emissions. This amounted to a 11% increase in avoided emissions compared with 2022.

The Carbon Intensity (CI) of our sold products was 85.8 g CO<sub>2</sub>e/MJ in 2023, which decreased by 0.53% compared with 2022.

## 2024 and beyond

- Continue to implement decarbonisation masterplans at our manufacturing hubs.
- Develop a 125 MW electrolyser in Germany to produce green hydrogen that will replace up to 10% of the grey hydrogen produced from natural gas.
- Continue to accelerate our ONE VARO Transformation strategy to reduce scope 3 emissions. [Read more about our work with our five strategic pillars in The energy transition in action section on page 13.](#)
- Focus on greater efficiency and emission reductions in our logistics.
- We commenced a trial with B30 fuel for two inland barges in 2024. Using B30 throughout our entire barge fleet could potentially avoid around 21,400 tonnes of CO<sub>2</sub>e per year.



## CASE STUDY

# Switzerland's most powerful ground-mounted solar park

The solar park installed at the Cressier manufacturing hub will meet around 7% of the hub's annual total electricity load, and up to 60% of its electricity needs at peak production. The 19,000 photovoltaic panels will annually generate around 8.4 GWh of electricity, which is equivalent to the annual electricity consumption of around 2,000 Swiss households. The park could annually avoid approximately 160 tonnes CO<sub>2</sub>e emissions<sup>4</sup>.

The project was developed in cooperation with Groupe E and the Swiss Research and Development Centre (CSEM). About 5% of the site will be devoted to technological innovations overseen by CSEM to study the performance of different installation configurations and technologies. CSEM's focus is on boosting electricity production and reducing costs on future projects.

“The solar park is another step towards our goal to achieve net zero at VARO by 2040.”

**Eduard Geus,**  
Cressier Manufacturing Hub Director

<sup>4</sup>Calculated using AIB residual emissions factor for Switzerland 2022.



# Biodiversity and land use

We proactively safeguard and enhance biodiversity on our sites and use a biodiversity mitigation hierarchy to guide our work.



## Our approach

The Cressier manufacturing hub is located between two areas of natural habitats: one to the north-east, and the other located about 600 metres to the south across the Thielle River.

The Neustadt manufacturing hub is located 200 metres from Lake Mauerner Badensee and adjacent to a forested area, and the Vohburg manufacturing hub lies to the north of a small forest and close to the Paar and Danube rivers. This is a Natura 2000 area that includes protected habitats and breeding grounds for rare and threatened species. There is one Flora Fauna Habitat (FFH) 300 meters from

Vohburg and another four FFHs 5 km to 7 km from the site. The FFHs are home to species such as beaver and several species of fish, amphibians and slugs.

We have a long history of protecting and promoting local biodiversity at all our manufacturing hubs. Our sites conduct Environmental Impact Assessments (EIAs) and Species Protection Assessments to evaluate the potential impacts of activities on biodiversity. We also minimise discharges to avoid damaging local ecosystems.

We work closely with the local authorities and with neighbouring communities at our Cressier manufacturing hub on local

biodiversity initiatives. All our investments are subject to approval by the authorities and neighbouring communities can voice any concerns they might have regarding local natural habitats.

We apply a biodiversity mitigation hierarchy to assess planned investments:

- Completely avoid negative impacts on biodiversity.
- Where avoidance is not possible – minimise the negative impact.
- Where the impact occurs – remediate any adverse effects.
- If none of the above is possible – compensate by creating a positive impact on biodiversity elsewhere.

## Performance in 2023

Our operations were not subject to any fines or regulatory breaches related to adverse impacts on biodiversity in 2023.

Cressier had a valid 'Nature & Economie' certificate throughout the year, which remains valid until the end of 2025. During the year, a 200 m<sup>2</sup> industrial area on the Cressier site with limited ecological value was converted into a wetland habitat. Small ponds were created along with piles of stones and logs to provide habitats for rodents, snakes, lizards and other small fauna.

In addition, we planted 1,000 shrubs at Cressier, including more than 20 different species, to provide food and habitats for various species. The project began in November 2023 and was completed in February 2024 and was validated by the canton Forest, Wildlife and Nature Service.

In 2023, the Neustadt and Vohburg manufacturing hubs conducted biodiversity assessments, which identified some areas of valuable natural habitats that will be protected going forward. Further actions to enhance biodiversity will be planned based on these assessments.

## 2024 and beyond

- Continue to identify and implement actions to promote biodiversity at our manufacturing hubs.
- Investigating opportunities to enhance biodiversity on the site of the solar park.

# Other emissions to air

We work to minimise and reduce non-greenhouse gas emissions emitted by our operations, in line with regulations.

## Our approach

Our main sources of non-greenhouse gas emissions from our manufacturing hubs are emitted from furnaces and boilers in the production process, which generate SOx, NOx and particulate matter as by-products of heating processes. Our manufacturing hubs and terminals adhere to the relevant strict local or federal emission standards and compliance is regularly verified. Advanced equipment such as infrared and optical gas cameras allow the early detection of any diffuse emission leaks to ensure we can act quickly.

The storage and loading of gasoline can also cause VOC emissions, and we install Vapour Recovery Units where needed to ensure we abide by permit limits. We conduct preventive maintenance to help minimise emissions and ensure equipment operates as expected.

## Performance in 2023

In 2023, our sites complied with all local environmental regulations although Cressier and Bayernoil had some minor exceedances on emission limits with no significant environmental impact.

NOx emissions decreased by 13% at our manufacturing hubs in 2023, compared with 2022, mainly due to lower crude throughput. NOx emissions at the two Bayernoil manufacturing hubs and the Cressier manufacturing hub decreased by 16% and 9% respectively.

SOx emissions were 26% lower in 2023 at the Bayernoil hubs and decreased by 34% at Cressier compared with 2022.

Overall, the Bayernoil hubs significantly reduced emission limit exceedances in 2023 compared with recent years (five in 2023 compared with 29 in 2022 and 186 in 2021). The manufacturing hubs installed a dedicated taskforce in 2023 to raise awareness of and identify and deal with the sources of odours after some complaints from local stakeholders at the beginning of the year. Measures included optimising e-noses and improving external communication.

## 2024 and beyond

- The Cressier and Bayernoil manufacturing hubs have 50 and 35 planned projects respectively to help mitigate emissions to air in 2024.

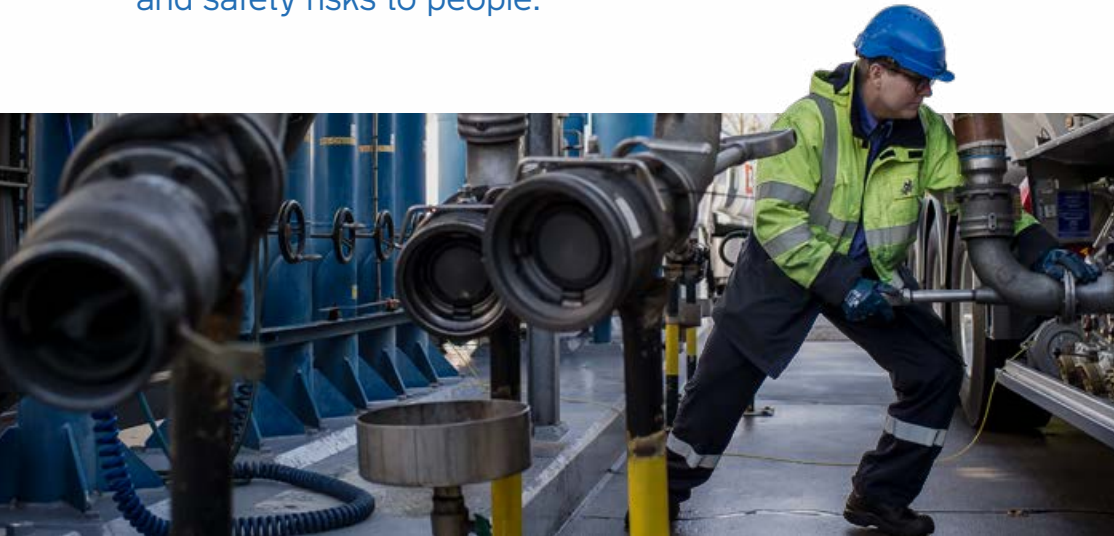
## VARO's air emissions by type

	Unit	2023	2022	2021	Development vs. previous years
NOx	tonnes	599	686	610	-13%
SOx	tonnes	666	901	873	-26%
VOC	tonnes	154	185	183	-17%
PM	tonnes	7	8	6	-6%
CO	tonnes	15	19	33	-19%



# Spills and spill prevention

Our management systems strive to prevent spills that can cause environmental damage and health and safety risks to people.



## Our approach

We work with comprehensive process safety to ensure that our processing plants, tank farms and loading systems are operated safely to avoid spills regardless of size. This includes implementing state-of-the-art safety technologies. Our Safety and Response Plan procedure helps us to manage our response related to spill

incidents. The plan defines the measures and resources to be implemented in the event of an incident and coordinates action with the emergency services if necessary. Additionally, we are in the process of implementing a risk-based OEMS (Operation Excellence Management System) with a clear strategic direction and common standards across all our sites.

Process units are equipped and monitored by a variety of pressure and flow sensors to quickly identify potential issues and maintain performance. We carefully control production processes and make regular inspections of process units, tanks and loading facilities. We also conduct process Hazard and Operability Studies (HAZOPS) with the main purpose to prevent incidents.

We provide employees and contractors with training on spill prevention and emergency spill management. All contractors must have the correct authorisation and follow our prevention plans and procedures. We have a strong reporting culture and every spill is classified according to the American Petroleum Institute 754 standard and is centrally recorded and investigated.

Our comprehensive emergency planning and response procedures ensure that any leakage is cleaned up as quickly as possible to minimise environmental damage and harm to people. We investigate and review the causes of any leak to inform future measures and minimise the risk of recurrence. Our sites hold regular training exercises in house and some training with external parties such as local fire brigades, other emergency services and the local authorities. Small-scale training is conducted more regularly.

In addition, we build trust with local stakeholders by promoting good dialogue and communication on our spill prevention

procedures. For example, at the Cressier manufacturing hub, we hold local stakeholder meetings each year to provide information on how we work to avoid spills from occurring and our processes in the event of an incident. We also provide local communities with a hotline to our 24/7 control rooms and we have emergency response teams in the event of a spillage.

## Pipeline safety

The risk of spills also applies to the pipeline infrastructure that supplies our manufacturing hubs with crude oil. We avoid pipeline leakages by regularly checking above and below-ground pipelines for cracks, holes, deformations or deterioration of the pipeline walls due to corrosion or other faults, as well as internal inspections of pipelines with sophisticated equipment.

In France and Switzerland, we follow the strict French regulations that require pipeline inspections every four years. At the two Bayernoil manufacturing hubs, TÜV SÜD inspects and verifies compliance with regulatory requirements. Pipelines are also fitted with leak detection systems to alert in the event of a decrease in flow or pressure. All pipelines are mapped with Geographic Information Systems and are clearly marked at ground level. Pipeline maintenance includes tree cutting and pruning to avoid damage to pipelines.

## Performance in 2023

VARO's fully owned operations achieved significantly fewer Tier 1 events during the year due to various measures implemented over recent years. Cressier observed its lowest-ever number of spills following gradual improvements since 2016 when it launched a Loss of Primary Containment (LOPC) prevention programme.

The Bayernoil hubs saw an increase in Tier 1 events with three occurring in 2023. [Read more in the Crisis management section on page 70.](#)

Since mid 2023, we have implemented rigorous process safety reviews at Cressier and two Bayernoil hubs to gain a better understanding of their safety situation and how safety procedures can be improved. We conducted monthly full-day safety walks along with discussions on lessons learned.

We focused on process safety training for operators at hubs and terminals during the year with an emphasis on raising awareness of the safety risks associated with spills and how they can be avoided. A new rule was introduced in 2023 to ensure operators never leave a drain unattended when in use. These measures helped to reduce the number of spills during the year.

After identifying that several spills in 2022 were due to inadequately trained drivers,

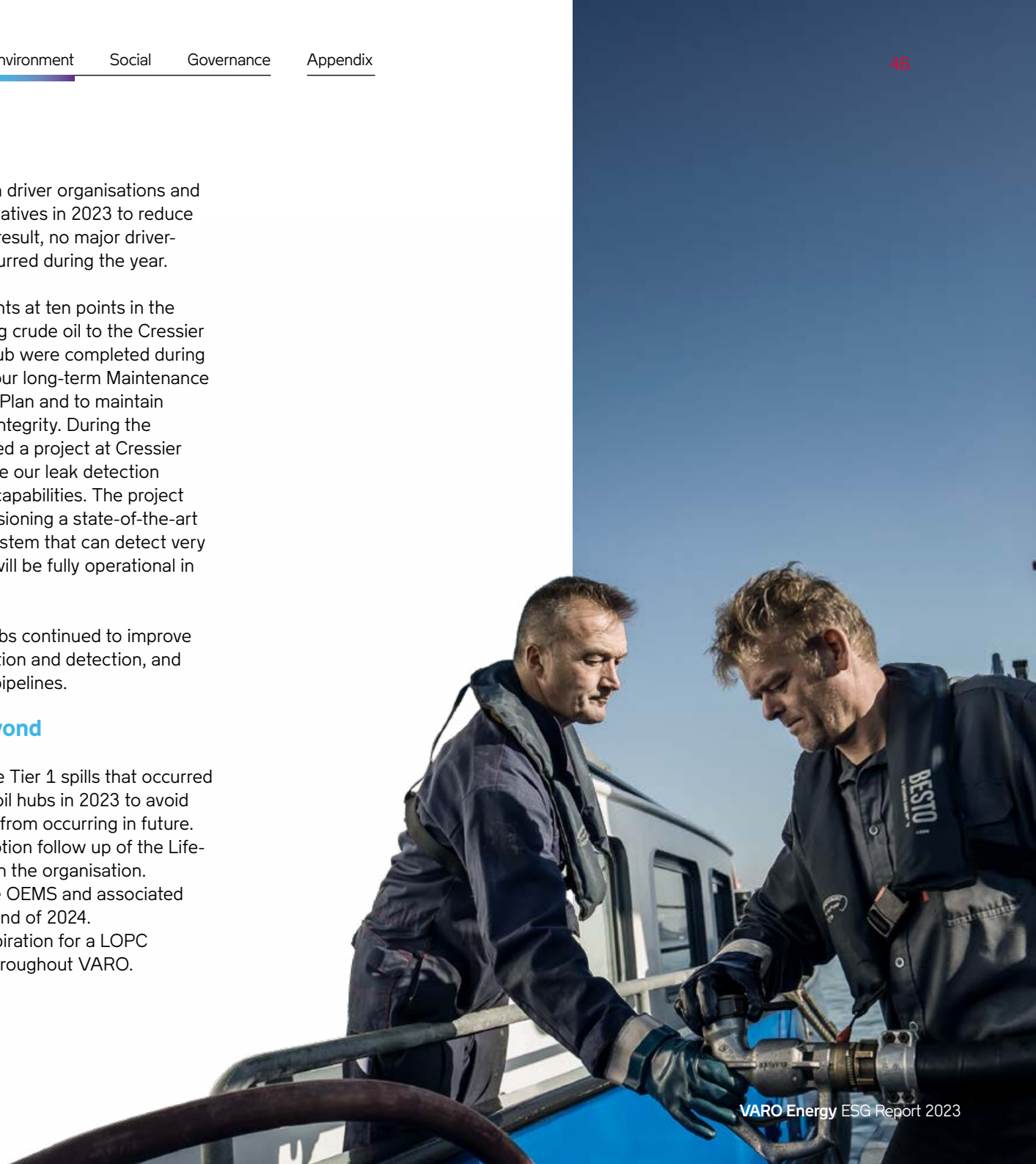
we engaged with driver organisations and implemented initiatives in 2023 to reduce such spills. As a result, no major driver-related spills occurred during the year.

Local replacements at ten points in the pipeline delivering crude oil to the Cressier manufacturing hub were completed during 2023 as part of our long-term Maintenance and Surveillance Plan and to maintain high equipment integrity. During the year, we continued a project at Cressier to further improve our leak detection and localisation capabilities. The project involved commissioning a state-of-the-art leak detection system that can detect very small leaks and will be fully operational in 2024.

Our Bayernoil hubs continued to improve corrosion inspection and detection, and remove unused pipelines.

## 2024 and beyond

- Learn from the Tier 1 spills that occurred at the Bayernoil hubs in 2023 to avoid similar events from occurring in future.
- Further promotion follow up of the Life-Saving Rules in the organisation.
- Roll-out of the OEMS and associated audits at the end of 2024.
- Long-term aspiration for a LOPC programme throughout VARO.





# Waste and effluents

By recycling by-products back into our production, we produce relatively small amounts of waste. Effluent discharges are effectively managed and monitored through our well-established processes.

## Our approach

### Waste management

Processing crude oil produces relatively small amounts of waste. By-products are recycled and recovered back into production with residue undergoing the further cracking of larger hydrocarbon molecules to produce secondary products where possible. Sulphur produced during the sulphur purification process in hydrotreaters is also sold for use in other industrial processes and as agricultural fertiliser.

Besides generating waste paper, glass and organic waste, other waste streams include residual waste, blasting sand, insulation material, spent lye, carbonate sludge, oil-containing waste and scrap metal. We recycle or dispose of all waste from our sites in accordance with the relevant waste management legislation and regular checks are performed together with the authorities.

The Bayernoil hubs treat oil sludge with a decanter process, which separates the sludge into water and oil sludge. Cressier has an incinerator to combust oil sludge. In Germany, some waste from the Bayernoil hubs has secondary uses.

We conduct audits of our waste management contractors and have established processes to ensure they abide by legislation. We immediately end agreements with contractors that have

inadequate waste plans or do not comply with our waste management requirements.

### Effluent management

We effectively manage and monitor any effluent discharges from our sites. We have our own wastewater treatment plants and take regular site samples of soils and groundwater. Our larger sites pump groundwater to create hydraulic dams to prevent pollution.

We aim to avoid the use of firefighting foams that contain Per- and polyfluoroalkyl substances (PFAS) to minimise negative environmental impact. PFAS were historically used to fight fires but may contaminate soil and water. We use water and PFAS-free foam for firefighting training.

We separate hydrocarbon-containing waste streams on site at our terminals by removing hydrocarbons from discharged water in oil separators. At Swiss terminals, discharge pipes to water bodies have sensors that raise the alarm if hydrocarbon levels are exceeded, and the discharge valve to the water body automatically closes to prevent pollution.

## Performance in 2023

### Waste management

Cressier sorted its waste into 39 different waste streams in 2023. Of this waste, 31% was recycled, 29% underwent energy recovery during waste treatment, 9% was treated in specific facilities as hazardous waste and 31% was sent to landfill. Waste generation in 2023 was lower compared with the previous year.

The Bayernoil hubs sent 70% of their waste for recovery. 30% of the hub's waste was sent for disposal, including 20% hazardous waste and 7% non-hazardous waste.

### Effluent management

In 2023, VARO sites almost always operated within the relevant effluent discharge limits for chemical, biological and physical parameters. The Cressier and two Bayernoil manufacturing hubs discharged 0.41 m<sup>3</sup> and 0.49 m<sup>3</sup> of effluents respectively per tonne of produced fuel on average.

Cressier measured elevated levels of effluents in water in November and December due to excessive rainfall, which complicated water treatment processes. Other exceedances were related to a retention pond that will be cleaned in 2024.

Bayernoil successfully commissioned a new sour water stripper in 2023 to comply with the EU's latest legislation

for best available technology to reduce nitrogen in wastewater to less than 20 mg/l and an annual average value for total bound nitrogen of 25 mg/l. To reduce excessive chemical oxygen demand (COD) concentrations, we expanded wastewater treatment to include a dosing station for powdered activated carbon at the Neustadt manufacturing hub.

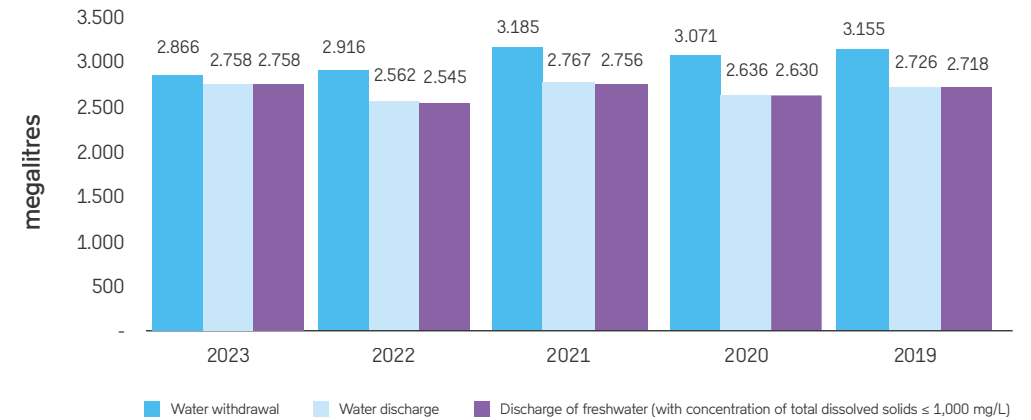
### Work with PFAS

During the year, we conducted investigations into which of our sites have been historically exposed to PFAS-containing foams and building materials and what measures can be taken to mitigate their negative impacts. We work closely with the authorities, local communities, consultants and other companies to define and implement the most effective way to resolve PFAS issues. In Switzerland, engagement with the local authorities led to the contracting of an environmental consultant with experience with PFAS to develop a methodology for site investigations that will be conducted in 2024 and 2025.

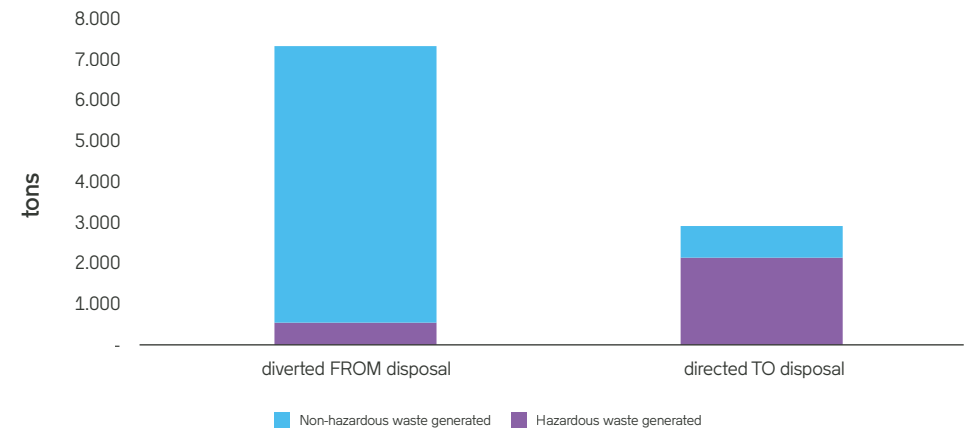
### 2024 and beyond

- Continue to minimise waste and identify partners that can find secondary uses for our waste products.
- Continue assessments related to the historic use of PFAS substances.
- PFAS plan submitted to the local authorities for validation in early 2024.

## Water use 2019-2023



## Waste generation in 2023



# Part IV

# ESG performance

## Social

Promoting employee health and safety are our top priorities. We also aim to create an equal, inclusive and diverse organisation, support the well-being and upskilling of our employees and maintain good relations with local stakeholders.

# Health and safety

Protecting the health and safety of our employees and contractors is our top priority. A proactive approach to health and safety also helps avoid environmental damage and preserves the integrity and manufacturing capacity of our assets.

## Our targets

- Total Recordable Incident Rate (TRIR) target of  $\leq 0.50$  per 200,000 work hours by 2025 and  $\leq 0.20$  by 2035.
- Process Safety Event Rate (PSER)  $\leq 0.010$  per 200,000 work hours for Tier 1 and  $\leq 0.100$  Tier 2 by 2035.
- Zero fatalities.

## Our performance in 2023

- TRIR of 0.7 per 200,000 work hours.
- 0.087 Tier 1 PSER per 200,000 work hours, 0.145 Tier 2 PSER.
- Zero fatalities.

## Our approach

We work to promote a safety culture with strict procedures for managing work-related hazards and employee health on our sites. Our manufacturing hubs follow international, national and industry-specific regulations to manage biological, chemical, ergonomic and physical hazards.

All our manufacturing hubs and terminals have VARO-specific or ISO 45001-certified HSSE management systems. For a full list of the certifications held by our facilities, see the Certifications section on page 29. We use HAZOP and Safety Integrity Level (SIL) assessments to manage and eliminate or reduce safety-related risks. Extensive internal and external audits verify adherence to our standards and the

effectiveness of our management system, and promote continuous improvement.

The risk-based OEMS we are implementing is based on our HSSE management systems and uses a VARO-wide risk matrix to determine and classify risks. This approach will help us to develop and prioritise risk-based actions and processes to mitigate these risks to acceptable levels. We focus on high-risk activities, such as: working under high temperatures, in confined spaces, excavation activities, safety system bypass, working at height and lifting activities. Detailed instructions for such activities regulate how to conduct work to mitigate risk. Our OEMS will also be important to support the integration of our business.

Emergency plans are in place to cover hazards related to our operations, including fire, explosions, toxic leaks, and on-site injury and rescue scenarios. Our emergency plans are regularly reviewed and tested through internal exercises and with the external emergency services. We learn from these exercises to further improve our approach.

## Health and safety reporting and performance monitoring to manage risk

Our incident categorisation and reporting are based on categories defined by the US Occupational Safety and Health Administration. We promote open and honest reporting and we encourage our

teams to report incidents, such as near misses, high potential incidents and minor spills. This provides us with an accurate status and guides continuous health and safety improvements.

We monitor KPI data and company-wide safety performance on a monthly basis. Our Operational Risk Committee, which is presided over by the CEO, reviews overall performance developments as well as any incidents, with a focus on serious injuries, spills and high-potential incidents.

## Incident investigation and follow up

We continuously monitor and report incidents and perform risk assessments to identify and classify risk in various scenarios. Events that have caused or could potentially have caused significant harm to humans, the environment and assets are classified as 'high-potential incidents' or 'near misses'.

All incidents and 'near misses' are investigated and their root causes are identified to help adjust or create procedures and take action to prevent their recurrence in the future. Following a root cause analysis, we prioritise corrective and preventative actions to eliminate or minimise the causes of an incident. All investigations are recorded in our incident tracking system and follow-up actions are reviewed monthly. Learnings from incidents are shared with the workforce.

### Employee engagement on safety

Our precautionary measures to mitigate risks include providing the necessary personal protective equipment and training to enable employees and contractors to work safely. We proactively communicate, consult and involve all relevant employees and contractors in health and safety topics – through various channels and forums including tool-box meetings, daily production and maintenance meetings, our intranet and risk assessments.

We provide relevant safety training to each employee and adapt it to operational changes. We provide formal site-specific induction programmes on health and safety hazards for contractors and visitors.

### Employee health and well-being

VARO has various initiatives that promote employee health and well-being including mental health. During pre-placement at work, we assess potential impacts on employee health based on an occupational health matrix. This is based on a health-risk profile, illness statistics and specific hazards identified for each site. Our production sites are equipped with medical facilities and medical professionals as necessary.

Healthy lifestyles are promoted by offering employees with discounts for yoga classes,

fitness and gyms at nearby facilities, as well as a web application on well-being. At some locations, we make e-bikes available for short journeys.

### Safe logistics

VARO promotes safe driving through the implementation of driving standards for VARO truck drivers, direct contractors delivering VARO products and VARO employees who frequently drive as part of their work. Every truck driver has a personalised driver's manual and is provided with mandatory defensive driving training.

VARO leases rail tank cars for the transportation of products from various rail companies. We maintain a risk register that includes the likelihood of rail transportation safety risks. Control measures include maintenance requirements for the entire fleet on a four-year cycle. We also ensure regular safety training for employees and partners that operate trains on our behalf.

For sea and river transport, we have verification processes and inspections for the external companies from which we lease vessels from to promote safety. For barges, we engage third parties in technical inspections to evaluate the risk level of nearly 300 onboard aspects and a risk-based vetting approach.



## Performance in 2023

### Safety performance

		2023	2022	2021
Process Safety Event	Tier 1 PSE	3	5	1
	Tier 2 PSE	5	4	4
Spills of oil and refined products	Total number of recorded spills >100 litres	10	18	15
	Total number of recorded spills <100 litres	84	107	99
Work-related injuries	Fatalities	0	0	0
	Lost time injury rate	0.23	0.43	0.52
	High-consequence work-related injury rate	0	0	0
	TRIR	0.7	0.9	0.8

At VARO-operated sites, the number of more serious Tier 1 process safety events decreased while the number of Tier 2 events remained similar to 2022. This resulted in an overall decrease in the PSE rate.

Despite a positive trend in 2023, our TRIR was 0.7 per 200,000 work hours on average compared with our 2025 target of <0.5.

Bayernoil met its target of a TRIR of 0.6 with a rate of 0.42 per 200,000 hours worked at year end. The annual targets for near-miss

reports (>550) and inspections (>700) were both achieved.

Lost-time injuries decreased for the third year in a row, which demonstrates that although our TRIR remains high, our lost time injuries are steadily decreasing.

#### Stepping up safety measures

We launched several initiatives to improve safety and continued our asset integrity reviews. We fed the results of the reviews into improvement plans that we are



developing to promote a high standard of asset integrity. This included the roll out of process safety training for leadership functions at terminals and manufacturing hubs to raise risk awareness.

As part of improving our current asset base and integrating new businesses, we expanded our central HSSE organisation and introduced new competences, including a Process Safety and Asset Integrity Manager, to enhance our approach to our OEMS and process safety.

In 2023, we introduced several new HSSE initiatives:

- Life-Saving Rules aligned with the International Association of Oil & Gas Producers (IOGP) – to prevent severe injuries and fatalities. [Read more in the Case Study on page 54.](#)
- Stop Work Authority initiative – to give anyone the right to stop an activity they perceive as unsafe.
- Process Safety Fundamentals initiative – to help our employees to understand and avoid high-risk events.
- ‘Just Culture’ initiative – to improve our safety awareness and safety reporting culture to avoid incidents. The initiative involves investigations to find root causes of deviations from safety procedures – with a focus on learning from and improving safety performance.

In 2023, we improved our risk-based process to ensure barges, vessels and

their personnel can safely transport our products with a new barge vetting procedure.

### Employee health and well-being

In 2023, we held ‘health promotion weeks’ for our teams that included several presentations on health topics such as sleep, nutrition, ergonomics and first aid. As part of our focus on employee mental health and well-being, we provided free access to an online tool supporting meditation, relaxation, mindfulness and better sleep habits to help employees with stress and anxiety.

### Accidents in 2023

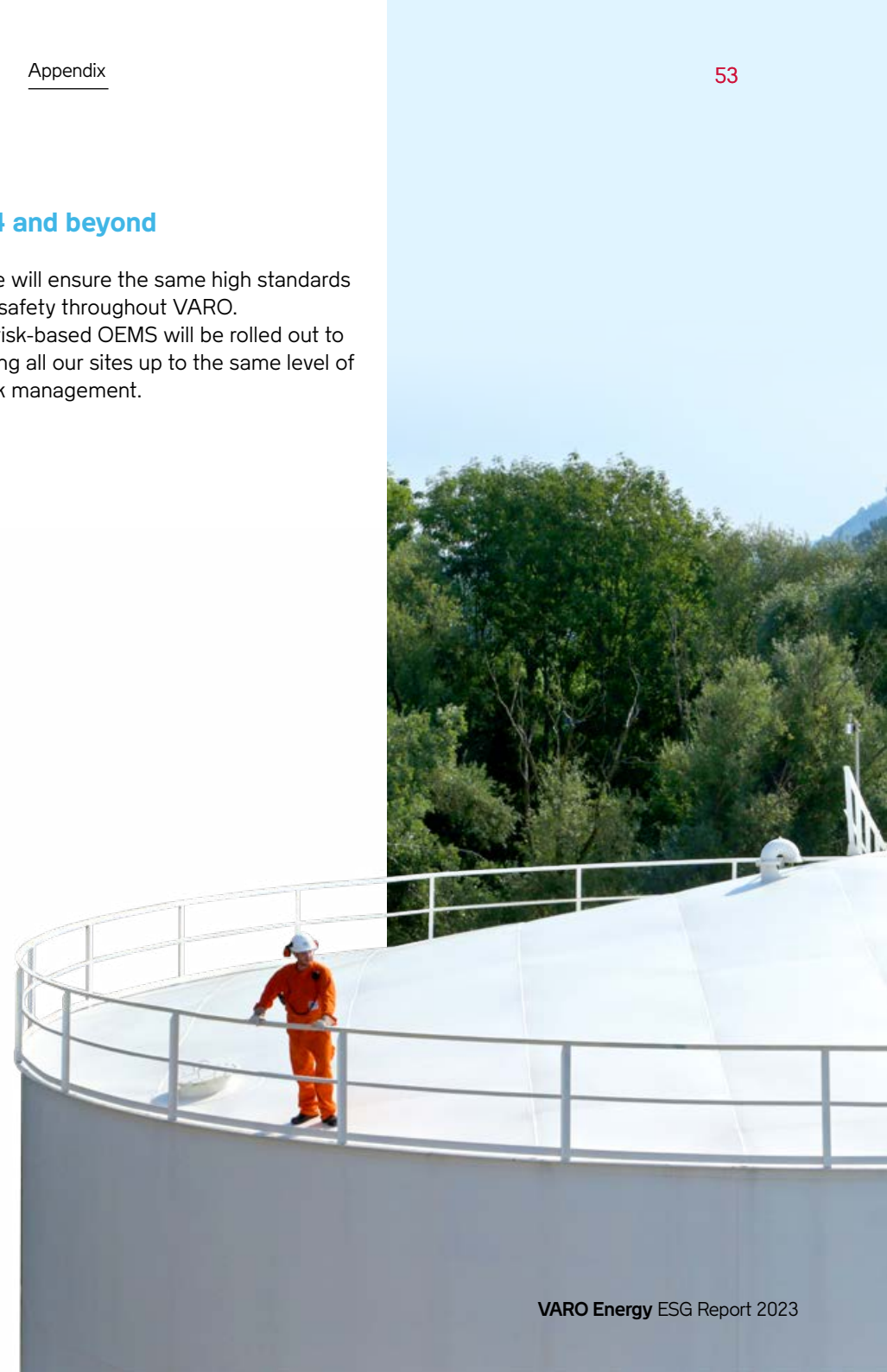
Three Tier 1 events occurred at the Bayernoil manufacturing hubs during 2023: one involving an overflowing drain, a hydrogen compressor failure, leading to a gas release that resulted in a fire, a kerosine leak that caused a fire in which an operator suffered severe burns.

In addition, a traffic accident occurred during the major shutdown in which a partner company employee was seriously injured.

We take such incidents very seriously. We followed them up with independent investigations and various structural measures were implemented to improve work procedures and avoid similar incidents occurring in the future. [Read more in the Crisis management section on page 70.](#)

## 2024 and beyond

- We will ensure the same high standards of safety throughout VARO.
- A risk-based OEMS will be rolled out to bring all our sites up to the same level of risk management.



## CASE STUDY

# Introducing the Nine Life-Saving Rules

In 2023, the Nine Life-Saving Rules raised awareness of 'life critical' rules that relate to activities that – if not executed correctly every time – pose a significant risk of serious injury at VARO.

Aligned with industry IOGP standards, our Nine Life-Saving Rules are easy to remember, yet crucial for everyone's safety. They apply to all VARO employees and contractors, whether at our manufacturing sites, terminals or offices.

In October, we launched a dedicated training on the rules that will be rolled-out across the organisation. A short animation video was also created to introduce employees to the rules, along with training and communication materials available on our intranet for all employees to access.

*“ We ask that everyone who works for us uses these Life-Saving Rules and takes the responsibility to integrate them into their daily work practices. We are committed to creating a culture where safety is not just a rule, but a way of life.”*

**Reinout Houttuin,**  
Director HSSE-Operational Excellence





# Equity, inclusion and diversity

Our work with equity, inclusion and diversity (EI&D) aims to motivate all our employees, provide diverse perspectives and help to attract and retain talent.

## Our targets

At least 50% female employees in office-based positions by 2030.

50% senior managers are women by 2030.\*

\* Defined at VARO as Category 6 and above.

0.9-1.1 gender pay gap across all geographies.

## Our performance in 2023

40% female office-based employees.

22% female senior managers (6% increase compared with 2022).

No relative gender pay gap.

## Our approach

VARO's heritage and success to date is based on bringing together and embracing the different backgrounds and cultures of around 20 companies, each with a history of entrepreneurship. We will continue to champion this diversity as we expand and transform our business to ensure we can attract and retain the best talent in the future.

Giving everyone equal opportunities to reach their potential is at the heart of our approach to EI&D. We aim to support every individual with what they need to succeed – whether this is opportunity, networks, resources or support.

We are committed to provide equal opportunities in employee hiring, promotion and compensation. Employees should not be discriminated against



because of their race, colour, religion, sex, gender, gender identity or expression, sexual orientation, national origin, genetics, disability or age. We have zero tolerance for harassment – including verbal, physical and other forms of harassment.

Gender pay gap analyses in Switzerland, Benelux and Germany in recent years have confirmed that there is no gender pay gap.

Our EI&D Policy covers all business relationships and expects all employees to exhibit conduct that reflects inclusion while at work – including with colleagues, customers, suppliers, authorities, stakeholders or members of the public. Our HR Committee manages the effectiveness of our EI&D policies and actions, and alignment with our ONE VARO Transformation strategy.

## Performance in 2023

In 2023, we filled 50% of our 28 senior management positions with women. We continue to demand that our headhunting companies include women on applicant shortlists and do not begin interviews until this objective is fulfilled.

The proportion of female office-based employees at VARO was 40% by the end of 2023. Women accounted for 22% of our senior managers, compared with 16% in 2022.\*

To promote fair pay and minimise the gender pay gap, we developed a new competitive and transparent employee bonus scheme in 2023 that was backed up by a new performance evaluation process to promote equity on how we assess and review employee performance. New Employee Networks were launched for women with the aim to create inclusive and supportive work environments.

At Cressier, an independent consultant interviewed around 40 employees on diversity and inclusion at VARO, including a good representation of women. The findings from the interviews were compiled into a report, which will be used to guide EI&D initiatives at Cressier going forward. The first female operator was employed at Cressier during 2023.

\* Defined at VARO as Category 6 and above.

## 2024 and beyond

- Continue to promote equal opportunities when we hire, promote and pay employees – towards our EI&D 2030 targets.

### Our values

We always aim high, we challenge the status quo and we solve together. This is how we act to make a difference in society and drive the pace of change in our industry.

#### Embrace challenge

- We are open to new ideas to challenge our thinking.
  - We turn challenges into opportunities.
  - We are eager to learn and grow.

#### Drive pace

- We have an agile, can-do mindset and deliver on our promises.
- We are restless with the status quo.
- We make rapid progress because of the foundations we have built.

We share a sense  
of responsibility and  
respect for people &  
our planet

**VARO** 

#### Aim high

- We are entrepreneurial with a shared purpose.
  - We push ourselves, our business, and our industry into uncharted territories.
- We strive for success and overcome adversity.

#### Solve together

- We take collective responsibility for the safety of all.
- We build diverse teams to unlock our full potential.
- We invest in strong partnerships and know-how.

# Employee satisfaction and development

We care about the well-being and development of our colleagues, which also drives our business success.

## Our targets

- >75% engagement level by 2025.
- Maintain >90% voluntary employee retention rate.

## Our performance in 2023

- Voluntary employee retention rate of 94%.
- Improved employee development opportunities.

## Our approach

We aim to create an environment where people feel they can speak up and be heard, which aims to boost creativity and innovation at VARO. Our Employee Handbook and policies such as our Code of Conduct and our Flexible Work Policy, which clarifies our conditions for flexible and remote working, guide our approach to employee satisfaction and development. We also promote employee dialogue through various channels and person-to-person encounters to support our employee culture.

We encourage our employees to act in accordance with our company values – to aim high, embrace challenges, drive pace and solve together with a sense of responsibility and respect to people and planet at the heart of everything we do.

### Our focus on employee well-being

We aim to enable employees to find a good work-life balance. Employees are entitled to work remotely up to two days a week as part of our Flexible Working Policy – depending on department and employee tasks.

Employee satisfaction is also related to equal opportunities, equal treatment and non-discrimination as well as competitive pay. [Read more in the Equity, inclusion and diversity section on page 55.](#)

VARO always seeks to pay fair wages and benchmarks salaries against industry peers. We offer parental leave, accident insurance and favourable pensions.

### Developing our employees

The personal and professional development of our employees is key to our succession planning and business continuity as we continuously identify individuals with the potential to develop. Development is also vital to empower our employees and to promote their continued attractiveness on the job market. VARO encourages employees to further their

capabilities, knowledge, skills and competencies by networking with other professionals and pursuing formal training.

We provide annual employee performance reviews as part of our Performance Evaluation Process. The reviews focus on assessing employee performance and promoting development and career growth by making development plans and setting personal targets.

Our 'Lunch & learn' sessions encourage our employees to share experiences. The sessions also offer training and development opportunities delivered by in-house subject experts and are supported by e-learning materials.

We have focused on the following topics:

### Learning and development

Career, succession, learning and development plans.

### Collaborate and communicate

Clearly defined roles and responsibilities and to be organised in a systematic, functional and agile way.

### Feedback and recognition

Culture of regular constructive and fair feedback on general performance, but also particular achievements.

## Performance in 2023

### Employee satisfaction

High employee satisfaction helped us to achieve a voluntary retention rate of 94% in 2023. We are committed to maintaining a voluntary retention rate of above 90%.

In 2023, we conducted various employee initiatives to address areas for improvement highlighted in our 2022 Employee Satisfaction Survey in transparency, employee engagement and development. Our projects were designed to improve employee moral, motivation and job satisfaction, as well as improve employee engagement through formal talks with managers and shift meetings.

To improve transparency, we have clarified the employee bonus system and ensured all policy documents are available to employees. We launched a more modern and collaborative intranet in 2023 to enhance employee engagement. We also held quarterly company-wide townhall meetings during the year.

### Employee development

Our total training budget in 2023 was USD 3 million. During the year, we continued to give career opportunities to internal candidates to promote their personal and professional development.

We launched a Leadership Development Programme in 2023. This training will be provided to all our people leaders in 2024. We also prepared the launch of the VARO Sales Academy, which will upskill our sales and marketing teams to work with the customer value proposition for both sustainable and conventional energies. The aim is to enable our teams to navigate the complex energy landscape in order to help our customers to decarbonise and meet their energy security needs. The academy was launched in March 2024.

In 2023, we decided to roll-out a state of the art Learning Experience Platform and vendor selection was completed. This will provide a wide variety of learning opportunities to our employees. Content will include presentation skills, IT skills, interpersonal topics such as handling difficult conversations or conflict, safety training and Code of Conduct training. The platform will be launched in 2024.

We also have a long-term partnership with the International Institute for Management Development in Lausanne. The partnership delivers powerful learning experiences for our individuals and teams. In Germany, VARO held an 'Accelerate Leadership Programme' in 2023 that consisted of three two-day workshops for all leaders. Additionally, we launched a 'toolbox' to support all employees with their professional development.

## 2024 and beyond

- Continue to implement initiatives that promote employee satisfaction and development.
- Develop and roll out customised leadership training for all people leaders.
- Roll out the Learning Experience Platform.



## CASE STUDY

# Promoting employee health and well-being

In early 2023, our employees in Baar, Switzerland, and Rotterdam, the Netherlands, relocated to new modern offices. These office spaces offer modern and high-quality work environments with natural light and more spaces for employee collaboration. They also offer access to training and gym classes, and healthy snacks and food. Both offices are designed to be socially inclusive facilities that are fully accessible to visitors and employees with special needs.

“We work hard to ensure that our people are given the best possible environments for their physical and mental well-being. By providing good workspaces, we are hoping to create an environment where our employees can thrive, while helping us to attract and retain talent.”

**Gilles Vollin,**  
EVP Integration and Capability



# Community engagement and benefit

We believe our licence to operate is built on providing positive local benefit in the communities in which we operate, and we prioritise maintaining good relations with local authorities and the residents of neighbouring communities.

## Our approach

Along with our contribution to energy security and the societal energy transition, our licence to operate is based on engagement and a positive contribution to the local communities in which we work. Our business provides local employment opportunities, and we invest in projects such as solar energy and district heating that benefit local societies.

## Transparent local stakeholder communication

Open communication and frequent dialogue help to maintain good relationships with local communities. We engage with them on key topics, such as on disruptions, planned overhaul activities and turnarounds, and the impact they may have. Our HSSE Policy requires us to communicate openly with all stakeholders on relevant HSSE topics.

We use various communication channels and share information through our website, third-party websites and in local newspapers. We also maintain an emergency hotline for communities to express their concerns. Neighbouring communities can voice any concerns they might have, such as regarding local development projects and any potential impacts on natural habitats.

Local authorities are key stakeholders, and we arrange site visits for local officials every year to exchange ideas and concerns. Our manufacturing hubs organise open days to present their activities and future plans to local stakeholders.

At Cressier, a virtual sustainability map informs the public about our initiatives in environmental protection, energy





efficiency, safety and social engagement. The map includes 46 initiatives to improve sustainability on the site. The map is accessible at [www.sustainability-varoenergy.com/en/](http://www.sustainability-varoenergy.com/en/).

### **Community support**

We strive to provide a positive contribution through actively supporting local projects and other initiatives related to people in need through our local community engagement programmes, donations and sponsorships.

### **Noise disturbance**

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

We monitor noise from our sites and act quickly to reduce noise disturbance for local communities. During regular control checks, we monitor equipment that might affect noise levels and maintain regular contact with the local authorities on abnormal noise disturbances. Such events mostly happen when equipment fails or during shutdown/start-up operations. If we discover abnormal noise or in the case of a complaint, the source of the noise is identified and mitigation actions are taken by our production teams.

### Economic impacts

VARO has positive economic impacts on a local and national level through the employment of local people, the procurement of goods and services, and the payment of taxes. In addition, we create economic value by building and maintaining energy infrastructure in north-west Europe and by supplying energy that enables mobility, economic activity and well-being. The district heating systems VARO is developing to make use of excess heat from the Cressier manufacturing hub to heat thousands of homes are a good example of how the company's infrastructure can have direct local benefit. [Read more in the Reducing CO<sub>2</sub>e emissions to decarbonise our value chain on page 37.](#)

### Performance in 2023

#### Community dialogue

Cressier held its annual round of meetings with the five neighbouring communities during the year. Meetings were arranged for local people on the district heating and solar park projects to ensure their interests were considered. To improve our communication and dialogue with society, we have updated our website to better inform stakeholders about VARO's activities, strategy and progress. We have also improved our social media presence, especially on LinkedIn.

### Community support

Cressier provides long-term support to the local authorities, including an annual payment since 2014. CHF 130,000 was donated in 2023, which was spent on projects such as playground renovations, heating system upgrades for communal buildings and repairing paths near Cressier that were damaged during flooding in 2021.

In 2023, we supported various local cultural events and infrastructure initiatives. These included sponsoring the 'Rotterdam Olympic days' involving around 750 primary school children from deprived neighbourhoods in Rotterdam, and donating to a charity caring for terminally ill children in the Netherlands. Regional sports clubs were sponsored in Switzerland, such as a ski club. Bayernoil donated EUR 36,000 to various charitable regional institutions such as emergency pastoral care, fire departments, schools, day care facilities, a local amateur dramatics group and sports clubs.

In 2023, VARO's retail sites joined the 'Too good to go' initiative in Germany to donate food that is close to its expiry date. VARO's office in Baar also began procuring food from a local restaurant that offers professional training and employment opportunities for people with learning or mental disabilities.

Instead of giving Christmas gifts to our business partners, we made donations to several charitable organisations. This included Vaarwens, Make a Wish and the Queen Maxima Center Foundation, which help people with life-threatening illnesses.

### Minimising noise disturbance

In total, there were 14 complaints related to noise disturbance from local stakeholders around our sites in 2023. These complaints were managed and dealt with by local teams. One example involved working with customer operating at a VARO site to reduce the noise from their equipment.

### Economic impact in 2023

During the year, VARO provided employment opportunities for 2,294 people, paid USD 274 million in employee wages, and sourced goods and services from European markets worth around CHF 21 billion.

### 2024 and beyond

- Continue to inform and support local communities.



## Part IV

# ESG performance

## Governance

Our comprehensive approach to ESG governance helps us to meet our strategic objectives and ensure that we do not create unexpected impact or risk to ourselves or others.

# Corporate governance

Our comprehensive approach to managing ESG-related material topics is guided by our governance structure.

## Corporate information

VARO is privately owned by Vitol Refining Group B.V. (a wholly-owned subsidiary of the Vitol Group), CIEP II S.à.r.l., Luxembourg and CIEP Energy Transition B.V. (funds managed by the Carlyle Group).

The Group's holding company is VARO Energy B.V., which is a limited liability company incorporated on 25 November 2013 and domiciled in the Netherlands with its registered office at World Port Center Wilhelminakade 919, 3072 Rotterdam (Chamber of Commerce number 59297247). Its operational head office is based in Switzerland, through VARO Energy Marketing AG.

The ESG Report for the Group for the year ending on 31 December 2023 was prepared in accordance with the Universal GRI Standards 2021, and with other sustainability reporting standards and commonly used guidance as deemed necessary to communicate VARO Energy's ESG strategy and performance.

## Information about the Group

This ESG Report covers VARO Energy B.V. and its major subsidiaries and joint operations.

Main Subsidiaries	% share 2023	% share 2022	Country of incorporation	Principal activities
VARO Energy Netherlands BV	100	100	The Netherlands	Marketing of oil products
VARO Energy Retail BV	100	100	The Netherlands	Marketing of oil products
VARO Energy Inland Bunkerservice BV	100	100	The Netherlands	Marketing of oil products
VARO Energy Tankstorage BV	100	100	The Netherlands	Logistics of oil products
Bio Energy Coevorden B.V.	80	0	The Netherlands	Biogas manufacturing
VARO Energy Marketing AG	100	100	Switzerland	Crude oil supply and products marketing
VARO Refining (Cressier) SA	100	100	Switzerland	Refinery operations
VARO Energy Tankstorage AG	100	100	Switzerland	Logistics of oil products
VARO Energy Germany GmbH	100	100	Germany	Marketing of oil products
VARO Energy Refining GmbH	100	100	Germany	Refinery investment
VARO Energy Tankstorage GmbH	100	100	Germany	Logistics of oil products
VARO Energy Belgium NV	100	100	Belgium	Marketing of oil products
VARO Energy Tankstorage NV	100	100	Belgium	Logistics of oil products
<b>Joint operations</b>				
Bayernoil Raffineriegesellschaft mbH	51.43	51.43	Germany	Refinery operations

## Board structure

We have a two-tier board structure that consists of the Supervisory Board (SB) and the Executive Board (EB). The SB supervises and advises the EB, which performs all necessary initiatives to achieve our objectives.

The SB oversees our ESG strategy and performance through regular ESG sessions led by the SB Chair and involve the Executive Board and VARO's ESG Director. Their scope includes the performance review of material ESG topics as well as providing strategic direction for key topics such as the management of climate-related risks and opportunities related to the ONE VARO Transformation strategy.

## Structure of the Supervisory Board



**Marcel van Poecke**  
Chair



**Russell Hardy**  
Member of the Board



**Joost Dröge**  
Member of the Board



**Bendik Dahle**  
Member of the Board



**Jay Gleacher**  
Member of the Board

## Audit Committee

The Audit Committee (AC) consists of the members of the SB or their representatives. Its overall task is to support the SB in the performance of its oversight duties. The AC's responsibilities include monitoring the performance of the EB with respect to (non-extensive):

- Legal and Compliance policies.
- ESG reporting activities.

## Remuneration Committee

The Remuneration Committee consists of the members of the SB or their representatives. Its responsibilities include:

- Preparing nominations and approvals of EB members.
- Determining, agreeing and developing VARO's Executive and Senior Management Remuneration Policy.
- Determining specific remuneration packages for VARO's Executive Directors, including salary, benefits and performance-based incentives.
- Reviewing and agreeing significant changes to remuneration packages and periodical amendments of key employment terms across VARO.

## Executive Board

The EB oversees the operational management of the Group and is responsible for VARO's continuity under the supervision of the SB. The EB includes seven members and meets on a weekly basis. The EB's operational management of the Group's activities includes:

- Developing VARO's ONE VARO Transformation strategy including the ESG strategy and targets.
- Enhancing VARO's performance.
- Identifying, analysing and managing general and financial risks through internal control systems.
- Financial reporting and non-financial reporting.

ESG topics, including climate risks and opportunities, are an integral part of the EB's work in setting the ONE VARO Transformation strategy to create long-term value, setting the management agenda and conducting business planning, including financial planning.

## Structure of the Executive Board



**Dev Sanyal**  
CEO



**Rick Klop**  
EVP and Chief Operating Officer, Markets and Commercial



**Georges Menane**  
EVP and Chief Financial Officer (CFO)



**Julian Stoll**  
EVP and Chief Operating Officer, Operations and Infrastructure



**Ernestina Benedetto**  
EVP Strategy and Transformation



**Gilles Vollin**  
EVP Integration and Capability



**Theo Pannekeet**  
EVP New Energies and Innovation

## Internal governance structure

To facilitate its strategy, business development and effective decision making, we have established a governance structure with dedicated committees that support the EB.

Our ESG Committee oversees the implementation and effectiveness of our ESG programmes and manages risk. The committee defines our ESG priorities, objectives and strategy, including climate targets. It aims to further integrate sustainability into our strategy and operations, and oversees the implementation of our ESG initiatives and performance.

ESG topics are also managed by other governance committees. For example, the Operational Risk Committee oversees issues related to HSSE and Asset Integrity. We promote the reporting of all HSSE incidents and the HSSE Director issues a monthly summary and trend analysis to the EB. The SB is updated on HSSE on a quarterly basis and on individual incidents when necessary.

Our Human Resources Committee works to improve our performance in the social aspects of our ESG programme. It also oversees our capabilities or processes to attract and retain skilled employees.

The Business Development Committee assesses potential business initiatives that align with our strategic goals, including our ESG strategy.

Decisions on investments, such as in energy transition projects, are made centrally by the Investment Committee and approved by the SB, as part of the annual budget process or as part of extraordinary meetings for projects outside the budget.

## Enterprise risk management system

We are exposed to various financial risks – including those related to the energy transition, commodity prices, foreign currency exchange rates, financing and credit risk. Our Enterprise Risk Management (ERM) system provides a clear

framework for managing and reporting risks in our activities and operations to the SB and its sub-committees.

Risk management includes daily monitoring of the market, monthly Group Risk Oversight Committee (ROC) meetings, and real-time credit risk and market risk evaluation and reporting. Significant risk exposure from prices and markets is reported to and discussed by the ROC.

Our management systems and Code of Conduct, combined with our organisational structures, processes, controls, standards, compliance and ethics, together form our

System of Internal Control, which governs how we conduct business and manage risk.

## ESG Risk management

ESG risk management is integrated into the ERM process, where ESG risks and opportunities are identified, assessed and integrated into the ONE VARO Transformation strategy, business planning, ESG objectives and management, through our designated governance committees.

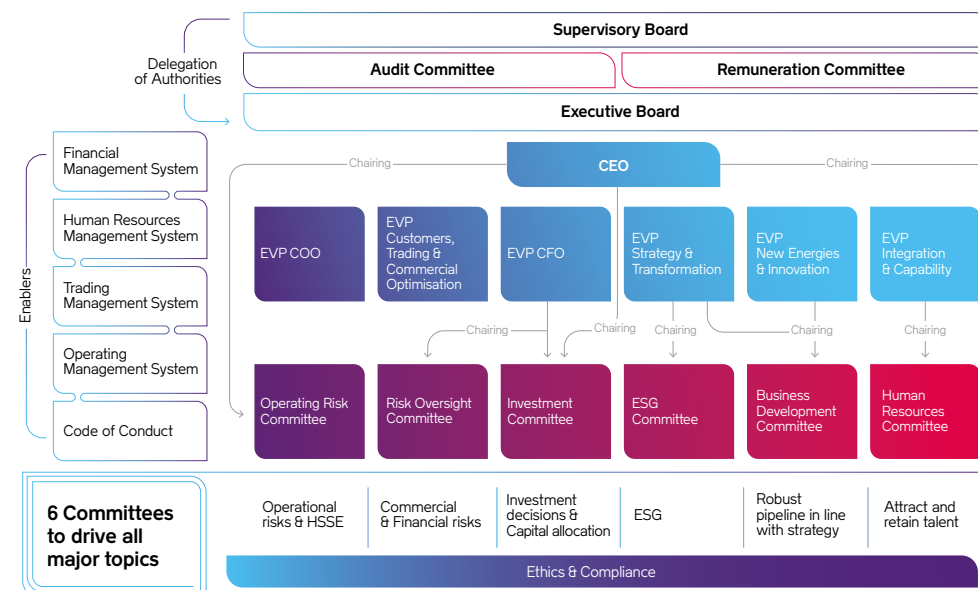
## Examples of risk areas

Developments in regulations, technology and the market related to climate change and the transition to a low-carbon society could increase or decrease demand for certain products within our portfolio. This could ultimately impact our revenue and business outlook and alter investor sentiment, our financial performance and our competitiveness.

We are investing in sustainable energies (Engine 2 of our ONE VARO Transformation strategy) to strengthen our market positions, and we expect to benefit from future legislative changes. We monitor research and global market data to determine future investments and the shift to more sustainable energy solutions.

Our competitiveness and profitability may also be affected by the increased severity of extreme weather events, such as storms

## VARO's governance model



and floods, change in precipitation patterns and greater variability in weather patterns, combined with the rising mean temperature, sea and river levels. Such events may lead to price volatility, changes in demand, unexpected operational disruptions, asset write-offs and financial losses.

Limited extreme weather scenario planning has been done at some VARO sites. For example, the Cressier manufacturing hub has a site flood mitigation and management plan that is based on how the site coped during major flooding in 2021 and cantonal/federal data. The plan focuses on avoiding any process safety or environmental issues in the event of storms, extended periods of rain or snow melt, which could affect the surrounding lakes and river.

### External market risk

We are exposed to market price fluctuations for oil products, renewable fuels, ETS carbon cost, other commodity inputs and interest rates, as well as foreign currency exchange rates and the general macroeconomic outlook.

The oil market is subject to geopolitical factors that shape global supply and demand. Besides managing the associated price risks, we seek to ensure supply continuity by operating flexible manufacturing models that are not dependent on the supply of certain grades of crude oil.

### Geopolitical risks

We have established a cross-functional internal team to closely monitor developments and to ensure compliance with sanctions across our business. The team manages topics such as supply continuity. We have substituted Russian crude oil with other products since the start of the conflict in February 2022, and fully abide by all relevant sanctions.

### Ethical misconduct and non-compliance risk

Our policies and Code of Conduct state that all employees must comply with all the applicable regulations and company policies that govern their work, including those related to anti-trust and competition, anti-bribery and the environment. Our employees are obliged to report any suspected violation of regulations, policies, procedures or the Code of Conduct to VARO's General Counsel, including concerns related to accounting non-compliance, fraud or corruption. Employees who raise concerns or help to resolve reported matters are protected against retaliation.

### Information and cyber security

We operate critical infrastructure essential for manufacturing and supply chain processes, which is heavily reliant on IT and operational technology systems.

Securing this infrastructure is paramount to safeguarding privacy, sensitive data, and ensuring uninterrupted service against internal and external threats, intrusions, and outages. Cybersecurity breaches pose risks ranging from harm to individuals and the environment to loss of customer trust, legal ramifications, and jeopardising critical infrastructure licenses to operate.

Throughout 2023, we focused on reinforcing cybersecurity controls to protect against evolving threats while ensuring compliance with regulations and critical infrastructure mandates for the energy sector. Prioritising cybersecurity training and awareness programmes for employees is central to our strategy, and we aim to create a security-conscious culture where all employees take personal responsibility for cybersecurity.

We have formalised our IT risk management process and integrated top cyber risks into our Enterprise Risk Management reporting. To enhance supply chain security, we have strengthened our vendor security assessments and due diligence procedures for new IT suppliers, while enhancing vendor contract clauses to include cybersecurity and data protection measures. Furthermore, we are optimising our internet domain providers to further mitigate third-party risks linked with our online presence.

Through alignment and coordination with state-level Information Sharing and Analysis Centres, we receive timely threat intelligence

that complements our commercial sources. This insight informs our Vulnerability Assessment and Penetration Testing to enable proactive defence against emerging threats and vulnerabilities.

We have made significant strides in improving our resilience to cyber threats and incidents. Efforts include developing regional incident response plans and integrating continuity planning into our cybersecurity governance framework, aligned with our Crisis Management Plan. [Read more in the Crisis management section on page 70.](#)

We continue to provide regular monthly reports on cybersecurity KPIs to the EB, which demonstrates our commitment to transparency and accountability. These reports highlight our progress in key areas such as incident detection and response times, and year-on-year improvements in our cybersecurity approach aligned with an acceptable risk threshold.

### 2024 and beyond

- We will further integrate physical climate risk into ERM processes and conduct a Climate Scenario Analysis aligned with TCFD recommendations.
- Ongoing commitment to cybersecurity with a focus on continuing to adapt, evolve, and innovate to stay ahead of emerging threats and safeguard our critical infrastructure.

## Policies and standards

VARO's policies ensure that our rules, standards, values, culture and benefits are implemented in our day-to-day operations. Our key policies and standards related to ESG topics are:

Policy	Scope / content
<b>HSSE commitment and Policy</b>	Encourages business conduct that avoids harm to people, protects the environment and respects neighbours. The policy outlines specific requirements for employees, joint ventures and contractors.
<b>Code of Conduct</b>	Guides employees and all individuals acting on behalf of VARO on how to act in an ethical and responsible manner and uphold VARO's values.
<b>Whistleblower Policy</b>	Defines and supports the process for submitting complaints or grievances, receiving feedback and establishes a policy of non-retaliation against individuals submitting grievances.
<b>Equity, Inclusion &amp; Diversity Policy</b>	Defines and promotes equal opportunities and a work environment free from harassment.
<b>VARO Flexible Working Policy</b>	Establishes the scope, conditions and requirements for employees to combine remote working.
<b>HR Policy on Terminating Contracts</b>	Establishes the procedure for terminating employee contracts in a way that treats employees with respect and fairness.
<b>Performance Evaluation Process Policy</b>	Establishes the principles and process for conducting regular performance appraisals, setting personal performance objectives, and establishing a path for professional development.
<b>HR Privacy Notice and Data Retention Policy</b>	Establishes rules for the collection, sharing and retention of private data of prospective, current or former employees or other individuals working for or on behalf of VARO.

Policy	Scope / content
<b>Data Privacy, Vendor Selection Section</b>	Guidance on conducting the due diligence of vendors in relation to data handling processes and ensures compliance with GDPR.
<b>Information Security Policy</b>	Provides the foundation for an effective and secure information security management system, in alignment with legal requirements and best practices.
<b>KYC (Know Your Customer) Policy</b>	Includes the risk assessment and verification of risk-related information regarding counterparties and business relationships. The policy ensures compliance with sanctions and mitigates the risk of exposure to corruption, bribery or any other criminal activities.
<b>Just Culture Policy</b>	Introduced in May 2023, aims to foster a healthy and supportive environment that encourages a culture of reporting and learning. It provides an atmosphere of trust which is essential for building a strong safety culture.
<b>Life-Saving Rules Policy</b>	Introduced in June 2023, the policy draws attention to the activities most likely to lead to a fatality, based on historical statistics, and the life-saving actions over which an individual has control.
<b>Stop Work Authority Policy</b>	Introduced in May 2023, the policy gives employees the right and responsibility to refuse tasks or activities that pose an undue risk to themselves, co-workers or the environment.
<b>Human Rights Policy</b>	Introduced in June 2024, this policy outlines VARO's commitment to upholding and promoting human rights throughout all its operations. It details VARO's responsibilities and actions in embedding respect for human rights across its activities, value chain, and business relationships. This includes ensuring fair labor practices, preventing discrimination, and fostering safe and healthy working conditions. The policy aligns with international human rights standards and principles, reinforcing VARO's dedication to social responsibility in all aspects of its business.

# Crisis management

We prepare for various crises related to our operations that could potentially harm people and the environment or disrupt our business.

## Our approach

Besides causing potential harm to people and the environment, a crisis could potentially interrupt the supply of products to customers and harm our business through fines and reputational damage. We meet all relevant regulations and have established appropriate systems for all potential emergencies. We continuously monitor risks that could potentially develop into a crisis.

Emergency procedures cover fire, flooding, explosions, the release of gases, terrorist attacks, extreme weather events and significant process disruption caused by human error. Emergency systems include procedures and tools for warning people onsite and offsite. We review our emergency plans annually and conduct regular training to simulate various possible incidents.

## Emergency preparedness

All our terminal operations conduct crisis scenario exercises, which can cover the management of a fire emergency, oil spill, personal injury and terrorism. The exercises are coordinated internally by the HSSE department and with the assistance of external trainers when required.

When necessary, terminals have 24/7 crisis teams, firefighting resources and capabilities, emergency control rooms, CCTV and can initiate emergency responses in other locations and coordinate evacuations. We provide fire management training quarterly and annual training for all personnel on responding to terrorism attacks.

## Performance in 2023

### Emergency preparedness

During the year, two large-scale emergency exercises were carried out at the Cressier manufacturing hub:

- the simulation of a leakage from our crude oil pipeline together with the local authorities.
- a training scenario of a Liquefied Petroleum Gas (LPG) leakage during a pipe replacement.

Bayernoil provided hazardous substance training for the volunteer fire departments in the district of Pfaffenhofen and training for the Kelheim District Fire Inspectorate on the dangers of hydrogen leaks. Ten internal training sessions were held and two real emergency simulations for the





Bayernoil Crises Team demonstrated their operational readiness. The Bayernoil emergency plan was also revised during the year.

### Tier 1 events

None of the events in 2023 resulted in significant negative environmental impacts. Read about Tier 1 events that occurred during the year in the Health and safety section on page 50.

### Ongoing investigations

In 2023, we continued investigations into the significant incident that involved an explosion and fire that occurred at the Vohburg manufacturing hub in 2018. Corrective actions arising from internal investigations are being implemented, and the consequential reinvestment and rebuild programme was mostly completed in 2023, with the reconstruction of office buildings to be finalised in 2024.

### Contributing to regional and national crisis plans

In 2023, we worked to prepare for potential crises that may occur in society. At the Neustadt and Vohburg manufacturing hubs, a cooperation with the local emergency services was established to ensure their supply of fuel in the event of a major emergency. Cressier held security meetings with the canton police. Read how VARO was involved in updating the Dutch fuel crisis plan in the Netherlands in the [Case Study on page 72](#).

### 2024 and beyond

- Continue to refine and improve our crisis management procedures.



## CASE STUDY

# Supporting the new Dutch fuel crisis plan

VARO has been supporting the Dutch authorities to update the national fuel crisis plan.

VARO plays a very important role in safeguarding energy security in the Netherlands via our ownership of the largest distribution network for transportation fuels and management of some of the national strategic inventories. We have been actively involved with the authorities to update the National Crisis Plan for transport fuels following the Russia/Ukraine war.

“As a key player in the Dutch fuels market, we must prioritise the supply and distribution in a crisis situation. Through a detailed priority system, the government can ensure hospitals, the emergency services and the military can continue to function even when the supply of fuel is constrained.”

**Sacha Konan**, VP Commercial & President  
VARO Benelux & France



# Business behaviour and ethics

Our approach to business behaviour and ethics is driven by our Code of Conduct, and our practices related to ethical business, data privacy and anti-corruption.

## Our approach

The core values that guide our business practices centre on honesty, integrity and reliability. We expect everyone acting on behalf of VARO to abide by our ethical business practices – including employees, consultants and representatives.

### Our Code of Conduct

Our code is a comprehensive set of principles related to VARO's core legal

standards, our business behaviour and ethics. It forms part of every employee employment agreement and is a key part of their induction, on-boarding and ongoing training. The code is available on our website in VARO's four languages: English, Dutch, German and French. It is also an integral part of management agreements, service agreements and other partnerships. VARO's General Counsel and the EVP Integration and Capability are custodians of the Code of Conduct.

### Ethical business practices

In a highly competitive market, we believe that conducting business in an ethical way is a precondition for maintaining our reputation as a trusted partner, and for being a successful long-term business. We abide strictly by national and EU regulations, and all related international sanctions, such as the sanctions relating to the ban on importing Russian crude oil and products.

VARO employees who engage in commercial activities with counterparties are trained extensively in compliance with national and EU competition rules, which are reflected in the VARO Competition Rules.

### Data privacy

We have clear responsibilities for safeguarding the personal data of individuals – including our employees, customers, suppliers and business partners. The VARO Privacy Policy aligns

with the requirements of applicable laws and regulations, particularly the General Data Protection Regulation 2016/679 (GDPR). The VARO Data Retention Policy regulates the time limit for retaining the data of stakeholders stored for various purposes. We train and inform employees on safeguarding confidential information, particularly in relation to the handling of computer equipment used for work purposes. [Read more about cybersecurity on page 68.](#)

Our Conflict of Interest Policy forms part of the VARO Code of Conduct, and is intended to prevent the risk of personal interests. It encourages employees to declare if there is any situation that could lead to a conflict of interest in their performance of work duties. To promote an impartial and equitable approach among all VARO employees, we have imposed a policy of transparency of all personal ties between employees and potential employees.





### Anti-corruption

VARO is committed to complying with all anti-money laundering and counter-terrorism financing regulations, which are part of our KYC Policy. Our approach aims to identify, mitigate and manage the risks of breaching sanctions, money laundering, financing terrorism, or other criminal activity, and exposure to bribery and corruption. The VARO KYC Department is responsible for conducting due diligence and for vetting counterparties. All business relationships are subject to due diligence.

### Our Whistleblower channel

Our employees have a duty to report in good faith any suspected violations of our policies. We provide a channel for reporting breaches anonymously. Reports are made via email or in-person communication to the Human Resources Department and/or to the General Counsel. Employees are protected from retaliation.

### Partnerships

VARO establishes sustainability-related partnerships with like-minded partners. Our active role in various partnerships enables us to exchange best practice experience and advocate for a business environment that promotes sustainability.

One example is our partnership with the World Economic Forum, which allows us to collaborate with other leading global

companies to develop solutions to some of the world's greatest challenges. Read about how Bayernoil partners to develop the Bavarian hydrogen network in the Case Study on page 23. See Appendix V on page 102 for a list of associations that VARO collaborates with.

### Performance in 2023

By the end of 2023, 91% of our employees had completed our Code of Conduct training.

In 2023, one grievance was reported through our whistleblowing mechanism. The case was investigated and resolved. There were no breaches of our KYC Policy reported by our business partners. During the year, Swiss legislation similar to GDPR was implemented, which VARO abided by.

### 2024 and beyond

- Continue to reinforce our work with business ethics throughout VARO.
- We updated our KYC Policy in February 2024.

# Safeguarding human rights

We stepped up our management of human rights in the value chain in 2023, conducting a human rights due diligence gap and launching our first dedicated Human Rights Policy.

## Our approach

All the main countries where we operate – Belgium, France, Germany, Luxembourg, the Netherlands and Switzerland – are ranked highly on the Human Freedom Index. This means that most of our relations with employees and society are well regulated by local legislation, with high standards governing human rights.

However, we recognise the potential for human rights risks in some of our direct operations – such as SilviCarbon's projects in developing countries and in our value chain. We also expect supply chain risks to increase in the coming years due to the greater need for us to source bio-feedstock from raw material and waste commodity supply chains in countries with higher risk. We began to improve how we manage human rights in our value chain in 2023 to ensure we are well prepared for these developments.

With our vision to drive safe and healthy workplaces, fair labour practices and commitment to sustainability throughout our value chain, we are expanding our capabilities to manage human rights risks among our employees, suppliers, customers and communities affected by our operations, products and services. Our approach is part of our commitment to respect human rights in accordance with the requirements of the UN Guiding Principles on Business and Human Rights and related international human rights standards and guidance. We are also a signatory of the UN Global Compact and its ten principles, which include human rights and labour rights, and are incorporated into our corporate practices.

[Read more in the section on Community engagement and benefit on page 60](#), and the [Health and safety section on page 50](#).



## We have a long-term structured approach to managing human rights throughout the value chain



## 1. Human rights policy commitment

We conducted a gap analysis on our structures for managing human rights due diligence in 2023 and defined priority measures for setting up a managing human rights due diligence framework.

Based on this analysis, we developed a human rights policy commitment in 2023 and the policy was adopted by our ESG Committee in April 2024. The policy will be communicated to all employees, joint ventures, subsidiaries and direct suppliers during 2024.

## 2. Risk and impact assessment

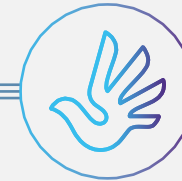
We also conducted a human rights risk assessment to evaluate potential and actual human rights risk. To ensure that we accurately focus and prioritise our work to address human rights risks, we will regularly analyse our human rights impacts along our value chain based on severity and likelihood. This will include relevant business areas such as conventional fuels, biofuels and carbon removals along the respective value chain elements:

- Feedstock sourcing (including forestry plantations)
- Feedstock processing
- Transportation and storage
- Distribution and services
- Customer product use
- Support functions

Our analysis identified risks through desk research and interviews with internal stakeholders from legal and compliance, ESG, operations, SilviCarbon as well as external stakeholders such as Vitol (VARO's owner, supplier and a world leader in energy). It was supported by external experts and drew on various relevant sources such as the guidance from the global not-for-profit oil and gas industry association for environmental and social issues (Ipieca) and international organisations such as the International Labour Organisation. An on-site visit at SilviCarbon's operations in Laos involved consultations with workers and the local community.

The risk analysis identified our most salient human rights impacts based on their potential severity and likelihood.

## VARO's most salient human rights issues



**Access to water & sanitation**

**Child Labour**

**Community & Land Rights (incl. Indigenous peoples)**

**Conflict & Use of Force**

**Freedom of Associations & Collective bargaining**

**Living Wage / Income**

**Occupational Health & Safety (OHS)**

**Working Conditions**



### 3. Measures to prevent and mitigate adverse human rights impacts

We work with highly flammable materials, high temperatures and high pressures. The health and safety of our own operators, contracted workers and surrounding communities is therefore our number one priority to prevent adverse impact and monitor our performance. [Read more in the Health and safety section on page 50.](#)

While salient risks within our own operations are already well managed, the challenges increase in our value chain where our influence may be limited. We are committed to assessing and monitoring our human rights impacts in both our own operations and our value chains through a risk-based approach. Our salient issues will be followed up with targeted preventive and remedial measures. Such measures may include further in-depth risk assessments in areas related to forestry or agricultural practices, transportation and subcontracted workers and will be further developed going forward.

We recognise the risk for human rights violations in our value chain – particularly among our indirect suppliers. Our bio-feedstock and fuels fulfil EU criteria on sustainable biofuels and to mitigate potential risks, our supply is certified

under corresponding schemes. Our related efforts have been certified by the ISCC, which is one of the world's largest sustainability certification systems for biofuels that covers all feedstocks and includes human rights criteria such as child labour and is externally verified.

As our SilviCarbon business manages forestry plantations in developing countries such as Laos, the company has comprehensive processes in place to ensure that local workers are treated fairly and that no forced or child labour is used. SilviCarbon's tree plantation operations in Laos are Forest Stewardship Council certified, which also covers human rights issues including child labour.

[Read more in the Carbon removals section on page 26.](#)

In 2024 and beyond, we will prioritise the development of a systematic, risk-based human rights risk management framework to continuously address and manage salient human rights impacts in line with our Human Rights Policy. This will complement our existing practices within health and safety, environmental impact, ethics and anti-corruption, employment and working conditions. Our proactive approach will involve identifying potential human rights risks and taking appropriate measures aimed at preventing, mitigating and accounting for them.



## CASE STUDY

# Deep dive into SilviCarbon's human rights due diligence

SilviCarbon adheres to a Code of Conduct that promotes good working conditions and has established procedures to ensure continuous compliance with human rights standards.

During 2023, we investigated the potential risks for human rights violations and child labour in SilviCarbon's operations in Laos by assessing the company's operations and procedures. The assessment by VARO's ESG experts was based on the elevated potential risks related to activities in the forestry industry in Laos. We carried out a field visit to meet local on-site management and checked existing procedures and controls, as well as the experiences of workers and people from local communities. The field visit gave us an overview of the existing measures to deal with salient human rights risks.

“This assessment was not a one-off – it was the first step in our ongoing and long-term human rights monitoring and support for SilviCarbon. Together with SilviCarbon, we will strengthen our human rights due diligence throughout our work with forestry management and carbon removals. We want to ensure human rights risks are properly managed to make it a future-proofed part of our business.”

**Sven van Maren,**  
Senior Legal Counsel Switzerland



## 4. Embedding human rights into our business practices

Based on our new Human Rights Policy, we will further clarify our requirements in a new Supplier Code of Conduct that will define minimum human rights standards applicable for all our suppliers and business partners. The code will promote robust human rights assessment throughout the value chain.

We manage human rights and other ESG-related topics through regular ESG Committee meetings with the executive management team. We will install a Human Rights Steering Group during 2024 to ensure cross-functional alignment and ownership on a tactical and operational level. A Human Rights Officer was assigned in March 2024 to lead and co-coordinate the work of the steering group.

The regular re-assessment of human rights risks enables us to actively monitor changes in the value chain risk landscape as well as the extent and effectiveness of our human rights framework. This will help us to inform our decision making in strategic business development, investments and acquisitions, as well as screening our business partners as an extension to our KYC process.

We expect all our personnel to be aware of our Human Rights Policy and behave in accordance with our Code of Conduct and will train relevant employees as part of our training programmes. To further integrate human rights due diligence into our management systems, we aim to develop a wider training concept.

## 5. Communication and monitoring performance

We will provide regular updates on our human rights related framework and results to manage adverse impact in our annual ESG Report, which is available at [www.varoenergy.com](http://www.varoenergy.com). Our Human Rights Policy, Code of Conduct and new Supplier Code of Conduct will also be available on our website.

We will improve how we monitor performance as part of a wider programme to align with the new CSRD reporting requirements.

## 6. Access to grievance and remedy

We are committed to providing access to grievance and remedy mechanisms as outlined in our Human Rights Policy. Our Code of Conduct requires employees to report any suspected human rights violations in good faith through our Whistleblower system, which will also be made available for external stakeholders throughout the value chain. [Read more about VARO's Whistleblower system on page 74.](#)

For local stakeholders, VARO promotes dialogue and communication with local communities adjacent to its manufacturing sites. [Read more about Community engagement and benefit on page 60.](#)



## Part V

# Appendices summarising key KPIs



# Appendix I: Our ESG Report

This report has been prepared in accordance with the Universal GRI Standards 2021, 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 describes VARO's general governance of sustainability, programmes and particular initiatives (historical, present and planned for the future), as well as quantitative data reflecting ESG performance.

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

VARO Energy B.V. is the reporting company and main holding company of the Group. The operational headquarters are in Baar, Switzerland. Throughout the report, VARO Energy and VARO are used interchangeably.

## Financial year reporting

Disclosures are reported using VARO's fiscal year, which corresponds to a standard calendar year – 1 January to 31 December. The most recent completed financial year is reported in the following year's reporting.



## Definition on selected disclosures

### GHG inventory and scope of reporting

VARO measures and reports GHG emissions in line with the Green House Gas Protocol Corporate Standard (scope 1 and 2) and the Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard. While we strive to report CO<sub>2</sub>e, this information is not always readily available. The GHGs that are most material to VARO's operations and value chain are CO<sub>2</sub> and CH<sub>4</sub>.

The entities included in GHG accounting are: VARO Benelux, VARO France, VARO Germany, VARO Switzerland, the four VARO manufacturing hubs (Cressier, the Neustadt and Vohburg Bayernoil hubs, and VARO Biogas Coevorden). We also report on several scope 3 categories along the VARO value chain.

Type	Explanation	Application in VARO reporting (if different from above)	In scope limited assurance
Scope 1	Direct emissions from combustion of fuels in own operation	Operational data and direct CO <sub>2</sub> reporting from manufacturing hubs included in ETS (Emission Trading Scheme).	Yes
Scope 2	Indirect emissions from e.g. electricity usage	Market-based reporting using supplier-specific factors or the national residual mix (AIB), location-based using national production mix (AIB).	Yes
Scope 3, cat. 1	Purchased goods	Processed crude oil using country of origin specific emission factors. Purchased ready-made products are calculated using generic emission factors.	No
cat. 1	Purchased goods	Processed crude oil and renewable feedstock using crude-type and country of origin specific emission factors. Purchased ready-made products are calculated using generic factors.	No
Scope 3, cat. 2	Capital goods	Includes purchases for manufacturing hubs, terminals, retail and offices, as well as investment in construction.	No
Scope 3, cat. 3	Fuel and energy	Production-related emissions for all fuels and energy sources used by VARO and not included in scope 1 or 2.	No
Scope 3, cat. 4	Upstream transport	Service purchased by VARO to transport crude oil, feedstock and final products.	No
Scope 3, cat. 5	Waste	Third-party disposal and treatment of waste generated in VARO's operations.	No
Scope 3, cat. 6	Business travel	Work-related travel by VARO employees.	No
Scope 3, cat. 9	Downstream transport	Services purchased by VARO's suppliers or clients to transport feedstock and final products.	No
Scope 3, cat. 11	Use of sold products	Total sale of fuels including both, VARO's own manufactured products and traded products (if sold to direct users, distributors or other parties). Fuels are assumed to be combusted. Bitumen is not considered in this category.	Yes
Scope 3, cat. 12	End of life treatment	Applied to bitumen.	No
Scope 3, cat. 13	Downstream leased assets	Applied to time charter barges leased to third parties.	No

### Emission factors for GHGs

VARO's GHG calculations are based on various emission factors:

- Scope 1: Emissions from our Bayernoil and Cressier manufacturing hubs are calculated internally as part of the European Emission Trading Scheme.
- Scope 2: When available, emission factors provided by the electricity supplier are used for market-based reporting. When there is no specific information about the source of the electricity, the AIB (Association of Issuing Bodies) values for country residual mix are used. For location-based calculations, production mix emission factors from AIB are used.
- Scope 3 category 11 emissions for the combustion of sold products are based on DEFRA 'Combustion – Fuels'.
- Scope 3, category 1: emissions for purchased ready-made products are based on 'DEFRA WTT – fuels'. For the crude oil processed at Cressier and the two Bayernoil hubs, country-specific factors are used.

## Consolidation approach on GHG emissions

VARO applies a financial control approach and reports emissions according to its share in joint ventures.

VARO took ownership of 80% of VARO Biogas Coevorden in early 2023. The 2022 baseline has been adjusted to include 80% of VARO Biogas Coevorden emissions to make it comparable with following years.

Bayernoil, of which VARO owns 51.4%, estimates the emissions corresponding to each shareholder based on their use and the capacity of the production units. Therefore VARO's emissions from Bayernoil do not necessarily coincide with its participation in this joint venture. In 2021, the actual allocation of scope 1 and 2 emissions was 52.38%. During 2022, VARO took control over additional manufacturing capacity, and the allocated

emissions corresponded to 56.64%. In 2023, the allocation corresponded to 53.09%. As previously mentioned, we used emission factors provided by AIB to calculate scope 2 emissions in 2023. Factors from Ecoinvent were used in 2022. For the sake of consistency, scope 2 emissions for 2022 have been recalculated using AIB factors.

The classification of the emissions from rail transportation was reviewed for 2023. In 2022, emissions from the transportation of feedstock and products using long term rented wagons were classified as scope 1 and 2, while for 2023 these emissions were defined as scope 3 category 4 (transportation by third party companies and VARO has little influence on the optimisation of these operations). The methodology has also been updated. Emissions from 2022 have been recalculated accordingly, impacting scope 1, 2 and scope 3: category 3 and 4.

The source of the factors used in 2022 for the calculation of the emissions from the production of the crude oil processed in our manufacturing hubs was not available for 2023. Instead for 2023, we used public factors, estimated based on the origin and density of each crude. Scope 3: category 1 for 2022 has been recalculated using these same factors.

Scope 3: category 11 for 2022 has also been updated. We use actual values instead of the forecasted values in last year report.

### Units

VARO reports GHG emissions in metric tonnes of carbon dioxide equivalents (mtCO<sub>2</sub>e)

### Disclosures on carbon intensity

Product Carbon Intensity (CI) is calculated using the following formula:

$$CI = \frac{gCO_2e}{MJ} = \frac{\text{Total GHG}^1 - \text{Retired marketed CO}_2 \text{ removals}^2}{\text{Conventional fuels marketed} + \text{Sustainable energies marketed}}$$

<sup>1</sup> Total GHG include Scopes 1, 2, and 3, as defined by the GHG Protocol.

Scope 3 includes Categories 1, 2, 3, 4, 5, 6, 9, 11, 12 and 13, as defined by the GHG Protocol.

<sup>2</sup> Sold to customers and retired at the same time. Only includes high-carbon removals.

Restatement figures are:

KPI (thousand tonnes CO <sub>2</sub> )	ESG Report 2022	ESG Report 2023
2022 GHG emissions Scope 1	1,217	1,209
2022 GHG emissions Scope 2, market based	190	156
2022 GHG emissions Scope 2, location based	112	101
2022 GHG emissions Scope 3, category 1	12,595	12,601
2022 GHG emissions Scope 3, category 11	65,099	66,324
2022 GHG emissions Scope 3, rest of categories	756	476

### Disclosure on electricity generated from renewable sources

Reported 87% of electricity generated from renewables sources considers total electricity consumed in all our operations.

Scope of the assurance audit is limited to the percentage of electricity generated from renewable sources at the Bayernoil and Cressier manufacturing hubs and the terminals in Switzerland, which in 2023 has been 100%. Renewable electricity in the Cressier manufacturing hub includes also electricity generated with the solar park.

## Reporting on Health and Safety

### Disclosure of Tier 1 Process Safety Events

Tier 1 Process Safety Event is defined at VARO based on standard API-754 as an unplanned or uncontrolled release of any material, including non-toxic and non-flammable materials from a process that results in one or more of the consequences listed below:

- An employee, contractor or subcontractor 'days away from work' injury and/or fatality.
- A hospital admission and/or fatality of a third-party.
- An officially declared community evacuation or community shelter-in-place.
- A fire or explosion resulting in greater than or equal to USD 100,000 of direct

cost to the Company.

- A pressure relief device (PRD) discharge to atmosphere whether directly or via a downstream destructive device that results in one or more of the following four consequences:
  - Liquid carryover;
  - Discharge to a potentially unsafe location;
  - An on-site shelter-in-place;
  - Public protective measures (e.g. road closure);
- A release of material greater than the threshold quantities in any one-hour period (ref. standard API 754).

### Disclosure of total number of recorded significant spills

A significant spill is defined by VARO as an unplanned or uncontrolled release of hydrocarbons or chemical substances to the ground or water equal to or above 100 litres.

### Disclosure on TRIR

Total Recordable Work-related Injury Rate (TRIR) is disclosed at a rate of 200,000 working hours. It is based on a weighted average of the injury rate for different operating facilities, and is based on the following formula:

$$\text{TRIR} = \frac{\text{TRI}}{\text{Working hours}} \times 200,000$$

Where:

- TRI is the weighted average of the Total Recordable Injuries, which include fatalities, Lost time injury (LTI), Restricted Work Injury (RWI) and Medical Treatment Case (MTC).
- Working hours is estimated as the number of hours of work performed by employees and contractors.
- 200,000 hours reflect 100 full-time equivalent employees on a yearly basis, based on the assumption they work 2,000 hours (250 days) per year, as required by the compilation requirements of the GRI Disclosure 403-9 Work-related injuries. 2.1.

## Reporting on Our People

### Disclosure on Women in Senior Management

Senior management is defined by VARO's human resources system as VARO employees entering category 6 and above. Category 6 includes senior leaders with larger departments, some of them covering VARO operations in several countries, leaders of the leaders of other teams, and Senior Project Managers.

The percentage of female employees in this category is defined by share of females in senior management.

The calculations are based on the headcount of VARO employees.

### Disclosure on Voluntary Employee Retention Rate

Voluntary Employee Retention Rate includes permanent and temporary employees that have terminated their contract with VARO on a voluntary basis (voluntary attrition). It does not include retired VARO employees. It is calculated based on the following formula:

$$\text{Voluntary retention rate} = 1 - \frac{\text{Voluntary resignations}}{\text{Average number of VARO employees in 2023}}$$

Where number of employees is based on headcount. Students are excluded.

# Appendix II: ESG Data

## Environment

### Greenhouse gas emissions (GHGs)

	Unit	2023	2022	2021
<b>Direct (scope 1) GHG emissions<sup>2</sup></b>	metric tonnes CO <sub>2</sub> equivalent	<b>1,016,124</b>	<b>1,208,521</b>	<b>982,093</b>
of which from Cressier	metric tonnes CO <sub>2</sub> equivalent	359,183	381,068	304,283
of which from Bayernoil <sup>1</sup>	metric tonnes CO <sub>2</sub> equivalent	620,693	788,815	639,406
<b>Energy indirect (scope 2) GHG emissions, market-based<sup>2</sup></b>	metric tonnes CO <sub>2</sub> equivalent	<b>16,139</b>	<b>156,435</b>	<b>173,142</b>
of which from Cressier, market-based	metric tonnes CO <sub>2</sub> equivalent	-	-	5,791
of which from Bayernoil, market-based <sup>2</sup>	metric tonnes CO <sub>2</sub> equivalent	-	145,557	149,796
<b>Energy indirect (scope 2) GHG emissions, location-based<sup>2</sup></b>	metric tonnes CO <sub>2</sub> equivalent	<b>79,922</b>	<b>100,572</b>	<b>97,114</b>
of which from Cressier, location-based	metric tonnes CO <sub>2</sub> equivalent	311	1,442	2,172
of which from Bayernoil, location-based	metric tonnes CO <sub>2</sub> equivalent	69,781	88,968	83,582
<b>Other indirect (scope 3) GHG emissions<sup>2</sup></b>	metric tonnes CO <sub>2</sub> equivalent	<b>73,378,384</b>	<b>79,401,036</b>	<b>71,440,682</b>
of which categories 3.1 <sup>2</sup>	metric tonnes CO <sub>2</sub> equivalent	11,636,705	12,600,858	11,943,728
of which categories 3.3 <sup>2</sup>	metric tonnes CO <sub>2</sub> equivalent	64,686	69,012	198,541
of which categories 3.4 <sup>2</sup>	metric tonnes CO <sub>2</sub> equivalent	257,650	269,385	211,346
of which categories 3.11 <sup>2</sup>	metric tonnes CO <sub>2</sub> equivalent	61,259,804	66,324,453	58,844,562

<sup>1</sup> GHG emissions from the two Bayernoil manufacturing hubs are included in the figure, which is accounted for following the financial control approach, but taking into account the actual utilisation of plant capacity. In 2023, actual utilisation was 53.09% compared to 56.64% in 2022.

<sup>2</sup> 2022 restated figure based on a change in methodology or source of emission factors.



## Environment cont.

### Carbon Intensities

	Unit	2023	2022	2021
Intensity of refinery processing	kg CO <sub>2</sub> /boe	20	22	23
Intensity of scope 3 GHG	gCO <sub>2</sub> /MJ	86	86	85

### Waste management

	Unit	2023	2022	2021
<b>Total weight of waste generated<sup>1</sup></b>	metric tonnes	<b>10,969</b>	<b>33,613</b>	<b>14,475</b>
of which hazardous	metric tonnes	2,826	5,040	2,984
of which non-hazardous	metric tonnes	7,573	27,739	10,550
of which scale and sludge	metric tonnes	570	834	941
<b>Total weight of waste diverted from disposal<sup>1</sup></b>	metric tonnes	<b>7,390</b>	<b>28,674</b>	<b>14,613</b>
of which hazardous	metric tonnes	611	1,403	613
of which non-hazardous	metric tonnes	6,779	27,271	14,000
<b>Total weight of waste sent for disposal<sup>1</sup></b>	metric tonnes	<b>3,010</b>	<b>5,974</b>	<b>4,544</b>
Total weight of hazardous waste sent for disposal	metric tonnes	2,215	2,421	2,203
Total weight of non-hazardous waste sent for disposal	metric tonnes	795	3,553	2,341

<sup>1</sup> 2020-2022 restated due to recalculation

### Air emissions

	Unit	2023	2022	2021
NOx	tonnes	599	686	610
SOx	tonnes	666	900	873
VOC (volatile organic compounds) <sup>1</sup>	tonnes	154	185	183
PM (Particulate matter)	tonnes	7	8	6
CO	tonnes	15	19	33

<sup>1</sup> Cressier 2020-2022 restated due to recalculation

### Water consumption

	Unit	2023	2022	2021
Total water consumption from all areas	megalitres	108	353	418
Water consumed in water-stressed areas	megalitres	-	-	-
Total water withdrawal from all areas <sup>2</sup>	megalitres	2,866	2,916	3,185
Total withdrawal of surface water <sup>2</sup>	megalitres	1,861	1,861	2,083
Total water discharge to all areas <sup>2</sup>	megalitres	2,758	2,562	2,767
Total discharge of freshwater <sup>2</sup>	megalitres	2,758	2,545	2,756

<sup>2</sup> Restatement for 2022-2021 due to re-calculation

## Safety<sup>1</sup>

### Work related injuries, employees and contractors

	Unit	2023	2022	2021
<b>Fatalities</b>	number	0	0	0
<b>Rate of fatalities</b>	per 200,000 hours worked	0	0	0
<b>Number of hours worked, total employees and contractors</b>	hours	6,877,516	5,114,620	5,815,500
Number of hours worked, employees	hours	3,303,198	3,242,870	n.a.
Number of hours worked, contractors	hours	3,574,318	1,871,750	n.a.
<b>Lost Time Injuries, total employees and contractors</b>	number	8	11	15
<b>Lost Time Injury Rate, total employees and contractors</b>	per 200,000 hours worked	0.23	0.43	0.52
<b>Lost work days</b>	days	358	249	n.a.
<b>High consequence work-related injury, total employees and contractors<sup>2</sup></b>	number	2	0	6
High consequence work-related injury, employees	number	1	0	3
High consequence work-related injury, contractors	number	1	0	3
<b>High consequence work-related injury rate, total for employees and contractors</b>	per 200,000 hours worked	0.1	0.0	0.2
<b>Total Recordable Work-related Injuries, total employees and contractors</b>	number	24	22	24
Total Recordable Work-related Injuries, employees	number	15	16	n.a.
Total Recordable Work-related Injuries, contractors	number	9	6	n.a.
<b>Total Recordable Work-related Injury rate, total employees and contractors</b>	per 200,000 hours worked	0.7	0.9	0.8
Total Recordable Work-related Injury rate, employees <sup>3</sup>	per 200,000 hours worked	0.9	1.0	0.8
Total Recordable Work-related Injury rate, contractors <sup>3</sup>	per 200,000 hours worked	0.5	0.6	0.0

<sup>1</sup> Health and Safety actual KPIs are regularly monitored and may be subject to change to ensure accuracy of data reported

<sup>2</sup> Restatement for 2022-2021, correction

<sup>3</sup> Main types of injuries: more than half of injuries are related to the damage of limb muscle, twisting, breaking and damage to a finger as a result of handling equipment or moving on the premises. This is followed by damage caused by moving objects, chemicals, damage to body muscle or ligament, and fall from a height or from equipment.

<sup>4</sup> Of the total 10 Tier1 spills, 3 occurred at the Bayernoil manufacturing hub, 2 at the Cressier manufacturing hub, and 5 at five different terminals in Switzerland (1), Germany (1), Benelux (3). The spills involved volumes of total 5,000 m<sup>3</sup>, 455 m<sup>3</sup>, 200m<sup>3</sup>, 800m<sup>3</sup>, and 2,550m<sup>3</sup> respectively.

### Process safety

	Unit	2023	2022	2021
Tier 1 process safety events	number	3	5	1
Tier 1 process safety events rate	per 200,000 hours worked	0.087	0.196	0.034
Tier 2 process safety events		5	4	4
Tier 2 process safety events rate	per 200,000 hours worked	0.145	0.156	0.138

### Spills of oil and refined products

	Unit	2023	2022	2021
Total number of recorded significant spills (above 100 litres)	number	10	18	15
Total volume of recorded significant spills <sup>4</sup>	litres	9,005	53,210	17,684
Total number of spills with low severity (below 100 litres)	number	84	107	99

## Our people

### Headcount of employees (excluding JV), by region, gender, employment and contract type

Status as of 31 Dec 2023

	2022						2021					
	Switzerland	Germany	Benelux/ France	Total	Male	Female	Total	Male	Female			
<b>Total employees</b>	568	463	402	1,433	1,046	387	1,329	980	349	1,225	938	287
Employees with permanent contract <sup>1</sup>	563	408	351	1,322	981	341	1,251	931	320	1,171	901	270
Employees with temporary contract <sup>2</sup>	5	55	51	111	65	46	78	49	29	54	37	17
Employees with non-guaranteed hours	2	0	4	6	6	0	5	3	2	6	3	3
<b>Full-time employees <sup>1</sup></b>	505	348	339	1,192	956	236	1,131	879	252	1,087	897	190
<b>Part-time employees</b>	63	115	63	241	90	151	198	101	97	138	41	97

<sup>1</sup> Restatement for 2022-2021, correction    <sup>2</sup> Temporary contract as defined by the national law

### Diversity of employee categories, by age and gender

Year 2023

	2022					2021		
	Senior Management	Middle Management	Senior Expert	Other Operations	Total	Total	Male	Female
Below 30 years old, rate	0%	1%	12%	18%	12%	7%	77%	23%
Between 30 and 50 years old, rate	47%	36%	31%	39%	37%	56%	n.a.	n.a.
Above 50 years old, rate	53%	63%	57%	43%	51%	37%	n.a.	n.a.

### Diversity of governance bodies, by age and gender

Supervisory Board

	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	
<b>Total</b>	5	5	0	5	5	0	4	4	0
Below 30 years old, rate	0%	0%	0%	0%	0%	0%	0%	0%	0%
Between 30 and 50 years old, rate	40%	40%	0%	40%	40%	0%	25%	25%	0%
Above 50 years old, rate	60%	60%	0%	60%	60%	0%	75%	75%	0%

Executive Board

	2022			2021		
	Male	Female	Total	Male	Female	Total
<b>Total</b>	7	6	1	7	6	1
Below 30 years old, rate	0%	0%	0%	0%	0%	0%
Between 30 and 50 years old, rate	43%	33%	100%	57%	50%	100%
Above 50 years old, rate	57%	67%	0%	43%	50%	0%

## Our people cont.

### New hires (excluding joint ventures), by region, gender and age

Status as of 31 Dec 2023

						2022	2021
	Unit	Switzerland	Germany	Benelux/ France	Total	Total	Total
<b>Total</b>	<b>Headcount</b>	<b>91</b>	<b>63</b>	<b>79</b>	<b>233</b>	<b>176</b>	<b>123</b>
Below 30 years old, headcount	Headcount	27	33	33	93	42	47
Between 30 and 50 years old, headcount	Headcount	53	26	35	114	102	53
Above 50 years old, headcount	Headcount	11	4	11	26	32	23
Below 30 years old, rate	%	30%	52%	42%	40%	24%	38%
Between 30 and 50 years old, rate	%	58%	41%	44%	49%	58%	43%
Above 50 years old, rate	%	12%	6%	14%	11%	18%	19%
<b>Male, headcount</b>	<b>Headcount</b>	<b>64</b>	<b>30</b>	<b>52</b>	<b>146</b>	<b>127</b>	<b>84</b>
Male, rate	%	70%	48%	66%	63%	72%	68%
<b>Female, headcount</b>	<b>Headcount</b>	<b>27</b>	<b>33</b>	<b>27</b>	<b>87</b>	<b>49</b>	<b>39</b>
Female, rate	%	30%	52%	34%	37%	28%	32%

### Employee turnover (excluding joint ventures) - employees with terminated contracts

Status as of 31 Dec 2023

						2022	2021
	Unit	Switzerland	Germany	Benelux/ France	Total	Total	Total
<b>Total</b>	<b>Headcount</b>	<b>55</b>	<b>49</b>	<b>63</b>	<b>167</b>	<b>149</b>	<b>134</b>
Below 30 years old, headcount	Headcount	14	25	16	55	14	29
Between 30 and 50 years old, headcount	Headcount	32	13	15	70	77	56
Above 50 years old, headcount	Headcount	9	11	22	42	58	49
Below 30 years old, rate	%	25%	51%	25%	33%	9%	22%
Between 30 and 50 years old, rate	%	58%	27%	40%	42%	52%	42%
Above 50 years old, rate	%	16%	22%	35%	25%	39%	37%
<b>Male, headcount</b>	<b>Headcount</b>	<b>44</b>	<b>29</b>	<b>43</b>	<b>116</b>	<b>119</b>	<b>92</b>
Male, rate	%	80%	59%	68%	69%	80%	69%
<b>Female, headcount</b>	<b>Headcount</b>	<b>11</b>	<b>20</b>	<b>20</b>	<b>51</b>	<b>35</b>	<b>42</b>
Female, rate	%	20%	41%	32%	31%	23%	31%

# Appendix III: GRI Index

<b>Statement of use</b>	VARO Energy has reported in accordance with the GRI Standards for the period 1 Jan 2023 - 31 Dec 2023
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	GRI 11: Oil and Gas Sector 2021



GRI standard/other source	Disclosure	GRI 11: Oil and Gas Sector 2021	Location Omission
<b>General disclosures</b>			
GRI 2: General Disclosures 2021	2-1 Organisational details		<a href="#">Appendix I: Our ESG Report.</a> VARO Energy operates in Switzerland, Germany, Netherlands, Belgium and France.
	2-2 Entities included in the organisation's sustainability reporting		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 the correct transfer pricing of intra-Group services.
	2-3 Reporting period, frequency and contact point		1 Jan 2023 - 31 Dec 2023 (equivalent to period of data reporting in the Annual Report) Contact: Mr Jens Bruno ( <a href="mailto:jens.bruno@varoenergy.com">jens.bruno@varoenergy.com</a> )
	2-4 Restatements of information		Restatements are related to data and are marked by word 'restatement'
	2-5 External assurance		Assurance statement
	2-6 Activities, value chain and other business relationships		<a href="#">The VARO value chain</a>
	2-7 Employees		<a href="#">Appendix II. ESG Data. Our People.</a> VARO is not working in a sector with many seasonal employees. However, temporary contractors are employed during turnarounds at manufacturing hubs.
	2-8 Workers who are not employees		<a href="#">Appendix II. ESG Data. Our People.</a> Safety training for contractors as described in 'Spills and spills prevention'. Type of workers who are not employees omitted - information unavailable/incomplete (part b).

## GRI Index cont.

GRI standard/other source	Disclosure	GRI 11: Oil and Gas Sector 2021	Location Omission
	2-9 Governance structure and composition		<p><a href="#">Corporate governance</a></p> <p>Constitution and operations of the Company's 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.</p> <p>The Company has a two-tier board structure consisting of the Management Board and the Supervisory Board.</p> <p>Executive Board has seven members. Data on composition is in <a href="#">Appendix II. ESG Data. Our People</a>.</p> <p>The Remuneration Committee prepares nominations and approvals of Executive Board members and supervising policies for Senior Management selection criteria and appointments by the Executive Board.</p>
	2-10 Nomination and selection of the highest governance body		<p>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.</p> <p>Partially omitted - information unavailable/incomplete (part b.iii)</p>
	2-11 Chair of the highest governance body		<p>The Company has a two-tier board structure consisting of the Management Board and the Supervisory Board.</p> <p>The Chair of the Supervisory Board is different from the senior executive officer - the CEO.</p>
	2-12 Role of the highest governance body in overseeing the management of impacts		<p><a href="#">Corporate governance</a> <a href="#">Internal governance structure</a></p> <p>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 the 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.</p> <p>The Management Board is entrusted with the management of the Company's Group and is 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:</p> <ul style="list-style-type: none"> <li>- Setting the Company's management agenda,</li> <li>- Developing a vision on how to create long-term value,</li> <li>- Developing a strategy,</li> <li>- Enhancing the performance of the Company,</li> <li>- Identifying, analysing and managing the risks associated with the Company's strategy and activities and</li> <li>- 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.</li> </ul>
	2-13 Delegation of responsibility for managing impacts		<p><a href="#">Internal governance structure</a></p> <p>VARO's dedicated ESG Committee oversees the implementation and effectiveness of the Company's ESG programmes and manages risk, including its climate-related targets.</p>
	2-14 Role of the highest governance body in sustainability reporting		<p>Executive Board reviews and approves the ESG Report.</p>
	2-15 Conflicts of interest		<p><a href="#">Business behaviour and ethics</a></p>

## GRI Index cont.

GRI standard/other source	Disclosure	GRI 11: Oil and Gas Sector 2021	Location Omission
	2-16 Communication of critical concerns		<a href="#">Internal governance structure</a> <a href="#">Safeguarding human rights</a> <a href="#">Business behaviour and ethics</a> Partially omitted - information unavailable/incomplete (part b)
	2-17 Collective knowledge of the highest governance body		<a href="#">Corporate governance</a>  The EB's operational management of the Group's activities includes developing VARO's strategy as well as the ESG strategy and targets. The EB is at the core of the ONE VARO Transformation strategy and its members are specifically appointed to oversee the strategy.
	2-18 Evaluation of the performance of the highest governance body		General meeting of shareholders is the highest governing body, evaluating the performance of the EB. Partially omitted - information unavailable/incomplete (part c).
	2-19 Remuneration policies		Omitted - confidentiality constraints
	2-20 Process to determine remuneration		Omitted - confidentiality constraints
	2-21 Annual total compensation ratio		Omitted - confidentiality constraints
	2-22 Statement on sustainable development strategy		<a href="#">Our five strategic growth pillars</a>
	2-23 Policy commitments		<a href="#">Policies and standards</a> Group companies perform well-defined services for the Group and follow OECD guidance for the correct transfer pricing of intra-group services. FX Global Code UN Global Compact, signatory.
	2-24 Embedding policy commitments		<a href="#">Business behaviour and ethics</a> <a href="#">Safeguarding human rights</a>
	2-25 Processes to remediate negative impacts		<a href="#">Our stakeholders and stakeholder engagement</a> <a href="#">Safeguarding human rights</a> <a href="#">Community engagement and benefit</a> <a href="#">Noise disturbance</a> <a href="#">Data privacy</a> Partially omitted - information unavailable/incomplete (part d. and e.)
	2-26 Mechanisms for seeking advice and raising concerns		<a href="#">Business behaviour and ethics</a> <a href="#">Our Whistleblower channel</a>
	2-27 Compliance with laws and regulations		No significant fines were incurred

## GRI Index cont.

GRI standard/other source	Disclosure	GRI 11: Oil and Gas Sector 2021	Location Omission
	2-28 Membership associations		<a href="#">Appendix V. Associations</a>
	2-29 Approach to stakeholder engagement		<a href="#">Our stakeholders and stakeholder engagement</a>
	2-30 Collective bargaining agreements		VARO operates in countries with the freedom of joining collective bargaining agreements. Employees are free to join such agreements. In the Netherlands, the VARO Works Council, which represents employees of VARO Energy Netherlands BV, has appointed an external confidential advisor to whom employees can turn in case of a breach of the Code of Conduct. Additionally, the Works Council provides Country Managers with requested advice and approval, as well as unsolicited advice where required.
<b>Material topics</b>			
GRI 3: Material Topics 2021	3-1 Process to determine material topics		<a href="#">Managing our material ESG topics</a>
	3-2 List of material topics		<a href="#">Material sustainability topics</a>
<b>Anti-corruption</b> <span style="float: right;">SDG 16</span>			
GRI 3: Material Topics 2021	3-3 Management of material topics	11.20.1: Anti-corruption	<a href="#">Business behaviour and ethics</a>
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	11.20.2	<a href="#">Business behaviour and ethics</a>
	205-2 Communication and training about anti-corruption policies and procedures	11.20.3	<a href="#">Business behaviour and ethics</a>
	205-3 Confirmed incidents of corruption and actions taken	11.20.4	There were no incidents of corruption
<b>Anti-competitive behaviour</b> <span style="float: right;">SDG 16</span>			
GRI 3: Material Topics 2021	3-3 Management of material topics	11.19.1 Anti-competitive behaviour	<a href="#">Business behaviour and ethics</a>
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	11.19.2	There were no legal actions, pending or completed, during 2023, related to anti-competitive behaviour, anti-trust and monopoly practices.



## GRI Index cont.

GRI standard/other source	Disclosure	GRI 11: Oil and Gas Sector 2021	Location Omission
Advocacy (specific topic of VARO)			SDG 7, 11, 12, 13, 16
		11.2.4 Additional sector disclosures	<a href="#">Internal governance structure</a> <a href="#">Advocating green hydrogen</a> <a href="#">Appendix V: Associations</a>
Energy			SDG 7, 9, 13
GRI 3: Material Topics 2021	3-3 Management of material topics	11.1.1 GHG Emissions	Reducing CO <sub>2</sub> e emissions to decarbonise our value chain
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	11.1.2	Omission - information unavailable/incomplete (part f. and g.)
	302-2 Energy consumption outside of the organisation	11.1.3	Partially omitted - information unavailable/incomplete (part f. and g.)
	302-3 Energy intensity	11.1.4	<a href="#">Appendix II, ESG Data</a> Partially omitted - information unavailable/incomplete (part c. and d.)
	302-4 Reduction of energy consumption		<a href="#">Emissions at the Cressier manufacturing hub</a> <a href="#">Emissions at the Bayernoil manufacturing hubs</a>
	302-5 Reductions in energy requirements of products and services		Omission - Information unavailable/incomplete
Water and effluents			SDG 6, 12, 14, 15
GRI 3: Material Topics 2021	3-3 Management of material topics	11.6.1 Water and effluents	<a href="#">Waste and effluents</a>
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	11.6.2	<a href="#">Waste and effluents</a> Partially omitted - information unavailable/incomplete (part b., c. and d.)
	303-2 Management of water discharge-related impacts	11.6.3	<a href="#">Waste and effluents</a> Partially omitted - information unavailable/incomplete (part c. and d.)
	303-3 Water withdrawal	11.6.4	<a href="#">Appendix II, ESG Data (Water consumption)</a> Partially omitted - information unavailable/incomplete (part c. and d.)
	303-4 Water discharge	11.6.5	<a href="#">Appendix II, ESG Data (Water consumption)</a> Partially omitted - information unavailable/incomplete (part c., d. and e.)
	303-5 Water consumption	11.6.6	<a href="#">Appendix II, ESG Data (Water consumption)</a> Partially omitted - information unavailable/incomplete (part c. and d.)

## GRI Index cont.

GRI standard/other source	Disclosure	GRI 11: Oil and Gas Sector 2021	Location Omission
<b>Biodiversity</b>			SDG 6, 14, 15
GRI 3: Material Topics 2021	3-3 Management of material topics	11.4.1 Biodiversity	<a href="#">Biodiversity and land use</a>
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	<a href="#">Biodiversity and land use</a>
	304-2 Significant impacts of activities, products and services on biodiversity	11.4.3	<a href="#">Biodiversity and land use</a>
	304-3 Habitats protected or restored	11.4.4	<a href="#">Biodiversity and land use</a> Partially omitted - information unavailable/incomplete (part c. and d.)
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	11.4.5	<a href="#">Biodiversity and land use</a> The relevant species present in the area where the two Bayernoil manufacturing hubs operate in the 'Danube area between Ingolstadt and Weltenburg' are beaver, yellow-bellied toad (mountain toad), lady's redfin (Lady's fish), abdominal slug, grayling, barbel, white-finned gudgeon and Danube cod. Near the site of Cressier manufacturing hub, beaver belongs to the IUCN Red List. Omission - Information unavailable/incomplete
<b>Sustainability of feedstock production</b>			SDG 2, 15
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)		The energy transition in action. Biofuels	
<b>Emissions (GHG)</b>			SDG 7, 13
GRI 3: Material Topics 2021	3-3 Management of material topics	11.1.1 GHG Emissions 11.2.1 Climate adaptation, resilience, and transition	VARO in a transitioning energy market Sustainability highlights in 2023 Our Commitments Product stewardship and innovation Emissions

## GRI Index cont.

GRI standard/other source	Disclosure	GRI 11: Oil and Gas Sector 2021	Location Omission
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	11.1.5	<a href="#">Appendix II, ESG Data (GHG emissions)</a> Partially omitted - information unavailable/incomplete (part c., e. and g.)
	305-2 Energy indirect (Scope 2) GHG emissions	11.1.6	<a href="#">Appendix II, ESG Data (GHG emissions)</a> Partially omitted - information unavailable/incomplete (part e., f. and g.)
	305-3 Other indirect (Scope 3) GHG emissions	11.1.7	<a href="#">Appendix II, ESG Data (GHG emissions)</a> Partially omitted - information unavailable/incomplete (part c., f. and g.)
	305-4 GHG emissions intensity	11.1.8	<a href="#">Appendix II, ESG Data (GHG emissions)</a>
	305-5 Reduction of GHG emissions	11.2.3	VARO in a transitioning energy market Sustainability highlights in 2023 Emissions Partially omitted - information unavailable/incomplete (part e.)
	305-6 Emissions of ozone-depleting substances (ODS)		Omission - Not applicable
<b>Emissions (non-GHG)</b>			<b>SDG 3, 11, 15</b>
	3-3 Management of material topics	11.3.1 Air emissions	<a href="#">Other emissions to air</a>
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	11.3.2	<a href="#">Other emissions to air</a> Partially omitted - information unavailable/incomplete (part b. and c.)
	416-1 Assessment of the health and safety impacts of product and service categories	11.3.3	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, CO <sub>2</sub> , NOx, SO <sub>2</sub> , dust and soot. These emissions, 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 Celsius Premium for Heating Oil, and Elixir for Endura for Diesel performance. The main quality regulation for VARO products, as required for companies producing and supplying products in European Economic Area (EEA) countries, is REACH: Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals. 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 CLP regulations. VARO has around 80 MSDS available for 16 different countries, in 14 different languages.
<b>Waste</b>			<b>SDG 3, 6, 12, 14, 15</b>
GRI 3: Material Topics 2021	3-3 Management of material topics	11.5.1 Waste	<a href="#">Waste and effluents</a>
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	11.5.2	<a href="#">Waste and effluents</a>

## GRI Index cont.

GRI standard/other source	Disclosure	GRI 11: Oil and Gas Sector 2021	Location Omission
	306-2 Management of significant waste-related impacts	11.5.3	<a href="#">Waste and effluents</a> Partially omitted - information unavailable/incomplete (part c.)
	306-3 Waste generated	11.5.4	Omitted - information unavailable/incomplete
	306-4 Waste diverted from disposal	11.5.5.	Omitted - information unavailable/incomplete
	306-5 Waste directed to disposal	11.5.6	Omitted - information unavailable/incomplete
<b>Oil spills and spill prevention</b> <span style="float: right;">SDG 11, 14, 15</span>			
SASB: EM-MD-160a.1.		11.8.1 Asset integrity and critical incident management	<a href="#">Spills and spill prevention</a> <a href="#">Crisis management</a>
GRI 3: Material Topics 2021	3-3 Management of material topics	11.8.2	<a href="#">Spills and spill prevention. Our approach</a>
GRI 306: Effluents and waste 2016	306-3 Significant spills	11.8.2	<a href="#">Appendix II. ESG Data. Spills of oil and refined products.</a>
<b>Employment</b> <span style="float: right;">SDG 1, 4, 5, 8, 10, 16</span>			
GRI 3: Material Topics 2021	3-3 Management of material topics	11.10.1 Employment practices	<a href="#">Employee satisfaction and development</a>
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	11.10.2	<a href="#">Appendix II. ESG Data. (New hires, by region, gender and age)</a> <a href="#">Appendix II. ESG Data. (Employee turnover)</a>
	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 a full-time, part-time or temporary contract. Non-full-time employees are not entitled to a bonus.
	401-3 Parental leave	11.10.4	Omitted - information unavailable/incomplete
<b>Occupational health and safety</b> <span style="float: right;">SDG 3, 8</span>			
GRI 3: Material Topics 2021	3-3 Management of material topics	11.9.1 Occupational health and safety	<a href="#">Health and safety</a>
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	11.9.2	<a href="#">Health and safety. Our approach</a>

## GRI Index cont.

GRI standard/other source	Disclosure	GRI 11: Oil and Gas Sector 2021	Location Omission
	403-2 Hazard identification, risk assessment, and incident investigation	11.9.3	<a href="#">Incident investigation and follow up</a> <a href="#">Crisis management</a>
	403-3 Occupational health services	11.9.4	<a href="#">Employee health and well-being</a>
	403-4 Worker participation, consultation, and communication on occupational health and safety	11.9.5	<a href="#">Employee engagement on safety</a>
	403-5 Worker training on occupational health and safety	11.9.6	<a href="#">Health and safety, Our approach</a> <a href="#">Health and safety, Employee engagement on safety</a> <a href="#">Health and safety, 2024 and beyond</a>
	403-6 Promotion of worker health	11.9.7	<a href="#">Employee health and well-being</a>
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	11.9.8	<a href="#">Health and safety, Our approach</a> <a href="#">Health and safety, 2024 and beyond</a> <a href="#">Spills and spill prevention, Our approach</a>
	403-8 Workers covered by an occupational health and safety management system	11.9.9	All employees and workers who are not employees but whose work and/or workplace is controlled by the organisation, are covered by an occupational health and safety management system.  Certified management systems
	403-9 Work-related injuries	11.9.10	<a href="#">Appendix II. ESG Data. (Work related injuries, employees and contractors)</a>
	403-10 Work-related ill health	11.9.11	Omission - Information unavailable/incomplete
<b>Diversity and equal opportunity</b>			<b>SDG 5, 8, 10, 16</b>
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	11.11.1 Non-discrimination and equal opportunity	<a href="#">Equity, inclusion and diversity</a>
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	11.11.4	<a href="#">Appendix II. ESG Data. (Diversity of governance bodies, by age and gender)</a> <a href="#">Appendix II. ESG Data. (Diversity of employee categories, by age and gender)</a>
	405-2 Ratio of basic salary and remuneration of women to men	11.11.5	<a href="#">Equity, inclusion and diversity</a>

## GRI Index cont.

GRI standard/other source	Disclosure	GRI 11: Oil and Gas Sector 2021	Location Omission	
<b>Non-discrimination</b>				SDG 5, 8, 10, 16
GRI 3: Material Topics 2021	3-3 Management of material topics		<a href="#">Equity, inclusion and diversity</a> <a href="#">Business behaviour and ethics</a>	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		There were no incidents of discrimination reported in 2023.	
<b>Local communities</b>				SDG 1, 3, 6, 7
GRI 3: Material Topics 2021	3-3 Management of material topics	11.15.1 Local communities	<a href="#">Community engagement and benefit</a> <a href="#">Crisis management</a>	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	11.15.2	<a href="#">Community engagement and benefit</a>	
	413-2 Operations with significant actual and potential negative impacts on local communities	11.15.3	<a href="#">Noise disturbance</a> <a href="#">Crisis management</a>	

## Topics in the applicable GRI Sector Standards determined as not material

## GRI 11: Oil and Gas Sector 2021

Topic	Explanation
11.12 Forced labour and modern slavery	Topic of low risk for VARO operations.
11.14 Economic impacts	Management of the topic is part of the Annual Report. The ESG Report is focused on disclosing non-financial impacts.
11.16 Land and resource rights	This topic is not relevant for VARO's value chain. Indirect potential impact from sourcing of bio-feedstock is incorporated into the topic of Sustainability of feedstock supply.
11.17 Rights of indigenous peoples	This topic is not relevant for VARO's value chain. Indirect potential impact from sourcing of bio-feedstock is incorporated into the topic of Sustainability of feedstock supply.
11.18 Conflict and security	Topic is not relevant for the VARO value chain.
11.21 Payments to governments	Payments to governments are related to taxation and other payment obligations. The management of the topic is incorporated into the topics of business behaviour, ethics and anti-corruption.
11.22 Public policy	Management of the topic is incorporated into the topics of business behaviour and ethics.

# Appendix IV: TCFD Index

TCFD Recommendation	TCFD Disclosure	VARO Report Page reference
<p>Governance</p> <p>The anament of climate-related risk and opportunities</p>	<p>a) The board's oversight of climate-related risks and opportunities.</p> <p>b) The management's role in assessing and managing climate-related risks and opportunities.</p>	<p><a href="#">p. 64 (Governance - Corporate Governance)</a>  <a href="#">p. 67 (Governance - Internal Governance Structure)</a></p> <p><a href="#">p. 66 (Governance - Executive Board)</a>  <a href="#">p. 67 (Governance - Internal Governance Structure)</a></p>
<p>Strategy</p> <p>Actual and potential impact of climate-related risks and opportunities on the operations, strategy and financial planning</p>	<p>a) The climate-related risks and opportunities the organisation has identified over the hort, medium and long term.</p> <p>b) The impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.</p> <p>c) The resilience of the organisation's strategy taking intoc consideration different climate-related scenarios.</p>	<p><a href="#">p. 38 (Our decarbonisation roadmap)</a>  <a href="#">p. 37-39 (Reducing CO2 emissions to decarbonise our value chain)</a>  <a href="#">p.67 (Governance - Examples of risks areas)</a>  <a href="#">p. 64-67 (Governance - Corporate governance)</a>  <a href="#">p. 37-40 (Reducing CO2 emissions to decarbonise our value chain)</a></p>
<p>Risk management</p> <p>Actual and potential impact from climate-related risks and opportunities on the operations, strategy and financial planning</p>	<p>a) The organisation's processes for identifying and assessing climate-related risks.</p> <p>b) The organisation's proceses for managing climate-related risks.</p> <p>c) How the process for identifying, assessing and managing climate-related risks is integrated into the organisation's overall risk management.</p>	<p><a href="#">p. 67 (Governance - Enterprise risk mangement system)</a></p> <p><a href="#">p. 37-40 (Reducing CO2 emissions to decarbonise our value chain)</a>  <a href="#">p. 67 (Governance - Example of risk areas)</a>  <a href="#">p. 67 (Governance - Internal governance structure)</a></p>
<p>Metrics and targets</p> <p>Results from metrics and targes to assess and manage significant climate-related risks and opportunities</p>	<p>a) The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b) Disclosure of scope 1, scope 2 and scope 3 GHG emissions, and the related risks.</p> <p>c) The targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p><a href="#">p. 67 (Governance - Internal governance structure)</a>  <a href="#">p. 86 (Appendix II: ESG Data - Environment)</a></p> <p><a href="#">p. 37-39 (Reducing CO2 emissions to decarbonise our value chain)</a>  <a href="#">p. 86 (Appendix II: ESG Data - Environment)</a>  <a href="#">p. 38 (Our decarbonisation roadmap)</a></p>

# Appendix V: Associations

Association	Country	Status of VARO	Purpose of association
<b>Avenergy Suisse</b>	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 fuel for mobility and heating process.
<b>CARBURA</b>	Switzerland	Board Member	Private association for importers of liquid fuels and combustibles that fulfil compulsory stockpiling of fuels. The association is supervised by the Federal Office for National Economic Supply (FONES).
<b>CONCAWE</b>	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 fuel quality and emissions, air quality, water quality, soil contamination, waste, occupational health and safety, petroleum product stewardship and cross-country pipeline performance.
<b>ANCL (Association des Negociants en combustibles de Lausanne et environment)</b>	Switzerland	Member	Association of Fuel Dealers of Lausanne with the objective to promote the use of liquid fuels.
<b>ZCA (Zug Commodity Association)</b>	Switzerland	Member	The purpose of the Association is to represent and protect the interests and rights of the Zug (and its surrounding area) business community related to the commodities supply chain. This includes but is not limited to exploration, production, processing, trading and marketing. Furthermore, ZCA organises events and trainings related to commodity trading.
<b>Swiss shippers council (SSC)</b>	Switzerland	Member	Represents the interests of industry, trade and major distributors to state and private transport institutions, logistics companies and freight carriers in Switzerland and abroad.
<b>Fuels Europe Association</b>	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 EU Institutions, member state governments and the wider community. This contributes to a constructive and proactive way to the development and implement EU policies and regulations.
<b>Biofuels Schweiz</b>	Switzerland	Advisory Board Member	Represents the interests of the biofuel industry and its members in dealings with authorities, politicians and market participants. It takes part in consultation process 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.
<b>Kliik</b>	Switzerland	Member	Kliik stands for the Foundation for Climate Protection and Carbon Offsetting. The organisation helps companies fulfil their obligation to offset CO <sub>2</sub> emissions from motor fuels consumed in Switzerland, according to the Swiss CO <sub>2</sub> Law. Kliik also funds projects that aim to reduce greenhouse gas emissions in Switzerland and abroad.
<b>European Fuel Manufacturers Association</b>	EU	Member	FuelsEurope represents the EU fuels and industrial value chains products manufacturing industry in the policy debate with EU Institutions and other stakeholders, providing an expert opinion on the production process, distribution and use of the fuel industry's products, in order to contribute to a regulatory framework that promotes EU excellence in technologies contributing to the energy transition towards society's climate objectives, boosts sustainable development through supporting a competitive EU industry, establishes effective, technically feasible and sustainable requirements to protect human health and the environment.
<b>Hydrogen Europe</b>	Belgium	Member	Promotes national, European and international policies and initiatives that support the market penetration of European hydrogen technologies domestically and globally.



## Associations cont.

Association	Country	Status of VARO	Purpose of association
ISCC (International Sustainability & Carbon Certification)	Germany	Member	The certification scheme operates under strict criteria and methodologies to verify that the entire supply chain, from raw materials to final products, meets its sustainability standards.
World Biogas	UK	Member	The World Biogas Association is the global trade association for the biogas, landfill gas and anaerobic digestion (AD) sectors, dedicated to facilitating the adoption of biogas globally. It seeks to represent all organisations working in the biogas industry at the international level across the world.
en2X	Germany	Seat on the Board	The result of a merger between the former MWV and IWO associations, en2X promotes low-carbon energy sources that support the targets of the Paris Agreement, and defines 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 more open technology policies, where e-fuels can also play a role.
MEW/UPEI (working group "Energy for the Future")	Germany/ Belgium	Joint position with UPEI	Umbrella organisation for associations in the import and wholesale, retail, bunkering and tank storage of fuels. Joint position with UPEI, MEW, FETSA (where possible) to set up proposals for amendments on FITdocuments (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 to all member 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 on the Advisory Board	Government agency for stockpiling strategic reserves.
SBMV (Sachsischer Brennstoff- und Mineralelehandelsverband e.V)	Germany	Supporting Member	Independent Saxon fuel and mineral trade association that represents mineral oil traders' interests
H <sub>2</sub> ercules	Germany	Member	H <sub>2</sub> ercules aims is contribute to the establishment of a European hydrogen market and, consequently, promote the decarbonisation and diversification of Germany's energy supply. This will be achieved by developing a hydrogen transport pipeline network, commonly referred to as the 'Hydrogen Backbone', which will connect the northern and southern regions of the country.
NOVE	Netherlands	Member of the Board	Industry association for small to mid-sized traders and distributors of road and shipping fuels.
VEMOBIN	Netherlands	Member, and Chair of the new pillar Energy in Transportation.	Association of the Dutch Petroleum Industry, active in the representation of Dutch refining and distribution companies, promoting collaboration, safety and sustainable practices within the petroleum industry
PHB	Netherlands	Participant	Platform to accelerate and scale the utilisation of bio-based fuels for road, water and air transportation.

## Associations cont.

Association	Country	Status of VARO	Purpose of association
CPDP (Comite Professionnel Du Petrole)	France	Member	An association declared under the law of 1 July 1901, brings together Approved Warehouse keepers whose main activity is the distribution of petroleum products on the French market.
Groupement Pétrolier Luxembourgeois	Luxembourg	Member	Represents the interests of companies mostly in the downstream sector, which includes activities such as the refining, storage, distribution, and marketing of petroleum products. Activities include information exchange, support in compliance with the legislation, market monitoring, etc.
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 commission managing the standardisation 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.
Operateur de Normalisation Pétrolière (ONP)	Belgium	Member	The ONP is the overarching Belgium commission managing the standardisation 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.
EBA (European Biogas Association)	Belgium	Member	EBA advocates for the recognition of biomethane and other renewable gases as sustainable, on demand and flexible energy sources that provide multiple knock on socio-economic and environmental benefits. It represents almost 8,000 stakeholders from the entire biogas and biomethane value chain. EBA is committed to work with European institutions, industry, agricultural partners, NGOs and academia to develop policies that can enable the large-scale deployment of renewable gases and organic fertilisers throughout Europe.
Informazout	Belgium	Member	The association aims to educate consumers, installers and professionals about oil heating technologies, energy efficiency and environmental considerations.
ATEE	France	Member	An organisation 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 almost 2,000 independent companies that distribute off-grid energy in the form of domestic fuel, bulk fuel, LPG, wood-energy, etc.
FFPI	France	Member	Federation of independent oil companies.
UPEI	EU	Board Member/ President	UPEI represents almost 2,000 European independent importers and wholesale / retail distributors of energy for the transport and heating sectors.
World Economic Forum	International	Partner	WEF leads global companies developing solutions to the world's greatest challenges.
UN Global compact	International	Member	Voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.

# Glossary

<b>1G</b>	First-generation biofuels made from crop-based feedstocks	<b>ERM</b>	Enterprise Risk Management	<b>LPG</b>	Liquid Petroleum Gas
<b>2G</b>	Second-generation biofuels made from waste and advanced biofuels	<b>ESG</b>	Environmental, Social and Governance	<b>LULUCF</b>	Land Use, Land Use Change and Forestry
<b>AC</b>	Audit Committee	<b>ETBE</b>	Ethyl Tertiary Butyl Ether	<b>MPCI</b>	Manufacturing Process Carbon Intensity
<b>API</b>	American Petroleum Institute	<b>ETH</b>	Federal Institute of Technology Zurich	<b>M&amp;A</b>	Mergers and Acquisitions
<b>B20, B30 and B100</b>	Biodiesel blends (e.g. B20 consists of 20% biodiesel and 80% diesel).	<b>EU</b>	European Union	<b>NGO</b>	Non-Governmental Organisation
<b>BEC</b>	Bio Energy Coevorden BV (now known as VARO Biogas Coevorden)	<b>EU ETS</b>	EU emissions trading system	<b>NOx</b>	Nitrogen oxides
<b>BOE</b>	Barrel of Oil Equivalent	<b>EUR</b>	Euro	<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>CAGR</b>	Compound annual growth rate	<b>FAME</b>	Fatty Acid Methyl Ester	<b>OEMS</b>	Operational Excellence Management System
<b>CBAM</b>	Carbon Border Adjustment Mechanism	<b>FCC</b>	Fluid Catalytic Cracker	<b>ORC</b>	Operational Risk Committee
<b>CCTV</b>	Closed-circuit television	<b>FFH</b>	Flora Fauna Habitat	<b>PFAS</b>	Per- and polyfluoroalkyl substances
<b>CDRs</b>	Carbon Dioxide Removals	<b>GDPR</b>	EU General Data Protection Regulation	<b>PSE</b>	Process Safety Events
<b>CEEAG</b>	Klima-, Energie- und Umweltbeihilfen programme in Germany	<b>GHG</b>	Greenhouse gas	<b>RED</b>	Renewable Energy Directive
<b>CHF</b>	Swiss francs	<b>H&amp;S</b>	Health and Safety	<b>RES</b>	Renewable Energy Services (biogas company)
<b>CI</b>	Carbon Intensity	<b>H<sub>2</sub></b>	Hydrogen gas	<b>ROC</b>	Risk Oversight Committee
<b>CO<sub>2</sub></b>	Carbon dioxide	<b>HAZOP</b>	Hazard and Operability Study	<b>RSB</b>	Roundtable on Sustainable Biomaterials
<b>CO<sub>2</sub>e</b>	Carbon dioxide equivalent (including emissions from other greenhouse gases)	<b>HSSE</b>	Health, Safety, Security and Environment	<b>SAF</b>	Sustainable Aviation Fuel
<b>CSEM</b>	Swiss Research and Development Centre	<b>HVO</b>	Hydrotreated Vegetable Oil	<b>SB</b>	Supervisory Board
<b>CSRD</b>	Corporate Sustainability Reporting Directive	<b>ICC</b>	International Certificate of Competency	<b>SDGs</b>	United Nations Sustainable Development Goals
<b>EB</b>	Executive Board	<b>IEA</b>	International Energy Agency	<b>SIC</b>	System of Internal Control
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciation, and Amortisation	<b>ILO</b>	International Labour Organization	<b>SIL</b>	Safety Integrity Level
<b>EHB</b>	European Hydrogen Backbone	<b>IOE</b>	International Organisation of Employers	<b>SMR</b>	Steam Methane Reformer
<b>EI&amp;D</b>	Equity, Inclusion and Diversity	<b>IOGP</b>	International Association of Oil & Gas Producers	<b>SOx</b>	Sulphur oxides
<b>EIAs</b>	Environmental Impact Assessments	<b>IPCEI</b>	Important Project of Common European Interest	<b>TCFD</b>	Task Force on Climate-Related Financial Disclosures
<b>EMAS</b>	Eco-Management and Audit Scheme	<b>ISCC</b>	International Sustainability and Carbon Certification	<b>TRIR</b>	Total Recordable Incident Rate
		<b>KPI</b>	Key performance indicator	<b>UPEI</b>	The voice of Europe's independent fuel suppliers
		<b>KYC</b>	Know Your Customer	<b>USD</b>	US dollar
		<b>LNG</b>	Liquefied Natural Gas	<b>VOCs</b>	Volatile Organic Compounds
		<b>LOPC</b>	Loss of Primary Containment		

# Assurance statement



## Limited assurance report of the independent auditor on VARO Energy B.V.'s selected indicators in the ESG report 2023

To: the supervisory board and management board of VARO Energy B.V.

### Our conclusion

We have performed a limited assurance engagement on selected indicators in the accompanying ESG report for the year 2023 of VARO Energy B.V. based in Rotterdam.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the selected indicators are not prepared, in all material respects, in accordance with the applicable criteria as included in the section Criteria.

The selected indicators consist of:

- Percentage of electricity generated from renewable sources at the Bayernoil and Cressier manufacturing hub and the terminals in Switzerland for 2023 on [page 84](#) of the ESG report
- Scope 1 CO<sub>2</sub> emissions for 2023 on [page 39](#) of the ESG report
- Scope 2 CO<sub>2</sub> emissions (both market based as location based) for 2023 on [page 39](#) of the ESG report
- Scope 3.11 CO<sub>2</sub> emissions (Use of sold products) for 2023 on [page 39](#) of the ESG report
- Total recordable injury rate (TRIR) for 2023 on [page 52](#) of the ESG report
- Total number of recorded Significant Spills for 2023 on [page 88](#) of the ESG report
- Tier 1 Process Safety Events for 2023 on [page 52](#) of the ESG report
- Percentage of female senior managers for 2023 on [page 55](#) of the ESG report
- Voluntary employee retention rate for 2023 on [page 57](#) of the ESG report

### Basis for our conclusion

We have performed our limited assurance engagement on the selected indicators in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (Assurance engagements other than audits or reviews of historical financial information [attestation engagements]). Our responsibilities in this regard are further described in the section 'Our responsibilities for the assurance engagement on the selected indicators' of our report.

We are independent of VARO Energy B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Criteria

The criteria applied for the preparation of the selected indicators are the criteria developed by VARO Energy B.V. and are disclosed in Appendix I 'Our ESG Report' on [pages 82](#) up to and including [pages 85](#) of the ESG report.

The comparability of selected indicators between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques. Consequently, the selected indicators need to be read and understood together with the criteria applied.

### Corresponding information not assured

No assurance engagement has been performed on the selected indicators for the year 2021. Consequently, the corresponding selected indicators and thereto related disclosures for the year 2021 are not assured.

The calculation for the selected indicators Scope 1 CO<sub>2</sub> emissions, Scope 2 CO<sub>2</sub> emissions (both market based and location based) and Scope 3.11 CO<sub>2</sub> emissions (Use of sold products) has been amended compared to the year 2022, due to the inclusion of VARO Biogas Coevorden emissions, change of scope 2 CO<sub>2</sub> emission factors and change of criteria of Scope 3.11 CO<sub>2</sub> emissions regarding the values of sales volume. The corresponding selected indicators and thereto related disclosures for the year 2022 were updated as a result of these changes and consequently, they are not assured.

The selected indicators Total number of recorded Significant Spills and Tier 1 Process Safety Events for the periods prior to 2023 have not been part of an assurance engagement. Consequently, the corresponding selected indicators Total number of recorded significant spills and Tier 1 Process safety events and the thereto related disclosures for the period prior to 2023 are not assured. Our conclusion is not modified in respect of these matters.

### Limitations to the scope of our assurance engagement

Our assurance engagement is restricted to the selected indicators. We have not performed assurance procedures on any other information as included in the ESG report in light of this engagement.

The selected indicators include prospective information such as ambitions, strategy, plans, expectations and estimates. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the assumptions and achievability of this prospective information.

The references to external sources or websites are not part of our assurance engagement on the selected indicators. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect of these matters.

### Responsibilities of the management board and the supervisory board for the selected indicators

The management board is responsible for the preparation of the selected indicators in accordance with the criteria as included in the section Criteria. The management board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of the intended users, considering applicable law and regulations related to reporting. The choices made by the management board regarding the scope of the selected indicators and the reporting policy are summarized in Appendix I 'Our ESG Report' on [pages 82](#) up to and including [pages 85](#) of the ESG report.

Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the selected indicators that are free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the reporting process of the selected indicators of VARO Energy B.V.

### Our responsibilities for the assurance engagement on the selected indicators

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of the selected indicators. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our assurance engagement included amongst others:

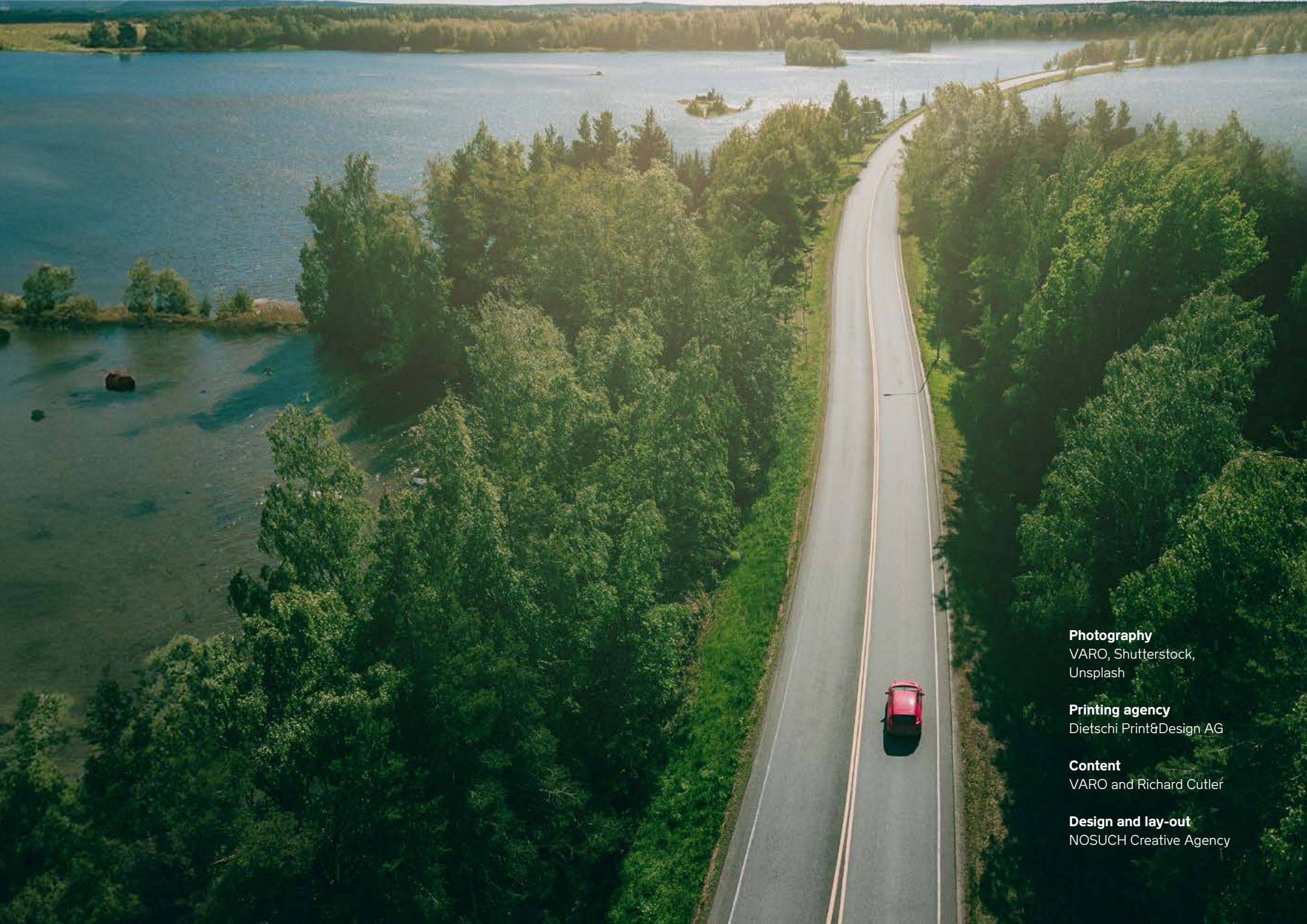
- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant sustainability themes and issues and the characteristics of the company as far as relevant to the selected indicators
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures on the selected indicators. This includes the evaluation of the reasonableness of estimates made by the management board
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the selected indicators, without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Identifying areas of the selected indicators where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the selected indicators responsive to this risk analysis. These procedures consisted amongst others of:
- Making inquiries of management and relevant staff at corporate level responsible for the sustainability strategy, policy and results relating to the selected indicators
- Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the selected indicators
- Obtaining assurance evidence that the selected indicators reconcile with underlying records of VARO Energy B.V.
- Reviewing, on a limited sample basis, relevant internal and external documentation
- Considering the data and trends in the information submitted for consolidation at corporate level
- Reading the information in the ESG report that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the selected indicators
- Considering whether the selected indicators are presented and disclosed free from material misstatement in accordance with the criteria applied

Den Haag, 20 June 2024

Ernst & Young Accountants LLP

signed by A.A. Kuijpers





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