

Sustainability Report 2022

A journey together



About the sustainability report

This sustainability report is the first of its kind for LCL. It marks the beginning of a series of reports in which we will communicate our progress to be climate neutral by 2030. With this report, we want to show how we in the world of data centers are paying more attention to our impact on the environment and society.

In our role in setting the pace, we want to inspire, invite and motivate all our stakeholders - customers, partners, suppliers, employees, governments - to join us on our journey to sustainability. The report also provides an opportunity for stakeholders to see how our business is evolving and to provide feedback on LCL's sustainability performance.

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Intro by the Managing Director

“At LCL, we are pursuing both a 10 percent growth per year and a 42 percent reduction in our CO₂ emissions. Our ambition is to be climate neutral by 2030. We are well on our way to achieving this ambition.”

Growing and doing good

We model the world of tomorrow by what we do today. The challenges on our journey to a better and more sustainable world are not nothing. Fortunately, our potential impact and readiness for action are high. For this reason, among others, I am pleased and proud to present LCL's first sustainability report.

When LCL saw the light of day a good 20 years ago, data centers in Belgium were still the odd man out. Now we are a vital link in our economy. Digitisation can contribute to greater sustainability, just think of the number of business trips and travel we save thanks to virtual meetings. Colocation data centers have a positive impact on the carbon footprint: due to economies of scale, they are many times more energy efficient than if governments, organisations and enterprises were to manage their server rooms and storage capacities themselves.

Is there a flip side of the coin? Yes. But. Yes, because in the European Union today, data centers account for 2.7 percent of electricity demand. And whether it is the great breakthrough of artificial intelligence or the advent of the metaverse: data consumption will only increase in the coming years. If data centers do not make great strides in energy management, it will translate into higher electricity consumption.

But, that need not put additional pressure on sustainability. Our booming industry need not weigh more heavily on the planet. At LCL, we are pursuing both a 10 percent growth per year and a 42 percent reduction in our CO₂ emis-

sions. Our ambition is to be climate neutral by 2030. We are well on our way to achieving this ambition.

To achieve our goals with suitable and achievable actions, we have ESG (Environment, Social, Governance) firmly embedded in our strategy and actively participate in international, science-based initiatives such as the Climate Neutral Data Centre Pact (CNDTCP), the Science Based Targets Initiative (SBTi) and the European Code of Conduct for Energy Efficiency in Data Centers. For LCL, ESG is not an add-on, but the compass that guides all our decisions.

This sustainability report provides an overview of the steps we are taking to reduce our environmental footprint and also make headway in sustainable innovation through partnerships. To achieve our ambitions, we call on a talented and diverse team. It is a snapshot of a process in which we want to increase our contribution to society and which is driven by the entire LCL team and all our partners.

In our role in setting the pace, we want to inspire, invite and motivate all our stakeholders - customers, partners, suppliers, employees, governments - to join us on our journey to sustainability.

Laurens van Reijen

— Managing Director LCL

Company history



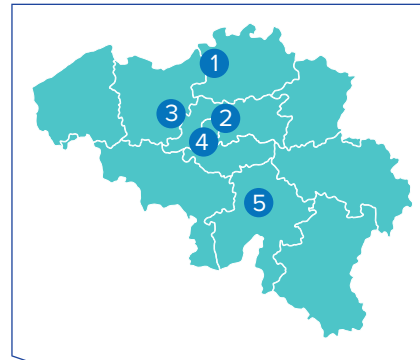
About LCL

LCL has offered more than 20 years of data center and colocation experience and knowledge.

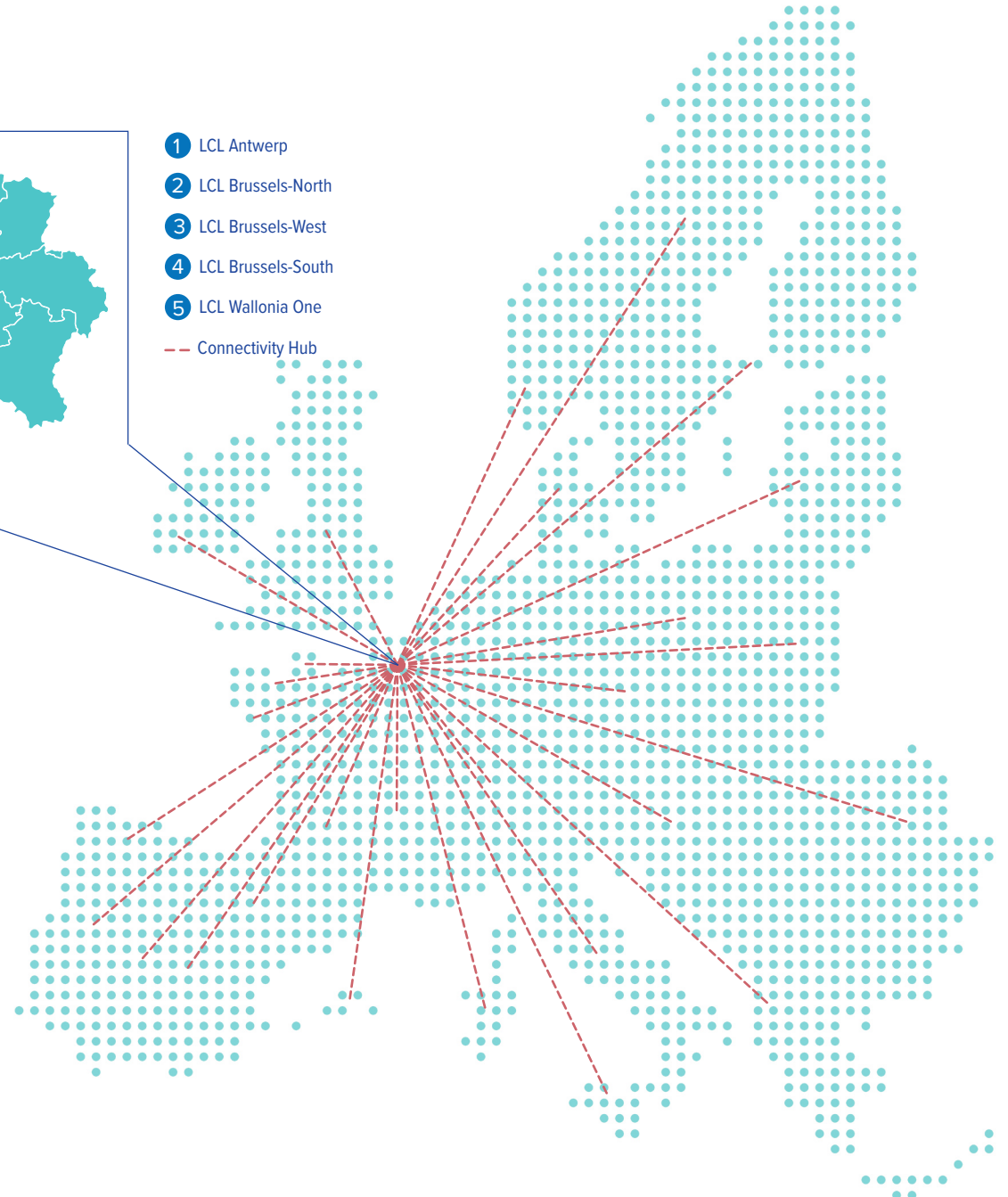
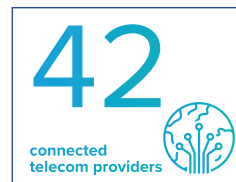
As a forward-thinking data center company, we have invested from day 1 in a secure environment for our customers' outsourced data, while maintaining carrier-neutral interconnection.

LCL now operates five independent data centers in Antwerp (LCL Antwerp), Diegem (LCL Brussels-North), Huizingen (LCL Brussels-South), Aalst (LCL Brussels-West) and Gembloux (LCL Wallonia One) where a wide range of telecom operators, companies, service providers and government agencies keep their ICT infrastructure and have access to more than 42 carriers to connect their data.

Our constant focus on innovative solutions, customer care, data security, energy efficiency, the environment and the 'I do care' mentality of our employees ensures strong growth and positions us as a market leader. LCL counts 36 employees in 2022, including 10 women and 26 men.



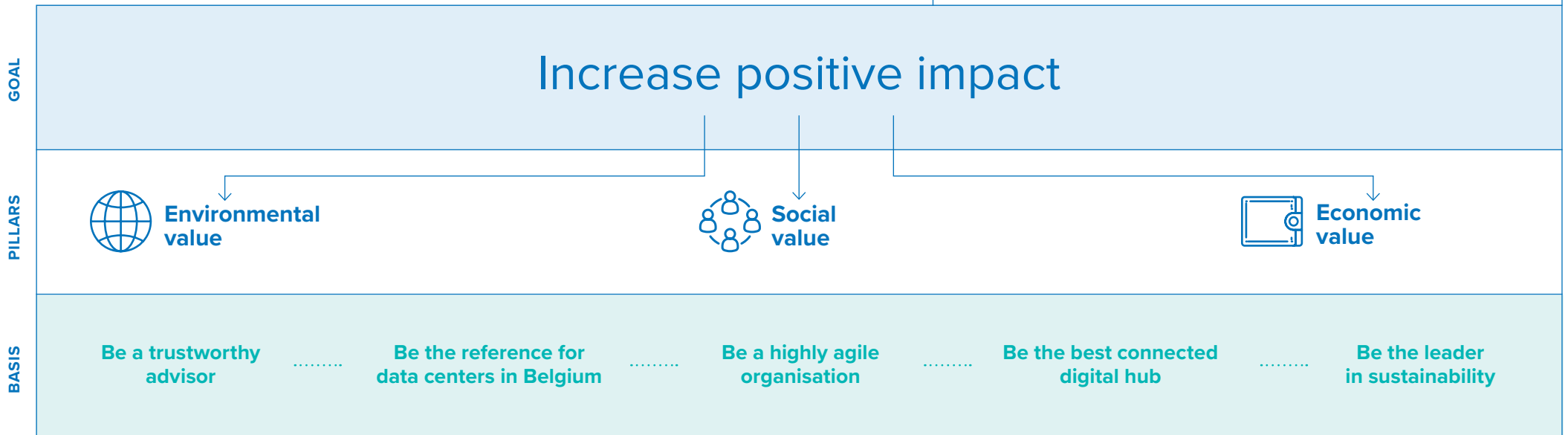
- 1 LCL Antwerp
- 2 LCL Brussels-North
- 3 LCL Brussels-West
- 4 LCL Brussels-South
- 5 LCL Wallonia One
- Connectivity Hub



Our vision, strategy and sustainability

OUR VISION

Our vision is to be the passionate team that, together with our partners and customers, sets new standards for the co-creation of reliable, available and connected data centers where enthusiasm prevails. That vision forms the fertile ground of our (sustainability) strategy.



Sustainability and our strategy: hand in glove

By being outstanding in our core activities, we not only pursue financial added value, but also want to actively contribute to some of society's greatest challenges. We bundled the key objectives of "revenue," "profitability" and "EBITDA" that were at the top of LCL's strategy map under "financial value" and - and herein lies the real added value - gave company to the equally important focus points of "social value" and "environmental value". In each of these three pillars, we want to have a positive impact. "If you only include profit and financial metrics in your strategy, you remain blind to ESG," Finance Manager Steve De Craene clarified. "If you are taking up the gauntlet around sustainability, that includes people and planet. Not as appendices, but as essential objectives with measurable key performance indicators (KPIs). And, of course, our stakeholders are at the center of everything we do. LCL has therefore aligned the elements of the ESG framework with the strategy map as much as possible: for our customers, for our employees and for the planet. In this way, purpose and profit are not opposites, but birds of a feather." For the full ESG framework: read page 22.

From a customer perspective, it means an expansion of our proposition: LCL aims to be the "leader in sustainability," on top of being "a trusted advisor," "the reference of data centers in Belgium," a "highly agile organisation" and the "best connected hub".

What will the near future bring?

- LCL is strengthening relationships with customers to better understand their sustainability needs in their operations. This allows us to provide customised solutions - often in co-creation.
- We are embedding ESG even deeper into our business and among our employees.
- We continue to raise our bar ever higher to deliver excellent services to our customers, with our employees and with respect for our planet.



Our people

“How LCL deals with the 'S' in ESG, with our people, certainly plays an increasingly important role for large clients. Only data centers that are mindful of working conditions, health and safety, employee satisfaction, diversity, equal opportunity, inclusion,... will still successfully do business in the long run.”

Fabienne Frisson

— Human Resources and Office Manager



The essential links

At LCL, the focus is on the customer. And thus, automatically, so is every employee who serves the customer. Our customer intimacy strategy can only be successful because of an expert team of aligned colleagues - from data center to boardroom. They are the head, heart and hands of our data center business. They are

the essential links between our solutions and services and the needs and wants of our customers. Therefore, we should expect a lot from each other. To achieve our growth ambitions, we set the bar high for our social responsibility towards our current and our future colleagues.

Talent on board...

Caring for the existing team begins with recognising their unique contribution by pursuing excellence in the basics. This requires constant follow-up. Human Resources and Office Manager Fabienne Frisson: “What sometimes seems like a detail or obvious from a corporate perspective is rarely so in the eyes of the individual employee: a correct and prompt follow-up of every request is therefore a sign of mutual respect.”

By paying attention to advancement opportunities and talent development, we give our employees the chance to fully blossom professionally and derive maximum satisfaction from their jobs. We provide the opportunity to take additional training to those who want to sharpen skills. Those who have been bitten by the intrapreneurship bug are encouraged to pursue and take on projects independently. That approach pays double dividends: our employees are both motivated experts and happy to stay on board.



...and on the way

To keep pace with LCL's growth ambitions and ensure the top quality of our services, it will not be enough to nurture, motivate, train and keep the existing team on board in the coming years. For additional breathing space, we are on the lookout for for additional talent. Age, gender, creed, origin ... are not our yardsticks in this regard. Expertise, team spirit, eagerness to learn, work ethic ... are.

With a sophisticated but authentic employer branding strategy on our website and in our social media posts, we strive to match perfectly even in times of labor shortages and aim for long-term relationships. LCL's commitment to ESG is part of our magnetic force for talent that is increasingly mindful of a company's intrinsic social value purpose.

To give new employees coming on board LCL a head start in their careers, we pay special attention to their onboarding. Fabienne Frisson: "Each new colleague is assigned a godfather or godmother who shows them around the organisation, helps them explore the workplace

and introduces them to our corporate culture. Special attention is always given to healthy and safe working (ISO 45001), environmentally conscious working (ISO 14001) and data security (ISO 27001). Well begun is half won."

Steps to an even closer team

LCL is growing. And the number of employees is also increasing. To recruit team members who want to join our commitment to greater sustainability and strengthen our future-oriented story, we clearly discuss our ESG ambitions with candidates during our interviews.

We keep talents and skills sharp by identifying training needs, creating a training plan and offering programs for individuals, teams and the entire company.

We don't give an inch when it comes to workplace safety and continue to provide training to minimise risks. Welfare and wellbeing are also close to our hearts: based on the results of a satisfaction survey of all employees, we want to develop targeted initiatives.



“Although LCL was our competitor in the Belgian market, the company's vision, knowledge of the market and development plans inspired and motivated me to leave a multinational company and join a smaller team that puts customer service and customer satisfaction at its core.”

Nicolas Coppée

— Data Center Manager LCL Wallonia One

Financial results

Developments

LCL has grown significantly in recent years, doubling its revenue and expanding its asset portfolio. This growth is fueled by organic growth and acquisitions (Atos DC in 2019 and Engie DC in 2021) and is a path LCL intends to follow for the future. Internally, we have invested in hiring new employees, as well as in staff growth through training to serve our customers even better. A constant focus on streamlining our internal processes supports this journey to achieve our organisational vision and goals.

By mid-2021, energy markets began to show increasing price levels and volatility, with an extreme situation in August 2022. As a data center company, electricity is an important part of our operational cost structure (20%-30%). Consequently, this energy crisis led to a negative result. We expect these more volatile energy costs to become a new reality for LCL and its customers.

On the other hand, we as a company have decided to make major investments in three areas in the coming years:

- Own production of renewable energy (solar and wind)
- Green corporate power purchase agreement
- Further improve the effectiveness of power consumption according to our commitment to the Climate Neutral Data Centre Pact.

This will lead to more stable and lower electricity costs in the coming years. These investments will be spread over the next 2-3 years.

Projections show that the data center market is a growth market with 61% growth in global data to 175 zettabytes by 2025! This is reflected in our expansion plans in LCL Brussels-North and LCL Brussels-West, where we will invest between €70-80 million in a first phase to accommodate this market growth. In addition to investing in our current locations, we are constantly looking to expand our number of locations in key areas.



Steve De Craene, Finance Manager



Income statement*

(In thousand euros)	2022	2021
TURNOVER	17,219	15,428
COST OF GOODS SOLD	-8,472	-5,343
GROSS MARGIN	8,747	10,085
OPERATING EXPENSES	-6,011	-5,062
EBITDA	2,736	5,023
DEPRECIATION	-3,372	-2,959
EBIT	-636	2,064
TAXES	53	490
INTEREST	-1,078	-740
EXCEPTIONAL	-400	4,184
NET PROFIT / LOSS	-2,061	5,998

Balance*

Assets (in thousands of euros)	31/12/2022	31/12/2021
DATA CENTER ASSETS	80,200	51,651
OTHER ASSETS	1,768	1,160
TOTAL FIXED ASSETS	81,968	52,811
CURRENT ASSETS	11,612	17,040
TOTAL ASSETS	93,580	69,851
Liabilities (in thousands of euros)	31/12/2022	31/12/2021
EQUITY	3,747	5,851
TOTAL EQUITY	3,747	5,851
DEBTS > 1 YEAR	70,040	49,318
DEBTS < 1 YEAR	7,647	4,046
TOTAL LIABILITIES	77,687	53,364
CURRENT LIABILITIES	12,146	10,636
TOTAL LIABILITIES	93,580	69,851

*Based on internal management data

Operational course of action

A deep dive into the world of our customers

The world of data centers is a technical universe, "but above all a people's world," says Commercial Director Baudouin Corlù. LCL deliberately opts for a customer intimacy strategy that focuses on building excellent customer relationships. "That may surprise some, because data centers are by default betting on operational excellence, a purely transactional form of marketing based on the lowest possible cost for the lowest possible price. We believe in the added value of personal advice and the development of solutions that address the current and future challenges of a specific sector." By organising itself around specific sectors (verticals), LCL can offer high-quality customised solutions and fully focus on customers' needs and (pro-)actively think how we can meaningfully assist them.

Engagement with heart and head

There is a rational and an emotional dimension to taking a deep dive into the world of our customers. Baudouin Corlù: "It's a commitment that involves the head and the heart." On the one hand, LCL is committed to thought leadership by weaving and sharing relevant knowledge and content through white papers, demonstrations of new techniques, reports, conferences, webinars... On the other hand, we develop and maintain close relationships and strengthen our dialogue during special events where we combine business and responsible pleasure.

A number of annual events also took place in 2022:

- At the Carrier Event (May 19), Tom Moran, Senior Lead Technology Strategist and Sustainability Strategy Lead at Lumen gave insight into sustainability and digital innovation.
- At the LCL North Sea Regatta (June 23), Laurens van Reijen, Managing Director of LCL, underscored the importance of sustainability in our strategy. We donated part of the proceeds through the sponsors to De Vijver (The Pond), a valuable project for vulnerable youth.
- In cooperation with CIONet, we organised a roundtable where IT managers and Sustainability managers debated with each other.

User-friendly customer portal

Based in part on input from our customers, we will launch a new, advanced customer portal in 2023. 24/7, LCL customers can go to one central and user-friendly place with specific questions or to access detailed customer and data center information. That permanent availability further drives LCL's efficiency. We are also boosting efficiency by introducing new services:

- **FIBERVISION**
With our Optical Time-Domain Reflectometer (OTDR), we can accurately diagnose our customers' fiber optic network in minutes. We link that data to our CRM system so that we and our clients can easily refer back to the results.
- **LCL IDENTIFIER**
Custom developed identity control for all data centers at LCL. Two-factor authentication uses smart software and biometrics.
- **EQUINIX FABRIC (ECX FABRIC™)**
With just one port, LCL customers can privately and securely connect to numerous cloud services, SaaS providers, networks and collaboration platforms available through Equinix Fabric™ worldwide.
- **DATA CENTER UNIVERSITY**
Read more on page 28, topic 2
- For our customers

OUR VERTICALS



Media



Telecom operators



System integrators



Governments



Health sector



Manufacturing



Financial sector

“In our client relationships, ESG plays an increasingly greater role. First, we embed sustainability in our strategy for ourselves, but of course we do it for our customers as well. Because they expect it from us - rightly so - but also because they expect us to support them in their ESG strategy and help them achieve their goals.”

Baudouin Corlù
— Commercial Director



Sustainability starts on the drawing board

Uptime, security and connectivity are a holy trinity for our customers. LCL translates that demand for reliability into sustainable solutions. And then it becomes apparent how intertwined our customer intimacy strategy and sustainability are.

When we go to the drawing board to upgrade our existing infrastructure or design a new data center, we start from questions and trends in the market and examine how we can provide a structural answer by embedding it into our design. For example, our customers are increasingly demanding high density, more power per square meter, which is an additional lever to make our data centers as energy efficient as possible. Or as Operations Manager Abdellah Mahlous succinctly puts it: “ESG is at the core of our thinking.”

In this, LCL goes a step beyond what the market demands. The criteria we impose on ourselves, which are more stringent than what the Paris Climate Accord calls for, force us to get the most out of design. “In new data centers such as in Aalst, we want and achieve a PUE (power usage efficiency, or energy efficiency) of less than 1.3. This is good news when energy prices spike and helps our clients achieve their goals around ESG.” (For more information on PUE, read more about it on page 37, topic 3 - For our planet).

Digital drawing tool

For our designs, we use BIM (Building Information Modelling) a digital drawing tool that forms virtual representations of the building. In the next phase, BIM allows us to better manage materials so we have less waste.

The dispersed location of our data centers at five sites in Flanders and Wallonia (Antwerp, Aalst, Diegem, Huizingen and Gembloux) also reduces our carbon footprint: customers have a data center at their doorstep and our intervention times and distances are minimal.

Replacing older technologies

To the extent that it is possible and feasible, LCL accelerates investments that lead to greater sustainability. Less energy-efficient equipment (HVAC, condensers, fans, pumps, chillers...) is proactively replaced, when it makes sense, to reduce CO₂. Environmentally friendly alternatives are systematically replacing older technologies: biofuel powers emergency generators in Aalst, and existing fire gas systems are giving way to a system that has no impact on the ozone layer and CO₂ emissions.

The data center in Diegem is expanding significantly. The foundation stone will be laid in 2023, with commissioning scheduled for 2025. The design aims to maximise the energy efficiency of the new data center, which will stand out for its five-story high exterior wall clad in solar panels.

LCL makes sustainability work – for and together with all stakeholders

Data centers are essential for managing and storing mission-critical information, but the amount of energy they consume poses a major challenge. In particular, cooling the server rooms requires a lot of electricity. LCL is taking up the gauntlet to answer the dual challenge: how do you provide the best possible service and breakthrough digital solutions while minimising the environmental impact of an exponentially growing industry?

Pioneering

That ambition spurred LCL into concrete action from the start, even though opportunities and insights were more limited two decades ago than they are today. By committing to - and reaping the benefits of - the international ISO 14001 standard for an environmental management system, the conviction grew that LCL could and would take on an even greater commitment around sustainability. Especially around more efficient energy use, we wanted to establish ourselves as pioneers in our industry.

It is no coincidence that LCL was the first Belgian data center company to commit to the Science Based Target initiative (SBTi). In doing so, we are committing to join 694 other companies worldwide in their efforts to limit global warming by 1.5°C. Specifically, we aim to reduce our scope 1 and 2 greenhouse gas emissions by 42 percent by 2030 (baseline year: 2020). Scope 1 and 2 deal with direct emissions from our own operations (such as diesel consumption) and indirect emissions from energy purchases (such as electricity purchased).

We are going beyond the current agreements within SBTi and are already mapping scope 3 for further actions. Scope 3 deals with indirect emissions in the external upstream and downstream activities (such as waste treatment).

Training

The entire management team "walks the talk" and endorses the goal of imprinting sustainability into LCL's DNA. Managers and employees with crucial positions in shaping our

ESG strategy attended training courses at the Vlerick Business School, among others, in 2021 and 2022. In 2023, we will continue to pay attention to training that embeds sustainability at all levels of our business. Sustainability is an existential part of our strategic plan. A selling point too, from which LCL, our customers and the environment and society can all benefit.

Realistic roadmap

LCL's effective efforts around sustainability in recent years have kept pace with the healthy growth of the data center - we simply cannot tackle everything at once.

To steer our ambition around sustainability in the right direction, we conducted an ESG materiality assessment. We began by listing the ESG elements most critical to LCL. In doing so, we consulted global ESG standards and frameworks and also used sector federations (such as Climate Neutral Data Centre Pact, European Data Centre Association (EUDCA) and Cloud Infrastructure Providers in Europe) and relevant peers as points of reference. After ranking by priority, we came up with a customised framework to which we could link a realistic roadmap. Both external and internal stakeholders gave their expert input. For more information, see pages 18-19.



LCL in dialogue with the Federal Minister for Telecommunications, Petra De Sutter.



ESG STANDARDS AND FRAMEWORKS



SECTOR ASSOCIATIONS



COLLEAGUES AND PEERS

Points of reference for materiality assessment input

Macro trends & challenges

Material topic	Trend and challenge	Impact on LCL	Response LCL
CLIMATE CHANGE, ENERGY MANAGEMENT, RELIABLE PRODUCTS AND SERVICES	Technological developments and consumer behaviour lead to more data traffic	Growth in the business plus growing demand for energy	Commit to energy efficiency and green energy to grow LCL more sustainably
ENERGY MANAGEMENT	Rising energy prices due to energy crisis	Higher operating costs	Increase own generation of green energy
CLIMATE CHANGE	Water scarcity and water stress due to the impact of climate change on Belgian water resources	Increased risk of water shortages and higher prices for water	Mapping LCL's water consumption and finding opportunities for more efficient use of water
TALENT MANAGEMENT	More staff want to commit to ethically driven and sustainable business	Increased support for LCL's values – a sustainability strategy emanating from the labour market and the company's own personnel	Ensuring sustainability as a basic principle within the company
DIVERSITY, EQUITY & INCLUSION	Increased focus on DEI in the labour market	Increased demand for DEI within LCL due to workforce and labour market	Develop HR strategy that motivates staff and provides room for growth within the company regardless of identity characteristics
RELIABLE PRODUCTS AND SERVICES, DATA SECURITY, COMPLIANCE WITH NATIONAL AND INTERNATIONAL LAWS AND REGULATIONS	Accelerating developments in technology and digitisation	Need to respond quickly and prepare for developments, regulations, guidelines, etc.	Strict compliance with national and international regulations and looking ahead to market developments

ESG as a solution to the spread position

Data traffic will also continue to increase in the coming years. The digitisation of companies and institutions is accelerating, media is increasingly streamed, applications with artificial intelligence are conquering offices and living rooms ... all these evolutions contribute to increasing demand.

For LCL, that translates into an expected growth rate of 10 percent per year. That growth requires energy. At the same time, we want to reduce our CO₂ emissions by 42 percent and be climate neutral by 2030.

We can solve this spread problem by staying far away from business-as-usual while structurally embedding ESG in our strategy.

The energy crisis weighs heavily on our industry. LCL has no influence on market prices; but does on how we use energy as efficiently as possible. In existing data centers we accelerate investments that lead to more favorable consumption where possible; for new data centers, energy efficiency is part of the design. All energy utilised by LCL is green energy. At our LCL Wallonia One site, we partly create it ourselves with our solar park, which will expand from 2,000 to 3,600 panels (1.6 megawatts) by 2023. To buffer prices and promote renewable energy, we want to enter into green steam supply contracts with local players.

To respond to the climate crisis we are taking bold actions to drastically reduce our scope 1 and 2 CO₂ emissions. We are also preparing an inventory and action plan for scope 3 in 2023.

By mapping our water consumption, we can develop a roadmap to use it more efficiently in the fight against water scarcity and water stress.

Motivated and knowledgeable

Selection, retention and promotion are a challenge for all businesses. Employees check whether they are dealing with an ethically driven company that respects sustainability before committing. LCL gladly welcomes the properly qualified, without discriminating in age, gender, skin color, creed, ethnicity... But talent management transcends the much-discussed war for talent. We are developing an HR strategy that keeps our employees motivated and competent thanks to training programs tailored to the individual, team or organisation. By clearly defining our purpose, we increase our appeal.

Security and privacy

New technologies and digitalisation mean that data security and privacy are also in constant flux. Both are absolute top priorities for us and our customers. LCL therefore strictly adheres to national and international regulations and guarantees the highest level of data security.

Our materiality assessment

Which ESG topics weigh in?

How do we strengthen our leadership role as a sustainable data center company? Which ESG themes have the greatest strategic value for LCL? How can we generate the most significant impact - for ourselves, for our customers and partners, for society and for the planet?

With those central questions, we pulled off our first materiality assessment between January and May 2022. The survey yielded 17 material topics, 5 of which were highlighted as "exceptionally important," as highly material, by both LCL and our stakeholders (the materiality matrix shows you the full canvas). With the insights gained from the materiality assessment, we established a practical ESG roadmap.

The process

To find out which issues are "material" to LCL - and thus have a potential positive or negative (material) impact on our operations, the environment or society - we consulted both our internal and external stakeholders. Among the external stakeholders, we consulted customers, end users, financial institutions, sector federations, government agencies, and community interest groups (NGOs, knowledge institutions,...).

With the input from several rounds of consultations that we conducted using various techniques, we built a well-organised materiality matrix.

Our material topics

"Climate change," "energy management," "data security," "product and service reliability," and "compliance with national and international laws and regulations" make up the top five material themes that currently play a leading role in LCL's ESG strategy.

The (high) material topics we identified and prioritised may constitute our guiding principles, but they are not immutable axioms. ESG is not static and neither is the path to the greatest possible impact. LCL therefore plans to conduct a new materiality assessment and update the materiality matrix - and thus our strategy - within 2 years.

Our top five material topics



• ENERGY MANAGEMENT

Develop energy-efficient systems that cover both our own consumption and that of our customers. We design our new data centers (such as in Aalst) with a PUE of less than 1.3. And in Gembloux, we are expanding our solar panel park. Read more about our initiatives on page 37 (Topic 3, For our planet). More details about our renewable energy and energy efficiency measures can be read on page 37.



• DATA SECURITY

Hundreds of terabytes of data pass through our data centers, and our customers trust that this is done in a highly secure manner. In a world driven by data, we almost don't think about it anymore, but at LCL, data security is a top priority. How we ensure data security can be read on page 29.



• CLIMATE CHANGE

How do we reduce our carbon emissions? To that end, LCL is already making significant efforts, including through the Climate Neutral Data Centre Pact (CNDPCP), the European Code of Conduct for Energy Efficiency and the Science Based Target Initiative (SBTi). Read more about how we contribute to climate action on page 36.



• RELIABILITY OF PRODUCTS AND SERVICES

Like data security, the reliability of our products and services is critical to our customers. It constitutes our core business. Words such as confidentiality, integrity and availability are in order. Learn more on page 28.



• COMPLIANCE WITH NATIONAL AND INTERNATIONAL LAWS AND REGULATIONS

The importance of this issue is increasing day by day and is being monitored extremely critically.

Governance

1. Sustainable innovation
2. Partnerships
3. Responsible sourcing of products and services
4. Monitoring and reporting on esg
5. Sustainable marketing, communication and advocacy
6. Reliable and available products & services
7. Data security
8. Business ethics
9. Compliance with laws and regulations

Environment

10. Energy management
11. Climate change
12. Green buildings and offices
13. Circular economy

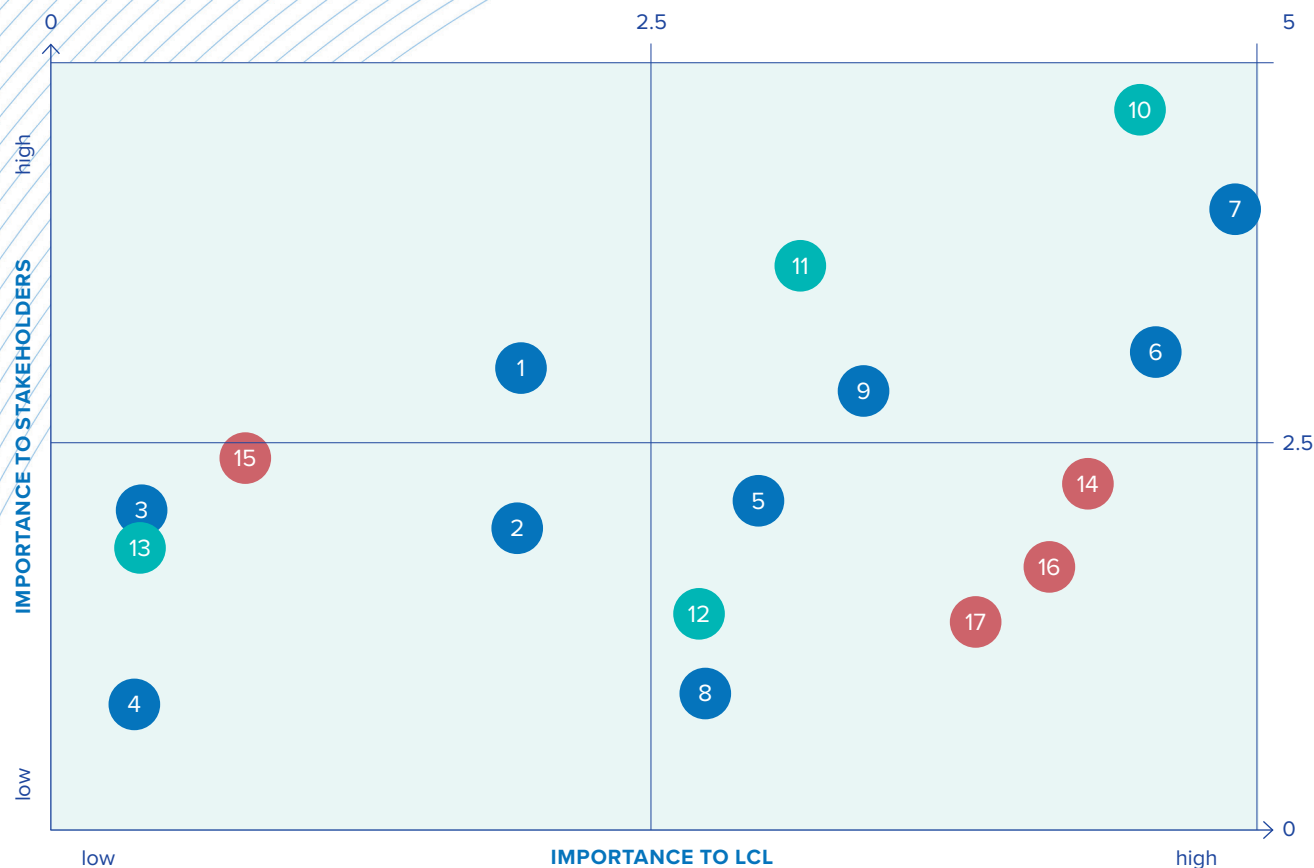
Social

14. Talent management
15. Diversity, equity and inclusion
16. Employee health, safety and wellbeing
17. Customer relationships

Two axes were used to assess subject materiality; the importance to LCL as a business and the importance to stakeholders. These two axes form the basis of the materiality matrix.

An issue is considered material if it appears in the materiality matrix. A topic is considered "very important" if it scores equal to or higher than 2.5 on both axes. These topics are grouped in the upper right quadrant of the materiality matrix.

Our focus on these five priority ESG themes is far from tunnel vision: we also continue to work on the twelve other material topics.



IMPORTANCE TO STAKEHOLDERS (Y-AXIS)

The perspective of key internal and external stakeholders on the issues most relevant for LCL to engage in, given their:

- Potential negative impact on society and environment
- Potential positive impact on society and environment

IMPORTANCE TO LCL (X-AXIS)

The potential impact an issue has on revenues, costs, liabilities and/or profits, as well as on business operations. The potential impact of an issue on brand equity and reputation among key stakeholders.

Our goals for 2030



Getting started with our ESG framework

Ambitions can reach high into the heavens, it's what you do with them concretely that counts. With the new ESG framework (see page 22) as a solid foundation and the roadmap (see page 23) based on it as a guide, we have defined clear short-, medium- and long-term goals. Each material subject is the responsibility of a dedicated owner within LCL - a "godmother" or a "godfather". Thanks to their expertise and expert insights, we translated each theme into ambitious, but most importantly, achievable goals.

At LCL, the go-ahead was given for a thoughtful and purposeful sustainability program. Crucial now and in the coming years, is to continuously monitor and adjust our progress using well-chosen KPIs (key performance indicators).

LCL's compass toward climate-neutral data centers by 2030

LCL does not start from a blank page when it comes to sustainability. The state of the planet and the positive contribution we can make have been close to our hearts for two decades. It wasn't for nothing that we became the first Belgian data center company to commit to the Science Based Target initiative (SBTi) and in addition, in 2021 we signed the Climate Neutral Data Centre Pact. We also took numerous concrete actions on the ground. After all, our ultimate goal remains to make our data centers climate neutral by 2030. However, we do want to further underpin and anchor that action-driven philosophy and attitude in our strategy.

“Only when you accept that sustainability is an essential part of the goals to be achieved can you plug ESG into your strategy. If you don't, you can never define and align KPIs.”

Steve De Craene
— Finance Manager



LCL's ESG framework



Our ESG framework A strategy with three dimensions

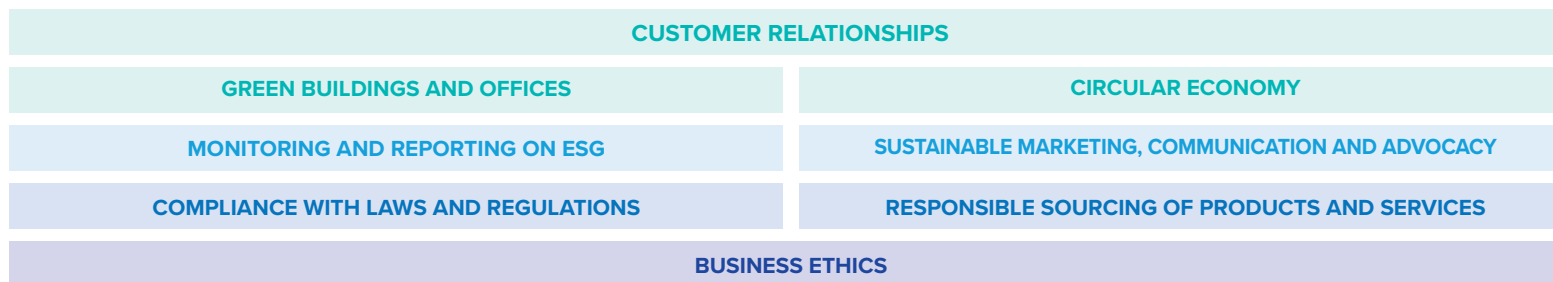
LCL's ambition is to fully integrate ESG into the company, starting with the development of an ESG framework. To build the ESG framework, a materiality assessment was conducted to understand which ESG topics were most important to the organisation.

The results of this exercise will be used for non-financial reporting and serve as a basis for strategic initiatives at LCL.

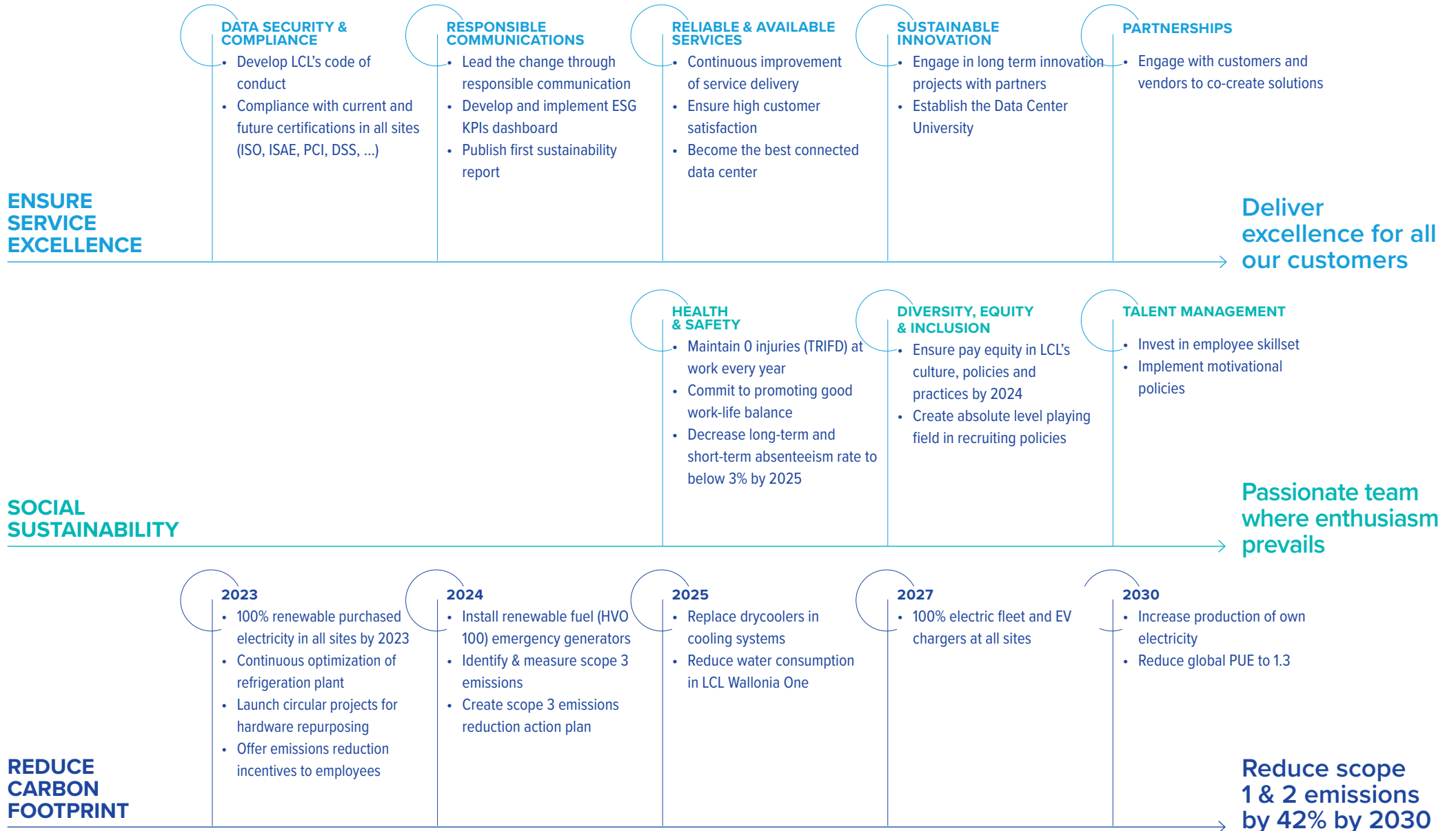
A conscious decision was made not to strictly align the materiality assessment with ESG reporting standards and frameworks, such as the Global Reporting Initiative (GRI) and the guidelines of the European Financial Reporting Advisory Group (EFRAG). The main reason for not doing so was the consideration that the current effort serves as a starting point for learning and development, with a view to future align with recognised ESG reporting standards and frameworks.

The framework reflects our ESG ambitions and indicates which themes are priorities and the measurable action items we associate with them. We focus on our stakeholders and approach our ESG goals from three dimensions: our customers, our employees and our planet. Those three dimensions are not universes separated from each other but are interconnected: sustainability does not tolerate silo thinking. Sustainability is not a separated matter for us but touches all aspects of our business.

This framework is the roadmap for our sustainability journey and forms the basis of LCL's ESG strategy.



The journey to ...



Our key performance indicators

Embracing the future

2022 was an exceptional year because LCL celebrated its 20th anniversary, but mostly because we embraced the future. We formalised for the first time our ambitions around sustainability in an ESG framework and roadmap. For each material theme, we set goals, along with a concrete set of key performance indicators (KPIs). In this very first ESG report, they form the baseline, the starting point of our sustainability journey. We track each KPI closely and report on our progress each year.

Material topic	Objective	KPI
CLIMATE CHANGE	→ Reduce scope 1 & 2 emissions by 42% by 2030	→ Absolute scope 1 and scope 2 emissions (tons CO ₂ e) → CO ₂ per KW
	→ Measure and reduce water footprint	→ Water use in cubic metres
ENERGY MANAGEMENT	→ 40% self-produced renewable energy at all sites by 2030	→ % self-produced renewable energy
	→ Increasing share of self-produced renewable energy	→ kWh self-generated energy
	→ Reduce Power Usage Effectiveness (PUE) to 1.3 by 2030	→ Global PUE
	→ Continuous improvement in service delivery	→ Customer Performance Index (CPI) of at least 79%.
RELIABLE PRODUCTS AND SERVICES	→ Becoming best connected data center	→ Number of telecom providers associated with LCL
	→ Engage in long-term innovation projects (4 per year)	→ Number of innovation projects
SUSTAINABLE INNOVATION	→ Launching Data Center University in 2023 with 12 initiatives per year	→ Number of Data Center University initiatives per year
PARTNERSHIPS	→ Engaging in co-creation with customers and suppliers	→ Share of sustainable CapEx/cost vs. revenue
TALENT MANAGEMENT	→ Invest in employee skills through at least 6 training days per year per employee starting in 2023	→ Number of training days per employee
	→ 100% attendance at staff events	→ Proportion of staff attending staff events
EMPLOYEE HEALTH, SAFETY AND WELLBEING	→ Attract diverse profiles	→ Number of staff by male/female ratio
	→ Implementation of motivational policies to achieve employee satisfaction in top 25%	→ Survey score employee satisfaction
	→ 0 physical incidents at work	→ Total Recordable Injury Frequency (TRIF)
	→ 100% participation in health wellness initiatives	→ % participation in initiatives
	→ Reduce problematic absences	→ Number of people using flex work initiatives
	DATA SECURITY, RELIABLE PRODUCTS AND SERVICES & COMPLIANCE WITH NATIONAL AND INTERNATIONAL LAWS AND REGULATIONS	→ Taking action to maintain compliance
→ Number of new certificates obtained		

	Status	Explanation and expectation
CLIMATE CHANGE	→ Absolute scope 1 and 2: 331.76 tonnes of CO ₂ e	→ Our base year for CO ₂ e calculations is 2020. The calculation for 2020 is 1,557.58 tonnes absolute scope 1 and 2 emissions (tonnes CO ₂ e). The large decrease in 2022 is mainly due to a shift from a grey electricity contract to a green electricity contract.
	→ 0.060149	→ The calculation for our base year 2020 is 0.397951. The large decrease in 2022 is mainly due to shift from a grey electricity contract to a green electricity contract.
ENERGY MANAGEMENT	→ 344 m ³	→ This is the calculation for LCL Wallonia One. The remaining LCL data centers make use of a closed circuit system.
	→ 4.73%	→ Read more about our plans for using renewable energy on page 37.
	→ 1,010,953 kWh	→ Read more about our plans for using renewable energy on page 37.
	→ 1.542 global PUE	→ Some of our sites have already achieved this goal (see page 37). LCL is now continuing to work on the overall PUE figure.
RELIABLE PRODUCTS AND SERVICES	→ CPI 74%	→ This is our calculation for the base year 2022.
	→ 42 connected telecom providers	→ The number of connected telecom providers is one of the reasons our customers choose LCL.
SUSTAINABLE INNOVATION	→ 4 innovation projects	→ Read more about these projects (HVO 100, Fibervision, renovation office LCL Antwerp, Partnership Sheep Solution: sheep in solar farm LCL Wallonia One).
	→ Not yet applicable	→ 7 initiatives have been prepared for the launch of Data Center University in 2023 and more are planned.
PARTNERSHIPS	→ 0.94%	→ This is our calculation for the base year 2022.
TALENT MANAGEMENT	→ 4.58 training days	→ This is our calculation for the base year 2022.
	→ 88.9% attendance	→ This is our calculation for the base year 2022.
	→ 10 women and 26 men	→ This is our calculation for the base year 2022.
EMPLOYEE HEALTH, SAFETY AND WELLBEING	→ Data not yet available	→ A base year calculation is scheduled for 2023.
	→ 1 TRIF	→ This is our calculation for the base year 2022.
DATA SECURITY, RELIABLE PRODUCTS AND SERVICES & COMPLIANCE WITH NATIONAL AND INTERNATIONAL LAWS AND REGULATIONS	→ Data not yet available	→ A base year calculation is scheduled for 2023.
	→ Data not yet available	→ A base year calculation is scheduled for 2023.
	→ 57.8% of open audit actions closed	→ This is our calculation for the base year 2022.
	→ 2	→ This is the number of new certificates obtained in 2022. LCL has already obtained several certificates before 2022 - see: https://www.lcl.be/en/about-us/our-certificates/

For our customers

Background and overview

CUSTOMER IS KING ... AND CO-CREATIVE PARTNER

No one-size-fits-all approach at LCL. We deliberately choose a customer intimacy strategy in which we adapt our products, services and experiences to the (future) needs and desires of our various customers. This requires in-depth knowledge of their specific ecosystem and challenges. That better understanding leads to stronger and more loyal mutual relationships. ESG is essential to LCL's customer-centric strategy. Not only do we systematically raise the bar for ourselves, but our customers also ask us to partner with them to come up with co-creative solutions that benefit their sustainability through knowledge sharing and support.

ON THE SIDE OF THE CUSTOMER

By working toward our sustainability goals, we help reduce our customers' carbon footprint. The positive effects of our projects on climate change, efficient energy management and other initiatives strengthen our special relationship with our clients. That our relationship is "special" is due to our customer intimacy strategy - an exceptional proposition in an industry where almost every company is committed to operational excellence and pervasive efficiency. Commercial Director Baudouin Corlù: "We are distinguished by our connection to our client and the demand that constantly guides our thinking and actions: how can we adapt our services so that the customer experiences the greatest possible value from our services? Sustainability is more in line with our customer intimacy strategy, than with a strategy that is one-dimensional about being the cheapest in the market."

Our priorities

'Data security', 'reliable products and services' and 'compliance with national and international laws and regulations' are three of the five focal points in our materiality matrix (also read page 19). Like our stakeholders, we are convinced that LCL should focus its actions on those focal points because that is where we have a real impact. In each of these areas, sustainability guides our decisions - ingrained in our strategy. Thus, excellence in our core business leads to progress on ESG. LCL is focusing on three topics.



Topic 1 **Reliable and always available services**

THE INDUSTRY'S REFERENCE AND MOST AGILE DATA CENTER

The absolute basic requirement for a data center is operational reliability. Reliable and always available operational services are a sine qua non. LCL makes it a point to always provide solutions to our customers' questions or needs within the provided time frame. To be the reference, as the best connected data center, LCL ensures the utmost customer satisfaction with every project by constantly measuring and adjusting services as needed.

Our measure of customer satisfaction is the Customer Performance Index (CPI). The score is based on four indicators: satisfaction, loyalty, added value and competitiveness. For each indicator, LCL sits between 50 and 75 percent and thereby positions itself with the best companies in the industry, with an overall score of 74. Especially in the areas of satisfaction (a score of 91) and loyalty (93), LCL ranks high.

That valuable tool with which we continuously monitor our activities gives us insight into which areas we can still improve for an optimal customer experience (customer intimacy).

Topic 2 **Sustainable innovation**

ANTICIPATING FUTURE CUSTOMER NEEDS

By engaging in well-chosen long-term projects around sustainable innovations, LCL is strengthening its ESG-oriented foundations for the future. Starting in 2023, we aim to complete four such future proof projects per year.

DATA CENTER UNIVERSITY

In the same philosophy of embedding sustainable innovation, we are establishing Data Center University during 2023. The ambition, in co-creation with our stakeholders, is to launch 12 initiatives a year. Our targets:

- Share knowledge and develop expertise through training on current topics
- Promote excellence through best practices
- Identify new challenges and training needs to remain state-of-the-art
- Be able to attract and keep talent
- Be able to deepen the relationship with our clients and help keep their business up-to-speed.

ON TRACK THANKS TO OUR ESG DASHBOARD

To make our progress and reporting on ESG measurable and track it as closely as possible, we set up a dashboard of key performance indicators (KPIs). Each ESG topic is also the responsibility of someone from LCL's management team. Ownership and commitment are the keys to progress.

TALK THE WALK

Action leads to change. But communication also plants the seeds for change. LCL therefore not only rolls out a sustainable action plan involving all stakeholders, we also provide transparent insight into what we are doing and why through various channels. Our materiality assessment and the position of the material topic "responsible marketing, communication and advocacy" already showed how important this topic is. For LCL, it was also an affirmation of our leadership role in driving sustainability in the data center sector. Nevertheless, we communicate modestly but firmly. Not for our own glory, but because we believe

that responsible communication is a lever for greater sustainability in our industry and beyond.

A UNIQUE RELATIONSHIP

To take care of our customers' current and future needs, we need to know them and their industry thoroughly. This requires mutual trust. Our operational agility and reliability is a building block of trust. The various events, white papers, conferences, panel discussions... that we organize throughout the year add a - often personal - dimension. By mutually sharing knowledge, we deepen our relationship with our customers. With the feedback we get from various surveys (we constantly gauge visitor and customer satisfaction) we feed the interaction. Thanks to this substantive dialogue, it is possible to develop and implement real win-win scenarios.

	Material topic	Objective	Status
Topic 1	RELIABLE PRODUCTS AND SERVICES	→ Continuous improvement in service delivery	→ CPI 74%
Topic 2	SUSTAINABLE INNOVATION	→ At least 4 innovation projects per year	→ 4 projects in 2022: HVO 100, Fibervision, renovation office LCL Antwerp, partnership Sheep Solution
		→ At least 12 DC University initiatives per year	→ In development (7/12 initiatives are prepared)
Topic 3	DATA SECURITY & COMPLIANCE WITH NATIONAL AND INTERNATIONAL LAWS AND REGULATIONS	→ Taking action to maintain compliance	→ 57.8% of open audit actions closed → 2 new certificates obtained

Topic 3 **Data security & compliance with national and international laws and regulations**

THE HIGHEST LEVEL OF DATA SECURITY

Optimal information security is our core business. Certificates are quality labels that underscore the professional level of a company. LCL sees a dual goal in obtaining globally renowned certificates, such as ISO, ISAE, TIER III certificate, TIA 942 certificate and PCI DSS: it gives the customers confirmation that they can count on a safe infrastructure and its correct maintenance and it encourages us to formulate further improvements and objectives. For a complete list of our certifications, see: <https://www.lcl.be/en/about-us/our-certificates/>

ISO AS A BUILDING BLOCK OF ESG

Typical of our industry, compliance, complying with national and international laws and regulations, is at the top of our agenda - as well as our materiality matrix. For our customers, ISO 27001 for information security is obviously a no-brainer. "But LCL takes it a step further and is one of the few data centers that also holds certifications for ISO 45001 (health and safety), ISO 14001 (environment and energy) and ISO 9001 (transparency, reliability and quality)," said Quality Manager and Safety Advisor Mieke Germonprez. "To me, sustainability is the overarching story that a lot of our ISO certifications tie into. And like the ISOs, sustainability is more than some attestation. It is the work of the entire organisation and something we live by every day and constantly strive to improve. In fact, ISO standards apply directly to organisations' ESG goals. Also at LCL, the ISO management systems support our ESG goals."

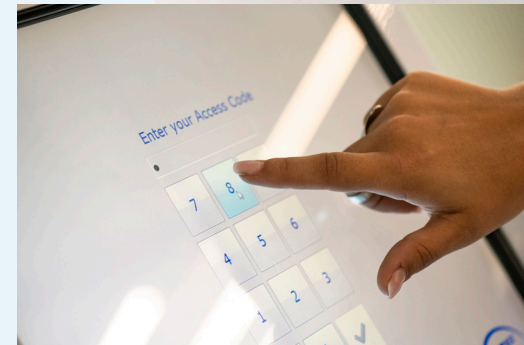
In 2023, LCL is focusing more than ever on cybersecurity and we plan to achieve ISO 50001 certification (energy management system) for the Wallonia One (Gembloux) site. See: <https://www.lcl.be/en/about-us/our-certificates/>

MORE THAN UNDER LOCK AND KEY

LCL guarantees to its customers that their infrastructure is reliably monitored and handled at all times: confidential, integrity and availability. Data may be digital, but LCL also watches over their physical integrity. Our data center's servers and routers are protected by an electric fence, camera surveillance, a lock with biometric access and a few other control points to ensure that only authorised persons are granted access.

Additional protections for physical and environmental hazards include:

- permanent cooling
- extinguishing gas systems with the environmentally friendly Novec 12300
- insurance of electricity supply thanks to Uninterruptible Power Supply (UPS) with batteries and emergency generators increasingly running on biofuel (HVO100)
- two independently operating systems (redundancy).



For our employees

Background and overview

A TEAM BRIMMING WITH PASSION AND ENTHUSIASM

Our ESG framework brings together a selection of LCL's sustainable objectives and links them to measurable action items. This allows us to test our policy and make adjustments where necessary. 'Our employees' are the second of three groups of stakeholders we identify to focus our strategy (see also page 20).

Our priorities

THREE PRIORITIES

LCL focuses on three overarching topics to establish concrete actions: "talent management," "health, safety and wellbeing" and "diversity, equity and inclusion". Each realisation contributes to a more sustainable social policy and has a positive impact on LCL's ambition to be the leading data center in Belgium in the field of ESG.

A photograph of two men sitting at a wooden conference table in a modern office. The man on the left is wearing a white shirt and a blue lanyard, looking towards the other man. The man on the right is wearing a dark blue shirt and grey trousers, looking back. On the table are a laptop, a water bottle, and a coffee cup. A large, stylized teal graphic consisting of many thin, curved lines arches over the men. The background shows office shelves and a window with blinds.

“When it comes to our core business, just about every training proposal gets the green light. LCL invests in technology and infrastructure, of course, but most importantly, in people.”

Laurens van Reijen
— Managing Director

Topic 1 **Talent management**

A MAGNET FOR THE VERY BEST

Thanks to a cleverly directed development and training program, we strive to make every employee excel. Through training, coaching and mentoring, among others, we give everyone the opportunity to hone their skills. Those who tap their individual potential to the fullest, invest in their personal growth and job satisfaction as well as making a fundamental contribution to LCL's strategic goals. The challenge of wanting to be the very best is at the same time an invitation to help raise the bar in terms of customer intimacy and ESG.

TRAININGS

By comparing the existing competencies of each employee and team with the qualities we need today and tomorrow, we identify training needs. The difference between what we have and what we want - the gap analysis - forms the basis of a training plan for individual employees, for teams and at the corporate level. Learning sessions around sustainability are a natural part of this.

OUR LIGHT SHINES BRIGHT

At least four important "save the dates" in the calendars of all LCL employees, are the moments when we celebrate our successes together. Those who work hard may - must - "play" hard. LCL encourages employees to take initiative, ownership around topics or projects that align with the company's goals. We foster appreciation for that proactive attitude and innovative mindset by encouraging intrapreneurship among employees and teams.

Topic 2 **Health, safety and wellbeing**

A PLACE FULL OF JOB SATISFACTION AND ZEST FOR LIFE

LCL swears by long-term relationships where we invest in each other, trust each other. Striving for a good work-life balance is an essential condition for continuing to care for each other. Physically, mentally and socially, everyone reaps the benefits when work and personal tasks are balanced. Working from home is part of the answer offered by LCL, but getting work done within agreed (flexible) working hours in an agile work environment also plays an important role.

WE ARE COMMITTED TO WELLNESS...

Those who enjoy their work are more motivated, productive and resilient. Investing in a positive and productive culture reduces the risk of (long-term) absence and employee turnover. Each year - starting with a baseline measurement in 2023 - LCL plans to survey employee satisfaction through a staff satisfaction survey. Based on the results and evolutions over time, we can take appropriate actions. We are also literally taking steps in the right direction in 2022 by spending a month taking as many steps as possible during the "NoStepsNoGlory" challenge.

	Material topic	Objective	Status
<u>Topic 1</u>	TALENT MANAGEMENT	→ At least 6 training days per year per employee by 2023	→ 4.58 training days in 2022
<u>Topic 2</u>	EMPLOYEE HEALTH, SAFETY AND WELLBEING	→ Implementation of motivational policies to achieve employee satisfaction in top 25	→ The base year calculation is scheduled for 2023
		→ 0 physical incidents at work	→ 1 TRIF in base year 2022
		→ 100% participation in health wellness initiatives	→ 88.9% participation in base year 2022
<u>Topic 3</u>	DIVERSITY, EQUITY & INCLUSION	→ Absolutely equal conditions in personnel recruitment → Ensuring equivalent rewards in workplace culture, policies and practices	→ In development

...AND WELLBEING

LCL succeeds if we keep clocking off at zero point zero incidents per year, called Total Recordable Injury Frequency Rate. Everyone knows that preventing is better than curing, but turning that science into proactive practice is specialist work. With security, you are never done. Creating a safe and healthy workplace is also an ongoing concern for LCL. Our focus on detecting and addressing all risks around professional health, wellness and safety resulted in the award of ISO 45001 certification. If incidents do occur despite all preventive measures, we review and recalibrate our procedures and safety policies to prevent recurrence.

REDUCE ABSENTEEISM

An important measure of 'mens sana in corpore sano' is absenteeism. Anyone who is sick, had a work accident or needs to regain their strength mentally, obviously does not show up at work. If every employee counts, it also means that every absent employee has an impact on the company. Sporadic, individual absences say little without context. A measure such as the Bradford factor tells a much more concrete story about the impact of absenteeism. The premise for the formula is that multiple, short periods of illness carry more weight for the company than a longer absence. By promoting wellness and health of our employees, we wish to reduce short- and long-term absenteeism to less than 3 percent by 2025.

Topic 3 Diversity, equity and inclusion

In a tight labour market, LCL's objective lies in recruiting competent and motivated employees who fit within our teams. Age, origin, orientation, gender or disability plays no part in this. We have therefore decided to screen out such characteristics when recruiting new staff and thus avoid unconscious bias. However, this is not an action that automatically makes our team more diverse. Not only is this a challenge for LCL, it is an issue for which we, as an industry, need to put our heads together. We would like to have this conversation.

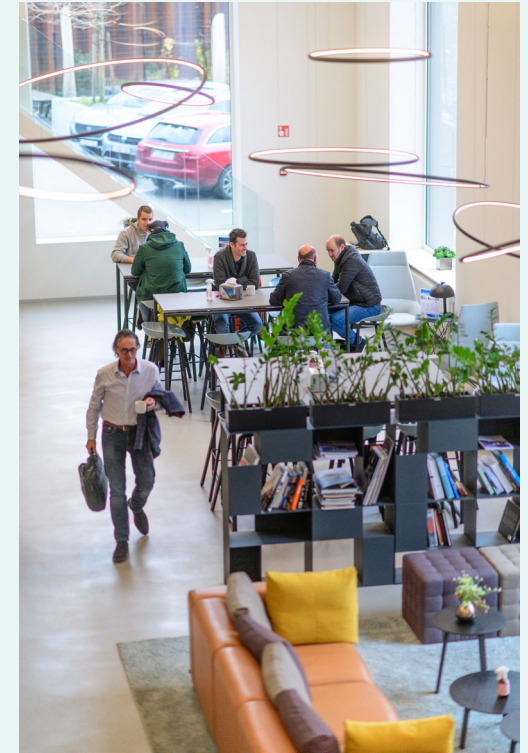
Where needed, we provide additional training to supplement or expand competencies within our existing team. We are therefore committed to career development to allow talents and skills to flourish fully, enabling employees and teams to better perform their tasks so that we achieve our goals.

The annual training plan addresses needs at the personal, departmental and corporate levels and allocates additional resources to provide training for this purpose. In addition, we do not think in pigeonholes and give our employees the autonomy to start 'passion projects' independently, giving them the space to take initiatives that are close to their hearts. Thus, we want to support everyone on our team in their personal development.

“Anyone who shows how proud she or he is of LCL is doing us a great service. Our employees are our best ambassadors for attracting new talent.”

Fabienne Frisson

— Human Resources and Office Manager



“To this day, data centers - like many businesses in the technology sector - are essentially a man's world. More diverse talent can be an enrichment.”

Abdellah Mahlous

— Operations Manager

For our planet

Background and overview

CARING FOR OUR PLANET


Sustainability, and in particular caring for our planet, has long been an integral part of LCL's strategy and goals. As the first Belgian data center, we joined the Science Based Targets initiative (SBTi) and co-launched the Climate Neutral Data Centre Pact (CNDCP) in support of the European Green Deal. Our first sustainability report extends our existing commitment.

Two of the three projects that belong under "For our planet" - climate change and energy management - are part of the top five in our materiality assessment and thus spearhead LCL's ESG strategy (see also pages 19 and 22).

Our priorities

THREE FOCUS AREAS THAT REDUCE OUR CARBON FOOTPRINT

LCL aligns itself with the international Paris Climate Agreement (2015) that seeks to limit global warming to 1.5°C. Our strategy and investments are aimed at reducing CO₂ emissions from our data centers by 42 percent (scope 1 and 2) by 2030 as we continue to grow by 10 percent each year. To achieve this ambition, we are focusing on three focus areas to which we are linking an action plan and timing: 'climate change,' "partnerships" and "energy management".



“High energy prices are encouraging us to bring down CO₂ levels by switching to renewable energy. That transition must be accelerated by data centers.”

Petra De Sutter

— Federal Minister for Telecommunications, during her visit to LCL Wallonia One (Gembloux) in November 2022.

Topic 1 Climate change

DOING WHAT NEEDS TO BE DONE TO REDUCE OUR CARBON FOOTPRINT

LCL's ambition is to both continue to grow by 10 percent a year by 2030 and to reduce our carbon footprint in scope 1 and 2 by 42 percent. A double challenge to which we are doubly committed.

EMERGENCY RENEWABLE FUEL GENERATORS

Electricity is the lifeblood of our data centers. To keep all of our customers' data safely stored and accessible 24/7 during a power outage, our data centers are equipped with emergency generators. Every month, LCL tests the crucial uninterruptible power supply (UPS) and the emergency generators fire into action. The diesel we consume in the process weighs on our carbon footprint.

LCL is taking two measures to reduce the impact:

1. We halve the monthly testing time to half an hour.
2. We are replacing the diesel with HVO100, a biofuel from Neste produced entirely from vegetable raw materials, waste and residues. Measured from "source to wheel," our CO₂ emissions fall by 90 percent. In absolute terms, a reduction of 72 tonnes. Emissions of particulate matter, nitrogen, soot and sulphur also remain limited. With the expansion of LCL Brussels-West (Aalst) in 2023, the first emergency generators with HVO100 will be commissioned.

100 PERCENT EV

We install charging stations for electric cars at four of our sites - accessible to our own employees and visitors. At the same time, all fossil fuelled vehicles are disappearing from our fleets, so that by 2027 we are only sending plug-in cars and hybrid cars out on the road.

SUSTAINABLE FIRE SAFETY

We used to phase out the extinguishing gas in the server rooms - necessary to safeguard the high quality equipment in case of fire. We will replace the current gas extinguishing system with the environmentally friendly and highly effective Novec 1230 in 2023 and subsequent years.

Topic 2 Partnerships

DEVELOPING SUSTAINABLE (DATA) SOLUTIONS TOGETHER

LCL looks beyond the CO₂ we emit directly or indirectly (scope 1 and 2 of the Greenhouse Gas Protocol) and that we want to reduce by 42 percent by 2030. We are getting ahead of the ambitions of the Science Based Target initiative (SBTi) by including scope 3: indirect emissions of CO₂ caused by business activities of other organisations. These themes are also close to our hearts, without necessarily being part of our mission or strategy. To create leverage for change, we bridge the gap to reliable and expert partners to develop sustainable solutions together. Together with our stakeholders, we constantly keep our eyes open for opportunities that relieve pressure on our planet.

CLOSE THE GAP

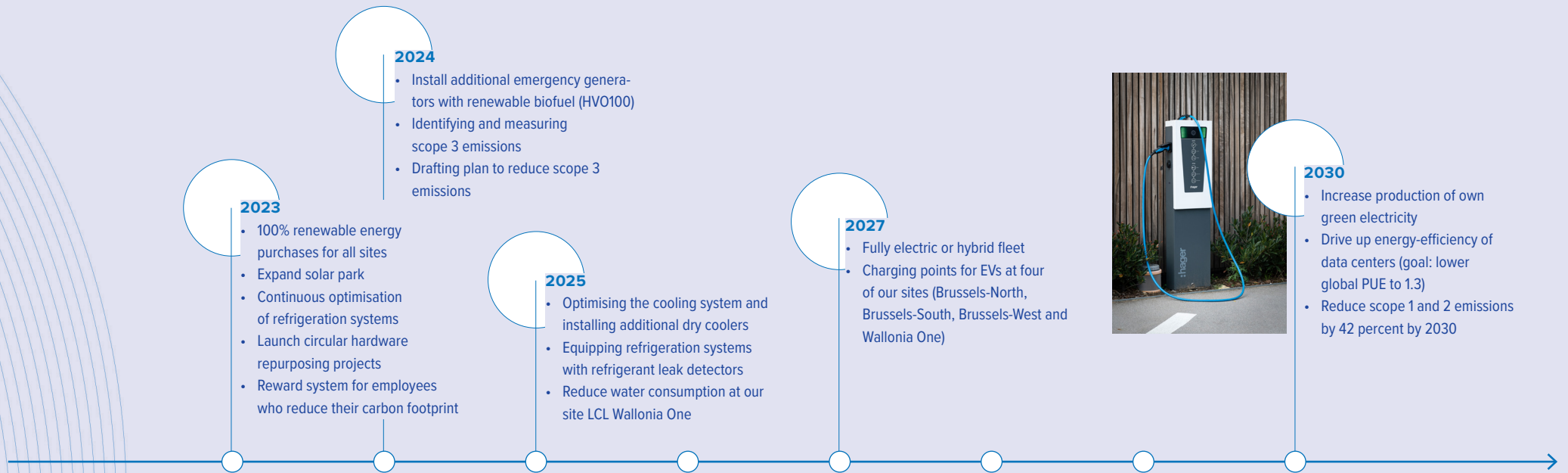
LCL will start a partnership with Close the Gap and Digital for Youth in 2023. Both social-profit initiatives give used ICT materials from companies a second life in educational projects. Digital for Youth targets underprivileged youth in Belgium, Close the Gap closes the digital divide in developing countries. We motivate the customers of our data center not to consider servers and ICT materials as discards, but to give new value in a circular economy with social impact. Read more about Close the Gap on page 38.

A SOLUTION IN SHEEPSKIN

You won't hear the sound of lawnmowers on our meadow with 3,300 solar panels in Gembloux. Bleating on the other hand... By letting sheep graze the grassy plain, we save CO₂ from both the lawnmower and the transportation to get that mower there each week. Moreover, such a pastoral scene looks more beautiful. Right? For this initiative, LCL partnered with the ecological greenery company Sheep Solution.

Material topic	Objective	KPI	Status 2020	Status 2021	Status 2022
CLIMATE CHANGE	→ Reduce scope 1 and 2 emissions by 42% by 2030	→ Absolute scope 1 and 2 emissions (tons CO ₂ e)	→ 1,557.58 tonnes CO ₂ e	→ 22718 tonnes CO ₂ e	→ 331.76 tonnes CO ₂ e
		→ % reduction versus base year 2020	→ Not applicable	→ -85.41%	→ -78.70%
		→ CO ₂ per KW	→ 0.397951	→ 0.04125	→ 0.060149
ENERGY MANAGEMENT	→ 40% renewable energy from own generation at all sites by 2030	→ % renewable energy generated	→ 4.73%		
		→ Increasing share of self-produced renewable energy	→ kWh self-generated energy	→ 1,010,953 kWh	
		→ Reduce Power Usage Effectiveness (PUE) to 1.3 by 2030	→ Global PUE	→ 1.542 global PUE	

*With the shift from a grey electricity contract to a green electricity contract in 2021, we have already achieved our original objective of reducing scope 1 and 2 emissions by 42% by 2030. Thus, we have achieved the goal set according to SBTi. Discussions on whether to adjust this objective are currently ongoing.



Topic 3 **Energy Management**

GENERATE OUR OWN GREEN ENERGY AND REDUCE OUR PUE LEVELS

The best electricity...
 ...is the electricity that you don't have to consume - or that you can utilise multiple times. A carrier neutral/colocation data center in itself is a giant leap in efficiency because of the economies of scale over the often company-run, smaller server rooms of yore. On top of those structural energy savings, there are several ways LCL can make the electricity meter spin even slower.
 The greatest efficiency gains can be made in cooling the server rooms. Operations Manager Abdellah Mahlous: "When designing new data centers, we can incorporate all the latest insights and innovations, but often we don't have a green field and we can't do 100 percent

of what we want in terms of area or volume. But even then, we make smart choices with a guideline PUE (power usage efficiency) of no more than 1.3. In our data center in Aalst, the design has a PUE of 1.3." For comparison: the SBTi calls for a PUE of 1.5. Older data centers easily have a PUE of 1.7. And to put the ecological benefits of data centers in ultrabright limelight: in-house data centers at enterprises clock in at an average PUE of 3.

HEAT GRIDS

By ensuring optimal air circulation and thanks to our customers' neatly sealed racks, it is possible to tolerate higher temperatures - up to 27°C - in the corridors of the server rooms. As a result, we need less cooling and use less electricity. Excess heat can live a useful second life through heat networks; for that, we are looking at the possibilities.

OUR ENERGY: GREEN AND LOCAL

LCL is pioneering as a data center company that generates its own renewable electricity. The 2,000 solar panels that provide 1 megawatt to the LCL Wallonia One data center will expand to a 3,300-panel park over the summer, a 65 percent growth to 1.6 megawatts. With this, we cover one-fifth of our own consumption on site.

We are investigating whether it is possible and useful to equip the three facades of the data center in LCL Brussels-North (Diegem) on which sunlight falls with vertically placed solar panels. Solar panels are already confirmed for the expansion of the data center on the adjacent lot.
 Also under our microscope in 2023: sites where we can get started with wind energy.

PLAYER IN THE ENERGY MIX

Even though LCL already buys 100 percent renewable energy, we want to enter into renewable energy contracts (Corporate Power Purchase Agreements, CPPAs) with local players by 2023. In this way, we want to support local initiatives and stimulate energy production in Belgium.
 In the long run, LCL sees an opportunity to grow into a player in the energy mix, as a producer of electricity that helps ensure grid stability through local storage (in batteries or with hydrogen in fuel cells) and redistribution of excess production.

Stakeholder engagement

The power of co-creation

With our ESG roadmap under our belt, we continue our journey toward greater sustainability. As a pioneer in transition, LCL is happy to take the lead in this process, but as an inspiration, it is not our intention to play smart solo. We therefore reach out to all our stakeholders - our customers, partners, suppliers, employees... - to step up with us. To give us ideas, but also to challenge us. After all, we are convinced that together we will have a greater impact than what the sum of "individual" efforts would produce. Every customer, every partner, by the way, benefits from this approach, because our ambitions and goals help them move forward as well.

We can put that co-creative power to good use, because our to-do list looks impressive. LCL wants to realise sustainable innovations together with its partners. We continue efforts to reduce our carbon footprint and reduce our carbon emissions. To do so, we also rely on the support and cooperation of our customers. In all their actions, employees of LCL must be imbued with the importance of ESG for our future.

Every project we create with a stakeholder has its own story. Some of our "compagnons de route" shed light on their partnership with LCL in the testimonies that follow.



Didier Appels, Co-founder en Managing Director Close the Gap

CLOSE THE GAP

LCL's partner for greater social and environmental impact

Second life for hardware helps young people build future

In well-chosen, sustainable partnerships lie powerful levers. LCL therefore takes on the role of ambassador for Close the Gap (mission: reducing the digital divide worldwide) and Digital For Youth (mission: safe and easy access to a laptop for all children and youth in Belgium). By giving enterprises' ICT equipment a second life, Close the Gap reduces waste and increases opportunities for those who have less. As a pacesetter, the data center company shares that impactful story with its own stakeholders.

And a story with impact it is: since its founding in 2003, Close The Gap has served 4 million beneficiaries globally through more than 7,600 projects in more than 50 countries. Each year, the non-profit organisation gives a second life to 130,000 appliances it collects worldwide. "That's a lot and too little at the same time," says Managing Director Didier Appels from the working studio in Mechelen. "A lot because that makes us the market leader, but little when you consider how much ICT equipment companies decommission every year. There is a lot of potential that we still want to tap into by reminding companies and organisations that they can do their fellow human beings a great favour with their somewhat outdated ICT equipment." The partnership with LCL is aimed at just that. Marketing & Communications Manager Valérie Van

Roy: “We look beyond the boundaries of one’s own company. By making our customers and suppliers aware of the existence and usefulness of Close the Gap, we want to create leverage.” For the record, Close the Gap is not looking for laptops and other hardware that have long passed their expiration date. “Our goal is to have a social impact with end users through the ICT materials collected and brought up to date: disadvantaged youth at home (Digital For Youth) or individuals in developing countries (Close the Gap). When we ship out 10-year-old, non-performing computers, we are pushing a problem rather than providing a solution.”

DATA GUARANTEED TO BE DELETED

And so Close the Gap looks primarily to corporations, organisations and governments as donating partners. “Often the devices they are taking for services rendered are still in good condition and recent enough. They also usually involve the same brands of high-end devices, allowing us to build the right expertise to repair defects. For those companies, we are a one-stop shop for all IT equipment, because we collect not only laptops, but also desktops, printers, tablets, screens, smartphones, and servers that we need for our projects. A big advantage for partner companies is that we have specific software to delete data and deliver an attestation for each device so that it is opposable to third parties.”

Most of the appliances collected are completely refurbished and given a second life. What Close the Gap cannot reuse for its own projects goes to a broker or is recycled. “We get part of our income from that as a non-profit organisation, another part comes from sales to our projects,

although we do that well below the market price. For example, if the value of a four-year-old refurbished laptop is 400 euros, we offer it to our projects for 120 euros. Our motto is ‘high quality, low cost device’. Not ‘free device’. Experience shows that this, too, promotes sustainability: if you pay for something, you take better care of it and it is used longer.”

“By giving ICT materials a second life, we create an ecological and a social impact. With Close the Gap and Digital For Youth, we help underprivileged youth build a better future. We are thrilled that LCL wants to help make a difference and that we can count the data center company among our donor partners and ambassadors.”

Didier Appels

— Co-founder en Managing Director
Close the Gap

HEAPS FULL OF HOPE

A major responsibility of Close the Gap to partner donors is ensuring that the material ends up where it belongs, where it has impact. “At the slightest doubt, we take action. Each year we also publish an impact report on our projects. Initially, Close the Gap’s focus was on the digital divide between North and South. With the advent of Digital for Youth - founded by Close the Gap and DNS Belgium - domestic projects were added. Those are selected by the King Baudouin Foundation.”

That ESG is encroaching on the agenda of more and more companies makes Didier Appels hopeful. “Companies that want to work on their ‘E’ or their ‘S,’ or both, may find their way to us. That’s where an ambassador like LCL can lend a big hand. And together we can tell their employees and other stakeholders a strong story where planet and people are central.”





LUMEN

Lumen technologies applauds sustainability strategy lcl

“The ESG efforts by LCL are a must for Lumen”

LCL's first-ever sustainability report also has undeniable value for loyal customer Lumen Technologies. Tom Moran, Lead Technology Strategist EMEA: “It helps us engage in dialogue with our clients who are placing increasing importance on ESG. And they are far from doing that from a public relations perspective.”

LCL builds long-term relationships with its customers. That pays off for both parties: It helps us to acquire deeper knowledge about (the sector of) our client and that in turn helps our client because the cooperation both gains expertise and becomes more efficient. It is also what attracts Lumen Technologies to LCL: “Lumen's decision to partner with LCL was driven by a combination of LCL's reputation (read: achieve consistent results) and the requirements of our customers. Besides, it is our customers (from governments to industrial fabricators to IT companies) who decide which data center company they ultimately want to end up with, but it is our job to lead them to the best possible parties. Our shared history has only strengthened mutual trust, which is why we are happy to introduce LCL to our customers.”



Tom Moran, Senior Lead Technology Strategist and Sustainability Strategy Lead at Lumen Technologies and Robert van Beurden, Business Developer LCL

MORE THAN A 'NICE TO HAVE'

That LCL is making strategic efforts on sustainability is to be applauded. “Especially since we are convinced that ESG is becoming a conditio sine qua non in any professional relationship. So, it's more than good applause, we demand it. ESG is no longer a 'nice to have'. The questions and expectations of our clients were quite general once, but now they come up with very specific conditions. We are increasingly being asked to rethink and redesign a business, coming up with solutions in which sustainability is structurally embedded. If we want to prove in great detail how Lumen offers maximum sustainability, by definition we are obliged to knock on LCL's door as well, because the data center company is part of our logistics chain.”

“LCL's sustainability report helps us in the dialogue we have with our customers. As the questions we get at Lumen become more sophisticated and require more detail, we may have to evolve from a pure exchange of information to more collaboration.”

SUSTAINABILITY PAYS OFF

That sustainability costs money is a misconception, according to Thom Moran. In practice, more often than not, you're lowering costs. “Yes indeed, sustainability also requires investment. The only relevant question is: within what time frame do you count on a return? Whether it's reducing energy costs or structural modifications to the data center: it sometimes involves large investments that pay for themselves only in the medium term. But you can rest assured: pay off they will.” Thom Moran does make one small reservation: “It's important to make long-

term strategic choices, not quick investments aimed at polishing your public relations. Wrong short-term decisions have already put a lot of companies in tight spots. Especially in the United States and the United Kingdom, companies are being held accountable for greenwashing and forced to either change their practice or the way they communicate about it.”

ESG OFFERS OPPORTUNITIES

Lumen has published an annual sustainability report for more than a decade. “We were one of the first companies to commit to science-based targets to reduce our carbon emissions. We have been reporting for many years to the

“If there is one sector that deserves a 'license to grow,' it is ours. We can reduce our customers' carbon footprint more than it costs us extra energy.”

Tom Moran

– Senior Lead Technology Strategist and Sustainability Strategy Lead

CDP (a global non-for-profit organisation with the most comprehensive dataset of sustainable efforts that companies, cities, countries... are taking as a function of the environment) and we do a lot of efforts that we list in our ESG report.” Recognition for this does not end there: Lumen, by the way, is piling on the awards when it comes to sustainability, diversity in the workplace, flexible working, gender equality... “We really do take our social role - the S of ESG - seriously. And we also score strongly in terms of governance - the G: sustainability is intrinsically part of our strategy and strictly monitored by the Board of Directors. For us, ESG is much more than a list of commitments. We are looking through a broader lens to see how ESG can provide us with opportunities to run our business even better.”

THE RIGHT TO GROW

Tom Moran looks at the energy intensity of the digital sector from a very different perspective: “, The ICT sector has the levers to work more sustainably, much more than compared to other parties that companies work with in the logistics chain . After all, sustainability is fundamentally a data problem. To make a business more sustainable you have to start with systems thinking (a scientific method that tries to maintain an overview of the whole rather than focusing on the individual parts), which is the same approach you use to approach an IT infrastructure. That's why IT players like Lumen are perfectly positioned to guide enterprises. Yes, like data centers, we consume energy, but we can reduce our customers' carbon footprint to a greater extent than it increases ours. The net result is a positive impact. This is the rea-

son why I feel that if there is one industry that deserves a license to grow it is ours. As long as that growth is responsible, our impact is for the better.”

LUMEN SHOWS ENTERPRISES THE LIGHT

Lumen enables large and mid-sized companies worldwide to leverage data to transform their own business. The multinational does so in four areas:

- Lumen has one of the largest networks in the world and puts it at the service of customers
- Edge and cloud computing
- Security
- Universal communications (Unified Communications & Collaboration, UC&C)



Tim Bisson, Director Eneria



ENERIA

LCL's switch from diesel to HVO100 is source of inspiration

HVO100 proves how sustainability is close to LCL's heart

Whether the emergency generators at LCL's data center in Aalst could run on the CO₂-neutral biofuel HVO100 instead of diesel? That wish from LCL's Managing Director Laurens van Reijen put Eneria on edge. "It was the first time a customer asked us that question," says Tim Bisson, Manager at Eneria. "Now our emergency power is also on HVO100 and LCL is a great 'use case' for other customers we advise to reduce their CO₂ emissions."

Like a Don Quixote fighting windmills. That's how Tim Bisson, Manager at Eneria, felt barely four years ago when he brought up the importance of sustainability and an ecological energy transition. A few years and a solid energy crisis later, the picture looks completely different: "Even if not all companies have jumped on the bandwagon yet, by now it is obvious that those who do not make efforts in the coming years will eventually become irrelevant."

Requests like LCL's to stop running a data center's emergency power generators on diesel, and instead run on HVO100 (Hydrotreated Vegetable Oil) are not presented to Eneria every day. Tim Bisson: "To be clear, we do not produce the biofuel HVO100 - that is Neste's work. What we did do for LCL was demonstrate that our Caterpillar emergency power

generators do not lose power, consumption or operational reliability when exchanging diesel for the biofuel HVO100, which is 90 percent CO₂ neutral.”

“LCL was the very first customer to ask if the emergency generators could run on the biofuel HVO100. The project is an inspiration and a great 'use case' for other clients we advise to reduce their carbon emissions.”

Tim Bisson

– Director Eneria

HELP WITH ENERGY TRANSITION

For LCL, the successful setup is an ecological boost, but also at Eneria, the project fuels the ambition to help companies with their energy transition. “Typically for Eneria, the levers to achieve lower emissions are almost entirely in Scope 3: a recent study of our carbon footprint shows that the customers who use our machines represent 99.3 percent of all our emissions. That makes sense somewhere, because we sell machines that essentially consume diesel or natural gas and run for many years - which of

course has a huge impact. So, the first pillar of our CSR strategy (coporate social responsibility) is to help reduce that consumption among our customers. We obviously have no control over their activities, but we do have control over the machines we offer them and how they drive them. HVO100 is an option, but there is also hydrogen, biogas, ethanol...”

“Mapping our carbon impact is part of our impending commitment to the SBTi (Science Based Target initiative) - which, by the way, LCL was one of the first to sign.”

RAPIDS

The value of sustainability is becoming clearer by the day, notes Sales & Marketing Manager Curd Merlo: “The 2022 energy crisis accelerated everything. Each company asked the same questions: how we can use less energy. How can it be cheaper? How can it be more sustainable? Until then, the energy transition was slow. Sustainability did not really have a value, except for large energy consumers that are ETS-compliant (Emissions Trading System, the European emissions trading system). Advising those companies is becoming an increasingly important activity for us. We engage with our customers about their energy issues and explore how we can use our knowledge and expertise to bring down their emissions - and thus our scope 3. In this way, together, we can ensure that we can continue to exist and grow in the long term in a sustainable way.”

ENERIA IN BRIEF

Eneria is part of the international family group Bergerat Monnoyeur NV, which is also the official distributor of Caterpillar in Belgium. Whereas Caterpillar focuses on the design and construction of heavy earthmoving equipment for road, water and mining and generators, among other things, Eneria focuses on Caterpillar products and solutions related to energy. Like the emergency power generators at LCL in Aalst.



Curd Merlo, Sales & Marketing Manager Eneria

DNS BELGIUM

LCL takes pole position



[DNS sets a high bar for security and sustainability. So does LCL.](#)

“The efforts in security and sustainability is essential for us because our equipment is housed in the data centers of LCL and we set the bar high as a non-for-profit organisation with a social mission.”

Philip Du Bois

– General Manager at DNS Belgium

SHEEP SOLUTION

Sheep keep the grass short at LCL Wallonia One



[Furry grazers replace growling grasmowers](#)

“Other organisations often still have cold feet. We still have a lot of mission work to do.”

Amélie Jacques

– Co-founder
– Sheep Solution

ABDELLAH MAHLOUS

We have to be able to count on each other



[“Those with ambition are at the right place with LCL”](#)

“We work in a highly critical environment and therefore you have to be able to count on your colleagues. That we succeed in this is one of the reasons why we are successful today – as is our work ethic.”

Abdellah Mahlous

– Operations Manager LCL

BROTHERS BORLÉE

LCL's sporty partners warm their hearts for sustainability



[How mother Borlée taught her sons to respect Mother Nature](#)

“The earth needed millions of years to create the resources that we are now consuming in rapid fire. If we want to pass on our planet in a good state, we have to change our behaviours. How LCL is putting in effort to become more sustainable, we appreciate that..”

Kevin and Jonathan Borlée

– Belgian top athletes

BLACK TIGER BELGIUM

Stepping in with LCL is a step forward



[LCL matches perfectly with the ambition of Black Tiger Belgium](#)

“We didn't want to take any steps backwards when we decided to not reinvest in our own data center but rather find an external solution. It's nice to know that we can positively say that we only took steps forward by joining LCL, also in terms of sustainability.”

Christophe De Brabanter

– Solution Architect / R&D Director at Black Tiger Belgium

COLT



[Q&A with COLT](#)

“Our selection of partners is strongly based on the focus of the organisation on ESG and sustainability performance. The fact that LCL is a partner who places great importance on ESG and places sustainability at its centre, is the decisive factor in the continuation of our partnership.”

Kirsten van der Voort

– Marketing Business Partner Colt Technology Services

Looking to the future

Our first sustainability report has become a reality. Where we are now in terms of ESG is clear. It is a great starting point because LCL has also made a strong strategic and operational commitment to sustainability in recent years. However, we did raise the bar for ourselves again this year and in the years to come. And upped the ambition for ourselves, because by being transparent and open, we invite all our stakeholders to provide new ideas and feedback. That doesn't deter us, that just motivates us. So, at the bottom of this piece, after the last word, we will deliberately not put a period, because our story is not finished. Perhaps it will never be finished. Everything can always be better.

Our ESG goals are prioritised in our business strategy and are the compass for our operational objectives. And even if some things have yet to fall into their place along the way, the direction to be taken is clear: this is our logbook. For the journey toward sustainability we embark on together - the title of this report is not for nothing 'A journey together' - we have the best company imaginable: a great team that puts the drive in our sustainability ambitions every day, co-creative customers and suppliers who positively challenge us - and we them - and expert consultants who support us. Not to mention our inspiring and innovative partnerships.

The challenges ahead are not nothing, but we don't shy away from any of them. Our sharp KPIs around E (energy, CO₂ emissions...), S (diversity, equity and inclusion, wellbeing, training...) and G (data security, reliability, compliance...) guide us in our day-to-day actions towards an annual growth of 10 percent as well as a 42 percent reduction in our CO₂ emissions. LCL must and will become a climate neutral and thriving data center company. We feel we owe it to ourselves, our customers, our people and our planet.

We invite you to continue to follow us on our journey toward sustainability in the months and years to come (no period, that is)



Fabienne Frisson, Human Resources and Office Manager; Steve De Craene, Finance Manager; Floris Smits, Project Department Manager; Laurens van Reijen, Managing Director; Baudouin Corlù, Commercial Director; Abdellah Mahlous, Operations Manager.

Colophon

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