Sustainability Report 2023

Together we thrive

LCL
Your Data Center

About the LCL sustainability report 2023

This sustainability report is the second of its kind for LCL.
Since our first report, we have made significant progress in addressing environmental impact, social impact, and good governance.
Our dedication to achieving climate neutrality by 2030 remains steadfast, as does our commitment to communicate on our progress. 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.
The central theme of our Sustainability Report, ‘Together we thrive’, is a testimony to our belief that collective action and connection are essential. As trailblazers in our field, we want to inspire, invite and motivate all stakeholders - customers, partners, suppliers, employees, governments - to join us on our journey to sustainability.
This 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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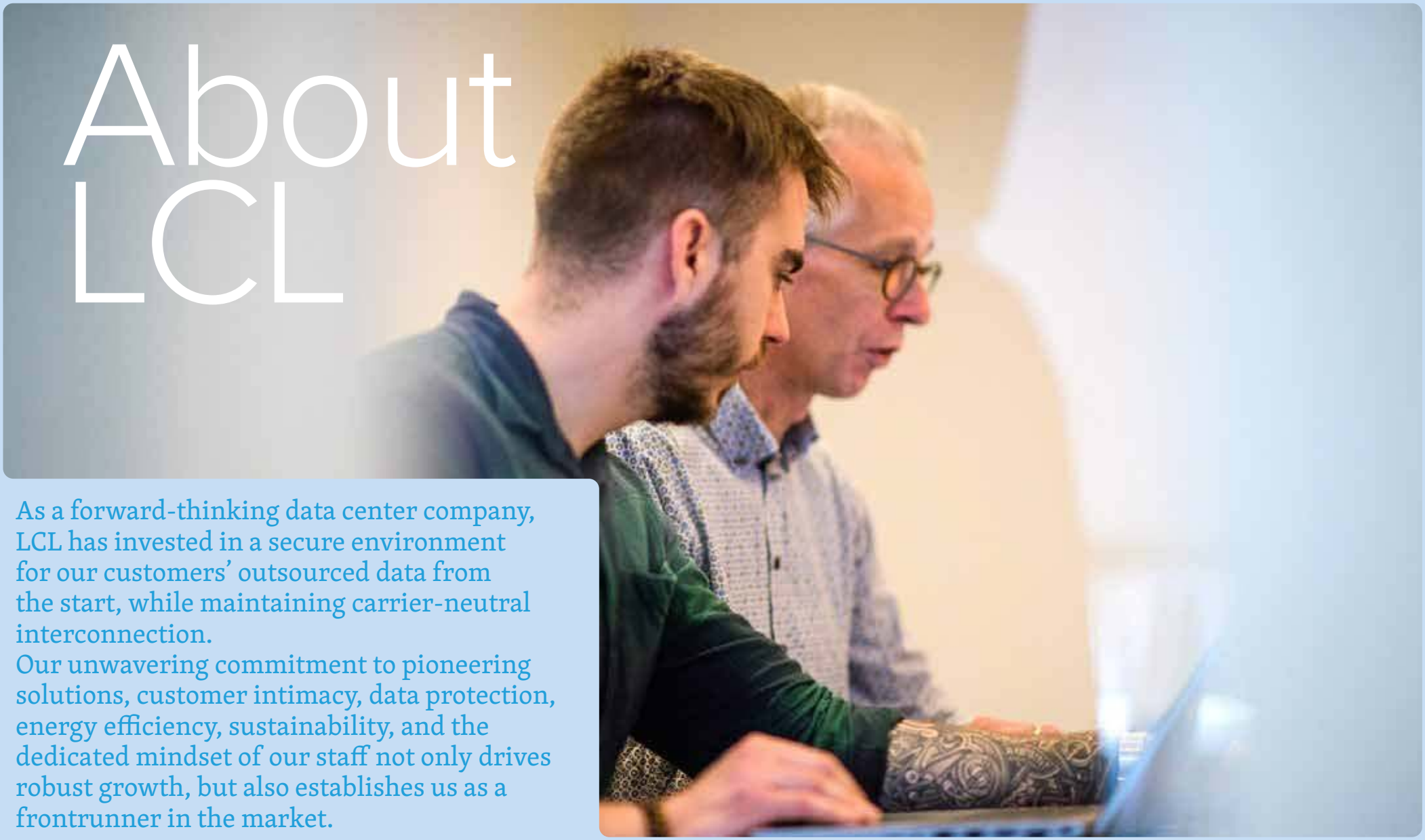
About LCL



As a forward-thinking data center company, LCL has invested in a secure environment for our customers' outsourced data from the start, while maintaining carrier-neutral interconnection.
Our unwavering commitment to pioneering solutions, customer intimacy, data protection, energy efficiency, sustainability, and the dedicated mindset of our staff not only drives robust growth, but also establishes us as a frontrunner in the market.

Foreword by the Chairwoman and the Managing Director

“Continuing to invest in innovation, preferably in co-creation with our customers, is crucial to achieving our growth and ESG goals.”

Els Demeester
— Chairwoman

LCL's first sustainability report was titled ‘A journey together’. It's fantastic to see that ‘together’ encompasses a growing group of people – both within and outside of the data center company. Since September 2023 a Board of Directors has been in place to assist LCL in its substantial growth and in achieving new milestones in sustainability. LCL is also encouraging suppliers, customers, and other stakeholders to participate in the transition. Our new Chairwoman Els Demeester and Managing Director Laurens van Reijen resonate in unison: "Together we thrive."

The diverse and well-composed Board of Directors unites relevant competencies – a deliberate choice by Managing Director Laurens van Reijen. "We aim for a Board that provides genuine added value, thinks independently, and has an impact on the company. The Board and the Management Team must collaborate to cover the entire ESG spectrum: the ecological, the social, the governance, and specific business-related aspects. This requires both expertise and a holistic perspective.”

A strong starting position

"With the Board of Directors, I aim to contribute to achieving positive results in a sustainable and balanced manner. LCL pursues healthy growth with a focus on sustainability. Fostering and facilitating change processes among employees and at the organisational level is a common thread throughout my professional track record", says Chairwoman Els Demeester. "As a Board of Directors, we are at the beginning of our task, but over the past two decades, LCL has already covered a remarkable sustainability journey. The mission and vision of ESG were already outlined – sustainability is not just a pillar of LCL’s strategy, it permeates all aspects of our strategy. Add to that the commitment of the Management Team and employees to quality, professionalism, and co-creation, and it's clear that we have a solid foundation to build upon."

How do you envision the role of the Board of Directors in future initiatives?

Els Demeester: "We already have a strategic roadmap, and now we have to challenge and support the Management Team to ensure that we have the capabilities to execute those plans. We also need to remain vigilant for changes and challenges, to agilely handle them. A crucial role for a Board is to provide a fresh perspective and an outside-in view. To do so, trust and transparency are essential."

What are your initial observations as Chairwoman?

Els Demeester: "LCL is daring. It dares to be an early adopter. It dares to take a leading position when it comes to innovating and embracing new technologies. What I also see is that we are at a turning point between yesterday and tomorrow, with significant growth potential. I believe the Board comes at exactly the right moment to provide breathing space and support."

What are notable milestones and achievements since the first sustainability report last year?

Laurens van Reijen: "The leap from 2,000 to 3,300 solar panels in the solar park of LCL Wallonia One in Gembloux helps us to become climate-neutral by 2030. We would have liked to secure our first CPPA (Corporate Power Purchase Agreement), as we aim to generate 40 percent of our renewable electricity with additional installations. However, high energy prices have temporarily hindered that."
"Our Project Team is working hard to make the cooling systems more efficient to achieve a PUE (Power Usage Effectiveness) of 1.3 by 2030. More visible than those fundamental efforts are the charging stations in our parking lot – often a conversation starter for those arriving with a fossil-fuel vehicle."
"And last but not least achieving EcoVadis Gold right away is an exceptional feat, of which our entire team can be proud. It's a good way to assess how well we've been handling ESG over the past years and identify remaining action points."

What innovations are being pursued that provide benefits for society and the environment?

Laurens van Reijen: "The breakthrough of AI, among other advancements, demands increasing energy. Processors and Graphics Processing Units (GPUs) generate so much heat that we're exploring alternative solutions such as immersion cooling. This involves submerging servers in a bath of coolant, allowing them to operate at higher temperatures and cool more efficiently. Additionally, we can utilise the residual heat for, say, heating networks.

We have developed such a concept with a potential customer, but the plan hasn't been realised. Not yet, but we're engaged in a similar project with another customer. Even if an innovation project doesn't immediately materialise, it has many upsides: the process fosters a positive mindset, and we learn a lot."

Els Demeester: "Continuing to invest in innovation, preferably in co-creation with our customers, is crucial to achieving our growth and ESG goals. It's essential to monitor that we allocate the necessary manpower and budgets for this, in addition to the ongoing efforts required to ensure flawless performance of our data centers."
"Technology is a driving force to strengthen our ESG performance. Moreover, we don't operate in isolation: LCL shares knowledge and takes on a role as a business consultant to our partners so that they too can go the extra mile in terms of sustainability. Innovating through co-creation. We evaluate how our suppliers contribute to our ESG efforts. In this way, LCL can create a ripple effect throughout the entire value chain."

Laurens van Reijen: "We want our suppliers to think with us and we encourage them to take sustainable actions and innovate. In 2023, we installed – as the very first data center – new generators running on the biofuel HVO100. We asked the suppliers of our existing generator to make adjustments so that they, too, operate on HVO100 instead of diesel. This way, we extend the lifespan of our machinery in an environmentally friendly way."

Managing Director Laurens van Reijen and Chairwoman Els Demeester

What is the importance of strong stakeholder relationships from a governance perspective?

Els Demeester: "This topic is high on the agenda. By focusing on obtaining certifications like EcoVadis, improvement areas also come to light. Making progress is not about ticking the box. We must act and invest in sustainable changes, including in our relationships with suppliers. LCL's strength lies in our attention to transition management. It's up to us to clearly articulate our expectations, openly discuss them, and explore how we -or they- can make improvements."

Laurens van Reijen: "It is crucial to encourage existing suppliers to join in the transition and try to instill sustainability in their DNA. The easiest option would be to seek new suppliers who are already a step ahead. However, I believe it's better to motivate them to move in the right direction. This way, you have more impact – because you make sustainable what's not sustainable yet – and you strengthen the relationship."

How important is DEI (Diversity, Equity, and Inclusion) within a technical environment like LCL?

Els Demeester: "The Board has a good mix of profiles with a balanced ratio of men and women. Across the entire company, LCL exists of 27 percent women, a good starting point for a technical company. Diversity can be measured, equity can be addressed through recruiting, rewarding, and retention. The crux is inclusivity. I would prefer to reverse the acronym and speak of IED: if you can create a culture where people are inclusive and value what a person brings as an individual, then everything else follows naturally."

"We will have to diversify our search and cultivate talents ourselves. The key is to identify and build the right skills both in the market and within our own organisation. Collaborations with schools and programs like our own Datacenter University (see page 54) can give that approach a boost."

2023 highlights

Sustainability is not just a concept at LCL – it's a motivating force that drives action. It propels us towards responsible entrepreneurship for a flourishing planet. In 2023, we were honoured with EcoVadis Gold, completed our first employee engagement survey and established a diverse and balanced Board of Directors – initiatives aimed at nurturing both organisational success and sustainability goals. We also made significant progress on various other fronts.

87%
Employee Engagement Index Score (PEI)

5.98
Training days per employee in 2023

Board
of Directors is founded, with 5 members (3 women, 2 men) + 2 new Management Team members

77.44%
Carbon footprint reduction versus base year 2020

13
New colleagues out of a total of 45 people

94.12%
Presence at staff events

3.84%
Renewable energy in all of LCL's data centers

EcoVadis
Gold

6 NGOs
and not-for-profit associations supported by LCL: Vites, Oxfam, Close the Gap, (W)Onderweg, SOS Kinderdorpen, het Balanske

Our company

LCL offers more than 20 years of data center and colocation experience and knowledge. 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).

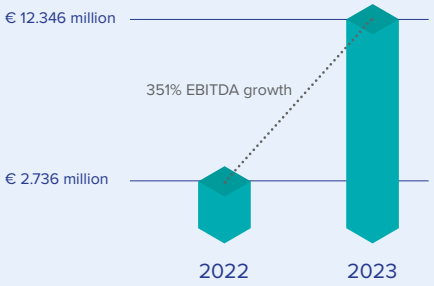
A wide range of international and national telecom operators, companies, IT service providers and government agencies keep their ICT infrastructure at LCL, and have access to more than 40 carriers to connect their data.

€29.2
million turnover

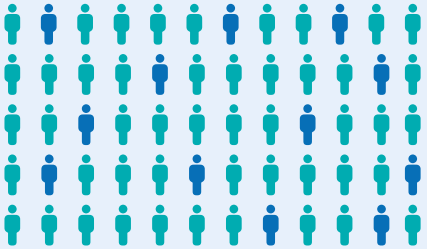
42%
EBITDA margin

73%
Customer Performance Index

EBITDA

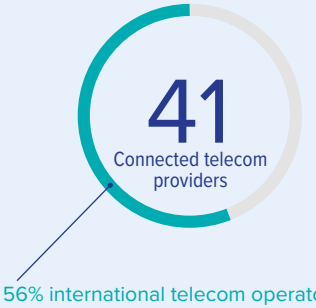


45 colleagues



12 female 33 male

Connected telecom providers



Render of the new data center at LCL Brussels-North

LCL will invest €100 million in two expansion projects at LCL Brussels-West and LCL Brussels-North, and €20 million in sustainable projects.

Our value creation model

By being outstanding in our core activities, we not only pursue financial added value. We also want to make a positive contribution to society by optimising the use of resources and creating value together with and for our different stakeholders.

OUR RESOURCES

HUMAN CAPITAL

- 45 employees.
- We have employees of four nationalities: Belgian, Albanian, Romanian, and Dutch
- We organised 243 training days
- Realised in 2023: the creation and implementation of a Diversity, Equity, and Inclusion Policy and a Recruitment and Selection Policy
- Start of a remuneration policy and a policy for equal pay

FINANCIAL RESOURCES

- 351% EBITDA growth of 42% EBITDA margin
- LCL invests €100 million in two expansion projects in Aalst and Diegem, and €20 million in sustainability projects (2023 and 2024)
- Total equity: €8.085 million
- Total debt: €88.22 million

NATURAL RESOURCES

- Natural gas consumption for building heating: 37,600 kWh
- Fossil fuels (stationary & mobile): 101,998 litres
- HVO100 for processes: 26,714 litres
- Green electricity: 28,192,839 kWh
- Purchased grey electricity: 8,045 kWh
- Building footprint: 13,950 m2

THE WAY WE CREATE VALUE

Together with our partners and customers we set new standards for the co-creation of reliable, available and connected data centers where enthusiasm prevails.

Our goal is to create integrated value and positive impact.

BY BEING OUTSTANDING IN OUR CORE ACTIVITIES, WE WANT TO EQUALLY CONTRIBUTE TO

1. Economic value
2. Social value
3. Environmental value

OUR STAKEHOLDER CENTRIC MODEL IS BASED ON BEING

- A trusted advisor
- The reference for data centers in Belgium
- A highly agile organisation
- The best connected digital hub
- The leader in sustainability

OUR CORE VALUES

- Trust
- Respect
- Open-mindedness
- Team spirit
- Commitment

OUR MOST RELEVANT SUSTAINABLE DEVELOPMENT GOALS

FOR OUR DIFFERENT STAKEHOLDERS

CUSTOMERS

- Our customer segments: healthcare/ government (hiring of business developer in 2023), media, finance (hiring of business developer in 2023), telecom, IT system integrators
- 155 customers
- 41 carriers
- Active patches between telecom operators: 1,920
- A cybersecurity ecosystem: by partnering with diverse cloud security providers, we enhance our customers' defenses against cyber threats. Gcore partner of LCL.
- Media Hub ecosystem: LCL is setting up an independent media ecosystem that can lift our customers' operations to a new level.

EMPLOYEES

- In 2023, we hired 13 employees. The 13 hires included 6 women and 7 men.
- 2 internal moves.

PLANET

- 1,300 extra solar panels
- The migration of LCL's uninterruptible power supply (UPS) in LCL Brussels-West and LCL Brussels-North will translate into a lower PUE.
- Installed electric vehicle charging stations across all our sites

SOCIETY

- €34,000 tax contributions
- Supported 6 NGOs & not-for-profit associations:
  - ➔ Oxfam
  - ➔ Vites
  - ➔ (W)Onderweg
  - ➔ SOS Kinderdorpen
  - ➔ Het Balanske
  - ➔ We are an ambassador of Close the Gap.

SHAREHOLDERS

- We welcomed a new shareholder in 2023: I4B
- €12.34 million EBITDA

Financial results

Developments

During the fiscal year 2022 we were hit by the energy crisis with peak prices in August 2022. This resulted in a reported loss and partial use of our built-up reserves. Despite this setback we continued fiercely with the implementation of our strategy to deliver, in addition to financial value, social and environmental value. We are convinced that increasing integrated value is the key to success.

Steve De Craene, Finance Manager

From a financial perspective 2023 can be considered as a turnaround year with five highlights:

- Electricity prices dropped throughout the year to an average of €0.16 / kWh, and we switched most of our electricity billing schemes to a pass-through methodology.
- On 10 July 2023, we performed a capital increase, strengthening our capital base and our balance sheet. Next to that, an extended Board of Directors was established, enhancing our governance efforts even further.
- Early February 2023 we successfully brought our first extension in LCL Brussels-West online with a four MW IT-load capacity: the result of 18 months of hard work.
- We had a solid organic sales year, signing up several customer server rooms and hiring additional staff to ensure our quality service to our customers.
- Credit facilities for €120 million were secured:
  ➔ €100 million are invested in the further expansion of our LCL Brussels-West and LCL Brussels-North sites to accommodate increased customer demand.
  ➔ €20 million are dedicated to our efforts focusing on our three major strategic environmental pillars: increasing the usage of renewable energy, reducing the power usage effectiveness (PUE) ratio and reducing carbon emissions.

These events are reflected in our balance sheet and profit and loss statement. Our balance sheet in 2023 strengthened compared to 2022 with an increased current asset position and increased capital base. Furthermore, part of our expansion and sustainability investments already have been made in the latter half of 2023 showing in our asset and debt lines of the balance sheet.

Our income statement shows a strong top-line growth of +70% versus last year and an increase of +140% in the gross margin. Consequently, our EBITDA margin recovered from 16% to 42% on a one-year basis. Our bottom-line profit is €1.5 million in 2023 versus a loss of €2 million in the previous year.

We are excited about this turnaround and the opportunities ahead of us. Looking ahead to the fiscal year 2024, it is our expectation that this will be a year with a main focus on our service delivery to new and existing customers, and on our expansion of sustainable projects.

Income statement*

(In thousand euros)	2023	2022	2021
TURNOVER	29,277	17,219	15,428
COST OF GOODS SOLD	-8,243	-8,472	-5,343
GROSS MARGIN	**21,034**	**8,747**	**10,085**
OPERATING EXPENSES	-8,688	-6,011	-5,062
EBITDA	**12,346**	**2,736**	**5,023**
DEPRECIATION	-6,648	-3,372	-2,959
EBIT	**5,698**	**-636**	**2,064**
TAXES	34	53	490
INTEREST	-3,497	-1,078	-740
EXCEPTIONAL	-736	-400	4,184
NET PROFIT / LOSS	**1,499**	**-2,061**	**5,998**

Balance*

Assets (in thousands of euros)	31/12/2023	31/12/2022	31/12/2021
DATA CENTER ASSETS	102,342	80,200	51,651
OTHER ASSETS	1,550	1,768	1,160
TOTAL FIXED ASSETS	**103,892**	**81,968**	**52,811**
CURRENT ASSETS	16,669	11,612	17,040
TOTAL ASSETS	**120,561**	**93,580**	**69,851**

Liabilities (in thousands of euros)	31/12/2023	31/12/2022	31/12/2021
EQUITY	8,085	3,747	5,851
TOTAL EQUITY	**8,085**	**3,747**	**5,851**
DEBTS > 1 YEAR	91,145	70,040	49,318
DEBTS < 1 YEAR	7,075	7,647	4,046
TOTAL LIABILITIES	**98,220**	**77,687**	**53,364**
CURRENT LIABILITIES	14,256	12,146	10,636
TOTAL LIABILITIES	**120,561**	**93,580**	**69,851**

*Based on internal management data

Our governance

Composition of the Board of Directors

As part of our increased focus on good governance, LCL set up the process of developing a new Board of Directors. After an extensive selection process, three new Board members were selected in 2023, joining Laurens van Reijen, Managing Director of LCL.

In the first trimester of 2024, Danielle De Vogelaer also joined the Board of Directors of LCL. The diverse composition of the Board plays a crucial role in maintaining our leadership position and keeping our focus on creating economic and societal value, as well as environmental sustainability. The varied experiences and unique track records of each Board member contribute to a broad knowledge base for both management and employees, as well as other stakeholders, including shareholders and the broader community. Since 8 September 2023, the Board of Directors' meetings take place quarterly with set agenda topics including sales, finance, project updates, and sustainability activities.

The following overview shows the members of the Board on 1 April 2024.

Els Demeester – Chairwoman

With over three decades of international experience at the C-level in the technology industry, Els Demeester boasts an impressive track record as a strategic changemaker. Her passion and expertise span a wide range of topics, from complex stakeholder management to business transformations and customer experience.

Ingrid Daerden – Board member

Innovative and sustainable real estate are a well-known playing field for Ingrid Daerden. The knowledge she gained as a real estate expert at ING Belgium and deepened as Head of Treasury & Project Finance at Cofinimmo has led to her current position as CFO at Aedifica.

André Autrand – Board member

As CEO of I4B (The Belgian Infrastructure Fund), André Autrand understands that investments are key levers for building a sustainable and resilient economy. Autrand is committed to all aspects of ESG. Simultaneously, he keeps a close eye on financial matters.

Laurens van Reijen – Board member

Managing Director and founder Laurens van Reijen has built LCL into the reference point in Belgium over two decades. To make LCL and the entire sector as energy efficient as possible, and to build a healthy business with maximum positive impact on the environment, he also holds international positions in various sustainability initiatives.

Danielle Devogelaer – Board member

Danielle Devogelaer brings 20 years of experience in analysing the Belgian and European energy landscape to the table, with a particular expertise in electricity. She excels in topics such as energy infrastructure, market design, and industrial transition. As a member of several energy commissions, she contributed to reports on the Belgian long-term energy future and ideal energy mix.

Composition of the Management Team

LCL's Management Team is dedicated to fostering a positive and motivational company culture of innovation and continuous improvement. In steering the strategic direction of our operations, as well as in efficiently managing day-to-day activities, they contribute to a sustainable long-term business success.

From left to right, standing: Steve De Craene, Finance Manager; Nicolas Coppee, Data Center Manager LCL Wallonia One; Abdellah Mahlous, Operations Manager; Baudouin Corlùy, Commercial Director. Seated: Fabienne Frisson, Human Resources and Office Manager; Laurens van Reijen, Managing Director; Floris Smits, Project Department Manager.

Our sustainability approach

It is LCL's ambition to integrate sustainability into all aspects of our business operations, to grow our business while increasingly generating a positive contribution for our customers, partners, society, and our planet. This is not because we must, but because we believe it is our inherent mission to do so. We strengthen our leadership role only when we fully embrace ESG (Environmental, Social, and Governance) principles.

Towards compliance with EU CSRD

The 'Corporate Sustainability Reporting Directive' (CSRD), a new EU directive, will require companies to report on the environmental and social impact of their activities. Through mandatory and standardised sustainability reporting, the European Union wants to encourage companies to engage in sustainable activities and investments. The CSRD prescribes how organisations should report on non-financial information, i.e. environmental (E), social (S) and governance (G) information.

The detailed requirements of the CSRD are laid down in the European Sustainability Reporting Standards (ESRS). The purpose of the ESRS is to standardise how companies report on sustainability/ESG for important or "material" topics.

Currently, LCL falls under the scope of the voluntary sustainability reporting standard for non-listed SMEs (VSME).

Nevertheless, given LCL's high ambitions to provide standardised sustainability information, we have decided to voluntarily prepare for CSRD compliance, according to the general ESRS standards for large companies and listed SMEs reporting in 2026 for book year 2025.

LCL has already defined its materiality matters for topics, sub-topics and sub-subtopics, and as such, has identified the applicable ESRS disclosure requirements of the company. Currently, we are working on a CSRD disclosure requirement and data point gap analysis, roadmap, and developing the necessary information (incl. KPIs, policies, targets, etc.) to achieve CSRD reporting.

OUR CSRD ROADMAP

Double Materiality Assessment LCL in 2023

LCL performed its first materiality assessment in 2022. The survey yielded 17 material topics, 5 of which were highlighted as 'exceptionally important', as highly material, by both LCL and our stakeholders. With the insights gained from the materiality assessment, we established a practical ESG roadmap.

In 2023 LCL decided to voluntarily evolve towards compliance with the Corporate Sustainability Reporting Directive (CSRD) (see also page 17). The CSRD prescribes how organisations should report on information related to environmental, social and governance (ESG) topics. The detailed requirements of CSRD are defined by the European Sustainability Reporting Standards (ESRS). Reporting organisations are required to do so in accordance with the ESRS topics. The topics are considered if they are 'material'. To assess their materiality, a double materiality assessment (DMA) needs to be conducted.

In 2023, LCL conducted a double materiality assessment following the latest guidelines of the European Financial Reporting Advisory Group (EFRAG) published in November 2022 and updated in June 2023.

BY CONDUCTING A DMA, LCL'S OBJECTIVE WAS TO:

- Understand the views and perspectives of key internal and external stakeholders of LCL;
- Capture double materiality, i.e. the inside-out and outside-in perspectives, based on IROs;
- Serve as a basis to inform the LCL ESG strategy;
- Serve as a basis for ESG reporting, considering the future assurance of the assessment by ESG assurance provider.

The DMA helped identify which topics are considered material by assessing impacts, risks and opportunities (IROs) linked to these topics. Two perspectives were considered: (i) impact materiality, which assessed the impact LCL has on the environment and society with respect to a topic; and (ii) financial materiality, which assessed the potential impact a topic might have on LCL's financial success in the future. The union of these two perspectives results in double materiality.

During the process, internal and external documents were studied (policies, industry reports, reports from similar companies, etc.), and the expertise of internal and external experts was leveraged through interviews with stakeholders.

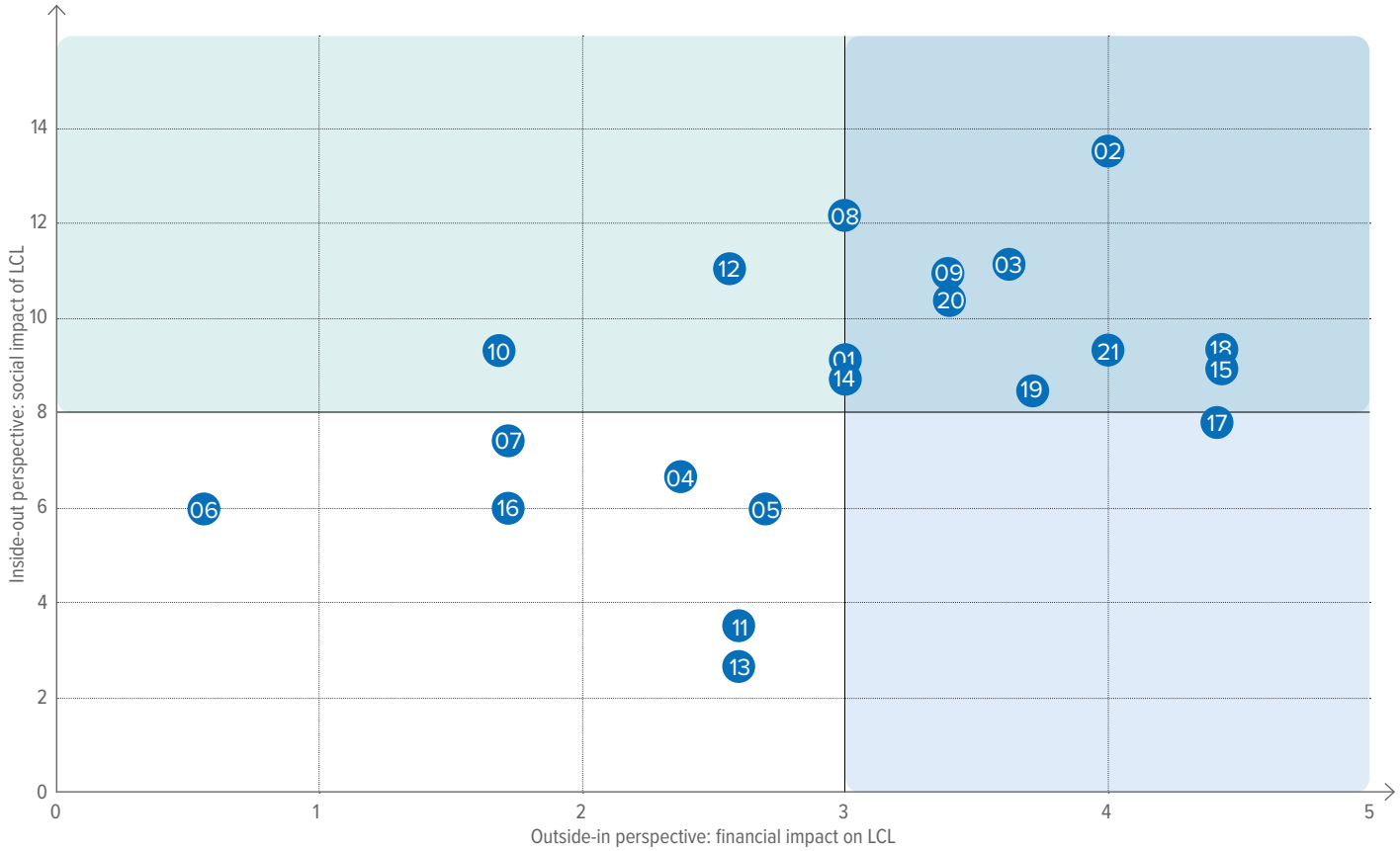
As a result, a total of 101 impacts, risks and opportunities (IROs) were identified. Each IRO was subsequently assessed in detail based on predefined evaluation criteria prescribed by the CSRD, resulting in 42 IROs deemed of material importance.

Results of the Double Materiality Assessment

Overall, the double materiality process resulted in 14 sustainability topics of material importance to LCL. Although the priority topics for LCL didn't change considerably, compared to the single materiality assessment conducted in 2021; the double materiality assessment followed the ESRS list of topics, subtopics and sub-subtopics. This changed the names and scope of the topics assessed to ensure comparability and transparency across companies and sectors.

The resulting double materiality matrix is shown on the right hand side. The boundaries for impact and financial materiality are marked in the matrix.

Topics in the white area are considered non-material.



01. Climate change adaptation
02. Climate change mitigation
03. Energy management
04. Pollution (non-material topic)
05. Water (non-material topic)
06. Biodiversity and ecosystems (non-material topic)
07. Circular economy (non-material topic)
08. Employee health, safety and well-being
09. Talent management
10. Diversity, equity and inclusion
11. Workers' social rights (non-material topic)
12. Workers in the value chain
13. Local communities (non-material topic)
14. Sustainable marketing, communication and advocacy
15. Customer relationships
16. Inclusive services (non-material topic)
17. Business ethics
18. Reliable and available products & services
19. Data security
20. Sustainable innovation and partnerships
21. Green buildings and offices

The double materiality assessment approach

A five-step approach was followed to define double materiality aligned with CSRD requirements:

1. DEFINE THE SCOPE & OBJECTIVE

- Map LCL's value chain and define the assessment boundaries (operational boundaries, etc.)
- Conduct a segmentation of important stakeholders and identify the most relevant stakeholders of LCL.

2. IDENTIFY TOPICS AND IROS

- Starting from the long list of ESRS topics, tailor to a list of sustainability topics that relate to LCL.
- Determine Impacts, Risks, Opportunities (IROs) of each sustainability topic via interviews with internal and external experts, and through secondary sources of information.

3. ASSESS IMPACT AND FINANCIAL MATERIALITY

- Conduct a qualitative consolidation of the inputs, and assess impact materiality and financial materiality for each IRO based on the criteria mandated by the CSRD.
- Define the materiality thresholds for impact and financial materiality.
- Consolidate the results and develop the double materiality matrix.

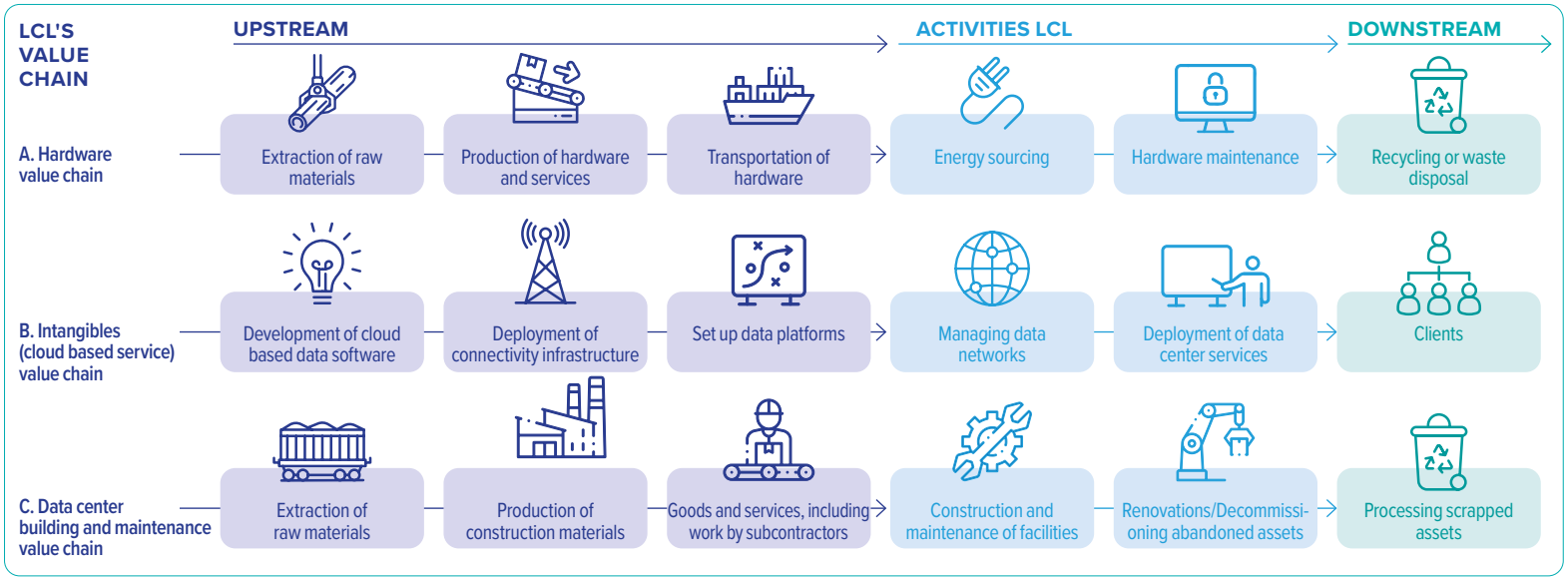
4. VALIDATE MATERIAL TOPICS

- Validate the outcomes of the materiality assessment with the Steering Committee.

5. DEVELOP THE FINAL DOUBLE MATERIALITY ASSESSMENT REPORT

- Develop the materiality report.
- Engage with LCL financial auditor to discuss the process, methodologies and assumptions of the double materiality assessment.

A high-level overview of LCL's value chain



1. DEFINE THE SCOPE AND OBJECTIVE

In line with the guidelines of CSRD, the DMA includes an assessment of upstream, own operations, and downstream IROs. To do so, a three-folded value chain was defined for LCL: a) a hardware value chain, b) an intangibles (cloud-based services) value chain, and c) a data center building and maintenance value chain.

Stakeholders were then identified, using the value chain mapping as a starting point. An overview of the different stakeholder categories is available on the right-hand side. Consecutively, per stakeholder category, it was defined whether direct consultation (interviews) was required with selected stakeholders; or if the perspective of stakeholders could be considered via indirect methods (based on literature and public documentation).
The final selection of stakeholders to engage with in interviews was based on the following criteria:

1. Representation of different stakeholder groups;
2. Relevance and proximity to LCL;
3. Expertise in ESG and understanding of the sustainability agenda of LCL;
4. Expectation of potentially material IROs within value chain, or relevant perspective on IROs of LCL's operations.

2. IDENTIFY TOPICS AND IMPACTS, RISKS AND OPPORTUNITIES

For each sustainability topic included in the double materiality assessment, Impacts, Risks and Opportunities (IROs) were identified through analysing internal and external documentation, as well as conducting interviews with key internal and external stakeholders. Each interview was conducted with a consistent and standardised approach. Internal stakeholders with subject matter expertise on specific ESG topics (e.g., energy, data and data security, etc.) were carefully selected for one-on-one interviews. During external stakeholder interviews more emphasis was placed on value chain impacts, and on potential synergies to capitalise on sustainability in a collaborative manner.

3. ASSESS IMPACT AND FINANCIAL MATERIALITY

In the third phase, a framework for IRO evaluation was defined, taking into account the ESRS requirements. Next, each individual IRO was evaluated in accordance with this evaluation framework to identify which IROs are considered as material. Finally, materiality of topics results from materiality of IROs.

4. VALIDATE MATERIAL TOPICS

The results of the Double Materiality Assessment (IRO identification and IRO evaluation) were reviewed extensively and were validated by the project team and the Steerco meeting.

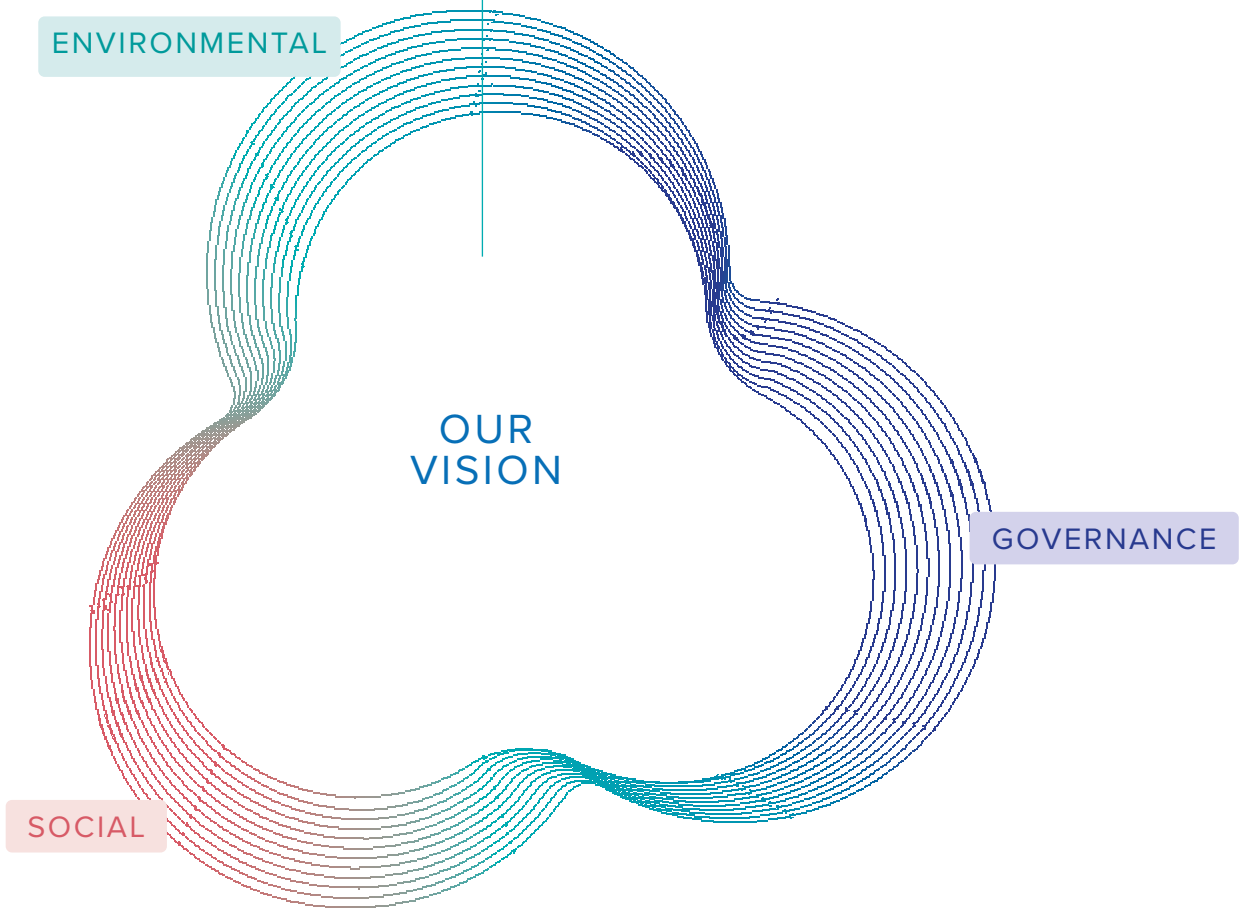
5. DEVELOP THE FINAL DOUBLE MATERIALITY ASSESSMENT REPORT

Throughout the project, internal stakeholders were consulted to conduct the double materiality assessment. This ensures that the outcome of the double materiality assessment can be updated as the context of specific IROs changes. The double materiality assessment was documented using a double materiality assessment report with appropriate attachments.

LCL's ESG Framework

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.



Following our ambition to align with CSRD and the underlying European Sustainability Reporting Standards (ESRS) we have recalibrated our sustainability approach according to the three main categories used within ESRS:

1. Environmental topics
2. Social topics
3. Governance topics

In addition, we have included a category with company-specific topics.

This new framework reflects our ESG ambitions and indicates which topics are priorities, also including the measurable action items we (will) associate with them. The new dimensions are not seperate universes but are interconnected: sustainability does not tolerate silo thinking. Sustainability is not a separate 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 strategy.

Seven topics were assessed as non-material: Biodiversity and ecosystems, Local communities, Workers' social rights, Pollution, Water, and Inclusive service and Circular economy.

Moving forward, all material impacts, risks and opportunities (IROs) per material topic will need to be addressed by allocating IRO-specific KPIs, targets, action plans, and roadmaps. The IRO management will reshape the current targets and KPIs of LCL (page 24-27) to ensure that materiality is directly linked to the actions and strategic direction of the company.

Below you can find our new ESG approach including the ESRS and material topics derived from the recent double materiality assessment.

ENVIRONMENTAL TOPICS

ESRS topic | ESRS E1: Climate change
- Climate change adaptation
- Climate change mitigation
- Energy

SOCIAL TOPICS

ESRS topic | ESRS S1: Own workforce
- Employee health, safety and well-being
- Talent Management
- Diversity, equity & inclusion

ESRS topic | ESRS S2: Own workforce
- Workers in the value chain

ESRS topic | ESRS S4: Consumers and end-users:
- Sustainable marketing, communication and advocacy
- Customer relationships
- Reliable and available products & services
- Data security

GOVERNANCE TOPICS

ESRS topic | ESRS G1: Business Conduct
- Business ethics

COMPANY-SPECIFIC TOPICS

- Sustainable innovation and partnerships
- Green buildings and offices

Our key performance indicators and objectives

In 2022 we set several key performance indicators (KPIs) and goals, based on the material topics at that time. In this overview we report on the progress of each of the existing KPIs and targets. Following the Double Materiality Assessment in 2023, new material topics were also added. The list of mandatory ESRS KPIs will be set and consolidated for the next report.

	ESRS topic
ENVIRONMENT	ESRS E1: CLIMATE CHANGE
	ESRS E3: WATER
SOCIAL	ESRS S1: OWN WORKFORCE

(number of material IROs indicated between brackets)

Material topic in 2023	PRE-EXISTING MATERIAL TOPIC IN 2022	NEW MATERIAL TOPIC SINCE 2023	KPI	Objective
CLIMATE CHANGE MITIGATION (4)	X		→ Absolute scope 1 and scope 2 emissions (tonnes CO_2e)	→ Reduce scope 1 & 2 emissions by 42% by 2030
CLIMATE CHANGE ADAPTATION (3)		X	→ CO_2 per kW	
			→ New material topic: we will determine a KPI in the course of 2024.	→ New material topic: we will determine an objective in the course of 2024.
ENERGY MANAGEMENT (5)	X		→ % self-produced renewable energy	→ 40% self-produced renewable energy at all sites by 2030
			→ kWh self-generated energy	→ Increase share of self-produced renewable energy
			→ Global PUE	→ Reduce Power Usage Effectiveness (PUE) to 1.3 by 2030
WATER (0)	X	Non-material topic but voluntary disclosure	→ Water use in cubic metres	→ Measure and reduce water footprint
EMPLOYEE HEALTH, SAFETY & WELL-BEING (3)	X		→ % participation in initiatives	→ 100% participation in health wellness initiatives
			→ Survey score employee satisfaction (PEI)	→ Implementation of motivational policies to achieve employee satisfaction in top 20%
			→ Total Recordable Injury Frequency (TRIF)	→ 0 physical incidents at work
			→ Rate of absenteeism	→ Decrease rate of absenteeism to below 3% by 2025
			→ Accident Severity Rate (ASR)	→ Reduce the Accident Severity Rate (ASR) to as close as 0
			→ Accident Frequency Rate (AFR)	→ Reduce the Accident Frequency Rate (AFR) to below 1

	ESRS topic
SOCIAL	
	ESRS S2: OWN WORKFORCE
	ESRS S4: CONSUMERS AND END-USERS
GOVERNANCE	ESRS G1: BUSINESS CONDUCT
	SECTOR OR ENTITY SPECIFIC TOPICS

Material topic in 2023	PRE-EXISTING MATERIAL TOPIC IN 2022	NEW MATERIAL TOPIC SINCE 2023	KPI	Objective
TALENT MANAGEMENT (6)	X		→ Number of average training days per employee	→ Invest in employee skills through at least 6 training days per year per employee starting in 2023
			→ Proportion of staff attending staff events	→ 100% attendance at staff events
DIVERSITY, EQUITY & INCLUSION (1)	X		→ Number of staff by male/female ratio	→ Attract diverse profiles
WORKERS IN THE VALUE CHAIN (1)		X	→ New material topic: we will determine a KPI in the course of 2024	→ New material topic: we will determine an objective in the course of 2024
SUSTAINABLE MARKETING, COMMUNICATION AND ADVOCACY (3)	X		→ Publication of an annual Sustainability Report and update of the relevant section on the lcl.be website	→ Develop an annual Sustainability Report + update the sustainability section of the LCL website + activate a social media plan
			→ Number of Data Center University initiatives per year	→ Launching Data Center University in 2023 with 12 initiatives per year
RELIABLE AND AVAILABLE PRODUCTS AND SERVICES (3)	X		→ Number of telecom providers associated with LCL	→ Becoming best connected data center
			→ Customer Performance Index (CPI) of at least 79%	→ Continuous improvement in service delivery
CUSTOMER RELATIONSHIPS (3)	X		→ Proportion of open audit actions successfully closed	→ Increase the closing of open audit actions to 80%
DATA SECURITY (3)	X		→ Number of new certifications closed	→ Taking actions to maintain compliance
BUSINESS ETHICS (1)	X		→ We will determine KPIs in the course of 2024	→ We will determine objectives in the course of 2024
SUSTAINABLE INNOVATION AND PARTNERSHIPS (3)	X		→ Number of innovation projects	→ Engage in long-term innovation projects (4 per year)
			→ Share of sustainable CapEx/cost vs revenue	→ Engage in co-creation with customers and suppliers
GREEN BUILDINGS AND OFFICES (2)	X		→ We will determine a KPI in the course of 2024	→ We will determine an objective in the course of 2024

Our contribution to the United Nations SDGs

As a data center, we want to contribute to the SDGs. In 2023, we mapped out our business model and sustainability strategy to include the SDGs. Not all 17 SDGs are directly relevant to our business. We chose to focus on the following 6 key SDGs where we believe we can have the greatest impact and contribution:

SDG 3 Good health and well-being

To ensure a healthy work environment we strive for 0 incidents at work. When accidents do occur and/or in 'dangerous' situations, we will update our procedures and policies to prevent them. LCL tracks the number of work-related incidents, including historic data (quarterly safety report).

SDG 4 Quality education

With the establishment of the independent Data Center University (DCU) in 2023, LCL fulfilled its ambition to share expertise through a neutral online knowledge platform for both IT professionals and interested laypeople. For more information see page 54.
We created a training strategy/plan on 3 levels: company level, departmental level and individual level with the aim of ensuring that the skill set per employee is in line with the strategic goals of LCL. We ensure that employees are offered the opportunity to develop and enhance their skills via training, coaching, mentoring programs, among others.

SDG 7 Affordable and clean energy

LCL is increasing the production of green power on sites. We aim at generating more of our own green energy, storing it for use at the most convenient times and redistributing excess production to the grid.

SDG 8 Decent work and economic growth

LCL started a partnership with Close the Gap and Digital for Youth in 2023. Both social-profit initiatives give used ICT from companies a second life in educational projects. We encourage our customers to donate used IT equipment for re-use.

SDG 11 Sustainable cities and communities

LCL had its emissions reduction targets approved by the Science Based Targets initiative, as consistent with levels required to meet the goals of the Paris Agreement. The targets, covering greenhouse gas emissions from our operations (scopes 1 and 2), are consistent with reductions required to limit global warming to 1.5°C, the most ambitious goal of the Paris Agreement.

SDG 17 Partnerships for the goals

LCL is constantly looking for opportunities to work with partners on sustainable solutions. This way, we connect LCL to (local) social developments and work together with 6 charities.

Our sustainability performance

There's a saying that intentions can only take us so far. At LCL, concrete actions reveal how we are truly committed to ESG. Through our day-to-day operations, investments, and various projects, we demonstrate our dedication to creating a positive ecological and social impact, coupled with robust governance. Discover the progress we made in 2023 on the following pages.

Environment

They graced the cover of our first sustainability report – and we are often approached about them: the sheep that keep the grass short in the LCL Wallonia One solar park in Gembloux. We're thrilled to welcome back our woolly friends as beloved mascots to introduce this chapter dedicated to our efforts in reducing our ecological impact.

More about LCL's partnership with Sheep Solution

CLIMATE CHANGE MITIGATION

Material topic **Climate change mitigation means the process of reducing GHG emissions and holding the increase in the global average temperature to well below 2°C and pursuing efforts to limit it to 1.5°C above pre- industrial levels, as laid down in the Paris Agreement. (Based on the Regulation (EU) 2020/852)**

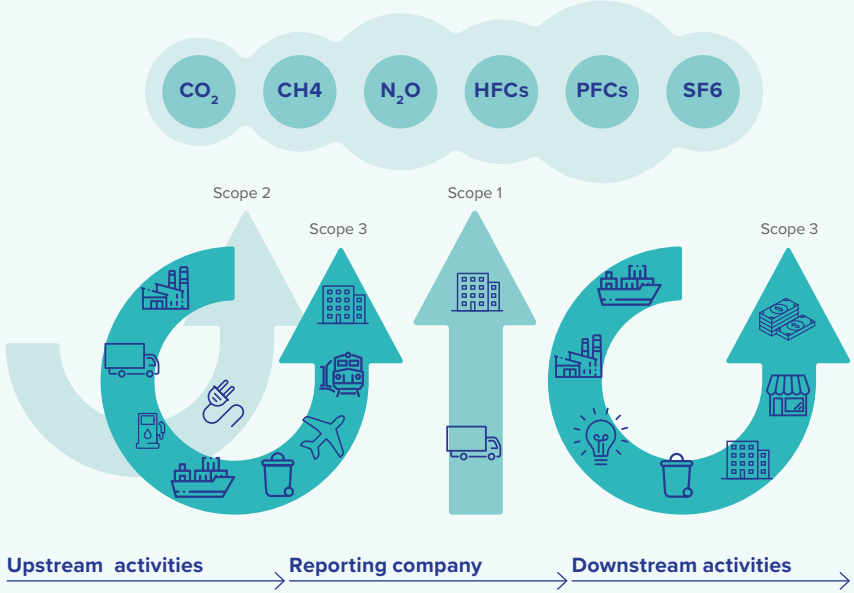
CO_2 footprint LCL

The CO_2 footprint, also known as the 'Carbon Footprint', is the annual greenhouse gas emissions of an organization. Greenhouse gases comprise the emissions that result from a (business) activity or the life cycle of a product. These emissions can be divided into:

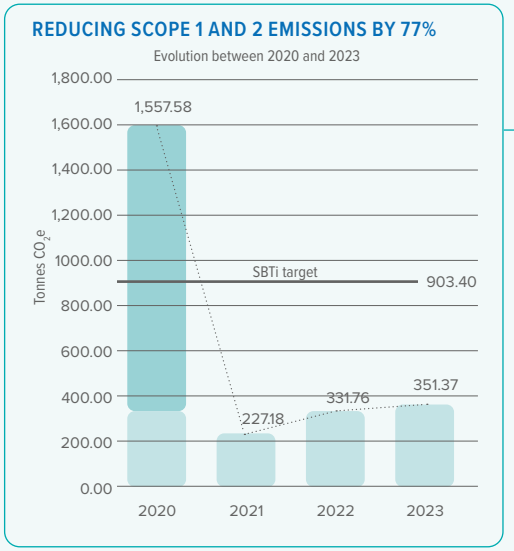
- **Scope 1:** direct emissions from sources owned, or controlled, by the company (ex: fuel combustion)
- **Scope 2:** indirect emissions linked to energy (e.g.: purchase of electricity)
- **Scope 3:** indirect emissions (e.g.: purchase of materials, waste disposal, transport,...) through upstream activities and downstream activities

Since LCL is successfully registered with the Science Based Targets initiative (SBTi), we are a member of the Business Ambition for 1.5 campaign - an urgent call to action from a global coalition of UN agencies, business and industry leaders, in partnership with the Race to Zero. One of the conditions of our membership is to recalculate and report our emissions on an annual basis. A carbon footprint report was commissioned to Encon in the year 2023 and fulfils this condition for the year 2023.

In general, the carbon footprint of LCL has reduced with 77.44% between 2020 and 2023. When keeping the reduction target of SBTi (Scienced Based Targets initiative) in mind, LCL is currently (more than) on track to achieve a 42% reduction in Scope 1 and 2 by 2030.



Overview of the different types of emissions (source: GHG Protocol Corporate Value Chain Standard)



Overview of the CO_2 footprint of LCL at organization level.
The calculation is fully in accordance with the Greenhouse Gas protocol and the applied methodology, practical approach and thresholds have been discussed at length to demonstrate how an accurate footprint of all LCL's business activities has been obtained.

COMPARISON SCOPE 1 AND 2 EMISSIONS BETWEEN 2020 (BASE YEAR) AND 2023

	2020		2023	
SCOPE	**Tonnes CO_2e**	**%**	**Tonnes CO_2e**	**%**
Scope 1	317.65	20.39%	350.21	99.67%
Scope 2	1,239.93	79.61%	1.16	0.33%
Total	1,557.58	100.00%	351.37	100.00%

The table above shows the comparison of Scope 1 & 2 between the year 2020 and 2023. Scope 1 emissions are slightly increasing, while Scope 2 emissions are almost eliminated.

The increase in Scope 1 of LCL is mainly explained by:

- Higher fossil fuel consumption for company vehicles
- Diesel consumption by emergency generators
- Refrigerant leakage R-410a

The decrease in Scope 2 of LCL is mainly explained by:

- Green power contracts at all sites
- On-site produced solar energy production at LCL Wallonia One

Scope 1 in detail

STATIONARY EMISSIONS

Stationary emissions are caused by the consumption of fossil fuels in the process operations of LCL. This category has an impact of 24.55% on the carbon footprint of LCL for the year 2023, or 86.27 in tonnes CO_2e. Examples of stationary emissions include the consumption of natural gas for building heating, the use of diesel for an emergency generator or sprinkler systems. The stationary emissions of LCL are listed in the table on the right.

MOBILE EMISSIONS

Mobile emissions are emissions that arise from the combustion of fossil fuels in vehicles (passenger cars, delivery trucks, heavy duty trucks, forklifts,...) in control of LCL. This category includes the various vehicles in operational control of LCL. However, this category does not consider the commuting of staff without a company car. The impact of commuting is reflected in Scope 3 category 7: employee commuting. The table on the right shows the mobile emissions.

FUGITIVE EMISSIONS

In the case of LCL, fugitive emissions include emissions resulting from refrigerant leakage. The table on the right shows the different fugitive emissions of LCL caused by refrigerant leaks. All leaks cause a total emission of 78.27 tonnes CO_2e, resulting in 22.27% of the total Scope 1 and 2 emissions.

SCOPE 1	**Consumption (kWh)**		**Consumption (litre)**		**Tonnes CO_2e**		**% Scope 1 emissions**	
STATIONARY EMISSIONS	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
* Natural gas consumption for building heating	37,600	49,982	_	_	6.86	9.10		
* Diesel consumption for emergency generators	_	_	30,450	31,702	78.56	76.17		
* HV100 consumption for processes	_	_	26,714	_	0.85	_		
Total	37,600	49,282	57,164	31,702	86.27	85.27	24.63%	25.70%

SCOPE 1	**Consumption (litre)**		**Tonnes CO_2e**		**% Scope 1 emissions**	
MOBILE EMISSIONS	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
* Diesel company cars	46,327	20,852	119.52	50.10		
* Gasoline company cars	11,961	14,596	31.94	31.50		
* Hybrid company cars (fuel)	13,115	_	33.84	_		
* Diesel trucks/vans	145	_	0.37	_		
Total	71,548	35,448	185.67	81.60	53.02%	24.60%

SCOPE 1	**Consumption (kg)**		**Tonnes CO_2e**		**% Scope 1 emissions**	
FUGITIVE EMISSIONS	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
* Refrigerant leakage R-410a	35.95	44.37	69.17	92.64		
* Refrigerant leakage R-134a	7	43.24	9.10	61.83		
* Refrigereant leakage R-407c	_	5.87	_	10.41		
Total	42.95	93.48	78.27	164.88	22.35%	49.70%

The tables above (data analysed by Encon) show the different Scope 1 categories and their evolution from 2022 to 2023.

"Using HVO100 enables a 90% reduction of CO_2 equivalent emissions from the generators."

Scope 2 in detail

The table (data analysed by Encon) below shows the different Scope 2 categories and their evolution from 2022 to 2023.

The Scope 2 emissions are specifically linked to the purchased electricity for the entire electricity consumption of the site(s). Electricity is used to power the servers which are owned by LCL's customers. Additionally, electricity is used for lighting and cooling of the server rooms and other technical installations of LCL.

The table below shows the impact connected to all purchased electricity of LCL.

The table below shows the electricity consumption linked to the purchase of green electricity. The production of this green power is done in a renewable way. This means that this electricity is produced by means of solar, wind, or another type of renewable energy. The corresponding emission factor to produce green electricity is 0 kg CO_2e/kWh.

The above calculation was performed based on the market-based method, which uses supplier-specific emission factors, and the power generation situation at the sites of LCL. The supplier specific emission factor (0.14 kg CO_2e/kWh) was provided by the AIB (Association of Issuing Bodies) in order to calculate the emissions coming from charging the hybrid and electric vehicles. This method reflects the total emission connected to the choices and purchase behavior of LCL.

SCOPE 2 (MARKET-BASED METHOD)	Consumption (kWH)		Tonnes CO_2e		% Scope 2 emissions	
	2023	2022	2023	2022	2023	2022
Purchased green electricity for different sites	27,227,913.23	21,357,814.88	0	0	0	0
Electricity for hybrid and electric company cars	8.045.30	N/A	1.16	N/A	100%	N/A
On-site produced PV at Gembloux	984.500	1.054.800	0	N/A	0	N/A

Scope 3 in detail

Scope 3 emissions are usually more complex to assess correctly than scope 1 and scope 2 emissions. The scope 3 emissions include all emissions in the up- and downstream of LCL's value chain. Of the 15 different scope 3 emission categories, 6 categories turned out to be relevant. It is estimated that more than 90% of the total scope 3 impact was included in the calculation. The table below gives an overview of the different subcategories under the scope 3 emission category.

SCOPE 3	Tonnes CO_2e	%
Category 01 – Purchased materials and services	110.02	5.18%
Category 02 – Capital goods	1,150.65	54.16%
Category 03 – Fuel- and energy related activities, not included in scope 1 or 2	820.95	38.64%
Category 04 – Upstream transport and distribution	2.40	0.11%
Category 05 – Waste generated in operations	27.01	1.27%
Category 07 – Employee commuting	13.65	0.64%
Total	2,124.68	100.00%

ESG in action

The new emergency generators at LCL Brussels-West and LCL Brussels-North have been running on renewable fuel, HVO100, since 2023. HVO100 is a more environmentally friendly alternative to diesel.

Upon our request, Eneria made sure all new Caterpillar generators run on HVO100. Based on renewable fuels, HVO100 can reduce greenhouse gas emissions from generators by as much as 90%.

"To further reduce our emissions, we are phasing out some outdated installations to replace them with new, more sustainable technologies. Other existing generators will be upgraded in order to let them run on HVO100," says Operations Manager Abdellah Mahlous. "For example, we are collaborating with Van Wingen to explore the modifications needed for their 15-year-old generators at LCL Brussels-North, or any additional checks required to make the switch. By engaging in dialogue with our vendors and sharing knowledge, we are gradually making our machinery more sustainable."

We are phasing out Sinorix gas (a hydrofluorocarbon (HFC) greenhouse gas) from the gas fire suppression systems and replacing it with the inert gas IG100 (pure nitrogen extracted from the air). Abdellah Mahlous: "Similar to Novec1230, which we use as a fire suppression agent for smaller spaces, IG100 has a Global Warming Potential (GWP) of 0. Nitrogen is one of the best possible alternatives because it requires less energy to extract from the atmosphere than, for example, argon."

To optimise the energy consumption of our cooling systems as much as possible, we minimise the use of refrigerants and keep piping distances as short as possible. An additional benefit is that it reduces the risk of leaks (and thus emissions in scope 1). We strive to use alternative refrigerants with low GWPs as much as possible. For example, refrigerant R1234ze has a GWP of 7, a significant difference from R410A (GWP 2088) and R407 (GWP 1774) used in older units. We have also switched to propane chillers for the air conditioning of our office spaces.

From a financial point of view, it would be more advantageous to use city water to spray on our cooling systems. As a result, the compressors would run less, and therefore consume less electricity. Yet we let that potential gain in our running costs pass us by, because we don't want to waste city water in that way – even if it's not one of our KPIs.

"To further reduce our emissions, we are phasing out some outdated installations to replace them with new, more sustainable technologies while upgrading others"

Abdellah Mahlous
– Operations Manager

MATERIAL TOPIC IN 2023	OBJECTIVE	2023	2022	EXPLANATION AND OUTLOOK
Climate change mitigation	Reduce scope 1 & 2 emissions by 42% by 2030	351.37 tonnes of CO_2e	331.76 tonnes of CO_2e	See pages 32-33.
		0.041627 CO_2 per kW	0.060149 CO_2 per kW	See pages 32-33.

MATERIAL TOPIC: CLIMATE CHANGE MITIGATION Our material Impacts, Risks and Opportunities (IROs)	IMPACT	RISK	OPPORTUNITY
Negative impact caused by LCL's CO_2 intensive value chain (incl. extensive network deployment, network infrastructure), and own operations' diesel usage for testing the uninterruptible power supply (UPS) and the emergency generators.	X		
Opportunities linked to LCL's progress on climate change mitigation through energy efficiency measures and decarbonisation, boosting LCL's reputation, revenue streams, regulatory compliance, better financing conditions, etc.			X
Positive impact of LCL's commitment to making all its data centers climate neutral by 2030.	X		
Positive impact of LCL's transitioning to generating and directly procuring renewable energy.	X		

CLIMATE CHANGE ADAPTATION

Material topic **Climate change adaptation means the process of adjustment to actual and expected climate change and its impacts. (Based on the Regulation (EU) 2020/852)**

LCL designs and builds its datacenters with a myriad of potential negative effects of climate change in mind. Extreme weather events and heat stress are challenges we meet by building a robust infrastructure with top notch technology.

MATERIAL TOPIC: CLIMATE CHANGE ADAPTATION Our material Impacts, Risks and Opportunities (IROs)	IMPACT	RISK	OPPORTUNITY
Positive impact of LCL's preparation of innovative climate-resilient infrastructure and practices, to assure safety and continuity of activities, e.g. installation of flood barriers to protect the data centers from climate change effects.	X		
Risk of heat stress impacting the essential cooling-related aspects for the well-functioning of the data centers of LCL's operations.		X	
Risk of localised fires leading to property damage and disruption of operations. Especially when the fossil fuels/biofuels stored for the emergency generators catch fire.		X	

ENERGY MANAGEMENT

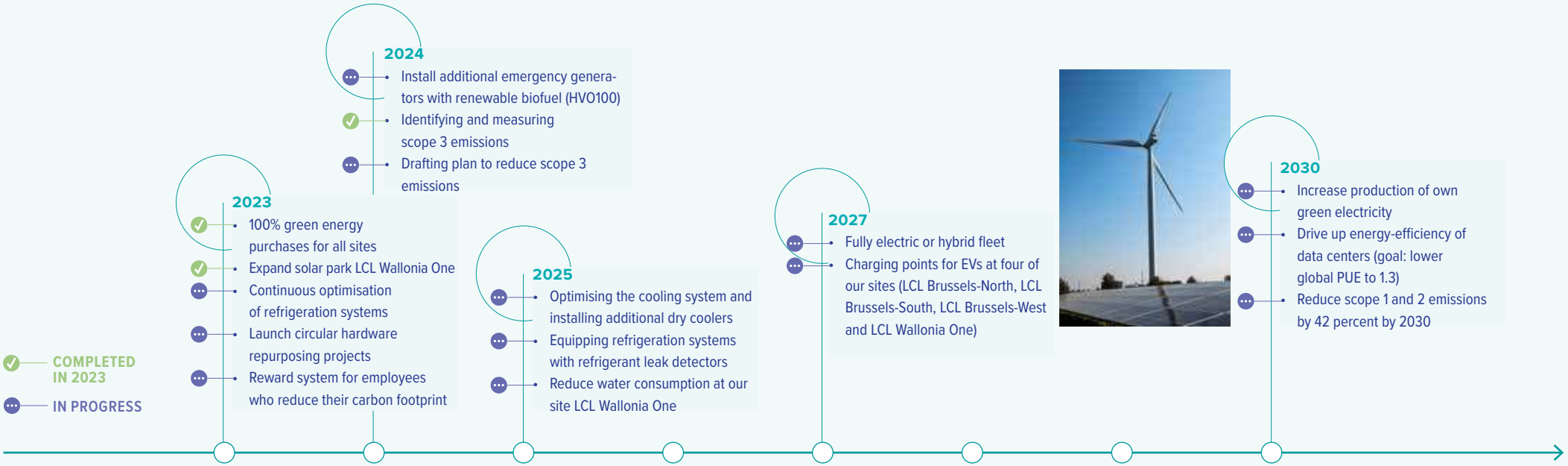
Material topic **Relates to energy production, efficiency and consumption within the company's value chain source.**

SMALL STEPS AND SUBSTANTIAL LEAPS

Energy efficiency is the core business for colocation data centers. Companies that exchange their own server rooms for a data center are already making quite a leap that is reflected in significant savings on the electricity bill. "They can never reach the efficiency we have," says Nicolas Coppee, Data Center Manager LCL Wallonia One. "We have the focus, the economies of scale, the experts and the strong equipment to monitor and reduce electricity consumption." Overall, enterprise in-house data centers have a PUE (power usage efficiency) of 3. By comparison, in 2023 LCL had a PUE of 1.551 (excluding the start up of LCL Brussels-West 2 and 3). The Climate Neutral Data Center Pact (CNDCP) has set an annual PUE target of 1.3 by January 2025 for new data centers operating at total capacity in cool climates (1.4 in warmer climates). LCL is well on its way to achieving that goal, as the designs of our new data centers in LCL Brussels-West (Aalst) and in LCL Brussels-North (Diegem) have a PUE of 1.3 in mind.

We also diminish our electricity consumption by reducing the need for excessive cooling. Ensuring optimal air circulation combined with our customers' neatly sealed racks, enables us to tolerate higher temperatures - up to 27°C - within the server room corridors. Surplus heat holds the potential for a valuable second purpose within heat networks; therefore, we are actively exploring the available opportunities.

MATERIAL TOPIC IN 2023	OBJECTIVE	2023	2022	EXPLANATION AND OUTLOOK
Energy Management	40% self-produced renewable energy at all sites by 2030	3.84%	4.73%	In 2024, LCL Wallonia One's extensive solar park will be fully operational, which will increase the share of self-produced energy. Several projects are in the pipeline and will materialise in the coming years.
	Increase share of self-produced renewable energy	956,880 kWh	1,010,953 kWh	Proportionally, the share fell slightly, due to the increase in total consumption while the company's own production of renewable energy remained the same.
	Reduce Power Usage Effectiveness (PUE) to 1.3 by 2030	1.551 (excluding start-up BW2 and BW3 - LCL Brussels-West)	1.542	This will reduce with: - Replacement and upgrade of cooling systems in LCL Brussels-West and LCL Brussels-North in the next 2 to 3 years - Buildup of load factors in different sites based on customer IT load increase



A HOLISTIC APPROACH

Operations Manager Abdellah Mahlous points out that both giant leaps and small steps contribute to more sustainable energy management: "Of course, incorporating the latest insights and innovations into the data center is key, but smaller interventions also pay off over time. We look at our data centers and our office environment holistically. We strive for minimum consumption on several fronts. For example, we are systematically replacing the fluorescent lighting with LED lamps that, thanks to motion sensors, only switch on when someone is present."

LCL ENERGY

In 2023, LCL Wallonia One (Gembloux) commissioned an additional 1,300 solar panels. The 3,300-panel park now produces 1.5 megawatts of its own renewable energy. This covers a fifth of the data center's consumption on site.
All energy purchased by LCL is already 100% renewable. "But we have the greatest ecological impact if we provide additional, renewable electricity capacity ourselves," says Managing Director Laurens van Reijen. To become a player in the energy mix, LCL Energy was founded in August 2023. LCL Energy is a subsidiary concentrating on energy solutions, renewable energy and energy management. LCL Energy aims to utilise technological innovations to enhance efficiency, lower costs, and support sustainability initiatives. In this way, we want to support local initiatives and stimulate energy production in Belgium.

MATERIAL TOPIC: ENERGY MANAGEMENT Our material Impacts, Risks and Opportunities (IROs)	IMPACT	RISK	OPPORTUNITY
Potential positive impact of adopting energy efficiency measures such as Power Usage Efficiency (PUE) on data centers.	X		
Opportunity linked to production and storage (batteries, hydrogen, nuclear) of own renewable energy (solar panel park, windmills etc).			X
Risk of exposure to energy price fluctuations impacting LCL's operational costs. This could be caused by price volatility, regulatory changes of long-term Power Purchase Agreements (PPAs), etc.		X	
Opportunity linked to providing ESG premium services to customers for premium prices.			X
Opportunities in cost saving linked to improving energy efficiency and reducing energy consumption (electricity, heating) by redesigning and implementing energy-efficient technologies.			X

WATER USAGE

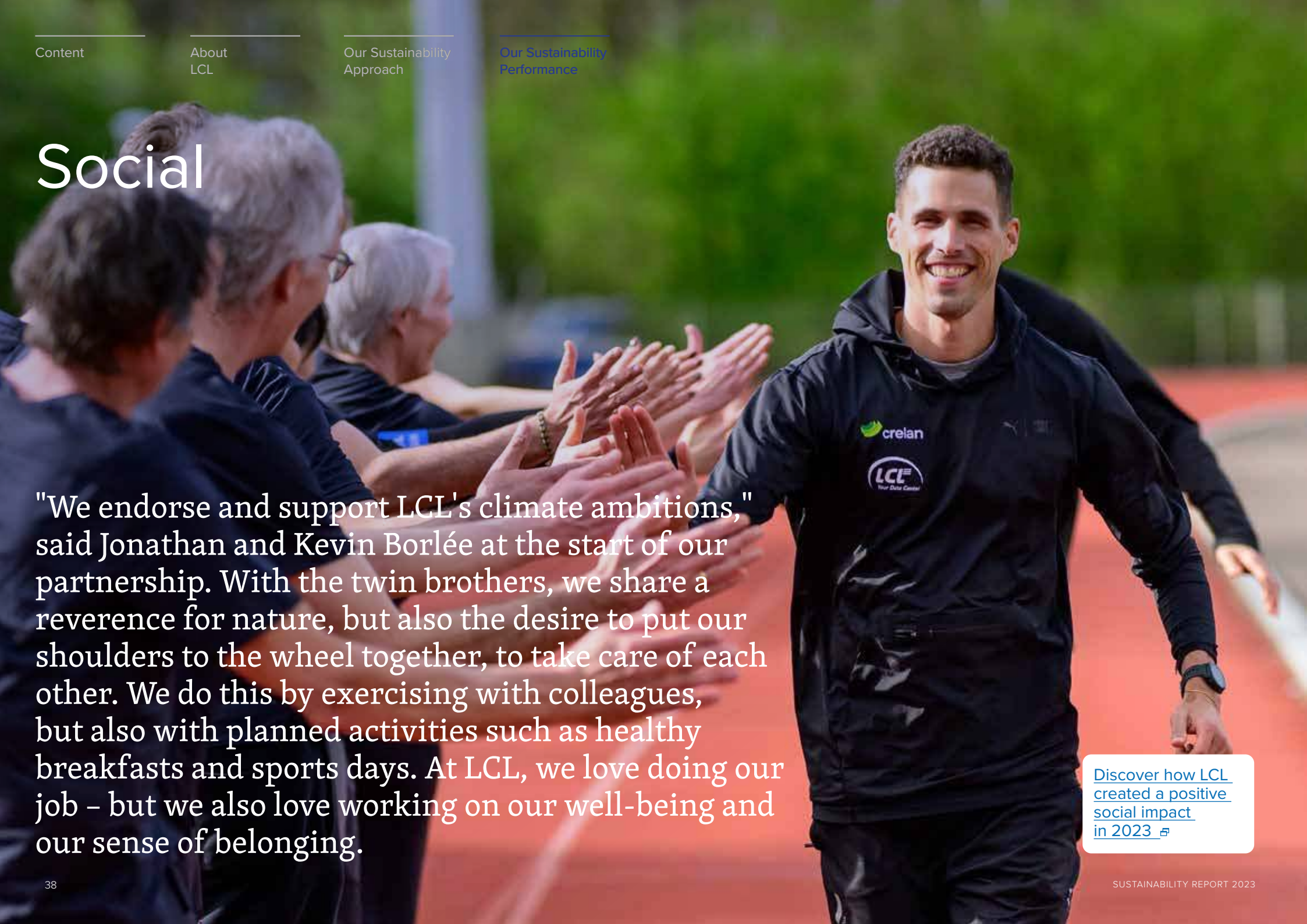
Non Material topic

FRUGAL IN WATER USAGE

It may come as a surprise that LCL doesn't consider 'water' a material topic, as is the case for most data centers. This is because, with the exception of LCL Wallonia One, we work with closed water circuits in all our data centers. It's a conscious choice aimed at minimising our environmental impact. These closed circuits also enable us to connect to heat networks that can supply LCL's offices and business premises, as well as proving useful for adjacent industrial and residential applications.

NON MATERIAL TOPIC IN 2023	OBJECTIVE	2023	2022	EXPLANATION AND OUTLOOK
Water	Measure and reduce water footprint	164 m3	344 m3	In 2023, LCL increased the use of rain water for humidification leading to a reduction of our tap water usage.

Social



"We endorse and support LCL's climate ambitions," said Jonathan and Kevin Borlée at the start of our partnership. With the twin brothers, we share a reverence for nature, but also the desire to put our shoulders to the wheel together, to take care of each other. We do this by exercising with colleagues, but also with planned activities such as healthy breakfasts and sports days. At LCL, we love doing our job – but we also love working on our well-being and our sense of belonging.

Discover how LCL created a positive social impact in 2023

Discover the full story here/

EMPLOYEE HEALTH, SAFETY & WELL-BEING

Material topic **The anticipation, recognition, evaluation, and control of hazards arising in or from the workplace that could impair the health and well-being of workers, considering the possible impact on the surrounding communities and the general environment.**

Reinforcing a positive workplace culture

LCL boasts a positive company culture. Employees experience a sense of belonging and connection and endorse the company's strategy. This was revealed in the very first employee engagement survey conducted by Profacts for LCL in 2023. The research showed significant staff engagement. "95 percent of employees completed the comprehensive survey on employee engagement and well-being. Therefore, the results are representative," says Fabienne Frisson, Human Resources & Office Manager. "The survey provides an overview of current strengths, as well as challenges in remuneration and communication within our organisational culture."
The 2023 employee satisfaction survey served as a baseline measurement. Fabienne: "It was a very comprehensive questionnaire, covering physical working conditions, work atmosphere, camaraderie, team events... We now have a broad view of the well-being, engagement, and desires of our employees. We were very pleased with the results, consistently surpassing the benchmark set by the survey agency. Employees indicate that they are satisfied with their current job and their relationship with their supervisor. Even though a third mentioned that they could easily switch jobs because they are in demand on the job market, they consciously choose to stay at LCL. Our employees are well acquainted with the company's strategy and values, actively incorporating them into their daily work. They have a high level of trust in the management."

CHALLENGES

"Challenges also surfaced", Fabienne notices. "While collaboration within the teams is very good, communication and collaboration between teams need improvement. In 2024, we will work on improving alignment, including boosting motivation with a new bonus system. Terms of employment and remuneration were also a focal point. There is a need for an objective and transparent structure to benchmark salaries so that we can offer a sufficiently competitive package in a highly competitive market. The intention is to repeat the survey annually, allowing us to evaluate our actions and make necessary adjustments."

THE FUNDAMENTALS OF THE MOTIVATIONAL BONUS PLAN

Following the survey, Fabienne Frisson and Finance Manager Steve De Craene developed a transparent and benchmarked remuneration and bonus plan.

What is the significance of the plan, that is being rolled in 2024?

Fabienne: "The motivational bonus plan is part of an objective, equitable and motivating reward policy. The basis of this reward policy lays a job grading and benchmarking project that was performed together with Korn Ferry. A job grading framework that gives a clear view on responsibility levels and internal relativity between positions on the one hand and offers LCL the opportunity to assess the market competitiveness of her salary packages on the other hand. LCL wants to guarantee fair pay - equal pay for equal work - equity in wages for women and men with the same job profile or role. A rewarding compensation and benefits plan attracts high-performing candidates and helps foster staff motivation, retention, and a positive workplace experience."

Steve: "Ensuring we attract and retain diverse talent is crucial for our continued growth. To achieve this, competitive conditions are essential. With the motivational bonus plan, we not only encourage the desired attitude but also acknowledge individual performance. We distinguish between company goals, department goals, and individual goals. It is essential for employees to not only collaborate within their own teams but also across teams, since we need each other's input to successfully perform our jobs. With the bonus plan, we aim to align objectives across our different departments and appreciate good individual performance.

Steve De Craene, Finance Manager at LCL and Fabienne Frisson, Human Resources and Office Manager at LCL

MATERIAL TOPIC IN 2023	OBJECTIVE	2023	2022	EXPLANATION AND OUTLOOK
Employee health, safety & well-being	100% participation in health wellness initiatives	No health wellness initiatives in 2023	Data not yet available	In 2024 we will focus on extra health and well-being initiatives such as a healthy breakfast, a sports day, awareness sessions on stop smoking disconnection and brain friendly working. We are also supporting informal initiatives of employees to sport outside business hours, e.g. wall climbing.
	Implementation of motivational policies to achieve employee satisfaction in top 20%	87%	Data not yet available	In 2023 and 2024, we developed a motivational bonus plan and an objective, equitable and motivational reward policy. Our survey revealed that in addition to the compensation and benefit challenges, there was also the need to improve communication between the different LCL teams. Therefore, we plan feedback and input sessions within each team together with the HR department to discuss the pain points and seek input from the different teams regarding improvement actions to increase communication and cooperation between the teams.
	0 physical incidents at work	3.48 TRIF	3.77 TRIF	In 2024 we will further focus on safety by organizing toolboxes and safety training for LCL employees and external parties. Dangerous situations and near-accidents are closely monitored and remedial actions are taken.
	Decrease rate of absenteeism to below 3% by 2025	2.27%	4.5%	Although our absenteeism figures in 2023 were well below those of Belgium and the sector, in 2024 we will be working on an attendance policy based on a positive narrative that inspires and motivates, supporting our employees in being present at work as often as possible.
	Reduce the Accident Severity Rate (ASR) to as close as 0 (*)	0	Data not yet available	No work accidents in 2023 with lost time injury.
	Reduce the Accident Frequency Rate (AFR) to below 1 (**)	0	Data not yet available	No work accidents in 2023 with lost time injury.

MATERIAL TOPIC: EMPLOYEE HEALTH, SAFETY AND WELL-BEING Our material Impacts, Risks and Opportunities (IROs)	IMPACT	RISK	OPPORTUNITY
Positive impact linked to providing trainings and various initiatives resulting in minimised risks and high workplace safety.	X		
Potential positive impact on mental and physical wellbeing of employees as outcome of LCL's focus to create a culture of healthy employees.	X		
Risks of losing key roles due to health, safety and wellbeing issues.		X	

(*) The Accident Severity Rate (ASR) is a KPI to measure the average number of days lost per recordable incident. It is calculated by dividing the total number of days lost by the total number of recordable incidents. The ASR is a useful KPI to track the severity of workplace accidents and to identify areas where safety improvements can be made.

(**) The Accident Frequency Rate (AFR) is a KPI to measure the number of work-related accidents that occur per 1 million hours worked. This KPI is used to assess workplace safety and to identify where safety improvements can be made.

TALENT MANAGEMENT

Material topic **Management of working time, adequate wages, secure employment as well as training and skills development of LCL's employees. Appropriately invest in the workforce to ensure that the company keeps innovating, maintains talent attractiveness, and ensure that staff remain motivated.**

Training plan for personal development and corporate success

Our employees are one of the most important success factors in realising our strategy. To position ourselves as a market leader and to continue to distinguish ourselves in terms of innovative solutions, customer intimacy, safety, environment... we give training a central place in our organisation. Reskilling and upskilling are key. Learning needs are detected both top-down and bottom-up.

The final responsibility for the training plan lies with the HR Manager, the Managing Director and the Management Team. They also set the priorities. Every manager is responsible for identifying and developing the competencies of the team members. All employees, in turn, oversee their own development in function of their well-being and employability – and are supported in this by LCL.

Every six months, the progress of the training plan is monitored and adjusted in case there are new needs. The employees evaluate the training. Their evaluation score and the number of training days followed provide KPIs, which are explained at an information session or an event for the staff.

ONGOING AND PLANNED TRAINING AND LEARNING ACTIONS	ONGOING TRAINING SESSIONS	PLANNED TRAINING SESSIONS
At company level		
Customer intimacy	X	
Sustainability		X
Well-being and health		X
Compliance and ISO certification	X	
Anti-bribery and corruption awareness	X	
Social media	X	
New employees		
Onboarding program & on-the-job training (functional/per department)	X	

"ENABLING EMPLOYEES TO UNLEASH THEIR TALENTS"

"We heavily emphasise personal and professional development, enabling everyone to unleash their talents," says Fabienne Frisson, HR Manager. "In 2023, we averaged six training days per employee. The employee satisfaction survey shows that one in three wants to grow to a different role within the company. To achieve their ambitions, they want support, including additional training. Based on performance evaluations, we aim to identify the potential of all employees and create personalised training plans. In 2024, we plan to provide six training days, even more tailored to individual needs. These include external training, onboarding training and a set of mandatory courses on safety or anti-bribery and corruption. A significant step forward is the Data Center University, where we incorporated several mandatory training sessions. This allows us to expand our e-learning offerings to the staff." (More on the Data Center University on page 54).

"We also translate our ESG strategy into concrete actions, including mandatory training on anti-bribery and corruption (ABC), health and safety, well-being, and more. Safety is a top priority. We organise sessions every year on major risks, working at heights, high voltage, firefighting, etc."

"ALIGNING ROLES AND SHARING RESPONSIBILITIES"

"LCL has grown significantly in the past five years, both in the number of employees and as an organization," says Steve De Craene, Finance Manager. "To make the best of every talent, it is important that all employees are in the right place, know their end goal, and understand their responsibilities. In 2023, the Management Team conducted an evaluation examining whether all individual positions align with the company's needs, which is fundamental for successful talent management."

"We also found that to be successful in your job, you often need input from colleagues in other departments. To align roles and prevent people from lacking input, we have developed shared responsibilities. We have even incorporated them as KPIs in the motivational bonus plan."

MATERIAL TOPIC IN 2023	OBJECTIVE	2023	2022	EXPLANATION AND OUTLOOK
Talent management (6)	Invest in employee skills through at least 6 training days per year per employee, starting in 2023	5.98	4.58	In 2024 we will increase our training efforts and focus on competency management to allow our employees to grow in their current position or into another function.
	100% attendance at staff events	94.12%	88.9%	

MATERIAL TOPIC: TALENT MANAGEMENT Our material Impacts, Risks and Opportunities (IROs)	IMPACT	RISK	OPPORTUNITY
Opportunity of attracting new talent due to the efforts of LCL for the ESG-agenda.			X
Positive impact linked to the development of employee skills, through the development of personal plans linked to ESG trainings.	X		
Risk of a lack of availability of specific profiles needed for business continuity and innovation. The war on talent (human resource processes, recruiting goals and monitoring) could result in lack of adequate employees.		X	
Positive impact of employee consultation processes as mechanisms to advance the social agenda.	X		
Opportunities linked to empowering innovation through diversity in human capital (background, age, experience etc.), proper training and well-established culture and processes.			X

DIVERSITY, EQUITY & INCLUSION

Material topic **Cultivate a diverse workforce, an inclusive and equitable company culture, and make minorities visible in our marketing.**

WE OFFER EVERYONE THE SAME OPPORTUNITIES

LCL offers everyone the same opportunities without discrimination in terms of age, gender, sexual orientation, ethnicity, nationality, religion, disability or medical history. Diversity, Equity, and Inclusion (DEI) is much more than reaching quotas and ticking the box at LCL. Fabienne Frisson, HR Manager: "We want to ensure that the conditions to attract and retain the most diverse collaborators are optimal. We have our job postings reviewed by Talentoscoop and will organise training for managers on unconscious bias, to ensure that everyone has equal opportunities in their careers. To guarantee equal access, we organise meetings at family-friendly hours as much as possible. I am pleased that the chairwoman of the Board of Directors, Els Demeester, is also an advocate of this inclusive way of working."

PROCESSES ENSURE FAIRNESS

Preventive and positive actions during all processes of employment

- recruitment and selection
- education
- evaluation
- promotion
- remuneration policy
- termination of employment
- guarantee equal opportunities.

LCL is committed to preventing and resolving any form of harassment or discrimination against its employees. The HR department reviews these processes, takes immediate action if there are any breaches or biases, and protects any victims of discrimination.
In addition to compliance with regional, federal and international legislation on equal opportunities and discrimination, we take extra initiatives to promote DEI.

Some examples:

- neutral wording in job offerings
- adapting infrastructure for employees with disabilities
- facilitate thematic leave so that employees can take on care responsibilities
- teleworking and flexible working hours for a better work-life balance
- training courses on unbiased communication and diversity
- organising a simple and secure discrimination hotline.

The equal opportunities policy is the responsibility of all executives and managers. In the event of any suspicion of non-compliance, HR will be notified. Anyone who believes they are the victim of any form of discrimination (internal or by third parties) can contact the employer, the prevention adviser, or the confidentiality adviser of LCL. We will take appropriate disciplinary action against those who discriminate.

MATERIAL TOPIC IN 2023	OBJECTIVE	2023	2022	EXPLANATION AND OUTLOOK
Diversity, equity & inclusion	Attract diverse profiles	27% women - 73% men, 12 women / 33 men	10 women and 26 men	In 2024, we'll further our inclusivity initiatives, including manager training to address biases, promote inclusivity, and foster environments where everyone feels valued, respected, and empowered to contribute their perspectives and talents.

MATERIAL TOPIC: DIVERSITY, EQUITY AND INCLUSION Our material Impacts, Risks and Opportunities (IROs)	IMPACT	RISK	OPPORTUNITY
Potential positive impact of pursuing even more diversity in the workforce.	X		

Adeline Wantiez, Junior Project Manager and Floris Smits, Project Department Manager

ESG in action

"THEIR COMMITMENT TO ESG MADE ME WANT TO JOIN LCL"

"When I graduated as a civil engineer in 2023, I was looking for a job that challenged me on a technical level, was socially relevant, and allowed me to contribute to a more sustainable world," says Adeline Wantiez. "I had seen on LCL's website that they considered sustainability an important topic, but I always look critically at those kinds of claims. When I laid eyes on the first sustainability report with very concrete KPIs during my job interview, I thought: “they have targets, and they have a roadmap”. It immediately made me feel good. It made me want to be part of this outspoken journey."
Floris Smits, Project Department Manager: "That's why we were on the same page with Adeline. Applicants often ask about our commitment to ESG. LCL being an attractive company to them, is a good sign. It proves that we have built a strong reputation."
Since joining LCL as Junior Project Manager, Adeline has been focusing on major improvement projects for energy efficiency, PUE optimisation and reducing refrigerants in our data centers.

WORKERS IN THE VALUE CHAIN

Material topic **An individual performing work in the value chain of the undertaking, regardless of the existence or nature of any contractual relationship with that undertaking. In the ESRS, the following is included in the scope of workers in the value chain: all workers in the undertaking’s upstream and downstream value chain who are or can be materially impacted by the undertaking, this includes impacts that are caused or contributed to by the undertaking and those which are directly linked to its own operations, products, or services through its business relationships. This includes all workers who are not included in the scope of “Own workforce” (NACE Code N78)).**

MATERIAL TOPIC: WORKERS IN THE VALUE CHAIN Our material Impacts(IROs)	IMPACT	RISK	OPPORTUNITY
Potential negative impact related to the exposure of workers in upstream value chain (e.g. construction subcontractors) to dangerous, harsh working conditions.	X		

ADDITIONAL IMPACT THROUGH SUSTAINABLE PROCUREMENT

Following a procurement scan of all suppliers conducted in 2023, LCL will develop a sustainable procurement policy in 2024. Our procurement policy and the way we foster partnerships with our suppliers serve as levers to achieve our ESG goals. It is our ambition to implement this policy by the end of 2024.
Finance Manager Steve De Craene is leading the project: "Before we can start a transition process with our suppliers, we objectively assess their performance on a broad scope of topics such as service quality, ISOs, ESG, financial health, anti-bribery and corruption, strategic impact, etc. From this analysis, we can formulate KPIs based on the efficiency gains that LCL wants to achieve. Many of our suppliers are preferred partners who have grown alongside us over the years. Building on this foundation of trust, we aim for them to continue as companions on our sustainability journey. To strengthen this collaboration in line with our strategy, we aim to elevate our suppliers collectively to a higher standard through co-creation and innovation. This approach enables them to contribute to the ESG goals we aspire to achieve."
Sustainable procurement can have a significant impact, especially in addressing CO_2 emissions within scope 3. "We have already surpassed our SBTi targets for scopes 1 and 2," notes Steve De Craene. "With the expansion of our electric fleet, upgrades to our cooling systems, and increased use of generators running on HVO100, we anticipate halving our CO_2 emissions within the next two to three years. Sustainable procurement will enable us to reduce carbon emissions across our entire value chain."

SUSTAINABLE MARKETING, COMMUNICATION AND ADVOCACY

Material topic **Sustainable marketing, communication, and advocacy relates to aligning with broader efforts to build a positive brand, engage stakeholders, stay competitive, and contribute to a more sustainable and responsible business ecosystem.**

LCL TALKS & WALKS

This second sustainability report serves as our second snapshot, freezing a moment in our ESG journey to provide a status update. In 2023, we assessed our accomplishments and aspirations in sustainability for the first time – that was our inaugural snapshot. Between these two snapshots, the narrative of our sustainability journey continued. While it's important to discuss sustainability, it's even more crucial to actively work towards it. That's precisely what we do. And what we monitor in our ESG KPI dashboard.

It's not without reason that the back cover of our reports encourages readers to join us on this journey. Through our newsletters, social media channels, and a dedicated section of our website, we keep all stakeholders informed about various ESG initiatives and topics. Because our story is far from over.

OPEN DIALOGUE

Creating and maintaining a good relationship with the local community and policymakers is a top priority for Nicolas Coppee. "Inevitably, conflicting interests or different perspectives surface from time to time. Keeping an open dialogue is key. Politicians tend to use their own arithmetic when they expect an employment of 20 Full-time Equivalents (FTEs) per hectare. Since LCL Wallonia One covers 2 hectares of business area and 1 for our solar panels, we should have 60 people on the payroll, which is not the case. Although its fair to say that our activities provide a lot of (local) indirect employment.
So, it's up to me to put things into perspective and convince them we create indirect jobs and are crucial for other companies and subcontractors to keep their FTEs locally. We strengthen the local economy, which a faraway data center does not.

Robert van Beurden, Business Developer at LCL, Benjamin Dalle, Minister of Brussels Youth and Media and Valérie Van Roy, Marketing & Communication - Sustainability Manager at LCL

MATERIAL TOPIC: SUSTAINABLE MARKETING, COMMUNICATION AND ADVOCACY Our material Impacts, Risks and Opportunities (IROs)	IMPACT	RISK	OPPORTUNITY
Opportunities linked to advocating for sustainable practices, promoting eco-friendly solutions and creating sector leadership on environmental topics.			X
Opportunities linked to LCL's strong ESG/sustainability branding.			X
Positive impact of LCL's active communication, with its customers creating awareness and engaging customers in ESG related initiatives.	X		

Discover the full story here/

CUSTOMER RELATIONSHIPS

Material topic **Customer relationships for LCL involves delivering reliable, secure, and scalable services, maintaining transparent communication, providing excellent support, and adapting to the evolving needs of clients to build trust and foster long-term partnerships.**

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. 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 come up with co-creative solutions together that benefit their sustainability performance, through knowledge sharing and support. Below you will find some examples of customer partnerships in action.

MATERIAL TOPIC: CUSTOMER RELATIONSHIPS Our material Impacts, Risks and Opportunities (IROs)	IMPACT	RISK	OPPORTUNITY
Positive impact of LCL ensuring trust and safety of customers.	X		
Opportunities linked to LCL's ambition to ensure high customer satisfaction by addressing their needs and desires.			X

ESG in action

PARTNERSHIP TOWARDS GREEN IT

In order to cut its CO_2 emissions in half by 2030, Easi reaches out to its stakeholders: "We appreciate partners like LCL challenging us and proposing solutions that assist us on our journey towards green IT."

Data security is crucial for an IT company like Easi. "LCL is the dependable partner that provides us peace of mind," say Charline Coppieters and Constance Lecomte. "There's, of course, the strong connectivity, valuable ecosystem, proximity (both geographically and in terms of service), and state-of-the-art equipment, but we equally value future performance. We consciously choose partners who adhere to the same ESG philosophy as we do."

To make these sustainability principles tangible, Easi is preparing a charter and questionnaire to present to every supplier. "We want to raise awareness among all stakeholders about how they can help us achieve our sustainability goals. Ecological considerations will increasingly influence our choice of suppliers. By 2030, we aim to halve our CO_2 emissions compared to 2023."

"Just like us, we notice that LCL consistently focuses on a shared responsibility for our environment and society. The efforts LCL puts into the green transition naturally play a role in our value chain – the EcoVadis Gold certificate hasn't escaped our notice. We deliberately choose partners who share the same ESG philosophy as us."

Easi in a nutshell
Easi provides IT services and software to SMEs and large companies in the Benelux and France. The focal point is Adfinity, a solution for management and accounting. Near the end of 2023, the company acquired Kozalys, specialised in business intelligence and data analytics. Health and Environment) checklist.

Charline Coppieters, Experience Coordinator - Partner at Easi and Constance Lecomte, Corporate Communication at Easi

ESG in action

"LCL IS HELPING US TO BECOME NET ZERO ACROSS THE ENTIRE VALUE CHAIN"

Proximus' ambitions are to be a net zero company by 2040 across the entire value chain. To achieve this goal, the telecom operator is counting on the commitment of up to 4,000 suppliers. "95 percent of our emissions are scope 3 – it's clearly a shared responsibility," explains Group Sustainability Lead Catherine Bals. "We reach out to our suppliers and actively work with them to significantly reduce their emissions. LCL's efforts are helping us achieve our goal."

To achieve net zero emissions across the entire value chain by 2040, Proximus is pursuing two strategies: the Supplier Engagement Program and Circularity. Catherine Bals: "In 2023, we launched our Supplier Engagement Program, asking our suppliers to at least match Proximus' environmental goals and to fully commit to renewable energy. Immediately calling all of our 4,000 suppliers to account for this would be a daunting task. We started with the 150 suppliers that have the most emissions. They alone account for over 90 percent of our scope 3 cat. 1 & 2 emissions. Depending on their maturity, we developed engagement programs. We monitor companies in the top 150 with a high level of maturity and solid SBTi (Science Based Targets initiative) targets. We do this by checking whether they have made the expected progress during the annual review. Companies that weigh heavily in our scope 3, and are not yet doing anything about sustainability, will be worked on very actively."

Catherine Bals, Group Sustainability Lead at Proximus

Discover the full story here/

In addition to the Supplier Engagement Program, Proximus is looking into the impact of what it buys. "We are for example investigating how we can make our products lower in carbon and more circular. Our modems and decoders are now fully eco designed. The current internet box consists entirely of renewable plastic, consumes 20 percent less electricity and has a footprint that has decreased by 40 percent.

REDUCING FOOTPRINT TOGETHER

LCL's sustainability efforts strengthen its partnership with Proximus. Catherine Bals: "We see ourselves as a driver for change. It's absolutely necessary for suppliers to make progress. We can help them by providing all possible tools and by doing everything we can to motivate them. We also like to keep suppliers who meet their targets, such as LCL, on the radar to see how we can further reduce our footprint. We strongly believe in co-creation to achieve innovations."

Koray Perköz, Data & Analytics Architect at Fujitsu

ESG in action

ADDING TRUST TO ESG DATA IN THE VALUE CHAIN

The partnership between LCL and Fujitsu started five years ago. "LCL is a Tier 3 state-of-the-art data center, which was a requirement of one of our customers," says Data & Analytics Architect Koray Perköz. "Thanks to good cooperation, strong expertise, and open communication, that relationship has now expanded and grown into a trusted collaboration."

Just like LCL, Fujitsu believes in the power of co-creation and is also looking to the LCL ecosystem to achieve this. Fujitsu Group itself aims to achieve net zero GHG (greenhouse gases) emissions by 2030, by using 90% or more renewable energy sources worldwide. They want to re-absorb the remaining emissions (10% or less) from the atmosphere through direct air capture (DAC) technologies or by planting trees. By 2040, the entire value chain (scope 3) must be CO_2 neutral.
Koray Perköz: "We set the bar high for ourselves, but we also look at how we can help our clients achieve their ESG ambitions. We want to be their transformative partner, by taking care of the digital transformation that is at the heart of the sustainability transformation." Data is needed for both sustainability reporting and the actions companies take to progress in the field of ESG. Not once a year, but continuously. "But collecting qualitative and consistent data on scope 1, 2 and 3 is a challenge. The variety of taxonomies and methodologies in different sectors doesn't make it any easier, while a misstep can result in unwanted greenwashing

ESG in action

– with potential reputational damage." But how do you know that data reported in scope 3 is trustworthy and correct? "To harvest reliable data on environmental and social impact, and governance across your partners' ecosystem, we are rolling out a holistic approach to ESG Decision Intelligence. Thanks to blockchain technology, we ensure that data proof points are traceable, immutable and auditable – fully in line with CSRD."

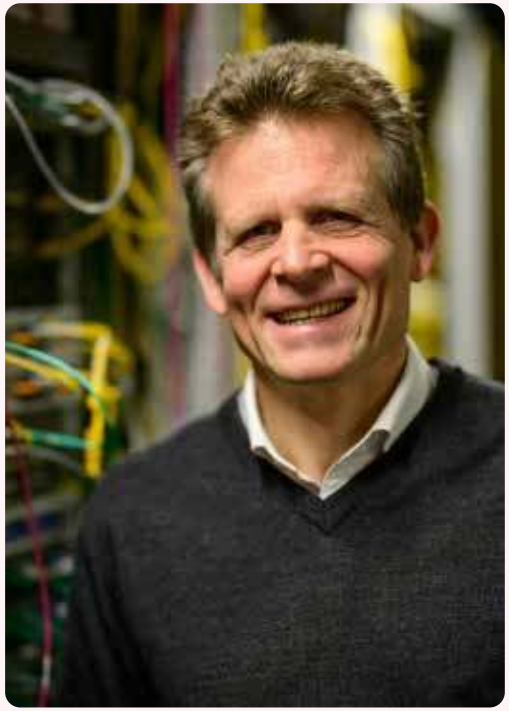
To transform the knowledge gained from such efforts to its customers as solutions, and to leverage their business activities to mitigate and adapt to climate change, Fujitsu is also looking at LCL's ecosystem. "LCL's sustainability journey is inspiring in itself, but we are looking for partners who would onboard our sustainability ideas with us," says Koray Perköz. "One company alone can't change the world, It's up to the ecosystem of partners. Finding trusted partners and creating a ripple effect through their networks is our main contribution to the world."

A GROWING CHAIN OF RESPONSIBILITY

LCL's efforts and achievements in sustainability are valuable assets in Arcadiz's value chain. As a carrier and leading core routing, switching and optical network integrator, Arcadiz observes a growing trend where governments and larger enterprises increasingly integrate ESG into their purchasing decisions and business relationships. "We see a sort of chain responsibility emerging," says CTO Marc Vandeputte. "It's important for LCL and all of our other suppliers to set the bar high - and be able to substantiate it with various certifications."

LCL Brussels-North is a key hub for international connectivity. "When we started building our network between data centers in the Benelux in 2017, LCL was an obvious choice from a technical standpoint," explains Marc Vandeputte. The incorporation of ESG into LCL's strategy adds value because Arcadiz's clients are placing higher demands concerning sustainability." The demand is loudest in the Netherlands, where governments and large enterprises required ISO 27001 (information security) well ahead of their Belgian counter parts and now require ESG measurable objectives such as ISO 14001 (environmental management), along with achieving a minimum score on EcoVadis."

With 150 solar panels on the roof of Arcadiz powering electric cars and air conditioning, the overall ESG impact primarily comes from carefully chosen suppliers. "We are building an efficient infrastructure with fiber optic cable, minimising consumption per transported bit. For this, we rely on suppliers who demonstrably prioritise sustainability, something our customers demand. In practice, we only work with American or European suppliers - also for security reasons. LCL's pursuit of a Power Usage Effectiveness (PUE) of 1.3, for instance, supports our market value."



Marc Vandeputte, CTO at Arcadiz

Arcadiz in a nutshell

Founded in 1999, Arcadiz initially built and maintained mission-critical networks for operators, utilities, and companies with proprietary infrastructure. Since 2017, Arcadiz also established its own backbone network connecting around 50 data centers in the Benelux region, emphasizing premium connectivity, availability, latency, and capacity. Arcadiz leases approximately 4,000 km of fiber for its network and its clients' private networks, additionally laying 50 km of extra fiber connections. Arcadiz is an ISO 9001 and 27001 certified company and meets the international standard for quality management. In addition, the processes within Arcadiz are secured in accordance with SCC, which meets the SHE (Safety, Health and Environment) checklist.

RELIABLE AND AVAILABLE PRODUCTS & SERVICES

Material topic **Ensuring dependable and continuously accessible operational services stands as an absolute necessity. Customer satisfaction, gauged by the Customer Performance Index (CPI), hinges on four key indicators: satisfaction levels, loyalty, added value, and competitiveness. This index forms the foundation for evaluating overall customer experience and service quality.**

ESG in action

SAFETY FOR SENSITIVE DATA

Input for You processes hundreds of thousands of documents daily – often containing highly confidential information from hospitals, insurers, health funds, industrial players, utilities, leasing companies, service providers, and more. "It's self-evident that our customers are vigilant about the security of their sensitive data. LCL plays a crucial role in earning their trust," says Stephan Cornelis, General Manager at Input for You.

Pierre Delandsheere, DPO, states: "We cannot place the data we process in just any data center. We need to have control over the physical location and processing of that information. That's why in 2018, we chose to become a direct customer at LCL, where we house our own hardware and maintain control over backups and data retention (crucial for GDPR). LCL ensures the physical security of our equipment. This involves access control, power redundancy, air conditioning, fire detection, and prevention measures."

Like LCL, Input for You holds an ISO 27001 certificate for information security. " Clients only entrust their data to us after thorough scrutiny," says Stephan Cornelis. "They want to see the technical and organisational measures we take to minimise risks. With LCL continuously investing in equipment, processes, and compliance, we can demonstrate that we operate in one of Belgium's best physical locations for hosting our operations. This helps build and maintain trust with our clients."

Input for You in a nutshell
Founded in 2006, Input for You initially focused on digitising large analog archives. Today, Input for You digitally empowers businesses with significant incoming mail, both paper-based and digital (email or uploads), through automated processing, making them digitally intelligent.

DRIVEN BY THE AMBITION TO PROVIDE AN IMPECCABLE SERVICE

As the best-connected data center, we not only aim to be a primus inter pares with a state-of-the-art infrastructure to guarantee operational reliability but also to ensure impeccable service to our customers. We want to offer a solution for every question and every need within the expected time frame.

MATERIAL TOPIC IN 2023	OBJECTIVE	2023	2022	EXPLANATION AND OUTLOOK
Reliable and available products & services	Continuous improvement in service delivery	CPI 73%	CPI 74%	We strive for the highest level of customer satisfaction and link an action plan to the annual survey

MATERIAL TOPIC: RELIABLE AND AVAILABLE PRODUCTS & SERVICES Our material Impacts, Risks and Opportunities (IROs)	IMPACT	RISK	OPPORTUNITY
Opportunities linked to LCL's operational agility and reliability which is a building block of trust.			X
Potential negative impact of a failure to provide data stored by critical entities like social security funds, banks, and major corporations, leading to loss of trust and significant damage for their customers.	X		
Risks linked to services not meeting quality standards can lead to loss of business and profit, litigation, liabilities and reputational damage.		X	

Stephan Cornelis, General Manager at Input for You

LCL's deliberate choice for a customer intimacy strategy, aimed at ensuring an optimal experience for our customers, makes us attach great importance to customer satisfaction. The yardstick we use to monitor this objective is the Customer Performance Index (CPI). The CPI is both a scoreboard and a tool: the index shows which actions can be levers to take our services and customer relationship to an even higher level.

In 2023, LCL clocked in at an overall CPI score of 73. This is stable compared to 2022 (74) and well above the sector benchmark of 69. If we take a deep dive into the various indicators, we see that LCL stands out mainly in terms of loyalty (with a score of 90) and satisfaction (84), followed by added value (63) and competitiveness (54). A boost is that our customers score significantly higher for 'problem solving' (9 compared to 8.4 in 2022) and that awareness of LCL's sustainability initiatives is growing (from 50% in 2021 to 63% in 2023).

The Net Promoter Score, indicating how likely customers are to recommend LCL, rose to 53% in 2023 (up from 48% in 2022).

DATA SECURITY

Material topic **Data security refers to the protection of electronic devices, networks, and sensitive information from unauthorised access, theft, or damage.**

MATERIAL TOPIC IN 2023	OBJECTIVE	2023	2022	EXPLANATION AND OUTLOOK
Data security & compliance with national and international laws and regulations	Taking action to maintain compliance	➔ 70.9% of open audit actions closed ➔ New certificate obtained (ISAE for LCL Wallonia One)	➔ 57.8% of open audit actions closed ➔ 2 New certificates obtained	

MATERIAL TOPIC: DATA SECURITY Our material Impacts, Risks and Opportunities (IROs)	IMPACT	RISK	OPPORTUNITY
Risk related to threats that could compromise the physical security and safety of the facilities, infrastructure and personnel.		X	
Risks of compromises to the cyber security of data centers.		X	
Potential negative impact of a cyber security incident impacting the safety LCL's and customer's employees.	X		

Fortifying data security: our commitment to cyber protection

Data security is a top priority for LCL and its ecosystem. We are investing in strengthening our own IT systems as well as expanding our cybersecurity ecosystem to offer customers additional security services.

"To enhance security, we are increasingly storing personal data for digital, biometric, and physical security checks. We must, of course, secure this critical information even more," says IT Systems Manager Sam Berckmans. "Over the past year, we have made our IT environment more resilient, including implementing an enhanced firewall. We also engage in advanced threat prevention, proactively fending off potential threats from our networks."

Every employee plays a crucial role in the security chain, as the number of phishing attempts continues to rise. "Through mandatory training, information sessions, videos on our training platform, and test emails; we make all colleagues aware of the potential harmful consequences of seemingly innocent actions. This is paying off, as my colleagues increasingly seek advice when they notice something suspicious."

The European Network and Information Security (NIS2) directive - the 'GDPR for cybersecurity' - requires companies of a certain size to secure their data connections. As Business Developer Robert van Beurden explains, "In relation to our customers, LCL assumes its role of a neutral trusted advisor. In collaboration with knowledge partners or other network parties, we inform them that our ecosystem includes various entities capable of playing a proactive and reactive role in all kinds of security services. For example, Gcore, which provides anti-DDoS security services, has been part of our ecosystem in LCL Brussels-North since 2023."
The goal of DDoS attacks by cybercriminals is to cause damage (financial loss, productivity loss) or grab public attention, and their frequency increases every year.

Robert van Beurden, Business Developer at LCL

Sam Berckmans, IT Systems Manager at LCL

Governance

How things have evolved in terms of our G (governance) in 2023. LCL appointed a diverse Board of Directors and bolstered the Management Team. This strategic move aims to foster a culture of continuous challenge and mutual coaching at every organisational level. The overarching goal of this reinforcement and consolidation is to continue to grow – more specifically: to continue to grow sustainably with the utmost respect for people and the planet. Find out what LCL has achieved in terms of governance.

BUSINESS ETHICS

Material topic **Corporate behaviors that support transparent and sustainable business practices to the benefit of all stakeholders along the value chain of the company. This includes corporate culture, management of relationships with suppliers, protection of whistle-blowers, animal welfare and payment practices specifically regarding overdue payment to small and medium enterprises (SMEs).**

An e-learning tool to enhance our Anti-Bribery & Corruption Policy

LCL's Anti-Bribery & Corruption (ABC) Policy underscores our commitment to maintaining the highest standards of business ethics and integrity. The policy serves to prevent and combat bribery and corruption across all facets of LCL's operations, thereby fostering a sustainable business environment.

In 2022, Quality Manager and Safety Advisor Mieke Germonprez developed the ABC policy, which received approval from the Management Team. The policy comprehensively covers definitions and legal frameworks related to corruption and bribery, including facilitation payments and conflicts of interest. It delineates requirements for LCL staff concerning gifts, entertainment, donations, interactions with government officials, and conflicts of interest. Additionally, it highlights the significance of meticulous record-keeping and the reporting of concerns regarding bribery and corruption.

ANNUAL REVIEW

The ABC Policy undergoes an annual review to ensure alignment with the organisational context, risk landscape, and applicable laws. Mieke Germonprez, in collaboration with management, oversees its maintenance and updates. To foster awareness and compliance, LCL conducts yearly awareness sessions and encourages the open reporting of suspicions without fear of retaliation.

"Since 2023, we have transitioned from classroom-based training, under the guidance of an external partner, to an e-learning tool within the Data Center University framework. We made some adjustments to the policy to adapt it to the new platform," explains Mieke Germonprez. "As a result, new colleagues can follow the training at their convenience. Additionally, every employee is obligated to retake the test annually."

A list of potential indicators of bribery and corruption is provided to raise awareness among LCL team members. These red flags serve as a guide for identifying suspicious conduct that may warrant further investigation.

UPDATES ON OUR CERTIFICATES

ISO

All LCL sites were ISO audited in the fall of 2023. Each location obtained the following certificates:
ISO14001 (Environmental Management System)
ISO45001 (Safety Management System)
ISO27001 (Information Security Management System)
ISO9001 (Quality Management System)
LCL Wallonia One was our first site to also obtain the ISO50001 certificate (Energy Management System).

PCI DSS

The Payment Card Industry Data Security Standard (PCI DSS) was developed by the Payment Card Industry Security Standards Council. It is mandatory for all organisations that process, store, or transmit credit card data from major card scheme brands, whether it's physical cards or electronic payments. To comply with the PCI DSS, organisations must regularly test and validate their security measures.
The standard was established to improve checks surrounding card-holder data and thus reduce credit card fraud. Validation of compliance is performed annually by an external Qualified Security Assessor (QSA): FortyTwo Security.
Although we ourselves are not involved in the processing of credit card data, all of our LCL sites, including LCL Wallonia One, are PCI DSS compliant. This shows that we are a secured data center and a reliable partner for customers who do process this type of data. Physical shielding of the equipment is the most important criterion that must be met. The certificate was re-obtained after an audit in November 2023.

ISAE

Both ISAE 3000 type 2 and ISAE 3402 type 2 quality reports were re-awarded to all LCL sites, including LCL Wallonia One for the first time in November 2023. ISAE stands for International Standard on Assurance Engagements and these reports provide an insight into our risk management, as well as the quality and reliability of internal processes and information security. ISAE 3000 focuses on operational management, to ensure that internal processes are implemented. ISAE 3402 works from a financial perspective and must comply with ISAE 3000. The criteria covered in the report include access to the data center, incident management, maintenance of the perimeter and generators, among other things.
In a type 2 report, the efforts we undertake in the area of information security are tested over a full year. The reports prove that you can count on secure and properly maintained data center infrastructure at LCL.

TIA-942

Our LCL Brussels-South and LCL Wallonia One data centers have achieved the TIA-942 Rated-3 Facilities Certification. This means that the data center has redundant capacity components and multiple independent distribution paths serving the computer equipment.

TIER III CERTIFICATION OF DESIGN

The Certification of Design was also awarded to the newest expansion in Diegem, LCL Brussels-North 5, in December 2023.

VOKA CHARTER DUURZAAM ONDERNEMEN

LCL obtained approval from the independent evaluation committee for its submitted Voka Charter for Sustainable Entrepreneurship Action Plan 2023. By doing so, LCL pledges to undertake 12 actions aligned with the seventeen Sustainable Development Goals of the UN within one year. The Voka Charter Sustainable Enterpreneurship is a useful tool to help shape and structure sustainability, and to work towards a continuous improvement of our social, economic and environmental efforts.

NEXT STEP: ERM

In 2024, Mieke Germonprez will start developing an ERM (Enterprise Risk Management) framework at the request of the Board of Directors and the Management Team. "With ERM, we want to map out all our risks at a strategic level. It encompasses risks throughout all facets of our business to mitigate potential dangers and capitalise on opportunities efficiently."

OUR SUPPLIER CODE OF CONDUCT

LCL's Supplier Code of Conduct underscores our unwavering commitment to ethical business practices, emphasising adherence to legal regulations and ethical standards globally. It sets clear guidelines for suppliers regarding anti-corruption measures, fair competition, privacy protection, and financial integrity.
We place significant emphasis on respecting human and labour rights, promoting fair treatment and compensation, non-discrimination, and safe working conditions. LCL expects its suppliers to uphold these principles and create inclusive workplaces free from discrimination and harassment. Furthermore, the Code reflects LCL's commitment to environmental sustainability, social responsibility, and transparent corporate governance (ESG). We encourage our suppliers to minimise their environmental footprint, promote workplace diversity, and uphold transparent practices at all levels. By aligning with these principles, LCL and its suppliers contribute to a more sustainable and responsible business ecosystem, creating long-term value for stakeholders while fostering positive social and environmental impacts.

MATERIAL TOPIC: BUSINESS ETHICS

Our material Impacts, Risks and Opportunities (IROs)

	IMPACT	RISK	OPPORTUNITY
Opportunities of strong ethical behaviour and sustainability performance increasing customer trust and other indirect benefits like favourable financing conditions etc.			X

Mieke Germonprez, Quality Manager and Safety Advisor at LCL

Sector-specific topics

A glimpse behind the scenes of LCL's Media Talk Show on Kanaal Z. As a thought leader, we consider it our role to not only be a valued expert in our own industry, but also to support the media ecosystem and its experts to cooperate. By encouraging them to come together and discuss the latest media trends and transitions, we inspire them to strengthen our impressive media landscape.

SUSTAINABLE INNOVATION AND PARTNERSHIPS

Material topic **Refers to the ability of the enterprise to adopt technological solutions while also remaining competitive in the market. Partnerships refer to all strategic partnerships in collaboration with the company for innovative purposes. These alliances allow LCL to combine technology and non-technology ESG-driven solutions to address the needs of the clients and society.**

By engaging in carefully selected long-term projects focused on sustainable innovations, LCL is strengthening its ESG-oriented foundations for the future.

ESG in action

DATA CENTER UNIVERSITY: SHARING KNOWLEDGE AND EXPERTISE

With the establishment of the independent Data Center University (DCU) in 2023, LCL fulfilled its ambition to share expertise through a neutral online knowledge platform for both IT professionals and interested laypeople. "As artificial intelligence and other advancements continue to progress, our industry is attracting increasing attention," notes Valérie Van Roy, Marketing and Communication Manager, who, along with CEO Laurens van Reijen, spearheads this innovative online training platform. "As data centers come into focus, we want to be transparent about what we do and who we are. This aligns with our customer intimacy strategy. We aim not only to be the number one data center in Belgium, but also to claim thought leadership in Belgium and beyond."

FREE TRAINING SESSIONS

DCU comprises three websites, each targeting a distinct audience: the general public, LCL staff, and suppliers and external workers. The aim is to develop at least 12 non-commercial activities annually, independently or in collaboration with external stakeholders, covering both technical and societal topics. Through articles, videos, podcasts, webinars, and more; the platform addresses industry trends, sustainability, and various other subjects. Additionally, free training sessions are provided.

"We also consolidate both mandatory and optional staff training sessions and courses, such as those focused on anti-bribery and corruption, on the internal DCU platform. There's also room for safety training for suppliers and external workers," says Content & Community Coordinator Aline Smedts.

ATTRACT TALENT

In the next phase, Valérie Van Roy aims to collaborate closely with an educational institution to enrich DCU's offerings and provide sector-specific input for the curriculum. "By sharing knowledge, we want to inspire students and attract talent."

Laurent Eloy, Field Technician and Thomas Eloy, Field Technician at LCL

Discover the full story here/

ESG in action

"COMPETE THROUGH CONTENT, COLLABORATE THROUGH TECHNOLOGY"

In line with the customer intimacy strategy, LCL accumulates and shares knowledge, expertise, and trends related to media. We do this to provide added value for various clients in the sector. This is also why we are an active member of MediaNet Vlaanderen, an independent non-profit organisation that builds a valuable ecosystem made up of and for media players in Flanders. Capturing, managing, and distributing data is key for all enterprises creating content. Every media company benefits from an efficient and sustainable-by-design process. Just as every party benefits from bundling efforts around innovation and sharing the fruits of it. As Jonathan Van de Velde, Program and Communications Director at MediaNet Vlaanderen, aptly summarises the philosophy: "Compete through content, collaborate through technology."

LCL strongly believes in the power of co-creation to drive innovation. Within the members' network of MediaNet Vlaanderen, the data center not only presents its own perspective but also creates a media ecosystem – for instance through roundtables on Kanaal Z, the major business TV channel in Flanders, and other events. After all, data is what drives every media company. And the amount of data is increasing exponentially, along with the need to formulate sustainable solutions for storage and management. MediaNet Vlaanderen represents the media in the broadest sense possible. "This ranges from broadcasters to press groups to scriptwriters and set builders," explains Jonathan Van de Velde. "Especially from a data perspective, we do not consider media as one entity, but as thousands of potential chains with numerous links, exchanging information."

THE BENEFIT OF CENTRAL MANAGEMENT

Storing and managing the vast amount of data media generate requires a lot of energy. In addition to the ecological efficiency gains that LCL focuses on, MediaNet Vlaanderen sees the benefit of central management. "This way, we could put a brake on the number of unnecessary copies that consume space and energy. According to Statista, a staggering 90% of all data is a copy. From a data center perspective, you could give rights holders access to centrally managed data. This would make the process sustainable by design. We are actually thinking about those open frameworks, who manages those platforms, and who the gatekeeper is."

MATERIAL TOPIC IN 2023	OBJECTIVE	2023	2022
Sustainable innovation and partnerships	At least 4 innovation projects per year	➔ Charging stations in all LCL data centers ➔ Design tailored for emerging cooling technologies ➔ Increased demand for data center space due to AI: expansion LCL Brussels-North ➔ Creation of the Mediahub ecosystem ➔ Data Center University	4 projects in 2022: HV 100, Fibervision, renovation office LCL Antwerp, partnership Sheep solution
	At least 12 DC University initiatives per year	We have done 12 communication actions like articles, videos, whitepaper e.g. + 3 staff trainings	In development (7/12 initiatives are prepared)

MATERIAL TOPIC: SUSTAINABLE INNOVATION AND PARTNERSHIPS Our material Impacts, Risks and Opportunities (IROs)	IMPACT	RISK	OPPORTUNITY
Opportunities linked to the development of sustainable offerings for customers and ensuring process efficiency (reducing resource consumption e.g. liquid cooling installation, reducing human risk by biometric security).			X
Positive impact linked to the establishment of the Data Center University and other initiatives focussed on the education of LCL employees, customers and other stakeholders in sustainability and non-sustainable related topics.	X		
Positive impact related to providing innovative sustainable solutions to customers with direct and indirect benefits for society and the environment e.g. introducing own customers to the Close the Gap initiative.	X		

Robert van Beurden, Business Developer at LCL and Jonathan Van de Velde, Program and Communications Director at MediaNet Vlaanderen

Green building and offices

Material topic **Green buildings and offices regarding building materials involves a commitment to using sustainable and environmentally friendly materials in the construction, renovation, or maintenance of buildings and office spaces.**

Towards greener offices and buildings

LCL Wallonia One has woolly, cuddly and highly huggable mascots: the dozen or so sheep of Sheep Solution that maintain the green spaces around and under the 3,300 solar panels that partially power the data center in Gembloux. Cute and highly visible as they may be – "Visitors regularly ask: 'Where are the sheep?'" – the ESG engagements and ambitions stretch further.

The vision of Nicolas Coppee, Data Center Manager LCL Wallonia One, on the raison d'être of a data center has shifted over time. "I used to think that our purpose was to provide off-grid kilowatts to power IT-equipment, creating heat as a by-product. Now, I want to embed the data center into an energy mix that is locally produced by us or by third parties. We are studying the extension of LCL Wallonia One and bringing partners together to try to set up a heat network. That network should be connected to our offices and preheat the generators, so they consume less energy. We also want it to reach the nearby residential area. It's also a way to connect our neighbors to this industrial site and show them there is more to it than just buildings and traffic jams."

HEADWINDS

"We are also looking into the possibility of using wind energy from a nearby turbine – and there is the option of building wind turbines ourselves. Those initiatives may be the rational choice from a sustainability point of view, they unfortunately also catch a lot of headwind from citizens who think they ruin the landscape. The NIMBY phenomenon (not in my backyard) makes things very complicated. People should realise that whenever they share a picture on their smartphone, whenever they make a mobile payment, whenever... they need a data center."

ISO 50001

Even today, LCL Wallonia One meets the energy efficiency required by 2020. "Since 2023 our data center is also ISO 50001 certified, which proves our continuous efforts to reduce energy use and greenhouse gas emissions. Yet we are trying to make further improvements. We installed 1,300 extra solar panels and have a project for on-site wind turbines, which are more efficient. Since we need the same amount of energy day and night, electricity storage in batteries should be the next step. Alas, for the moment the technology is not sufficiently mature for us to reach our most important goal: business continuity and availability at all times."

Nicolas Coppee, Data Center Manager at LCL Wallonia One

MATERIAL TOPIC: GREEN BUILDINGS AND OFFICES
Our material Impacts, Risks and Opportunities (IROs)

	IMPACT	RISK	OPPORTUNITY
Potential positive impact on the environment through the construction of green buildings and offices, which can promote resource efficiency, and reduce waste and scope 3 CO_2 emissions.	X		
Risk related to evolving regulations demanding LCL to invest in environmentally friendly construction of data centers.		X	

Awards & recognitions in 2023

Our sustainability efforts continued to be appreciated in 2023. Several independent organisations recognised LCL's commitment with awards and recognitions.

- **ISO14001** (Environmental Management System): follow-up audit => certificate kept
- **ISO45001** (Safety Management System): follow-up audit => certificate kept
- **ISO27001** (Information Security Management System): recertification audit => recertified for the next 3 years
- **ISO9001** (Quality Management System): recertification audit => recertified for the next 3 years
- **ISO50001** (Energy Management System): INITIAL certification audit for LCL Wallonia One => certificate obtained for the next 3 years! Other data centers of LCL will be on the agenda for next year.
- **Winner Data News Awards 2023 - Data Center Services Company of the Year**
  "LCL is a name like clockwork in Belgium and that clock is also delivering excellent work on every front. At the same time, the company is strongly committed to ESG goals and communicates clearly about its activities. It wins with flying colours over the hyperscalers of this world."

ECOVADIS

In 2023, LCL was awarded the gold medal by EcoVadis, achieving excellent scores across four sustainability themes: environment, ethics, labor and human rights, and sustainable procurement. This places us in the top 5% of companies assessed by the internationally renowned sustainability rating agency. For LCL, this recognition not only serves as a boost but also as a motivator to further improve, particularly in areas such as sustainable procurement (scope 3 emissions).

VOKA CHARTER SUSTAINABLE ENTERPRENEURSHIP

The Voka Charter Sustainable Entrepreneurship is a program initiated by the Federation of Belgian Chambers of Commerce to promote and support sustainable entrepreneurship in Belgium. LCL submitted an action plan for the Voka Charter in 2023. Within one year, we implemented 12 actions aligned with the UN's seventeen Sustainable Development Goals. As the official laureate, we successfully completed the first phase of the process in 2024.

THE SHIFT

LCL is a member of The Shift, a Belgian networking platform that unites organisations striving to make a positive impact on the planet and society. LCL views this affiliation as an opportunity to collaborate with similar-minded companies, exchange knowledge, learn from best practices, and engage in initiatives that promote sustainability.

ODE

In 2023, LCL became a member of ODE, the sector organisation for sustainable energy in Flanders. This underscores our commitment to 100% renewable energy systems and the execution of Power Purchase Agreements (PPAs). ODE serves as a platform that unites companies, knowledge centers, universities, and organisations to advocate for sustainable energy practices and facilitate knowledge exchange.

Stakeholder engagement

'Together we thrive' being the theme of our second sustainability report is no coincidence. LCL recognises the power of collaboration. So, it may come as no surprise that we extend our hand to all stakeholders – our customers, partners, suppliers, and employees – inviting them to join us on this path. We firmly believe that together, we can achieve a greater impact than the sum of individual efforts. Each stakeholder stands to benefit from this approach, as our ambitions and objectives propel collective progress.

This collaborative force is invaluable to face our ESG challenges. Indeed, there is a lot to do – there's also a lot at stake. At LCL, we remain steadfast in our commitment to pioneering the transition. With our actions, we hope to inspire and challenge third parties and our employees. It works both ways: we also invite our stakeholders to offer their ideas, to challenge us. The journey to greater sustainability is a team effort.

Michael Winterson, Managing Director at EUDCA Secretariat

MICHAEL WINTERSON, EUROPEAN DATA CENTRE ASSOCIATION

"LCL is an engine for good"

Since its establishment in 2011, LCL is part of the European Data Centre Association (EUDCA) – the only Europe-wide not-for-profit trade association. One of the milestones in EUDCA's short history is the implementation of the Climate Neutral Data Centre Pact (CNDCP) in 2021. Managing Director of the EUDCA Secretariat, Michael Winterson: "The role of LCL as an engine for good was, and continues to be, critical."

The data center industry already includes numerous international trade organisations such as Green Grid, Digital Europe, iMasons... Why is there a need for another business trade organisation? What's the purpose of the European Data Centre Association?

Michael Winterson: "We realised there were national data center associations that were doing a great job speaking to departments of energy, departments of economics, departments of technology. And yet there was no multinational organisation representing us on a European level in Brussels. The data center industry had no voice to talk to the European institutions."

To talk about what exactly? What makes the data center industry so unique?

"At the time, barely anybody had a clue what a data center was. We asked questions such as 'Do you know where the cloud lives?',

‘Where does your app live?’, ‘Do you really believe your app works on your phone?’, ‘If you don't have a connection to a telecommunication company or the Wi-Fi and your app doesn't work, why is that?’... So, the first challenge we addressed with the European policy makers was explaining what a data center does.”
“Second opportunity: the European Union claimed that they were heading for a digital economy, that they wanted to transform into a digital-based services economy. Very nice ambition, but again we had to stress that without data centers, the only thing they would construct would be a pipe dream. You need digital infrastructure. You need fiber optic cables. You need mobile networks. You need subsea cables to connect Europe to the rest of the world. They all interconnected in a data center. Without digital infrastructure, you cannot even start to build a digital economy. So, by presenting ourselves we were engaged in an important educational process.”

Now that European policy makers are up to speed, which topics are currently on the table?

“As European President, Ursula von der Leyen has presented two important whitepapers: the well-known ‘Green Deal’ and the lesser talked about ‘A Europe fit for the digital age’. That's when I realised how important our job at the European Data Centre Association was because in that document, ‘A Europe fit for the digital age’, our industry was specifically chosen to be 100% climate neutral by 2030. Why us? Why technology? The EU’s answer was simple:” Since we are going to promote digital economy, we need you to be sustainable from the beginning. And what’s more: your ICT industry is going to benefit from our promotion; therefore, you must go first.” Of course we had a choice: we could sit back and wait for someone to tell us what that all meant, or we could get involved. We chose to get involved.”
“Together with some other companies - specifically Amazon, Google and the trade association CISPE - the European Data Centre Association defined the Climate Neutral Data Centre Pact (CNDCP). The first hurdle we had to take may sound like a semantic one, but it wasn’t in the slightest: what does ‘climate neutral’ mean exactly? Defining ‘carbon neutral’, is easy, but ‘climate neutral’ was open to interpretation. So, the members of the Pact got together with DG Connect, the European Commission group that represents technology, to define what climate neutrality meant based on the white paper. We came up with five key targets: prove energy efficiency with measurable targets, purchase 100% carbon-free energy, prioritise water conservation, reuse and repair servers, and look for ways to recycle heat. For each of the five, we set targets to hit by 2025 and by 2030.

Since its launch, the Climate Neutral Data Centre Pact has been very successful. The current signatories of the pact represent 90% of the industry in Europe and most of its key players.”
“May I come back to your first question, the ‘why’ of the EUDCA? Our purpose is to influence policy through proactive positioning of data centers. And the Climate Neutral Data Centre Pact is the first major public proactive initiative that we did. The CNDCP is a powerful instrument. A lot of the topics in your sustainability report refer to it.”

Isn’t it weird for any industry to be co-author of new European legislation?

“Not quite. Brussels is really good at what they do. These are smart people that want to write effective laws. They want to do the right thing. But since they need experts to do so, we educate them on how to write the right law for our industry. It’s not lobbying, we are advocating. The idea is to work together and do it right to achieve a common goal.”
“One of the key reasons why EUDCA is so important is that up until two or three years ago, no one cared about the data center sector. Now all of a sudden, we're in newspapers and people are talking about how much energy we use and whether we create jobs. They wonder if we are good for the environment and even if we should be allowed to exist. So, our industry is going from unregulated and unknown to known and regulated. Therefore, we need the European Data Centre Association to continue to engage politicians on the issue of regulating. This regulation today is predominantly about sustainability. The next issue is probably going to be security. I think security is going to become an even bigger issue.”

Has there been progress for EUDCA since setting the climate targets in the CNDCP?

“It’s never a done deal. We agree that the Pact will have to be tightened up. Probably the biggest thing missing from our Pact is scope 3 emissions. We have no statement whatsoever in that regard. It isn’t required yet, but my feeling is that we will have a scope 3 target someday.”

“Here's what we've achieved after three years: we've launched the Pact, and at least 80% of all commercial data centers in Europe have signed up and have committed to hitting these targets. And with the signing of Meta recently, probably well over 80% now.”

“Now we are challenging more potential signatories of the Pact to get all the major telecom operators to join as well, in which case we're getting most of the ICT market in Europe to commit. I'd consider that to be a massive success. The 20% that didn’t sign up until now are not necessarily lagging, we just haven't reached out to them.”

“LCL and other EUDCA members are convinced that it is up to us to engage with our vendors to innovate products to help us run our businesses sustainably. The air conditioners, battery packs, UPSs, or generators they develop for our industry can be sold to any business. In other words: data centers are effectively financing sustainable product development. We are paying the premium to buy these sustainable versions of our vendors’ products, which they can then turn around to the rest of the industry, to manufacturers and anyone else. That's a freebie to the world.”

How important is it for the European Data Centre Association to have members like LCL who set the bar high regarding sustainability?

“Obviously, people always see the brands they recognise when they check out the European Data Centre Association, and the Climate Neutral Data Centre Pact. These are typically publicly traded large international names. LCL is not one of those names yet. But what is important to understand is that the EUDCA would have folded in 2016, if Laurens van Reijen had not called out to me and other members to say: ‘Guys, I need your support to make this project successful.’ So LCL's role in this may not have been as a brand name, but as an engine for good. LCL was critical. Otherwise, the EUDCA would have disappeared, and we wouldn't have any representation in Brussels. We wouldn't have seen any of this legislation coming and we wouldn't have had a positive influence. The value of LCL in this process cannot be underestimated.”

“What’s also interesting, is that LCL – as an independent, private data center operator – has decided to operate at the highest possible level. Comparable to the level at which an Amazon, a Microsoft, a Google, and much larger companies with much larger funds can operate. So, I do think LCL sets an example in terms of sustainability. Taking the higher road might have been more expensive, and it might have been more hard work, but the benefit is better customers who also believe in what you want to do.”

Michael Winterson, Managing Director at EUDCA Secretariat

Toon Borghgraef, Sustainability Manager at KBC Bank & Insurance, Greet Vander Roost, Relationship Manager at KBC Bank & Insurance and Baudouin Corlùy, Commercial Director at LCL

KBC BANKING & INSURANCE
"Doing business with LCL is rewarding"

Sustainability plays an increasingly important role at KBC Bank & Insurance when granting corporate credit lines. "We want to partner up with our customers so we can both achieve our sustainability commitments," say Greet Vander Roost and Toon Borghgraef, Relationship Manager and Sustainability Manager at KBC respectively. "LCL's first sustainability report and their ESG initiatives make it a very rewarding client to do business with."

To fund expansions at LCL Brussels-West and LCL Brussels-North, as well as the additional solar panels at Gembloux, LCL applied for a loan from KBC in August 2023. In what way did sustainability play a role in the assessment of the dossier?

Greet Vander Roost: "The first thing we do to compile our dossier is take a close look at the financial model and challenge it. We also describe the activities which involve a large part of ESG criteria. Our assessment committee evaluates the loan application not only based on financial but also on ESG parameters. Based on a client's activities, we make a thorough analysis in terms of ESG."

Was LCL a risk in terms of ESG?

Greet Vander Roost: "No, although the energy consumption of a data center company remains a major point of attention. We have studied this extensively: what does LCL do to consume less electricity? What efforts is LCL making in renewable energy? The first sustainability report published by LCL in 2023 was a valuable document in this regard."

Do you only look at the current situation, or do ambitions also play a role?

Toon Borghgraef: "We attach great importance to a company's ambitions and sustainability strategy, because we assume that not every company is sustainable today. There is still a lot of work to be done. As a sustainability team linked to commercial banking, we look at the risks and opportunities and encourage our corporate clients to take the ESG story to heart."
Greet Vander Roost: "For about three years now, we, as relationship managers, have been talking to our customers about sustainability. KBC felt it was up to us to create awareness as we aim to be a frontrunner. In this respect we held more than 3.000 sustainability meetings with our customers. Still, we notice that there are some SMEs that are not yet aware of the transition that our society and economy will go through. Could be because their customers don't ask for it, or because management is already short of hands, and they do not consider it a priority. For them, a loan application certainly opens a dialogue about sustainability, which often sets a whole ESG process in motion. Talking to us is often a tipping point."

KBC has an evangelistic role?

Greet Vander Roost: "The FSMA (Financial Services and Markets Authority) and the ECB (European Central Bank) consider banks as intermediaries to promote sustainability to our

clients. We will also be required to report on the footprint of our portfolios, and KBC has already committed itself to reducing the carbon intensity of its loan portfolio in different sectors. In fact, our clients will largely have to realise this. It is up to us to use loans as leverage."
Toon Borghgraef: "It's true that we have to comply with a number of obligations, but KBC itself is also consciously committed to its sustainability strategy that is embedded throughout the entire organisation. An incentive for us is that we believe that customers who are sustainable are less risky. We benefit from the fact that our client companies are on board with the transition. This is also a balancing act: companies should not blindly go all-in for sustainability from one day to the next, but install it into their activities both ambitiously and feasibly."

Has sustainability become part of KBC's strategy?

Toon Borghgraef: "Our sustainability strategy is based on three pillars: limiting any negative impact on society, increasing our positive impact -both on our own operations and on the ones of our portfolios in banking and insurance-, and encouraging responsible behaviour among all 41,947 employees."

How can KBC encourage investments aimed at creating and supporting the transition to a greener society? For example, in the conversation with LCL?

Greet Vander Roost: "After years of cooperation, we know LCL well: the activities, the processes and how the data center company is making progress in sustainability. When applying for a loan, we look at whether we can qualify it under the EU Taxonomy and thus label it as a green credit. These are strict rules and are more complex for data centers than for a project in, say, solar panels or wind turbines."
"We also put our extensive network at the service of our clients in order to achieve co-creation. We know that LCL is striving for the construction and supply of heat networks, a project for which we can put LCL in touch with relevant companies."
Toon Borghgraef: "We also organise sustainability networking events where we share information and where entrepreneurs inspire each other. We give webinars on themes such as CSRD. Because each customer is at a different point in the transition and a different maturity in their sustainability story, we tailor our information provision as much as possible."

If you want change, it's best to use a carrot. The carrot being: "sustainable companies will do better in the long run and get cheaper loans". Is that already happening?

Toon Borghgraef: "We are in a transitional period. Our various regulators tell us that sustainability will eventually become part of our inherent risk models. Thanks to standardised sustainability reports according to the rules of CSRD, our risk models will be able to capture more objective sustainability information. From a risk perspective, sustainable companies will objectively score better. A lower risk automatically means less risk of non-repayment of the loan, and therefore a lower interest rate."

Is LCL an asset to KBC's portfolio in terms of sustainability?

Greet Vander Roost: "As a Belgian company, with a Belgian activity and Belgian shareholders, LCL is a core customer. In addition, all the initiatives LCL takes with regard to energy efficiency, solar panels, wind turbines, HVO100, adapted cooling systems and fire extinguishing systems, heat networks, etc. are all positive elements that we include in our analysis. In doing so, we put comments about the energy consumption of data centers into perspective – comments ignoring the fact that we are all consumers and that LCL is working on improvements on different fronts. This provides an objective counterweight to that framing. So yes, LCL is a rewarding customer to do business with."
Toon Borghgraef: "What also helps to credibly defend a credit application internally are the sustainability report (especially if it has been audited) with its (double) materiality analysis, certificates such as EcoVadis, SBTi commitments, etc. By definition, a bank has to be risk-averse, which is why there are a lot of checks and balances, and control mechanisms. That is also the reason why we look very broadly at sustainability and take all kinds of aspects into account, without specifically focusing on a specific ESG rating."

Does a bank also assess social impact?

Greet Vander Roost: "We generally look at the three components of ESG. For LCL, most of the attention is paid to the ecological impact."
Toon Borghgraef: "Which doesn't mean that the social aspect is not important. For example, at

LCL we see that the company takes its social responsibility. Also, KBC has a clear commitment and wants to be a responsible employer. Gender equality and inclusion are high on the agenda. If you want to be an attractive employer with a sound well-being policy, you must offer equal opportunities. Then you need to have a balanced composition of your workforce and invest in talent management and development."

LCL has had a board of directors since 2023. A good thing?

Greet Vander Roost: "An extremely positive thing. For twenty years, LCL was 100 percent Laurens van Reijen. He was CEO and his own Board of Directors. There's no denying that he built a thriving company, but if you look at it from a risk perspective, it's not a good thing that everything relies on just one person.
We applaud that the management has been reinforced and that a diverse Board has been installed to challenge Laurens from various angles of expertise. We certainly take the intrinsic qualities of the Board and the Management Team into account for loan applications."
Toon Borghgraef: "Governance is also key within KBC. We have numerous mandatory training courses and tests on security, anti-bribery, ethical conduct, etc. We are strict about this. Internally, there are also tight rules about who has access to what information, with control mechanisms and Chinese walls. Or as our CEO aptly puts it:" Our most important currency is trust." Especially in a world of big data, trust is key."

Toon Borghgraef, Sustainability Manager at KBC Bank & Insurance and Greet Vander Roost, Relationship Manager at KBC Bank & Insurance

A MUTUAL UNDERSTANDING WITH THE NEIGHBOURS

When Pierre-Paul and Belinda Decrem built their home on the outskirts of Erembodegem (Aalst) 46 years ago, they overlooked endless meadows. In the meantime, agricultural land has made way for a business zone. The Decrems are now neighbours of LCL. "After a false start, about ten years ago, there is now mutual understanding and respect. Dialogue has strengthened that mutual understanding."

Pierre-Paul and Belinda are devoted to the place where they live. "The 'Land for sale' sign was barely in the ground when I had already bought it," Pierre-Paul recalls. "Big advantage at the time: a green environment and a fifteen minutes' walk from my charcuterie company." Now that they are retired, the place remains special because, "our son and grandson live nearby."

When LCL unveiled the building plans for a data center next to their home about ten years ago, the Decrems took legal action. Pierre-Paul: "We also invited Laurens van Reijen, the Managing Director of LCL, to our home so that he could see for himself how close those high walls would be to our south-facing garden. I like to enjoy my garden, for example by growing vegetables. At the time, I spent many nights worrying about what was in store for us. Laurens listened carefully to our concerns and adjusted the building line and the initial height of the data center."

During the recent expansion of LCL Brussels-West, Laurens van Reijen immediately contacted the neighbours himself – building plans in hand. "Something we really appreciate," say Pierre-Paul and Belinda. "By talking to each other, we came to the best possible solution. LCL has planted a row of espaliers between our garden and the walls of the data center. The emergency generators have been placed out of sight and climbing plants will be placed on one of the long walls. What we do hear on a summer's day is the hum of the chillers. It's not ideal, but if everyone makes some compromises, we'll all benefit. Thanks to this constructive attitude, we can continue to live here – and we are happy to do so."

Belinda and Pierre-Paul Decrem

Looking to the future

It is good to shape the future with a close-knit team of motivated employees, a strengthened Management Team, and a diverse Board of Directors. Because the question is not" what does the future bring?", the question is to a large extent" what do we make of the future?" The answer is determined by the direction we choose – our strategy – and the actions we take.
The direction we have chosen and (will) choose, and the actions we have taken and (will) take when it comes to our environmental and social impact and our governance, are the subject of this report.

For the second time in as many years, we paused for a moment on our journey towards greater sustainability to take a snapshot. Where did LCL stand with ESG in 2023 – one year after our first sustainability report? To answer this seemingly simple question transparently and in detail – and again, to link the appropriate actions to it – we carried out a double materiality assessment (DMA) for the first time. The results form the basis of this sustainability report. With the DMA, we are also preparing for reporting in compliance with the Corporate Sustainability Reporting Directive (CSRD).

The report shows that we have made strides forward in the past year. It also highlights areas where we can still make progress. We are proud of what we have been able to achieve together with many stakeholders. The fact that in 2023 we have been awarded EcoVadis Gold, have established a Board of Directors to foster both organisational success and sustainability, and have conducted an in-depth Employee Engagement Survey gives reason to be satisfied. But not for complacency. There is still work to be done.

Our agenda for 2024 is therefore not empty. Far from it. We will be increasing the number of initiatives around health and wellbeing, we will be developing and implementing a sustainable procurement policy, we will be looking for opportunities to grow LCL Energy as a new player in the energy mix, we will be rolling out our plans for the Data Center University and integrating a training module on sustainability, we will be...

What we particularly want to emphasise in this report, through our strategic decisions and in our daily actions: we do not see ESG as an obstacle to be overcome, but as a positive power that gives meaning to our decisions and activities. It encourages and guides us towards responsible entrepreneurship for a more sustainable planet. The urgency around climate change, social justice and good governance requires us to tackle these challenges head-on. Tackling them together, by setting the bar high for ourselves, our suppliers, and our entire value chain. We see it as part of our role to continue to challenge each other to participate in the transition, to look for innovative solutions together, because 'Together we thrive'.
We continue to invite you to follow us on our journey toward sustainability.

The LCL Board & Management Team

Colophon

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we thrive

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