



We are  
building a  
sustainable  
world



SUSTAINABILITY REPORT 2023



xella

**Our mission is to provide efficient, affordable and sustainable building materials, products and solutions.**

We are a leading European building materials provider dedicated to offering innovative, safe and sustainable building and insulation solutions that contribute to the future of the building industry. Specializing in high-quality and long-lasting building materials constructed from mineral materials, we are digital pioneers, ensuring outstanding efficiency in planning and executing customized building projects.

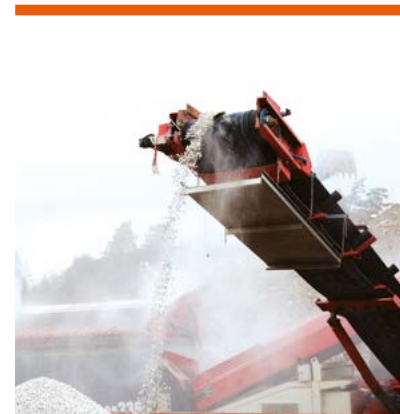
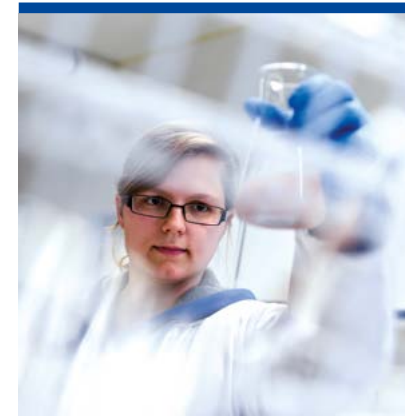
## We are building a sustainable world

➤ See p 3 for more information

### Key information about this report

The performance data and related information in this Sustainability Report relates to the 2023 calendar year and covers the operations of Xella International GmbH, unless otherwise stated, and is current as of 31 December 2023. This report includes information on all plants, offices and other operations owned by Xella Group. Currency amounts in this report are expressed in Euros, unless otherwise indicated. Part of the data used in this report (energy consumption, scope 1 and 2 (market-based) and scope 3 CO<sub>2</sub>e emissions, CO<sub>2</sub>e emissions intensity, leftovers to landfill, training hours, LTIFR) has been assured by independent external auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) with limited assurance. This data is marked with a "✓" in relevant parts of this report including the Key Figures table and GRI Content Index. This report has been prepared in reference to GRI Standards 2021.

➤ See our sustainability data pack on p 60



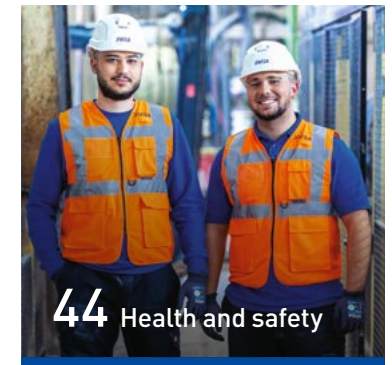
Further information is also available on the Xella Group website.

[www.xella.com](http://www.xella.com)





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# Building a better tomorrow



We have remained steadfast in our continuing support for the ten principles of the UN Global Compact and our commitment to our own strategic and sustainability-related targets.

**Christophe Clemente**  
Chief Executive Officer



**While we cannot say that it was business as usual in 2023, we can say with absolute certainty that we did not shy away from our commitment to our sustainability strategy and targets.**

### **safe work. safe life.**

We have made safety the core value by which we operate the business. We take our responsibility of safeguarding our people very seriously. We have continued to embed a culture of mutual accountability in one another and to invest substantially in our Total Safety Leadership program. We are seeing positive results with our lost-time injury frequency rate (LTIFR) down to 7.7, a reduction of 24% year on year, and a 36% reduction in accidents.

### **Putting 2023 in context**

The challenges that we had anticipated for 2023 paled into insignificance as the hike in mortgage rates and high inflation combined to inflict the largest decrease experienced by the construction industry for many decades. While we took measures to ensure the resilience of the business in the midst of this unprecedented situation, we have not shied away from our strategic commitments and the sustainability targets that we have set ourselves.

We succeeded in adapting quickly to the changed market environment, taking into account the reduction in production volumes

while protecting cash to invest in the future. In these unprecedented circumstances, the efforts of all our teams and our solid cost structure have helped us through this difficult phase.

### **Delivering our vision with integrity**

With escalating regulation and legislation, and a requirement for greater compliance, we appointed a Chief Legal and Compliance Officer to join the Executive Committee and reinforce our efforts in this area.

Attaining a sustainable future is central to our business plans. In 2023, to underline our commitment to our targets, we initiated a scheme linking our KPI for annual CO2e emissions reduction to the compensation of our top management.

To further make a positive contribution within the building industry in line with our goals, Christophe Clemente has taken on the role of Vice President at Construction Products Europe, advocating for resilient and circular solutions.

### **Xella Technology and Research (T&F)<sup>1</sup> is pivotal to our future**

The importance of our T&F function to the business cannot be overstated: both in its role as guardian of the integrity of our products and processes, and as the lynchpin in achieving our sustainability goals. During 2023, it has worked particularly closely with both ESG and

## How we've delivered on our 2023 priorities

### **Safety culture transformation**

We are seeing positive results from our Total Safety Leadership program.

See p 44 for more information

### **SBTi**

Validation of our near-term science-based GHG emissions reduction targets by SBTi.

See p 12, 31 for more information

### **Engagement with highest-emitting suppliers**

Sustainability partnerships established to help reduce our scope 3 emissions.

See p 25, 34-35 for more information

### **ESG-linked remuneration**

Compensation of top management linked to KPI for CO2e emissions reduction.

See p 22 for more information

### **Investment in energy efficiency**

Group-wide energy saving program is contributing to our emissions reduction.

See p 30 for more information

### **Investment and progress in circular economy**

We are making noticeable progress in eliminating production leftovers to landfill.

See p 36 for more information

<sup>1</sup> Technologie- und Forschungsgesellschaft.

Key data in this paragraph has been independently audited.



We have made significant headway towards pinpointing a Xella-specific carbon footprint and our Group-wide energy-saving program contributed to bringing down our emissions during the year.

**Xella Executive Committee**



**Xella Executive Committee (from left to right):** Dr. Radmila Petrovic, Chief Legal & Compliance Officer. Dr. Jens Kimmig, Chief Financial Officer. Dr. Michael Leicht, Chief Human Resources & Digital Officer. Christophe Clemente, Chief Executive Officer. Cécile Fages, Chief Sustainability & Communications Officer. Thomas Bois, Chief Operating Officer. Davide Papavero, Chief Technology Officer.

procurement to facilitate relationships with major raw materials suppliers, which will impact positively on our scope 3 emissions.

**Reducing CO2 emissions** ✓

With our scope 1, 2 and 3 targets now approved by the SBTi, we have a clear roadmap in place for reducing our scope 1 and 2 CO2e emissions by 42% by 2030. We also have a validated SBTi target for reducing our scope 3 emissions – currently 85% of our total emissions – from purchased goods and services by 25% (against a 2021 baseline) by 2030. We have made significant headway towards pinpointing a Xella-specific carbon footprint and our Group-wide energy-saving program contributed to bringing down our emissions during the year.

**Circularity: towards zero waste**

We are committed to decreasing the use of natural resources by returning our leftovers to our production, limiting cutting and residues on construction sites and using recycled demolition waste within our current production or for new applications.

Our journey starts with the goal to stop landfill of any AAC or CSU leftovers by the end of 2030, since they are suitable for continued use in our production are almost fully recyclable. To further develop the recyclability of our products, we are working on different projects: building our value chain to receive secondary materials from recycling companies, developing new products based on crushed AAC residues etc. Collaboration across the Xella Group – from T&F to digital solutions to plant production – and externally, through building partnerships across our supply chain, will be vital to attaining these targets.

**Community cooperation**

We are also delighted to have established a three-year cooperation with not-for-profit organization Habitat for Humanity (HfH) in Germany as part of their Hopebuilder initiative for affordable, secure, healthy and sustainable housing. HfH works closely with local communities and businesses to help achieve this.

**People diversity and engagement**

A diverse workforce is a prerequisite for a successful business. At Xella, we have set ourselves the target of 25% female managers by 2025 (from 18% in 2020). Progress was made in 2023, with a total of 20.8% female managers and a stable share of women working at Xella at 20.1% (vs 20.2% in 2022).

Our employee survey is an important milestone in helping us gauge how well we are doing in supporting their needs. 78% of employees took part in the 2023 survey and the effort we have put into safety issues was reflected in the top scoring these received. This year, we will focus on health and communicating about strategy, vision and culture.

**Looking to 2024 and beyond**

We have already shown that by remaining true to our strategy and sustainability goals, we have the fortitude to maintain a long-term and successful business. There is a strong structural need for new buildings in Europe. The distinct shortage of living spaces prevails and, as mortgage rates and incomes find some equilibrium, the desire for affordable housing should be rekindled. Xella's vision and mission is in place to fulfill that need.

**Signed:**  
**Xella Executive Committee**

✓ Key data in this paragraph has been independently audited.



# Where we operate

We are a leading European provider of sustainable, efficient and affordable solutions for the construction sector. We were founded in 1929 and are headquartered in Duisburg, Germany.

**€1,087.5m**

Consolidated revenue during the 2023 fiscal year

**58**

active plants in 14 countries

**4,501**

Employee headcount at Xella at end of Dec 2023

**81%**

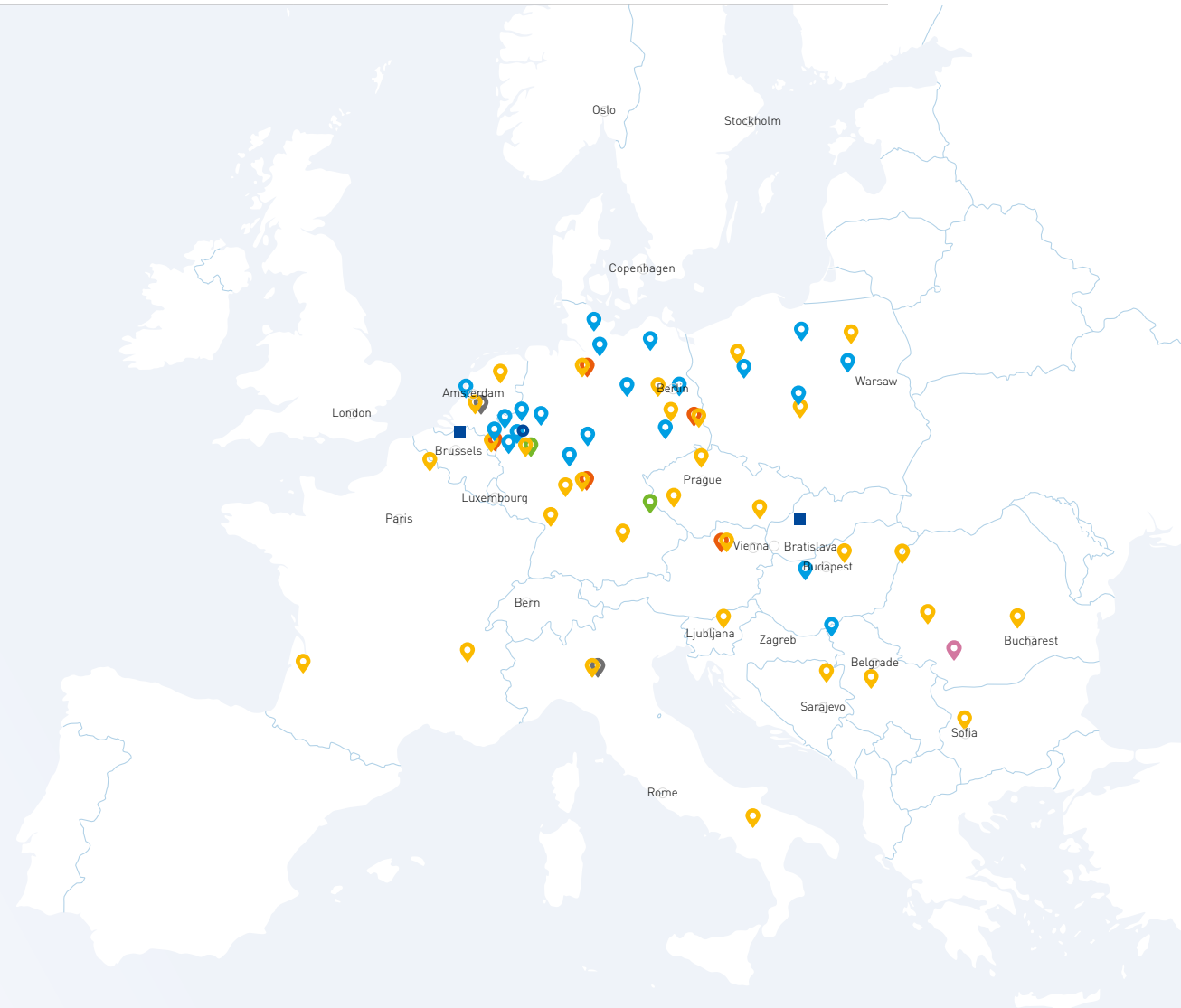
of our top 3 raw materials are locally sourced

**21**

countries with sales offices

**72%**

of our T&F budget is spent on developing sustainable solutions



### Subsidiary locations and materials type

- 📍 Calcium silicate units
- 📍 Mineral insulation boards
- 📍 Mortar
- 📍 Headquarters
- 📍 Autoclaved aerated concrete
- 📍 Large-scale wall elements and roofing panels
- 📍 Lime
- 📍 Logistic center

# Leading brands and products


Our building and insulation materials are underpinned by strong brands. With them, we make a significant contribution to the construction of sustainable, energy-efficient and affordable buildings for communities and businesses alike.

➤ See p 9-11 for more information



## Autoclaved aerated concrete (AAC) for affordable construction


- Built-in thermal insulation
- Load-bearing capacity for masonry
- Free of harmful substances
- Efficient resource usage
- Recyclable
- Non-combustible

 Combined structural and thermal insulation properties for safe and healthy housing



## Calcium silicate units (CSU) for efficient, individual construction


- High load-bearing capacity
- Frost-resistant and weatherproof
- High acoustic insulation
- High heat-storage capacity
- Recyclable
- Non-combustible
- Free of harmful substances
- Efficient resource usage

 High load-bearing and sound insulation properties for peaceful and relaxing housing



## AAC panels for commercial, residential and industrial construction


- Built-in thermal insulation
- High load-bearing capacity for walls, roofs and ceilings
- Free of harmful substances
- Efficient resource usage
- Recyclable
- Non-combustible

 Fire-safety and thermal insulation for the efficient construction of premium commercial and residential buildings



## Insulation solutions for green construction

- Efficient thermal insulation
- Non-combustible insulation
- Permeable and capillary-active
- Excellent mechanical properties
- Recyclable
- Free of harmful substances
- Efficient resource usage

 Recyclable boards for external and internal insulation and healthy, long-lasting housing



## Leading digital solutions

By developing a suite of innovative Building Information Modeling (BIM) tools, we have substantially boosted our aims of offering efficiency, affordability and sustainability in the marketplace. Through our Xella blue.sprint, Building Companion and Xella Construction Services propositions, our teams exchange information with customers that reduce waste within the building process, save time, labor and costs, and improve onsite safety.

4%

less waste on construction sites

“

In 2023, blue.sprint projects held up against difficult market conditions, principally due to the client log in and the timescale for large scale projects.

**Andreas Radischewski**  
Digital Building Solutions and  
Transformation Manager



### blue.sprint

Using BIM (a 3D virtual model) to optimize the construction process, blue.sprint teams across Europe focus on large-scale building projects: schools, hospitals, municipal buildings and large residential schemes. These all require large investment, detailed planning and the delivery of substantial amounts of material throughout the construction cycle. In these projects, our teams help significantly improve the building process and reduce time and costs.

At an early stage of the overall process, a 'digital twin' is created, that is an exact 3D virtual model of the construction taken from architect's drawings/building plans. The blue.sprint teams follow up through a customers' workshop to review and optimize production drawings and, once agreed, to then map the exact total quantity of materials required for a project.

These projects use mostly large format elements, which are tailor-made to order on specially adapted production lines – in Germany, for example, this is carried out at three of our CSU plants and two of our AAC plants – and delivered ready to install, removing the need for onsite cutting to size, and reducing waste by around 4%. This not only saves labor and time, but also significantly improves safety on the construction site.

Another feature of the blue.sprint system is the ability to integrate logistics into the process and thus provide just-in-time deliveries to construction sites. This is particularly important for inner-city projects where access and on-site storage are often problematic.

In 2023, blue.sprint projects have held up against difficult market conditions, mainly because they optimize costs and timescale, and because the duration for such major projects can span many years from acquisition to construction. Across Europe, there was a 15% increase in the revenues from projects undertaken compared with 2022. There was especially significant growth in the German market, 30% above prior year.

blue.sprint also has a robust project pipeline heading into 2024.





## ABOUT XELLA CONTINUED

### Building Companion

Building Companion – our B2B2C platform – was designed to support future private owners of single-family houses to approach projects professionally and give them all the knowledge they need. Through the website, they have access to advice on the best building materials as well as connections to a network of verified professionals – from architects to building contractors.

With Building Companion, construction companies and developers can publish credible profiles, as an alternative to social media platforms like Instagram, in order to establish their online presence. This helps homeowners find professionals who meet their expectations for quality supplies and services, and get in contact with them directly for a concrete project.

In 2023, Building Companion faced a unique situation. As mortgage rates increased, fewer private investors were looking to build, leading to a decline in unique users with those specific plans. Nevertheless, the platform maintained a strong user engagement, with steady interactions from both longtime users and newcomers. Additionally, professionals in countries like Poland and Romania made a significant pivot, moving their business strategies online in response to the reduced homeowner market. This move from traditional interactions to digital engagement led to a notable 46% rise in the number of professionals on Building Companion.

### Construction Services

Construction Services grew out of the idea that a new method of construction, which was championed by the local team in the Netherlands because of affordability and efficiency, would gain traction in the market more quickly if we proposed an installation and quality insurance service together with our product. For over 15 years, our Dutch team has been developing and promoting this concept for one of our key AAC systems and this now represents more than 20% of the turnover of Xella Netherlands.

Since this is also the direction requested by our key customers in both Western and Eastern Europe, we have started a deployment program that has already had some success in 2023, despite the difficult market environment. And we are confident about taking this further in the coming years with a strong focus on enlarging the portfolio of installed products.



6,550

users on the Building Companion portal/app

20+

years of Construction Services in the Netherlands

“

Construction Services showed remarkable resilience in 2023, despite a challenging market environment. We believe that 2024 can be a year of growth for Construction Services, with opportunities to promote new construction methods.

**Thomas Bois**  
Chief Operating Officer

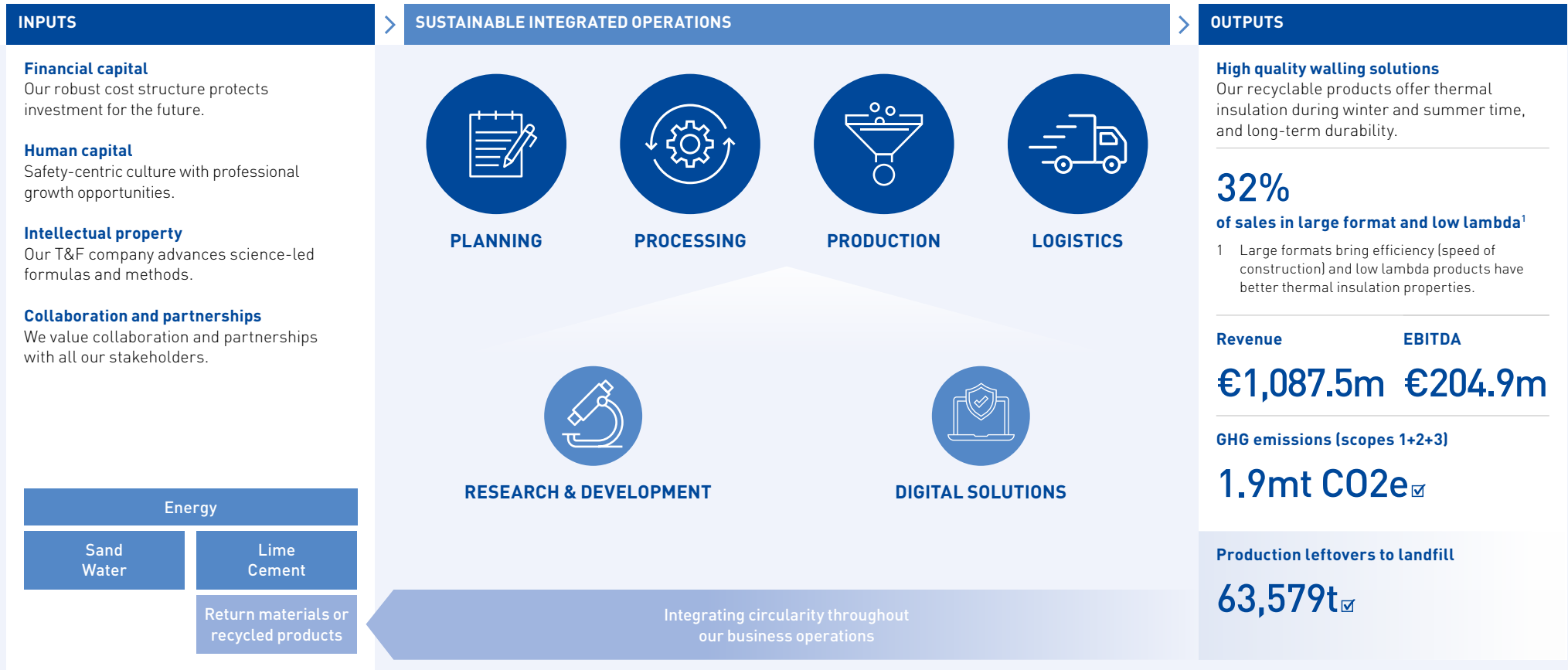


➤ PROVIDING SUSTAINABLE BUILDING MATERIALS

CREATING LONG-TERM VALUE FOR OUR STAKEHOLDERS

WHY OUR CUSTOMERS CHOOSE US

# Providing sustainable building materials



☑ This data has been independently audited.

**FACTORS DETERMINING LONG-TERM VALUE CREATION**

<b>TRENDS AND OPPORTUNITIES</b> ➤ See p 16 for more information	<b>STAKEHOLDER ENGAGEMENT</b> ➤ See p 26-27 for more information	<b>STRATEGY</b> ➤ See p 12 for more information	<b>GOVERNANCE</b> ➤ See p 19 for more information	<b>INNOVATION AND COLLABORATION</b> ➤ See p 17-18 for more information
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# Creating long-term value for our stakeholders

PROVIDING SUSTAINABLE BUILDING MATERIALS

> CREATING LONG-TERM VALUE FOR OUR STAKEHOLDERS

WHY OUR CUSTOMERS CHOOSE US



## Customers

Xella delivers value through innovative solutions, superior product quality, and a holistic service approach, meeting the demands for efficient and cost-effective construction, as well as sustainable wall solutions.

**29%**  
of sales digitally enabled

**32%**  
of sales in large format and low lambda



## Employees

Xella prioritizes employee well-being through a supportive, safety-centric culture and professional growth opportunities. Our active approach cultivates a strong speak-up mentality, offering our employees different participation methods.

**3.8/5**  
Employee engagement rate  
See p 51 for more information

**20.8h** ✓  
Average training hours per employee



## Suppliers

Xella creates value with transparent partnerships, fair practices, and collaborative growth, fostering reliability. We prioritize reducing scope 3 emissions and building a sustainable future with our suppliers.

**100%**  
comply with our  
Supplier Code of Conduct

**7**  
cement suppliers have  
committed to SBTs



## Investors and shareholders

Xella delivers financial performance through consistent returns, transparent communication and strategic innovation. We are committed to long-term financial stability and investment in innovative, sustainable products.

**€204.9m**  
EBITDA

**73%**  
Cash conversion



## Science and expert communities

Xella contributes to scientific and expert communities through knowledge sharing and sustainable practices. As part of the EAACA, Xella scientists share their research to foster advancements in construction.

**35**  
conferences attended

**29**  
scientific publications



## Communities

Xella enriches communities by prioritizing social responsibility, local engagement, and sustainable practices, and by being an active and responsible neighbor to all residents, create a lasting positive impact.

**€50,000**  
donated through Xella's  
Community Policy

**€16,000**  
donation from Xella  
Emergency Fund



# Why our customers choose us

PROVIDING SUSTAINABLE BUILDING MATERIALS

CREATING LONG-TERM VALUE FOR OUR STAKEHOLDERS

➤ WHY OUR CUSTOMERS CHOOSE US



At Xella, we have a long-term commitment to meeting the needs of all our customers throughout the value chain. Our mission of delivering affordable, efficient and sustainable solutions is supported by our innovative, integrated offering up and down the value chain.

## We advise and plan

1

We help by saving up to 20% on the total cost of construction for our customers.

### Digital planning

We plan and support in BIM (Building Information Modeling): from an early design phase to production and construction. This helps reduce building time and costs while preserving resources, benefiting both our customers and the environment.

### B2B2C platform

Our digital Building Companion platform connects the right partners for each building project. This significantly simplifies the acquisition process between construction managers and construction companies as well as private homebuilders.



## We produce

2

We propose solutions for the building envelope of our customers that are up to 4 times faster than some traditional walling methods.

### Large formats

Our large format elements and prefabricated wall panels reduce building costs and speed up the construction process in commercial, industrial and (multi-)residential construction.

### High insulation AAC

Thanks to the thermal properties inherent in our AAC products, we provide our customers with solutions that significantly boost the energy efficiency of a house during hot and cold periods, leading to substantial reductions in energy consumption, while the enabled monolithic construction method contributes to a shortened building time.



## We install

3

We simplify the construction process of our general contractors.

### Construction Services

We offer the installation of our solutions in partnership with our general contractors by taking ownership of specific sub-contracting tasks related to our products and solutions. By doing this, we guarantee our customers both optimized productivity and the required quality standards.

### Franchise concepts

We provide affordable single-family houses via our two franchise partner networks, hebelHAUS and Ytong Bausatzhaus. Customers can choose between turn-key houses, optimized for our products, and individual houses, which allow for the personal contributions of private builders. Our experienced partner network ensures timing and quality standards.



# Building a sustainable world

Safeguarding is at the forefront of our everyday at Xella: we play a proactive role in reducing our impact on the environment and contributing to the fight against climate change by developing products and processes that use less CO<sub>2</sub>, eliminate waste and increase the reuse or recycling of products; we are committed to the safety of our employees and creating opportunities for them without bias or discrimination. We made progress in our community engagement in 2023. Together, these form the basis of our ESG strategy.

Our mission to provide efficient, affordable and sustainable solutions for residential and commercial buildings within Europe was challenged during 2023 with the unanticipated downturn experienced by the construction industry. We, however, stayed true to our sustainability commitments and targets in order to deliver our long-term ESG strategy. To this end, we have managed to achieve noticeable progress despite the financial pressures of the market situation. Our newly defined CO<sub>2</sub> emissions targets and the roadmap to attain them received SBTi approval in late 2023; we have already begun implementing these across the business. We continued to develop the circularity of our materials with pilot projects. And we are constantly creating a workplace that promotes safety, inclusion, diversity and equal opportunities for our people.



The construction industry is key to achieving the climate goals in Europe. We have made significant progress in driving energy and resource efficiency and are working tirelessly to enhance and promote circularity principles throughout the lifecycle of our products.

**Cécile Fages**  
Chief Sustainability and  
Communications Officer

The Xella ESG strategy is based on three pillars:



## REDUCING CO<sub>2</sub>e EMISSIONS AND PROVIDING BUILDING MATERIALS WITH A LOW CO<sub>2</sub> FOOTPRINT

We are actively exploring ways of reducing scope 1 and 2 CO<sub>2</sub>e emissions in our own products and processes. We are also proactively engaging with the major suppliers of raw materials within our supply chain to reduce our scope 3 CO<sub>2</sub> emissions.

➔ See p 30-35 for more information



## DEVELOPING THE CIRCULARITY OF CONSTRUCTION MATERIALS

For Xella, the circular economy is about embedding a regenerative approach to every aspect of our processes, based on the almost full recyclability of AAC and CSU. We are committed to reduce virgin raw material consumption and have set ourselves a KPI to stop sending AAC and CSU leftovers to landfill by 2030. We want to return our leftovers to our production, limit waste at construction sites and further develop access to demolition products as a raw material.

➔ See p 36 for more information








































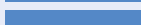


## SAFE AND INCLUSIVE PLACE TO WORK

Through our substantial investment in safety training, 'safe work, safe life.' has been instilled as part of our corporate DNA and culture. Our positive recruitment protocols and promotion of work-life balance support our commitment to diversity and inclusion for all employees.

➔ See p 44 for more information



# Successfully delivering on our strategy



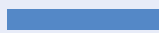
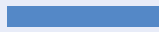



























Strategic priorities and governance	Key performance indicators	Targets	Performance	SDGs	
<b>REDUCING CO2 EMISSIONS</b> 	Total market-based scope 1 and 2 CO2e emissions (tCO2e)	2023: N/A 2025: N/A 2030: 253,600	2023  <b>270,192</b> ✓ 2022  402,236 ✓ 2021  437,241 ✓	 	
	Total scope 3 CO2e emissions (tCO2e)		2023  <b>1,586,622</b> ✓ 2022  2,332,720 ✓ 2021  2,368,696	 	
	Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 (baseline year: 2021)	2023: N/A 2025: N/A 2030: -42%	2023  -38% 2022  -8%	 	
	Reduce absolute scope 3 GHG emissions from purchased goods and services by 25% over 2021-2030 (tCO2e)	2023: N/A 2025: N/A 2030: 1,226,202	2023  <b>1,044,614</b> <sup>1</sup> 2022  1,622,811 2021  1,634,936	 	
	Reduce scope 1 and 2 CO2e emissions intensity by 30% by 2030 <sup>2</sup> (baseline year: 2019)	2023: -10.5% 2025: -16.4% 2030: -30%	2023  <b>-10.6%</b> ✓ 2022  -6.7% ✓ 2021  -8.6% ✓	 	
	<b>Emissions intensity per category of product (kgCO2e / m<sup>3</sup>)</b>				
	AAC	2023: N/A 2025: N/A 2030: 23.78	2023  <b>28.73</b> ✓ 2022  30.55 ✓ 2021  30.77 ✓	 	
	CSU	2023: N/A 2025: N/A 2030: 32.16	2023  <b>40.85</b> ✓ 2022  43.97 ✓ 2021  40.89 ✓	 	
	Multipor	2023: N/A 2025: N/A 2030: -	2023  <b>37.65</b> ✓ 2022  42.35 ✓ 2021  30.79 ✓	 	

<sup>1</sup> This is not considered to be an achievement of our science-based target, but a consequence of the significant production decrease due to the crisis our industry faced in 2023.














<sup>2</sup> The CO2 intensity target remains valid in the context of our sustainability-linked loan.



## TARGETS AND PERFORMANCE CONTINUED

Strategic priorities and governance	Key performance indicators	Targets	Performance	SDGs
<b>CIRCULARITY</b> 	<b>Zero leftovers to landfill</b>			
	AAC and CSU leftovers to landfill (tonnes)	2023: 72,305 2025: 32,793 2030: 0	2023  <b>63,579</b> ✓ 2022  82,183 2021  62,268	  
	Reduction vs 2022 (%)	2023: -12% 2025: -60% 2030: -100%	2023  <b>-23%</b>	  
<b>SAFE AND INCLUSIVE PLACE TO WORK</b> 	Reduce lost-time injury frequency rate (LTIFR) by 47% by 2025 (baseline: 9.5 in 2019)	2023: – 2025: LTIFR: <5 2030: LTIFR: 2.5	2023  <b>7.7</b> ✓ 2022  10.1 ✓ 2021  8.4 ✓	
	Zero fatalities	2023: 0 2025: 0 2030: 0	2023 <b>0</b> 2022 0 2021 0	
	Reach 25% share of female managers by 2025	2023: – 2025: 25% 2030: No target	2023  <b>20.8%</b> 2022  19.8% 2021  18.9%	  
	Increase annual training hours per employee by 30% by 2025 (baseline: 10.63 hours in 2019)	2023: 12.8 hours 2025: 13.82 hours 2030: N/A	2023  <b>20.8</b> ✓ 2022  20.02 ✓ 2021  15.35 ✓	  
	Distribute annual community engagement budget of €100,000 by 2025	2023: €50,000 2025: €100,000 2030: –	2023  <b>50,000</b>	

## TARGETS AND PERFORMANCE CONTINUED

Strategic priorities and governance	Key performance indicators	Targets	Performance	SDGs
GOVERNANCE	Zero cases of fraud, bribery and anti-competitive activities	2023: 0 2025: 0 2030: 0	2023 <b>0</b> 2022 0 2021 0	 
	At least one annual training session on compliance focused topics (in 2023, it was anti-trust) for specified employees <sup>1</sup>	2023: 80% 2025: 100% 2030: 100%	2023  <b>85%</b> <sup>2</sup>	 
	Proportion of relevant suppliers <sup>3</sup> confirmed to comply with our Supplier Code of Conduct	2023: 100% 2025: 100% 2030: 100%	2023  <b>100%</b> 2022  100% 2021  100%	 
	Implement risk management system for monitoring of ESG risks in supply chain (share of suppliers monitored)	2023: 100% 2025: 100% 2030: 100%	2023  <b>100%</b> 2022 N/A 2021 N/A	 

<sup>1</sup> 'Specified employees' are employees identified to be in a role/function with an increased compliance-risk exposure, as per the regular Compliance risk evaluation. 'Compliance focus topics' are topics that are the direct responsibility of the Compliance function, as opposed to other compliance-relevant topics that are handled by other functions. The Compliance focus topics include anti-trust, anti-bribery, anti-money laundering, trade sanctions, and data protection, as well as overarching aspects like Code of Conduct and Whistleblowing. 'Training rate' means that each specified German employee has received at least one training session each year related to an anti-trust focus topic.

<sup>2</sup> Scope = Germany.

<sup>3</sup> Relevant suppliers defined as providers of essential material, where single country procurement costs are over €50,000.

# Shaping the future of construction

The external marketplace presents challenges and opportunities for developing our business.



01

## Climate change

More than ever before, climate change and its impact are uppermost in the minds of stakeholders and, along with regulatory frameworks, are influencing business strategies.



02

## Urbanization

As populations continue to move from rural areas to towns and cities so the deficit in living space and the need for modern, affordable housing increases.



03

## Resource scarcity

The worldwide demand for natural resources continues unabated and is tipping the balance of available resource stocks for the future.



04

## Economic challenges

The building industry in Europe experienced its worst year for decades following a massive hike in mortgage rates coupled with high inflation.



05

## Skilled labor shortages

Labor shortages across all sectors is set to increase further with the projected decline in the working-age population in Europe and lack of skills for the transition to green and digital technologies.



06

## Sustainable housing

Alongside affordability, modern housing now requires durability: protecting residents through its resistance to fire, heat and cold with a long life span.

## How are we responding?



### Resilient, innovative products

01 03 06

Our T&F company has already carried out successful testing and advising on producing low-density blocks and experimenting with formulas to increase the quantity of our production leftovers to complement or replace the raw materials in our recipes.

➔ See p 17 & 37 for more

### Low-carbon, safe, durable materials

01 02 03 06

We have committed to significant SBTi targets to reduce our CO2e emissions and produce low-carbon building materials that meet standards for durability and safety.

➔ See p 30 for more

### Large format, easy to install products/solutions

02 04 05

We have introduced large format blocks, which help reduce waste within the building process, save time, labor and costs, and improve onsite safety.

➔ See p 11 for more

### Circularity

01 02 03

We are advancing circularity at every stage of our business process to reduce our CO2e emissions and decrease use of virgin raw materials.

➔ See p 36 for more

### Digital solutions

01 03 06

We have developed innovative Building Information Modeling (BIM) tools – blue.sprint and Building Companion – to boost our affordability and sustainability offering.

➔ See p 7 for more

### Investment in talent and training

05 06

Our focus on retraining, reskilling and upskilling our workforce is critical to managing our future talent and, in 2023, we exceeded our target and provided 20.8 hours of annual training per employee.

➔ See p 50 for more

### Partnerships and collaboration

01 02 03 04 05 06

Through collaborations and sustainable partnerships, we are working to mutually reduce CO2 emissions throughout the building lifecycle.

➔ See p 25-27, 35, 59 for more



# Creating the buildings of tomorrow

**More than ever before, climate change and its impact are uppermost in the minds of our stakeholders. Achieving our vision of a more sustainable world will only be possible through collaboration and the will to innovate together. We are proactively engaged in creating and taking forward initiatives for a more sustainable construction industry now and in the future.**

**€5.4m**

invested in T&F in 2023

**72%**

of our T&F budget is spent on developing sustainable solutions

## Investing in T&F

Pivotal to Xella's stance on sustainability and its impact on the future is its belief in backing the science by investing substantially in research and development. It is the only AAC and CSU building materials company in Europe that has its own R&D facility and, additionally, research laboratories at each of its plants. In 2023, we invested €5.4 million in R&D with some 72% earmarked for improving production sustainability, including recipe optimization which leads to lower energy consumption.

Determining the direction of T&F within the business is also a collaborative affair but one that starts at ground level. Each region has a designated innovation manager, whose role is to glean ideas for innovation from their contacts, whether through sales or directly from customers. These are fed back to the Innovation Steering Committee, composed of the CEO, Chief Sustainability Officer, representatives from T&F and regional CEOs, which has the role of reviewing all ideas for possible T&F projects and investment, and deciding whether to take them further.

Climate change is a huge influencer for the need to generate products that are more robust – resistant to wind, fire and earthquakes – yet affordable and energy-efficient. Sustainable design is a particular focus of our T&F development work,

exploring how to increase the durability of products to timeframes that exceed 50 or 60 years. However, perhaps the most significant outcome has been the proof positive results from our research into recarbonation. This is recognized as relevant to Environmental Product Declarations in Germany, Italy and, most recently, France, and will undoubtedly gain wider acknowledgement. We have been able to prove the capacity of AAC to effectively store substantial quantities of CO<sub>2</sub> during its lifetime. This natural process – recarbonation – occurs as cement and lime-based products absorb CO<sub>2</sub> from the atmosphere: acting as permanent carbon sinks during a building's life span, but also retaining CO<sub>2</sub> even when they are demolished and recycled. Based on the European Standard EN 16757:2017, our calculations showed that 80kg/m<sup>3</sup> of GHG is absorbed from the air during the lifetime of a typical AAC building. Further research on CSU is planned for 2024.

## The circular economy

Perhaps our focus on innovation is most evident in our commitment to developing circularity within Xella. With the increasing scarcity of natural resources, we have resolved to explore options for decreasing our consumption of raw materials and have already carried out the successful optimization of production residues to replace some mineral resources.

We are pioneering methods of entirely eliminating waste (i.e. sending leftovers to landfill), which has also unlocked new economic opportunities. We developed an application for transforming AAC residues into granulates, which opened the door to gradually adapting these to produce a range of granulate products over the last decade. We are currently in the research and testing phase for a number of new granulate products. Further details about our overall approach to circularity can be found on [pages 36 to 40](#).

## Setting new standards

One of the biggest challenges on the horizon for the whole building materials industry is the implications of the new Construction Product Regulation within Europe. The trilogue has been finalized and environmental information will be part of the Declaration of Performance in the future. Xella, as one of the largest companies within the sector, has been actively involved in the ongoing discussions with research universities and other external experts about setting the standards needed to achieve this, and will participate in the work that needs to be done.

# Celebrating 100 years of AAC

**It will come as a surprise to many that 2023 marked the centenary of the production of the first autoclaved aerated concrete (AAC).**

This is a major constituent of our branded building materials so it was no surprise that we were closely involved with the very successful 7th International Conference on AAC (7ICAAC) which took place in Prague in September 2023 and was organized by the European Autoclaved Aerated Concrete Association.

Originally started as an opportunity for those involved in the AAC industry to contribute to the collective understanding of AAC technologies and practices, the first in this international conference series was held in Gothenburg in Sweden back in 1960. Since then, editions have been held in Lausanne (1983), Zurich (1992), London (2005), Bydgoszcz (2011), and Potsdam (2018).

The 2023 edition brought together experts from the worldwide construction industry to celebrate and honor 100 years of advancements in the field, and to exchange scientific knowledge and discuss key directions for AAC development, drawing

from past experiences, current research and technological achievements. A record-breaking 333 registered participants from around the globe attended the conference, which took place over three days and covered a diverse range of topics, from production techniques to AAC material properties and sustainability practices.

The keynote speech was given by Xella Group CEO, Christophe Clemente, and the conference lineup featured a number of speakers from Xella T&F, whose contributions to autoclaved aerated concrete development have played a pivotal role in shaping the industry. In addition to industry insiders, the conference also welcomed external speakers, adding a broader perspective to the event, including Dita Charanzová, Vice-President of the European Parliament, and Eduard Muřický, Deputy Minister at the Ministry of Industry and Trade of the Czech Republic. The academic world was presented by Professor Rostislav Drochytka from Brno University.

Xella Technology and Research contributed 13 lectures to the 7ICAAC, covering research and application areas including: structural engineering, seismic design, recarbonation, sustainability and building physics.



“

Our research process is totally integrated into the business and, with our strategy and the targets we have set ourselves, our long-term horizon is clear for everyone to see.

**Torsten Schoch**  
CEO Xella Technologie- und  
Forschungsgesellschaft mbH

# Governance

In line with our corporate values, we have an open and honest approach to how we manage and support our sustainability framework.

## Material issues

- Customer satisfaction
- Business ethics & integrity
- Sustainable financial performance & resilience
- Transparency



“

The strength of our governance lies in the balance of skills within ExCom and speaking to our people with one voice.

**Dr. Radmila Petrovic**  
Chief Legal & Compliance Officer





# Integrating ESG into the way we do business

**Ensuring that ESG is integrated into all our decision-making is the remit of ExCom with its keen overview of finance, operations, HR, digitalization, technology, legal and compliance, and sustainability.**

## ESG governance at Xella

The formal governance of Xella's sustainability strategy – including setting, implementing and meeting relevant targets – lies with the company's Executive Committee (ExCom). The membership of ExCom comprises the Chief Executive Officer along with Chief Officers responsible for the delivery of finance, operations, human resources and digitalization, technology, legal and compliance, and, of course, sustainability. The strength of this broad group is that, at ExCom's bi-monthly meetings, every topic is discussed and reviewed from a number of different perspectives. However, a fundamental tenet is that all decisions made at this level are communicated with one voice.

The focus of our ESG governance is directed at ensuring that we take on board the comments we receive from stakeholder engagement, plus the results from our materiality assessments and how these feed in to our risk management processes.

➔ [See p 21 for more information](#)

Oversight of the sustainability strategy in action is delegated to the ESG Steering Committee (ESG Committee). Drawing on expertise from across the business units and under the leadership of the Chief Sustainability Officer, the Committee meets every month with decisions disseminated throughout the Group and also externally where appropriate. Its remit includes monitoring ESG impacts and assessing how these match up against ESG targets, as well as reviewing the need to improve and/or develop new policies, programs and initiatives. The ESG Committee also focuses on ensuring that Xella has regular engagement with its various stakeholder groups.

Ensuring that ESG is integrated into all aspects of Xella's decision-making is key and, consequently, the Chief Sustainability Officer is also a permanent member of both the Capex Board and the Innovation Steering Committee. The Capex Board, chaired by the Chief Technology Officer, reviews all capital expenditure proposals, with the exception of those that are IT-related. It has input from operations, engineering, ESG, health and safety, purchasing and finance, who together determine the validity of each project.

The Innovation Steering Committee consists of 14 members (the Xella ExCom and CEOs of Xella regions) and has the task of deciding which basic research projects are to be carried out. This Committee also assesses which product and system innovations should be developed by Xella's T&F company.

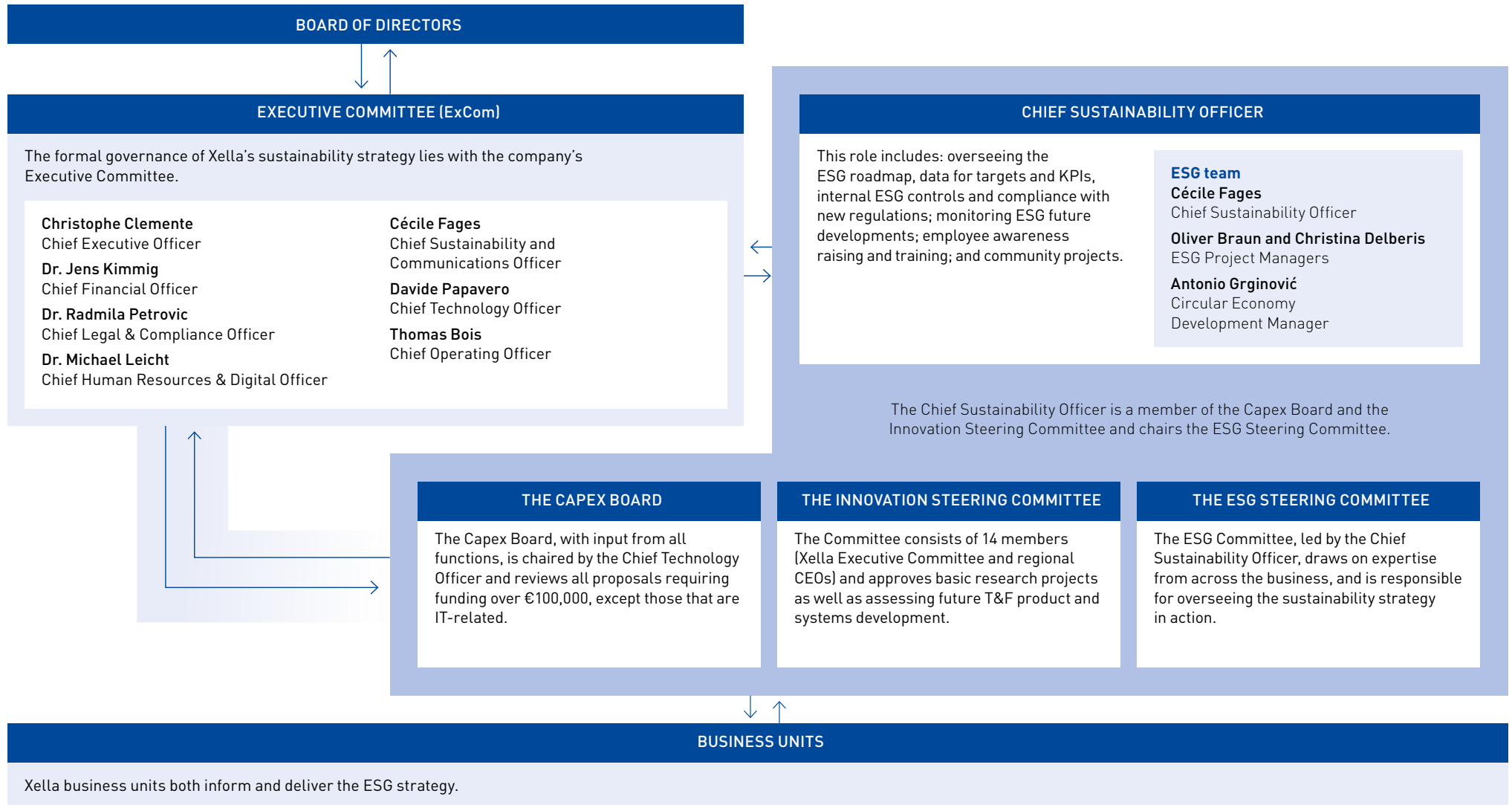
Since 2022, Xella has had a dedicated ESG team to support the Chief Sustainability Officer with Group-wide ESG initiatives.

This includes defining the ESG roadmap and targets; gathering data to support Xella's targets and KPIs; ensuring that adequate internal ESG controls are in place; ensuring preparation of and compliance with new regulations; monitoring future developments in ESG; raising awareness and introducing ESG training for all employees, which began in 2023 and will be further developed during 2024; and managing community projects and budgets.





## Governance framework



## HOW WE MANAGE SUSTAINABILITY CONTINUED

### Guiding frameworks and principles

Xella conducts its business in line with its adherence to the UN Guiding Principles on Business and Human Rights. As a signatory to the UN Global Compact, the Group upholds its principles on human rights, labor, environment and anti-corruption; and it supports the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

We fully support and align with the UN Sustainable Development Goals (SDGs) and seven of these underpin our overall sustainability strategy: gender equality, affordable and clean energy, decent work and economic growth, industry innovation and infrastructure, reduced inequalities, responsible consumption and production, and climate action.



We apply these principles in the relationships that we have with all our stakeholders: employees, local communities, customers, suppliers, investors and the science and expert communities. Compliance with the applicable European, regional and local laws in all our locations of operations is of the utmost importance to us.

We prohibit any political donations or allegiances to any political parties. Where national laws permit it, our local companies may engage in lobbying on industry-related topics, often as part of associated industry organizations.

We have set out our commitment in Xella's own Code of Conduct and in policies and guidelines, including those pertaining to suppliers, communities, freedom of association, non-discrimination and diversity (read more on p 58). Full details of these can be found on our website: [https://xella.com/en\\_US/sustainability/downloads](https://xella.com/en_US/sustainability/downloads).

Executive remuneration is linked to CO2e emissions reduction targets.

### Sustainability-related incentives

At Xella, our business plans – short-, medium- and long-term – are all focused on building a sustainable future. We also feel that it is important to reinforce our commitment to the targets that we have set ourselves and so, in 2023, we formalized a scheme that links the compensation of our top 65 executives to achieving our target for CO2e emissions reduction each year.

Xella has also a Group financing agreement – the Senior Facilities Agreement (SFA) – which has been in place since April 2021 and runs to 2028. This loan facility has interest rates that are directly linked to an improvement in the key figures for each of following three ESG KPIs:

- CO2 emission intensity of our AAC and CSU products
- Annual training hours for our employees
- Percentage of glass wool recycled input

The glass wool-related KPI is no longer relevant since this was solely linked to the insulation activities of the URSA group, which we sold in 2022. Accordingly, together with our SFA lenders, we agreed on a new ESG KPI 'production leftovers sent to landfill' to replace this. A higher interest rate margin will be applied if one or more of the ESG KPI targets are not met. An ESG Compliance Certificate must be issued each year, confirming compliance, or otherwise, with the three agreed ESG KPI targets. For 2023, we successfully met the three targets in relation to this loan.

### External recognition

Remaining on track and meeting targets is obviously essential to our vision for the future, but we are also pleased to have our efforts recognized by external ESG organizations and by our peers. In July 2023, we were ranked top in our industry by Sustainalytics, an independent ESG rating agency – with a score of 17.5, we are in the 'low risk' category and ranked second among 142 construction materials companies.



### Ytong awarded Czech Business Superbrand status

As AAC celebrated its 100th anniversary in 2023, Ytong was awarded Czech Business Superbrand status. It was also voted Most Trusted Brand in the masonry materials category for the fifth consecutive year in the Czech Republic and for the first time in Slovakia.

# Promoting a strong corporate culture

**For leadership and employees alike, aligning behavior with ethical standards is vital to maintaining our reputation as a reliable and trusted partner and will help deliver our vision for the future.**

## Culture and values

At Xella, we truly believe that promoting a strong corporate culture with shared values is essential to the long-term success of the business. For leadership and employees alike, aligning behavior with ethical standards will help deliver our vision for the future. We have a safety first and foremost approach to how we run our business and look out for one another. We expect open and honest dialog, allied with respectful and appreciative interactions, with all our stakeholders. As a company, we assume responsibility and accountability for everything that we do and place our trust in our employees to undertake their roles in a reliable and conscientious manner. We set high standards of professionalism and actively support our people in delivering excellent and efficient results.

## Compliance

In a world of ever-increasing regulation and legislation, it is vital that Xella maintains its reputation as a reliable and trusted partner for our different stakeholders. We are aware of the importance of complying with applicable national and transnational laws. We are also mindful of the importance of compliance and compliant behavior as key drivers in all our business activities. In 2023, we appointed a Chief Legal and Compliance Officer to join the Executive Committee and ensure that we reinforce our efforts in this area.

We have established and trained a network of local compliance delegates in each of our regions to handle day-to-day issues and to ensure a more global approach to compliance throughout the Group. Furthermore, we have made good progress during the year with the rollout of the first components of our Compliance Management System (CMS) covering processes, organization and structures. With significant financial investment, this was developed on the basis of international best practice and the final elements of the CMS will be embedded across the Group during 2024.

Integrating compliance into all aspects of Xella's working practice also requires raising awareness of, and indeed acceptance of, the many facets of the business that can be affected by non-compliance. Rules about anti-bribery and corruption may seem obvious but how data protection should be rigorously applied is perhaps not as clear cut. The Compliance function has, therefore, instigated an online training program across a number of topics. Rather than just taking off-the-shelf products, these have been customized using practical examples that relate to Xella. While more time-consuming in the preparation phase, their bespoke nature means that they are far more relevant for the internal employee audience.

In addition, the first iterations of these are in German and English, but they will also be translated into other languages and launched in different countries. During 2023, the data protection compliance and anti-trust training delivered in this way were well received; information security and general compliance training are among the topics planned for 2024. In 2023, we provided 3,069 hours of compliance-related training, a decrease compared to 2022 (5,447 hours<sup>1</sup>) linked to an overall lower number of employees, and the exit from Macon's terracotta operations in Romania.

**The Compliance Management System will be embedded across the Group in 2024.**



What sets our new Code of Conduct apart is that it puts the human element at the forefront. Our core value, safety, is now rightfully positioned at the top of the list. Additionally, new topics like sustainability have gained importance.

**Frank Fuchs**  
Head of Group Compliance



1 Figure from the 2022 ESG report has been updated to correct an error in calculating the compliance-related training hours.

## CULTURE AND ETHICAL CONDUCT CONTINUED

### Code of Conduct

Devising a new Code of Conduct has been another significant endeavor during the year, led by the Compliance function but requiring the cooperation and contributions of other Xella departments. Since the existing Code of Conduct was issued in 2017, there has been a substantial shift in the strategic focus of the company: safety has come to the forefront of its values and sustainability, with its ESG targets, is another core element of the business mix.

As well as updating the content of the Code of Conduct, it is now presented in a more concise and engaging manner in order to make it more digestible.

Rather than the Code being a didactic, box-ticking exercise, its bite-size nuggets of information actively encourage employees to act with integrity in upholding Xella's culture and ethics.

The first copies of the revised Code of Conduct were issued in early 2024; it will be translated and available in 18 languages for circulation to all current employees. New joiners will all be issued with the Code of Conduct during onboarding along with e-training courses in relevant compliance core topics, which are also used as a refresher for specific employees whose roles are deemed to be exposed to an increased level of compliance risk.

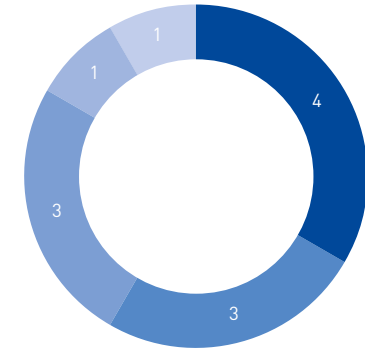
### Integrity reporting (whistleblowing)

Xella has no tolerance for fraud, bribery and anti-competitive or discriminatory behavior and any violations of laws or its own internal policies. With its corporate culture of openness, accountability and constructive debate, Xella actively encourages employees, business partners and other stakeholders to report any suspicions that they may have about the conduct of the company or its employees. Our Integrity Reporting Channel Policy is available on our website: [https://xella.com/en\\_US/sustainability/downloads](https://xella.com/en_US/sustainability/downloads).

Integrity reporting channels have been in place for a number of years and more recently updated to take account of a number of national whistleblowing laws that have been introduced. Internal and external parties have access to a confidential and non-retaliatory service via telephone, email or written letter (in their local language) if they have concerns about assumed breaches of integrity or transgressions of laws or regulations. An external firm of lawyers acts as local ombudspersons on behalf of Xella, offering an even higher level of confidentiality in receiving reports.

During 2023, we received 12 reports, which were evaluated; appropriate measures were taken for remediation and/or sanctioning where an allegation was confirmed. These are mainly measures relating to organization and processes and, where necessary, more severe measures such as blacklisting a potential supplier or, in another case, dismissing an employee.

### Number of whistleblowing complaints by theme – 2023



Theft/fraud	4
Other HR	3
Other	3
Corruption	1
Environment	1
<b>Total</b>	<b>12</b>





# Building mutually beneficial relationships

## Management approach

Reducing our CO2 footprint as part of Xella's overall strategy sits at the core of how we manage our procurement business and supply chain. A key focus of this centers around working with our suppliers on how best to reduce their CO2 emissions, which ultimately affect our scope 3 emissions, accounting for 85% of our total emissions. The majority of our large-scale suppliers are already on board and have measures in place that meet our criteria; for smaller, independent suppliers, we devote time to raising awareness about the importance of CO2 emissions reductions for their business and their relationship with us.

The majority of our materials are purchased locally – 81% – and, on average, raw materials are sourced from within 80 km of our plants. We are predominantly a local business ourselves within each of our regions of operation and this enables us to help boost the local economy. The affordability of our products is also a crucial part of our overall mission so minimizing transport costs through shorter delivery journeys also has a part to play; this is particularly apposite given the current shortage of drivers across Europe and increased road tolls in some countries, which have contributed to a hike in transportation costs. This also means lower CO2 emissions and, along with cost, this is a deciding factor for all our procurement decisions.

## Supplier Code of Conduct

By the end of 2023, all our major suppliers had signed up to the Supplier Code of Conduct (SCoC), which we have been rolling out over the last five years. This covers those suppliers providing essential materials (where certain materials and/or certain country procurement costs are over €50,000). The SCoC is part of all purchasing contracts and orders as part of our regular purchasing processes.

These regular suppliers must comply with Xella's SCoC and its commitments in terms of safety, environmental protection, working conditions and other responsible business activities. Any violations are a breach of contract and may lead to the contract being terminated.

## Analyzing data and risks

Obtaining definitive information from our suppliers through audited data and Environmental Product Declarations was a major undertaking during 2023 for our Group Purchasing function, working closely with colleagues from T&F and ESG teams. The process and progress on determining our scope 3 emissions is detailed in the Environment section of this report.

We will have everything in place to meet the requirements of Germany's new Supply Chain Due Diligence Act (the new Act) by the end of Q1 2024. A risk analysis based on country and industry risks throughout our

entire supply chain (using the 'IntegrityNext' software platform) and our own business area will enable us to identify, prevent and address human rights or environmental abuses in accordance with the new Act. Legislation is also changing in the Netherlands and this approach is also likely to be adopted in other countries. We have taken the decision to use our experience in Germany as a blueprint and adapt this model to take account of upcoming changes across Europe.

## Review of logistics and packaging

In logistics, as part of making transport more CO2-efficient, we have pilot projects to test alternative modes of transport for deliveries to our customers. For example, making use of waterways where customers are in close proximity to our plants and delivery points has already proved successful. The first shipment along the Danube, delivering 920 tonnes of calcium silicate units from the Apatin plant in Serbia to Romania, saved almost 72 tonnes of CO2. For mortar, we use intermodal transport (truck+train) for some routes.

In the Netherlands, we have launched a pilot scheme using plastic pallets to replace the more traditional wooden ones. Working in collaboration with Circular Plastics Alliance, proponents of circular packaging and transport solutions, 2,500 plastic pallets are now being used by Xella Netherlands. These are made from recycled plastic, have a lower CO2 footprint and will save 70 tonnes of CO2

# 100%

of our major suppliers signed up to the Supplier Code of Conduct

once the project is fully implemented. The pallets are also returnable and trackable via radio frequency identification (RFID) or QR technology. We are also looking at how data generated this way may be applied in managing our overall logistics process more efficiently in the future. But, the story does not finish there: these pallets have a life span of 5-7 years after which time they can also be recycled again to create further generations of new pallets.

## Focus in 2024

- Trainings:
  - Establish general compliance training
  - Establish InfoSec training
  - Advanced anti-trust training
- Conduct compliance risk analysis (risk management as part of the CMS)
- Accomplish set-up which fulfills the requirements of the German Supply Chain Act
- Continue to work with suppliers and create partnerships of mutual benefit in terms of reducing our scope 3 CO2 emissions
- Develop an ecosystem with suppliers of demolition waste as input for recycled products

# How we engage with our stakeholders

We believe that attaining our goals as a successful and sustainable business can only be achieved through the goodwill of all our stakeholders: employees, customers, suppliers, shareholders, scientists and experts in our industry sector and, crucially, the local communities in which we operate our plants.

To this end, we put a great deal of effort into engaging with these groups on a regular and ongoing basis through a number of different channels and at all levels across the business. Our engagement is always based on a two-way dialog: proactively providing comprehensive and transparent communication about Xella and its activities; genuinely listening to and responding to all conversations and feedback, whether positive or negative, in order to deliver considered outcomes. During 2024, we will be undertaking our double materiality assessment to confirm which ESG issues continue to be most material to our stakeholders and to the business.

<p>Customers</p> 	<p>Employees</p> 
<p>Key topics</p>	
<ul style="list-style-type: none"> <li>■ Sustainability</li> <li>■ Efficiency</li> <li>■ Logistics</li> <li>■ Planning</li> <li>■ Total cost of ownership</li> <li>■ Affordability</li> <li>■ Digitalization</li> <li>■ Product development</li> <li>■ Labor shortages</li> <li>■ Market situation</li> </ul>	<ul style="list-style-type: none"> <li>■ Safety and safeguarding colleagues</li> <li>■ Health and well-being</li> <li>■ Energy efficiency</li> <li>■ Sustainability strategy and initiatives</li> <li>■ Circularity</li> <li>■ Diversity and inclusion</li> </ul>
<p>Engagement channels</p>	
<ul style="list-style-type: none"> <li>■ Feedback channels</li> <li>■ Materiality assessment process</li> <li>■ Working with the Xella T&amp;F teams</li> <li>■ Business Information Modelling tools: blue.sprint and Building Companion</li> <li>■ Construction Services</li> <li>■ Events including webinars</li> <li>■ Disclosures, such as our Sustainability Report</li> <li>■ Face-to-face meetings</li> </ul>	<ul style="list-style-type: none"> <li>■ Moments of safety at the start of all meetings</li> <li>■ Internal newsletter, intranet, town halls</li> <li>■ Disclosures, such as our Sustainability Report</li> <li>■ HR and Health &amp; Safety meetings</li> <li>■ Seminars and conferences</li> <li>■ Materiality assessment process</li> <li>■ Female Talent Pool</li> <li>■ Employee engagement survey</li> </ul>
<p>Outcomes</p>	
<ul style="list-style-type: none"> <li>■ Just-in-time deliveries to sites</li> <li>■ Developing Construction Services offering within Germany based on the successful model in the Netherlands</li> <li>■ Development and testing of new recipes for products for faster and more efficient building: more lightweight; large format etc.</li> <li>■ Development of large format products supported by digitalization of construction</li> </ul>	<ul style="list-style-type: none"> <li>■ We further expanded the Total Safety Leadership program</li> <li>■ We made progress in reducing our LTIs and LTIFR</li> <li>■ The overall retention rate was 83.1%</li> <li>■ Female managers represent 20.8% of managers in 2023</li> <li>■ Women now make up 42% of the talent pool, and represent 20.1% of employees across the company</li> <li>■ Our employee engagement survey had a 78% participation rate</li> </ul>

## STAKEHOLDER ENGAGEMENT CONTINUED

Suppliers		Science and expert communities		Investors and shareholders		Communities	
<b>Key topics</b>							
<ul style="list-style-type: none"> <li>Reducing CO2 emissions</li> <li>Clear sustainability roadmaps</li> <li>IntegrityNext platform</li> <li>Supplier Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Hydrogen initiative and hydrogen in CSU</li> <li>New technologies and innovation</li> <li>Carbon capture technology</li> <li>Regulation changes</li> </ul>	<ul style="list-style-type: none"> <li>Energy efficiency and cost reduction</li> <li>Creating value/sustainable margins</li> <li>Positive sustainability profile</li> <li>Market downturn</li> </ul>	<ul style="list-style-type: none"> <li>Financial and in-kind donations</li> <li>Grievance procedures</li> <li>Local employment opportunities</li> <li>Health and well-being</li> <li>Respect for human rights</li> </ul>				
<b>Engagement channels</b>							
<ul style="list-style-type: none"> <li>Purchasing team</li> <li>Collaboration with T&amp;F team</li> <li>Materiality assessment process</li> <li>New Supplier Code of Conduct</li> <li>Scope 3 emissions project linked to science-based target on CO2 emissions</li> <li>Disclosures, such as our Sustainability Report</li> <li>Face-to-face meetings</li> </ul>	<ul style="list-style-type: none"> <li>Through work of T&amp;F</li> <li>Events such as the international Xella Colloquium in 2022 and the 7th International Conference on AAC held in Prague in 2023</li> <li>Materiality assessment process</li> <li>Disclosures, such as our Sustainability Report</li> <li>Construction Products Europe (Xella CEO appointed Vice President in 2023)</li> <li>Sustainalytics rating agency</li> <li>Industrial associations</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings with the CEO and CFO</li> <li>Investor Relations team</li> <li>Disclosures, such as our Sustainability Report</li> <li>Materiality assessment process</li> </ul>	<ul style="list-style-type: none"> <li>Community Policy at Group level</li> <li>Local engagement via plant managers</li> <li>Employee volunteering</li> <li>Materiality assessment process</li> <li>Cooperation with local communities</li> <li>Systematic and ongoing stakeholder dialog</li> <li>Xella Emergency Fund</li> <li>Disclosures, such as our Sustainability Report</li> </ul>				
<b>Outcomes</b>							
<ul style="list-style-type: none"> <li>We conducted risk analysis across our entire supply chain.</li> <li>We meet the requirements of Germany's new Supply Chain Due Diligence Act.</li> <li>We have established sustainability partnerships with five of our major raw material suppliers.</li> <li>In logistics, we have begun to test alternative modes of transport from road to rail or truck to ship.</li> </ul>	<ul style="list-style-type: none"> <li>International experts at the AAC conference shared views on sustainable production and recycling, energy-efficient construction and the use of digital tools amongst a range of topics looking to the future of the product.</li> <li>Sustainalytics ranked Xella top in its sector.</li> </ul>	<ul style="list-style-type: none"> <li>We retained the confidence of our investors through our transparent and honest forecasts during the depressed market situation.</li> <li>We have agreed budgets for 2024 and have the financial support for new projects and investment possibilities.</li> </ul>	<ul style="list-style-type: none"> <li>The first projects, initiated as part of the Community Policy commitment, took place across ten pilot sites.</li> <li>We have entered a three-year partnership with Habitat for Humanity and committed €38,000 to help fund projects, as well as donating some of our product to a building project in Slovakia.</li> <li>Xella Emergency Fund donated €2,000 to help clean up and rebuild new homes after the catastrophic floods in Slovenia.</li> </ul>				

# Identifying what's important

An informed understanding of the material topics that influence our stakeholders' expectations and decision-making helps provide invaluable insights for the long-term sustainability and success of the business.

To help us set and update our sustainability priorities, we carried out a comprehensive materiality assessment in the last quarter of 2022. This review was linked to the change of business scope at Xella, after the sale of the insulation business unit URSA in June 2022. During 2023, a review took place in relation to the topics classified as material in 2022 and these remain applicable from a corporate perspective. With reference to international sustainability standards (including UN Global Compact, GRI, SASB), industry guidelines and regulatory requirements, we identified 26 topics as material to Xella and our operations. We then grouped these together in five material fields of action: climate, people, resources and circularity, products and services, and governance and stakeholders. We surveyed 297 internal stakeholders (employees and management) and 137 external stakeholders (customers, NGOs, investors, suppliers, experts) for their input in ranking these in order of importance.

The results of this research are shown in the materiality matrix opposite, indicating the fields deemed most material by both internal and external groups. 'Climate' was identified as the most important material field of action, with topics covering CO2e emissions, energy efficiency, renewable energy and biodiversity.

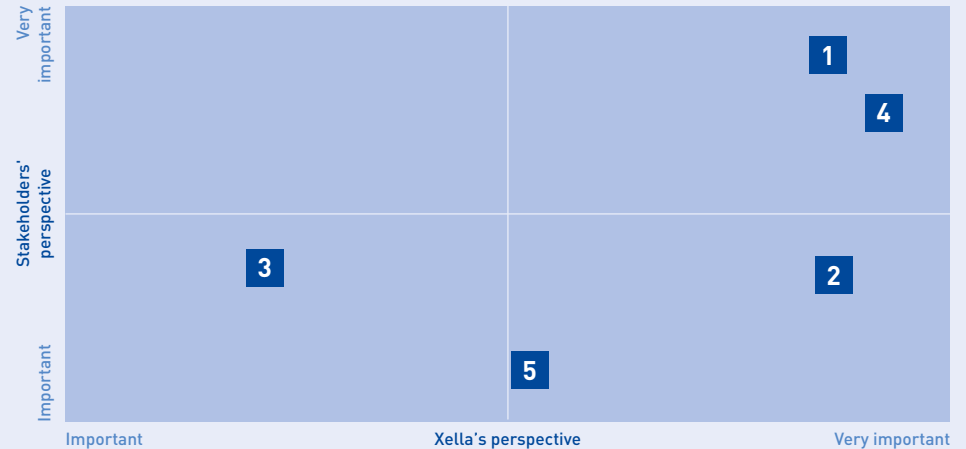
This was closely followed by 'People' with the focus on topics such as occupational health and safety, attraction, retention and development of talents, employee well-being, and diversity and inclusion.

From a management perspective, it was encouraging to see that Xella's priorities to reduce GHG emissions, ensure a safe working environment, develop the circularity of materials and improve diversity and opportunities for our employees aligned closely with those of our stakeholders. During 2023 and highlighted throughout this report, we have taken on board the feedback from this research to improve our overall management approach across each of the five material fields of action. As an example, we reviewed the process for attraction and development of talent, which was a topic given a high priority by internal audiences within the 'People' field of action.

In 2024, we will work on the preparation of compliance with the Corporate Sustainability Reporting Directive (CSRD) that will apply to Xella starting in 2025, conducting a double materiality assessment, identifying the gaps and preparing the company to finalize reporting on certain KPIs, as necessary.

## Aggregated materiality matrix (II/III)

Materiality matrix displaying the fields of action



### 1 Climate

- CO2 emissions
- Energy efficiency
- Renewable energy & alternative fuels
- Adaptation to climate change
- Biodiversity

### 2 Resources & circularity

- Circular economy
- Efficient use of resources
- Waste management
- Responsible & resilient supply chain
- Water management

### 3 Governance & stakeholder engagement

- Customer satisfaction
- Business ethics & integrity
- Sustainable financial performance & resilience
- Transparency
- Community engagement

### 4 People

- Occupational safety & health
- Working conditions & employee well-being
- Attraction, retention & development of talents
- Diversity & inclusion

### 5 Products and services

- Energy-efficient houses & buildings
- Innovation & research
- Product quality & safety
- Affordable housing & buildings
- Building process efficiency
- Low-carbon product portfolio
- Digitalization



# Environment

Our focus is on designing production processes that are more energy-efficient and less CO2 intensive, decreasing the use of virgin raw materials by developing the circularity of our products.

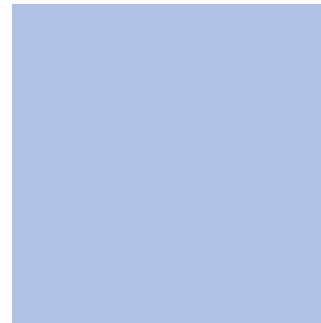
## Material issues

### Climate

- CO2 emissions
- Energy efficiency
- Renewable energy & alternative fuels
- Adaptation to climate change
- Biodiversity

### Resources & circularity

- Circular economy
- Efficient use of resources
- Waste management
- Responsible & resilient supply chain
- Water management



“

In 2023, our CO2 emissions targets were validated by the SBTi, which demonstrates our commitment to drastically reduce our CO2 emissions through our processes and our value chain by 2030.

**Oliver Braun**  
ESG Project Manager



# Taking on the challenge of climate change

## Decarbonization measures

- Energy efficiency
- Fuel switch
- Renewable energy
- Sourcing green energy
- Switching to raw materials with a lower CO2 footprint
- Developing product recipes with a lower carbon content
- Partnerships with suppliers
- Testing new modes of transportation
- Embedding sustainability culture

## SBTi-confirmed targets

**42%**

reduction in absolute scope 1 and 2 GHG emissions by 2030<sup>1</sup>

**25%**

reduction in absolute scope 3 GHG emissions from purchased goods and services by 2030<sup>1</sup>

<sup>1</sup> From a 2021 base year.



Our energy efficiency measures are already contributing to a decrease in scope 1 and 2 emissions.

**Thomas Nowakowski**  
Head of Group Energy Management

## Management approach

Regulatory frameworks and public opinion are key to driving the climate change mitigation agenda for all businesses today. At Xella, we see this as an opportunity to further promote both the long-term sustainability and economics of our products. Through our investment in research, we continue to develop building materials and services with lower CO2e emissions that meet strict sustainability criteria.

At the same time, we are focused on ensuring that our production processes are designed to be more energy-efficient and therefore also more cost-efficient and less emission intensive. We are also exploring and expanding our use of renewable energy sources, including solar power, which will bring energy and cost saving benefits.

The strategic direction placed on energy management is the remit of the Xella ExCom with the Chief Technology Officer taking responsibility for driving related elements, including the required capital expenditure to achieve results. Oversight of compliance with agreed targets is delegated to the Head of Group Energy Management.

The Xella decarbonization roadmap on scopes 1 and 2 is based on four pillars:

- Energy efficiency – improving technologies and processes in production
- Fuel switch – using less emission intensive fuels and electrification of processes
- Renewable energy – using energy from renewables on site
- Sourcing green energy – having energy contracts in place based on renewable power production

➔ [See p 32-33 for more information](#)

The decarbonization roadmap is flanked by the energy management system ISO 50001 to ensure that the company meets all legislative and regulatory requirements. In addition, regular energy assessments are carried out at production sites and generate a pipeline of new ideas to improve energy efficiency and realize the most effective measures. Working with the Chief Technology Officer, central Group energy management and local teams share responsibility for the implementation of and accountability for the decarbonization roadmap and in reaching Xella's goals through continuous improvement.

## ENERGY AND EMISSIONS CONTINUED

Global commitments to limit average temperature increases to 1.5° C (above pre-industrial levels) were reinforced at the 2022 UN Climate Change Conference (COP27) with ambitious targets set to reduce greenhouse gas emissions in order to achieve this. COP28 in December 2023 called on all countries to transition away from fossil fuels.

For our own part, we have pledged to near-term science-based emissions reduction targets by joining the Science Based Targets initiative (SBTi). On 30 November 2023, the SBTi validated that the science-based greenhouse gas emissions reduction targets submitted by Xella conform with the SBTi Criteria and Recommendations. SBTi classified Xella's scope 1 and 2 target ambition as in line with a 1.5° C trajectory:

- Xella commits to reduce absolute scope 1 and 2 GHG market-based emissions by 42% by 2030 from a 2021 base year.
- Xella also commits to reduce absolute scope 3 GHG emissions from purchased goods and services by 25% within the same timeframe.

In addition to realizing measures to meet the scope 1 and 2 targets, increasingly high energy and commodity prices are also contributory factors and confirm the business case for facilitating our Group-wide energy-saving program.

# €1.6m

allocated to fully implemented energy-efficiency projects in 2023

Our scope 3 emissions account for 85% of our total carbon footprint. We are working proactively with our major suppliers, exploring ways in which reducing their scope 1 and 2 CO2e emissions can significantly reduce our scope 3 emissions. These are upstream emissions from purchased goods and services, including lime, cement and sand.

➔ See p 34-35 for more information

### Performance in 2023

#### Reducing scope 1 and 2 emissions

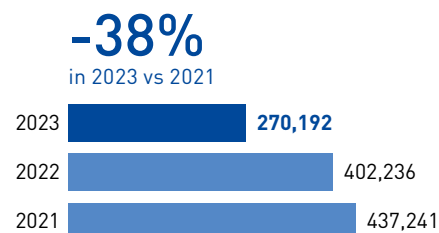
Scope 1 and 2 market-based CO2e emissions show a significant decrease of 33% in 2023 compared to 2022, mainly related to volume drop as markets declined. In addition, further energy efficiency measures were implemented and have brought additional reductions. We purchased guarantees of origin to offset part of our scope 2 emissions (equivalent to -22,500 tonnes CO2e).

The budget on our CO2 roadmap has reached €4.6 million since 2021 to fund a variety of energy saving projects. These projects have generated a cumulative reduction in CO2e emissions of 17,000 tonnes. In 2023, energy efficiency projects reduced our CO2e emissions by more than 8,000 tonnes, with measures such as the innovative insulation of equipment, and optimization of steam usage and steam transfer.

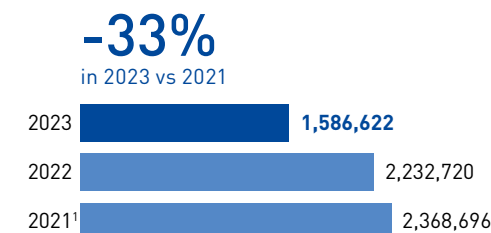
# 8,000t CO2e

emissions reduction from energy-efficiency projects in 2023

### Scope 1 and 2 emissions (tCO2e) market-based



### Scope 3 emissions (tCO2e)



1 2021 not audited.

**Table 1: Location-based greenhouse gas emissions**

	2021	2022	2023
Scope 1 emissions	349,687	302,485	215,581
Scope 2 emissions <sup>1</sup>	129,456	126,798	78,088
Scope 1 and 2 emissions	479,143	429,283	293,669
Scope 3 emissions	2,368,696 <sup>2</sup>	2,232,720	1,586,622

**Table 2: Market-based greenhouse gas emissions**

	2021	2022	2023
Scope 1 emissions	349,687	302,485	215,581
Scope 2 emissions	87,554	99,751	54,611
Scope 1 and 2 emissions	437,241	402,236	270,192
Scope 3 emissions	2,368,696 <sup>2</sup>	2,232,720	1,586,622
CO2 emissions intensity (scope 1 and 2), %	-8.6%	-6.7%	-10.6%

1 Not in audit scope.

2 2021 scope 3 not audited.

## The four pillars of our CO2 roadmap – scope 1 and 2

### Market-based CO2 emissions trajectory over 2021–2030 to reach the science-based target

(kt)



#### 1. Improving energy efficiency

Reducing energy consumption is a win-win for the company with both fewer CO2e emissions and cost savings. We have made this a particular focus in the overall energy management approach at our plants by investing in new and more energy-efficient machinery, installing LED lighting, optimizing stop-start machine management, and through regular detection and repair of compressed air leaks, as well as insulating pipes, valves and other hot surfaces, such as autoclave door rings. Alongside this, we have set up a training program to raise awareness at plant level so that managers and operators understand the need to improve production processes and to put this into practice.

In 2023, we implemented many innovative energy efficiency and CO2-reduction measures, including the renewal and optimization of waste heat recovery systems at several plant locations, process-optimization measures for more efficient steam generation, the use of new insulation technologies and an increase in the share of renewable energies through the expansion of photovoltaic projects.

Steam generation is integral to our processes but is, at the same time, also the major component of energy consumption at our plants. In 2022, we carried out an investigation to determine our options for reducing this. We undertook an ‘Open Tec Scan’, an unbiased review of all the technologies available to meet our production requirements and increase our sustainability. This revealed that replacing coal-fired boilers with hybrid boilers, designed for natural gas but also future-ready to be used with hydrogen or electric coils, was the best environmental and economic solution.

Better and more-efficient operating of machines and processes is also crucial to achieving our goals and we now have training in place with plant managers and employees to both raise awareness and put new protocols in place in line with this.

### Introducing innovative insulation in Vuren and Wieliszew



At plant locations in Vuren (Netherlands) and Wieliszew (Poland), Xella has successfully implemented a sustainable project – the insulation of autoclave lid rings. This initiative significantly reduced energy consumption and improved working conditions on site. The insulation minimizes heat loss during the production process and has yielded impressive results: these two projects have saved 671 tonnes of CO2. These achievements not only showcase increased operational efficiency but also a reduction in carbon footprint.

Implementing this measure in two facilities underscores Xella’s commitment to sustainable innovation. The use of eco-friendly materials and state-of-the-art technologies not only demonstrates economic advantages but also emphasizes the company’s social responsibility.

#### 2. Fuel switch

We have already made great strides in phasing out the use of coal as an energy source as evidenced by three major projects in Poland. We are in the process of finalizing the replacement of old, coal-fired equipment with new, highly efficient hybrid steam generators, which run on natural gas.

These are more efficient in terms of productivity and have already reduced our CO2 emissions by about 60% compared with coal – and they will play a big part in further reducing our carbon footprint in 2024 and 2025. In addition, all the new boilers installed are hybrid solutions, which means that an electrification upgrade is possible in the future. What’s more, the boilers are already designed to use hydrogen when this green fuel becomes available.



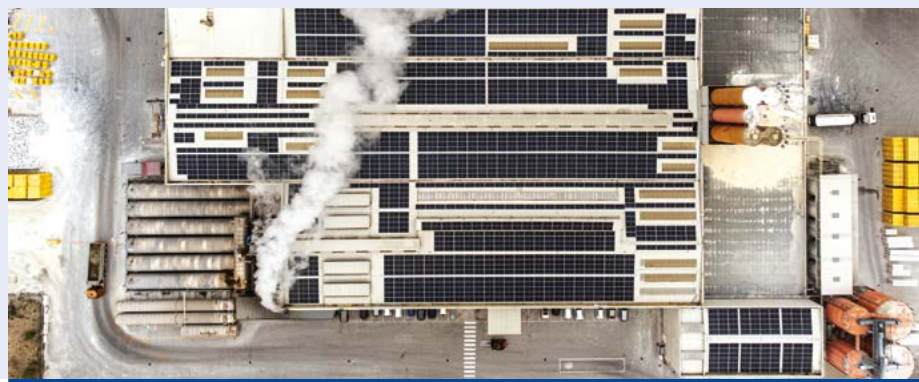
## Major investments in solar energy

In Pontenure, a photovoltaic system with high-efficiency monocrystalline cells has been installed on the roof of the plant, made up of 2,084 modules capable of reaching peak power of 948.22 kW. This allows the motor of the production mill to be powered solely through renewable energy. A monitoring system allows the operation of the solar energy installation to be monitored remotely and any failures to be prevented.

The plant will guarantee the production of 1,063 MWh per year from solar sources, avoiding the emission of about 500 tonnes of CO<sub>2</sub> per annum into the atmosphere. It would require the equivalent of 6,700 adult trees to absorb and convert this level of emissions into oxygen.

Our biggest success story with solar energy, so far, is at the Xella solar energy installation in Kisovec, a small community near Ljubljana in Slovenia. It had already built a reputation for itself having won an environmental award for best production process with its low energy and fresh water consumption in 2019. Since 2023, it has set new standards with its newly installed solar panels and has been generating some 600 MWh per annum: 60% covers Kisovec's own energy consumption with the remainder fed into the regional electricity grid.

Another solar energy installation was commissioned in October 2023 and will save hundreds of tonnes of CO<sub>2</sub> annually. Situated at Xella's Vreoci plant, on the outskirts of Belgrade in Serbia, the green energy generated will supply close to 50% of the energy required for the production of autoclaved aerated concrete.



## 3. Renewable energy

We continue to explore interventions that can help us reduce our impact on the environment and have implemented on-site PPAs (Power Purchase Agreements) based on solar power with our energy partners, investing more than €7 million, resulting in increased renewable energy capacity over the last 3 years. In 2023, additional projects underlined our ambitious program of improving power sourcing from solar energy projects. Solar projects were implemented in the Netherlands (Vuren), Italy (Pontenure and Atella) and Slovenia (Kisovec) with a total installed capacity of 2.716 kWp and an annual reduction of some 1,170 tonnes of CO<sub>2</sub>e.

Xella in the Netherlands was the forerunner with the installation of photovoltaic (PV) panels at its plants. The AAC plant in Vuren was successfully equipped with a PV system in 2023: 1,700 PV panels were installed on the roofs of the production building. These generate 637,000 kWh per annum, providing around 92% of the plant's total electricity consumption. Preparation for installing solar cells on the roofs of the AAC plant in Meppel are also underway.

We have made a major investment at the Pontenure plant, which has high production standards and is one of the most modern production sites in Europe. Operational since May 2023, the installation of PV roof panels will generate 1,063 MWh per annum of solar energy and help drive down the plant's CO<sub>2</sub>e emissions.

## 4. Green energy sourcing

Where energy demand cannot be optimized or avoided, it is partly covered by sourcing green energy.

In 2023, sourcing electricity in Romania and Austria has been partially based on a green energy contract. A saving of about 1,000 tonnes CO<sub>2</sub>e emissions is supporting our effort to reduce the market-based scope 2 emissions. Xella Romania will continue this cooperation in 2024.

To promote renewables, Xella pays a premium for existing energy contracts in the form of Guarantees of Origin for renewables. In 2023, total power consumption in Poland and part of the consumption in Germany was covered by these green certificates.

### Focus in 2024

We will be progressing activities across all four pillars of our roadmap during the year:

- Improving energy efficiency – process optimization topics, in particular steam transfer from one autoclave to another, which avoids venting into the atmosphere and reduces natural gas consumption for steam generation.
- Fuel switch – continuing projects in Poland that are already underway to convert coal-fired boilers to gas and to install new steam generators.
- Renewable energy – a solar project at Xella's Kolubara plant in Serbia, with a capacity of 1 MW, will provide around 40% of its annual electrical power demand.
- Green energy sourcing – Xella Romania will continue sourcing electricity based on a green energy contract.

## ENERGY AND EMISSIONS CONTINUED

### Scope 3 emissions

In 2023, we also had a particular focus on our scope 3 emissions. The new assessment, undertaken by external specialists at thinkstep-anz, showed that 85% of our total CO<sub>2</sub>e emissions fell under scope 3 criteria. Transport and distribution (scope 3.4 / 3.9) represent ~12%, but the largest contribution at 75% came from the supply of raw materials (scope 3.1) with 66% coming from cement, lime and sand. Scope 3 emissions fell very significantly in 2023, and we would like to make it clear that this is not considered to be an achievement of our science-based target, but is only a consequence of the significant downturn in production linked to the crisis faced by the construction industry in 2023.

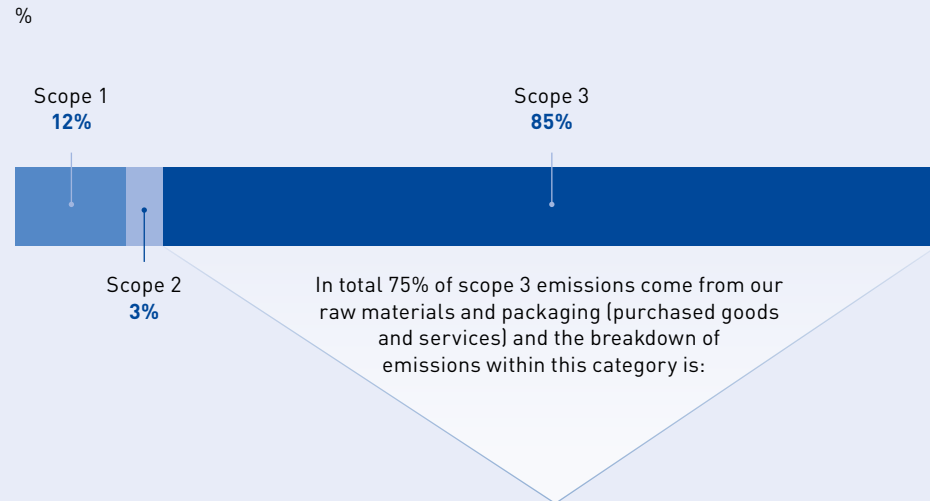
In 2023, Purchasing, ESG and T&F teams engaged with our major suppliers of cement and lime. This has already enabled us to share our target, ask how to access the specific CO<sub>2</sub> emission factor for the products we purchase through audit-proof EPDs, and agree on different steps to access products with a lower CO<sub>2</sub> footprint in the coming years.

### Focus in 2024

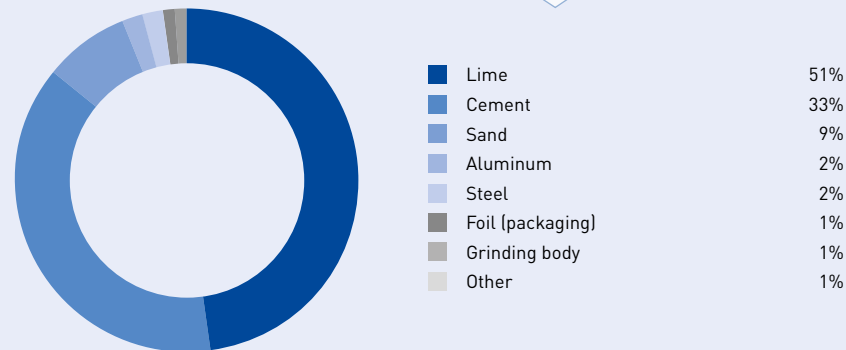
In 2024, it is important that we keep up the momentum:

- Continuously amplify sustainability partnerships with our suppliers.
- Focusing on key raw materials suppliers to increase and exchange knowledge about their sustainability roadmaps.
- Working on recipe optimization, recipe change and the circularity of our materials.
- Working with the sales team to test the interest of customers for products with a lower CO<sub>2</sub> footprint.

### Split of CO<sub>2</sub>e emissions by scope



In total 75% of scope 3 emissions come from our raw materials and packaging (purchased goods and services) and the breakdown of emissions within this category is:



### Raw materials

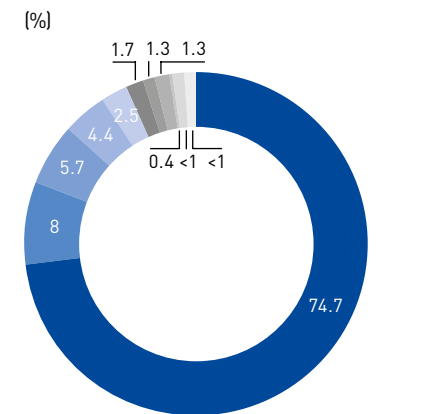
~1.1mt CO<sub>2</sub>e

of which  
**Lime 573kt CO<sub>2</sub>e**  
**Cement 370kt CO<sub>2</sub>e**  
**Sand 101kt CO<sub>2</sub>e**

### Total scope 3 emissions

~1.6mt CO<sub>2</sub>e

### Snapshot of contributors to total scope 3 emissions<sup>1</sup>



Purchased goods and services	74.7
Upstream transportation and distribution	8
End-of-life treatment of sold products	5.7
Downstream transportation and distribution	4.4
Fuel and energy-related activities	2.5
Franchises	1.7
Capital goods	1.3
Investments	1.3
Employee commuting	0.4
Waste generated in operations	<1
Business travel	<1

<sup>1</sup> Split of scope 3 emissions not audited.

### Reducing CO2 emissions in our supply chain

**The nature of Xella's business means that it is highly reliant on supplies from external sources, each with their individual approach to sustainability. The role that Group Purchasing plays in elevating sustainability on the agenda of companies within our supply chain should not be underestimated. In 2023, significant advances were made with CO2 becoming part of the agenda in discussions with suppliers and the development of strong partnerships with them to ensure the improvement of the CO2 footprint of our key raw materials in the future.**

Over the last three years, working in conjunction with thinkstep-anz, we have drawn on database calculations of the scope 1 and 2 emissions emitted from within our supply chain in order to estimate the consequent impact on Xella's scope 3 emissions. Our primary raw materials – cement, lime and sand – actually account for two-thirds of our scope 3 emissions. As part of our science-based targets confirmed by SBTi, we have committed to reducing our absolute scope 3 CO2 emissions from purchased goods and services by 25% (against a 2021 baseline) by 2030.

#### Clear strategic approach

Towards the end of 2022, we identified our major suppliers of lime, cement and sand as our core cohort. We devised a clear strategic approach with two objectives. Firstly, in the short to medium term, it is crucial to obtain clear and detailed information about each organization's specific CO2 emissions.

Secondly, for the medium to long term, to deep dive and gain a better understanding of the sustainability roadmaps of each supplier and how we can benefit from their actions. Any progress in achieving their goals and the next steps for reducing their scope 1 and 2 emissions would reflect positively on our own scope 3 emissions.

#### Working with key suppliers

This also has implications for switching product specifications to take account of reduced CO2 content in raw materials supplied, a part of the process where Purchasing and T&F are working very closely. We have already had one success story in 2023 through the cooperation of our cement supplier in the Czech Republic and Slovakia: changing from CEM I to CEM II cement has significantly lowered CO2 emissions, by 10% to date in one plant.

Together with our Head of T&F and members of the ESG team, our engagement with high level management at our major suppliers proved very fruitful. We made a significant step forward in 2023 by establishing sustainability partnerships with five of our major suppliers.

#### Rethinking modes of transport

We also turned our attention to other groups that have a material impact on our scope 3 emissions. We decided to start with logistics, where it was clear that we would quickly begin to see results by rethinking our modes of transportation. We explored the different options available and how practicable it would be, for example, to move deliveries from road to rail or truck to ship.

During 2024, we plan to continue reviewing our logistics to further exploit this for the future, while additionally making sure that it is economically viable.

#### Reinforcing sustainability culture

A large tender for the supply of office materials also took place during 2023 and we were able to apply the same principles in drawing up the specifications for suppliers. While the use of, for example, recycled paper and recyclable toners will not make a huge impact on the reduction of CO2 emissions, they will make a contribution to the overall total. More importantly, it shows that Xella is looking at every level of the organization to achieve its goals and this is another way of ensuring that employees are aware of the implications of every action that we take.

#### Key elements to reducing CO2 emissions within the supply chain

- Verified and transparent data disclosures on CO2 emissions
- Understanding suppliers' progress on their sustainability roadmaps
- Switching to raw materials with a lower CO2 footprint
- Collaborating with T&F and suppliers to develop and test innovative product recipes with a lower carbon content



Yes, it's my daily job but I'm passionate about reducing our CO2 emissions. Every employee should be made aware of our vision to be a sustainable company, because our future success and competitiveness relies on meeting our targets.

#### Stefanie Prattes

Head of Purchasing Excellence & Commercial Goods & Services



# Developing a circular economy

## Highlights

- We increased the accuracy of our leftovers data
- Fundamental research revealed that we can replace up to 25% of raw materials in Germany by using AAC powder from leftovers
- Over 4.2 million pallets returned under the 'Return the pallet to save the planet' scheme
- New granulate products in research and development phase

**0 tonnes**

AAC or CSU leftovers to landfill by 2030

**19%**

Highest amount of primary raw materials currently saved at a plant

**Construction and demolition waste (CDW) accounts for more than one third of all waste generated in Europe<sup>1</sup>. And most of the components of construction and demolition waste have a value. Therefore, reducing, reusing and recycling waste and any by-products from the production processes is a major challenge for our industry. At Xella, we have taken the first steps to develop the circularity of our materials.**

## Management approach

Our objective is to minimize our environmental impact and use fewer natural resources more efficiently. Developing the circularity of our materials will also contribute to the target for CO2 emissions reduction and decrease the CO2 content in our products. We have a great opportunity as AAC and CSU are almost fully recyclable.

As part of the development of our ESG roadmap, last year, we defined the first step towards circularity: by 2030, we want to stop sending any AAC or CSU residues or production leftovers to landfill. This has made us rethink and refocus our efforts to create more innovative ways to find alternative uses for these materials and to test new recipes for our products.

Realizing this target will only be possible through collaboration across the Xella Group and externally, by also building a network of partnerships within our industry. Within our internal structure, overall responsibility for waste management lies with the Chief Technology Officer. He is supported by a Circular Economy Development Manager, who sits within the ESG team, led by our Chief Sustainability Officer. The Chief Operating Officer also plays a key role in opening up new markets and, through dialog with potential customers, defining alternative options for developing innovative new products from recycled leftovers.

The input of every business function is needed in order to make circularity a mainstream business activity. However, sitting at the center of this, Xella's R&D company is pivotal to advancing circularity at every stage of our business process. Read more on the following page.

The main constituents of Xella products are mineral raw materials, which means that our production processes do not generate any significant amounts of hazardous waste or effluents. However, management of waste and effluents is a prerequisite of our license to operate all our plants and compliance with applicable laws is of utmost importance to us.

<sup>1</sup> [https://environment.ec.europa.eu/topics/waste-and-recycling/construction-and-demolition-waste\\_en](https://environment.ec.europa.eu/topics/waste-and-recycling/construction-and-demolition-waste_en)



My aim is for circularity to be seen as a mainstream business activity throughout Xella.

**Antonio Grginović**  
Circular Economy  
Development Manager



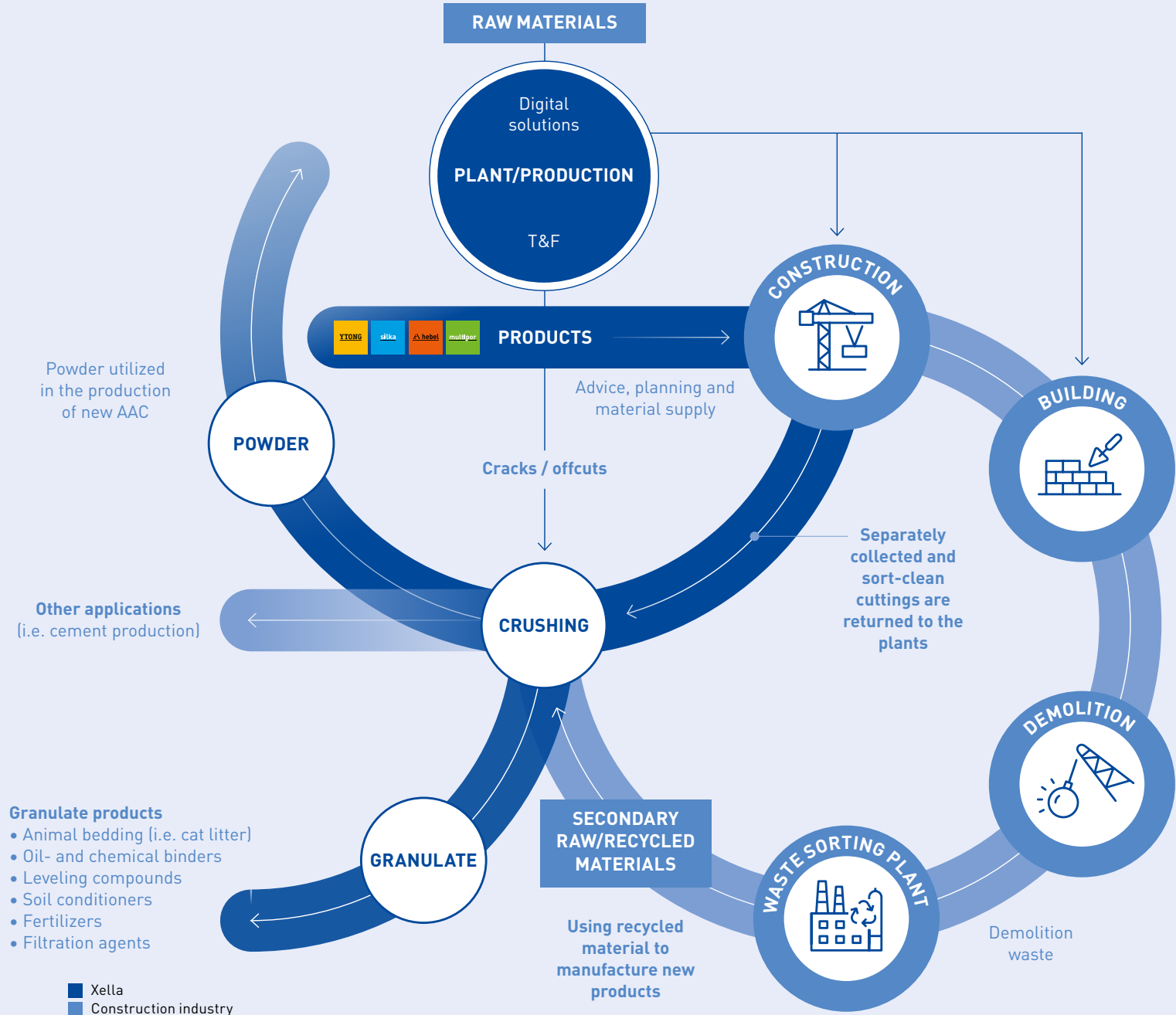
CIRCULARITY CONTINUED

Circular thinking throughout our processes

By 2030, we want to stop sending any AAC or CSU residues or production leftovers to landfill and have taken the first steps towards making circularity a mainstream activity across all our business functions.

Sitting at the center of this, Xella's T&F is pivotal to advancing circularity at every stage of our business process, including:

- Working with the digital team on planning and optimization
- Developing formulas to increase the amount of production leftovers in our recipes, optimize the production mix to explore new product development and meet the changing demands of customers
- Developing lighter, low-density blocks, which consequently consume fewer raw materials and generate less CO2
- Cooperation with external partners (construction, demolition and recycling companies) to prepare and promote the integration of recycled materials into our production, while at the same time reducing emissions and waste to landfill.



- Granulate products**
- Animal bedding (i.e. cat litter)
  - Oil- and chemical binders
  - Leveling compounds
  - Soil conditioners
  - Fertilizers
  - Filtration agents

Xella's partner delivers sorted secondary ACC to Xella

## CIRCULARITY CONTINUED

### Performance in 2023

In 2023, the downturn in the market and, therefore, demand for our products had an impact on a variety of factors across the Group. Despite the inevitable financial constraints, we have remained constant in our plans for circular transition.

Raw materials usage for production was down by 25 to 35% for the year, reflecting lower production levels for both AAC and CSU. We continued to replace primary resources such as sand and binders with AAC powder (derived from production leftovers or sort-clean cuts from construction sites). To give one example: in 2023, at our plant in Brück, within two key production recipes (69% of Brück's total production), we increased the proportion of AAC powder from 5.3% and 12.5%, respectively, to 19%

in both. Demand for our large format, low-density blocks held up, contributing to both lower CO2e emissions and reducing leftovers due to the specificity of orders.

In order to accurately track the amount of leftovers produced by each plant, over the last couple of years we have collected detailed data to measure the volumes being sent to landfill. In 2022, while this exercise showed greater levels being sent to landfill, it also gave us a baseline from which to work in each region. During 2023, we increased the accuracy of our data and obtained a better overview of the challenges facing sites. In 2023, the quantities of AAC and CSU leftovers sent to landfill decreased by 23%, compared with 2022.









This result is due to a more diligent internal categorization of waste, a fully operational investment in equipment to crush leftovers in previous years, and the application of more circular solutions for leftovers.

As an example, in Romania, the local team succeeded in decreasing the quantities of AAC leftovers sent to landfill from close to 8,000 tonnes in 2022 to less than 300 tonnes in 2023. This was achieved through using crushers at the plant, recipe optimization and increasing the share of AAC powder in the recipes.

## Boosting ESG and competitiveness

When it comes to Environmental Product Declarations (EPDs), Xella France is ahead of the game as these have been mandatory since 2022 under RE2020 legislation. This requires all materials for new housing construction to reduce carbon intensity by 35% between 2022 and 2031. Arnaud Porte, head of product management and innovation in France, and his team have been working with Xella's T&F to achieve this, to both meet regulations and be more competitive.

Substantial progress has already been made, averaging a 35% drop in carbon intensity in the French EPD from 2021-2024. This is down to a combination of swapping cement with a lower CO2 intensity into product recipes and emphasizing Xella's commitment to circularity by crushing AAC leftovers to a powder, replacing sand in recipes. However, the most significant factor is scientific proof positive that both AAC and CSU are natural carbon sinks, absorbing CO2 during their life span in buildings and even retaining it after demolition. Calculations to show this have been permissible as part of French EPDs since December 2023 and will serve as a template across the Xella Group.

Our commitment	Key performance indicators	Performance	Targets	SDGs	
Decrease use of natural resources and stop landfill 	<b>Our goal: Zero leftovers to landfill (in tonnes)</b>				
	Tonnes of AAC and CSU leftovers to landfill	2023	 <b>63,579</b> ✓	2023: 72,305	 
		2022	 <b>82,183</b>	2025: 32,793	
		2021	 <b>62,268</b>	2030: 0	
In % of reduction vs 2022	2023	 <b>-23%</b>	2023: -12%		
	2022		2025: -60%		
	2021		2030: -100%		

## Xella's pillars to develop the circularity of its materials

### 1. Reducing

#### Reduce consumption of raw material

Mindful of the increasing scarcity of natural resources, we resolved to investigate ways of reducing our consumption of raw materials by using crushed AAC leftovers to replace mineral resources. The first optimization of production residues was successfully carried out in France at our St. Savin plant in 2022 and continued in 2023. By crushing AAC leftovers to produce an AAC powder, we were able to reduce the use of sand by 10% during the year and save 159 tonnes of CO<sub>2</sub>e, enabling significant scaling up of AAC powder uptake capacities. There is obviously great potential in expanding this type of operation and we will expand our activities to plants in Central Europe, South-East Europe and further plants in Germany in 2024.

#### Reducing the quantities of product needed at the customer construction site

Our mission to reduce waste actually starts with planning: our digital blue.sprint team uses cutting-edge digital solutions to design and accurately specify the product required to construct large-scale projects without leftovers and calculate logistics for just-in-time deliveries, making savings in time, road haulage and CO<sub>2</sub> emissions.

Just-in-time deliveries are planned via logistics, crucial in urban areas where onsite storage can be problematic. The blocks are delivered cut and ready to use – there are no safety issues caused by cutting on site. The size of the blocks aids efficiency in terms of both time and labor – and ultimately costs. In addition, no waste disposal is required.

In 2023, working on 1,334 projects throughout Europe, using this methodology and innovative approach reduced the amount of cut-offs and residues by 3% which equates to 9,000 m<sup>3</sup> of material that was not discarded or sent to landfill. You can read more about how our digital solutions are helping reconfigure the way the building and construction works on [page 7](#).

### 2. Reusing

#### Reuse AAC leftovers in our recipes

The addition of processed leftovers from our own plants or from construction and demolition waste (secondary AAC) is a delicate balance between aligning our circularity ambitions and still maintaining the quality of the product. In 2023, T&F conducted fundamental research revealing that – depending on the production site and product type – we can replace up to 25% of raw materials with crushed and milled AAC in the majority of our German plants.

However, the utilization of recycled AAC from demolition waste requires highly accurate sorting. Promising solutions on how such purity can be achieved were developed together with waste recycling companies such as Hamburg-based Otto Dörner Entsorgung GmbH and Bavarian recycling operator Osterried Entsorgung GmbH in 2023.

#### Sourcing AAC cuts from construction sites

Our 'big bags' collection has been a major factor in helping encourage our customers, local authorities and other agencies to return residues or cut-offs to us rather than send them to landfill. Big bags for sort-clean collected AAC cut-offs from construction sites are now available in several countries and take-up is increasing. In Germany, for example, we collected more than 3,400 big bags, which equates to some 1,360 tonnes of AAC off-cuts.

### Second life for Hebel panels



Just over two years ago, Xella supplied large Hebel AAC panels to technology company VDL Energy Systems, which they used to build a factory hall with an adjoining office space at Almelo in the Netherlands. Fast forward to 2023 and the new hall had already become obsolete as the business expanded and changed direction.

A massive renovation project was undertaken in collaboration with construction company Van Wijnen, which included dismantling the fireproof partitions made from 1,100 m<sup>2</sup> of Hebel panels. First returned to the Xella plant for careful inspection, these are not destined for landfill but will be reused as part of the rebuild as negotiated by the Construction Services team.

## CIRCULARITY CONTINUED

### 3. Recycling

Across Europe, demolition waste is handled in different ways and covered by differing legislation. At Xella, we are not involved in building demolitions and are still developing a strategic plan for acquiring demolition waste. We only accept and process material that meets the specifications of our requirement profile. This requirement profile specifies exactly which accompanying substances are tolerable (and in what quantities). In Germany, in 2024, we will be working in cooperation with our partners to develop the capacity to recycle sorted secondary AAC coming from demolition.

We want to increase collaborations to ensure a steady supply of construction and demolition waste material in the future. This will support our objective to increasingly replace raw materials in our product recipe or to repurpose them for another market if they are not suitable for reuse in AAC production.

#### In logistics, we are also contributing to circularity

Wooden pallets that require disposal will soon be a thing of the past. We have been running a returns scheme for wooden pallets in France, Poland and Serbia: 'Return the pallet to save the planet'. In 2023, this was extended to several other countries in Europe with over 4.2 million pallets returned.

We have taken this a step further in the Netherlands through the development of plastic pallets, made from 100% recycled plastic, which are longer lasting and more durable, and are both returnable and recyclable. For more details, please see [page 25](#).

In the Czech Republic, two plants (Hrušovany and Chlumčany) have partnered with Kronospan, which produces OSB (Oriented Strand Boards) from our old and damaged wooden pallets. This was made possible via Cyrkl, a marketplace where you can sell or buy industrial waste, by-products, secondary

raw materials or used materials. In 2023, we delivered some 700 tonnes of old and damaged wooden pallets. Kronospan crushes these and processes them into chipboards/OSB boards. These can be recycled repeatedly, a good example of a circular model, which also saves trees.

### Fabrication of a clinker substitute from secondary AAC

From 2019 to 2022, Xella took part in the joint research project 'REPOST – Recycling-Cluster Porenbeton (AAC)', funded by the German Federal Ministry of Education and Research grant number: 033R249A-D. Xella's project partner Karlsruhe Institute of Technology (KIT), Institute of Technical Chemistry developed a process for synthesizing low-temperature belite cement clinker (LT-BCC) from secondary AAC retrieved from demolition waste. LT-BCC can be

used as a substitute for traditional portland cement in, for example, the production of new AAC. The process was initially developed in batches, and then optimized for a continuously operating rotary kiln. A pilot plant is scheduled to go into operation at KIT in May 2024<sup>1</sup>.

<sup>1</sup> A review of this work was published in Resources, Conservation & Recycling, 2024, Vol. 203, article number 107404 (Stemmermann et al., Recycling belite cement clinker from post-demolition autoclaved aerated concrete – assessing a new process).



Production of 5.4 m<sup>3</sup> AAC (Ytong PP2-0,35) with LT-BCC in the large-scale pilot plant of Xella Technology and Research. Here, 25% of the ordinary portland cement (OPC) was substituted with LT-BCC.

### 4. Develop alternative uses

Circularity has also enabled us to unlock new economic opportunities through our endeavors to cease sending AAC and CSU leftovers to landfill. We have developed an application for transforming AAC residues into granulates and, for over ten years, have been gradually expanding alternative uses for these. Cat litter has been one of our most successful adaptations, but other uses include soil conditioners, wastewater filters, fertilizer and chemical binders. We are currently in the research and testing phase for a number of new granulate products including floor levelers and thermal insulation as well as investigating the use of granulate to reduce the amount of cement in thermal insulation and other products. Other new applications – such as the use of AAC cracks and offcuts as a basic material for cement production – are already being implemented today.

#### Focus in 2024

Xella continuously works towards delivering circular transition since it is the core element of our sustainability strategy and part of our journey to net-zero emissions by 2050. We are focused on our commitment of delivering no AAC and CSU leftovers to landfill by 2030, increasing recycled content in our end products, developing new business opportunities related to circularity and expanding circular activities to broaden our operations and services. Engaging with stakeholders and establishing long-term partnerships are key to the future success of building a circular ecosystem around Xella.



# Sustainable water resources require responsible consumption

## Highlights

- Mapping of water sources at our sites
- KPI to measure performance of steam transfer within the autoclave process
- Regional water management workshop
- Proactive water reduction, particularly in water-stressed areas

**-38%**  
reduction in water withdrawal

**4**  
plants collect data in pilot scheme



Mapping the water sources at our sites enables us to develop local action plans, which in turn help reduce fresh water consumption.

**Simon Ossadnik-Neumann**  
Team Lead Energy Efficiency

## Management approach

A symptom of climate change, increasing water scarcity is a global issue for communities, businesses and the environment. The construction industry is a consumer of water and Xella also relies on water supplies for its operations and manufacturing processes. Water is therefore an important topic for Xella so we are strongly committed to using water responsibly to reduce our environmental impact. A lack of reliable water resources would also have a detrimental impact on our business.

Our Water Policy sets out our commitments on water use, including our compliance with all relevant legislation in the countries where we operate and the monitoring of water consumption and effluents in accordance with regulations.

More importantly, we aim to reduce our water consumption directly by reducing water losses, improving water reusage and optimizing our steam consumption.

We withdraw fresh water from our own wells, surface body, public water systems and rainwater. It is used throughout our processes: for steam production, in the product formulas and for cooling purposes. We are proactively reducing our water consumption in order to minimize our environmental impact, particularly in water-stressed areas such as plants identified in France, Italy, the Netherlands and Romania as shown in the table below.

## Plants in areas of water stress

<b>1. Mios</b>	France	AAC
<b>2. Atella</b>	Italy	AAC
<b>3. Ploiesti</b>	Romania	AAC
<b>4. Herwaarden</b>	Netherlands	CSU
<b>5. Targu Jiu</b>	Romania	Lime Plant

Source: WWF Water Risk Filter, January 2024.



## WATER MANAGEMENT CONTINUED

### Performance in 2023

In 2023, water withdrawal decreased by 38% compared to 2022. The main reason for this was a significant drop in production linked to the challenging market conditions we faced during the year.

We continued to improve our knowledge and further build a global view of water management in the company. We organized a workshop to share know-how and experience, bringing together plant managers, Chief Technical Officers, and different functions including Energy, Environment, Health & Safety and ESG. This was an opportunity to better understand the different requirements in the various countries where we operate as well as the challenges faced by our plant managers.

We have defined some key objectives for water management, starting with business continuity, reduction of water consumption and potential for water reuse. We identified the levers that we can use such as steam generation and optimization, condensate treatment, optimization of water intensive process steps (e.g. milling, sawing) and recipe optimization. We conducted a water survey to map the water sources at our sites to enable us to develop local action plans.

We have also started a pilot project: setting up a software tool to collect, monitor and analyze data from steam transfer during the autoclaving process. We have put in place a KPI to measure the performance of steam transfer within the autoclave process and any related losses. First insights from the KPI analysis have helped improve and reduce steam demand, which in turn means a reduction of fresh water consumption.

This was determined from data gathered from the first four plants in the pilot project; another four plants are in the implementation phase.

To better understand water flows and reduce further water consumption, we are installing metering devices to monitor both our well water and surface water pumped into our plants.

Our plant at St. Savin in France faced local water restrictions during the summer due to an extended heatwave and lack of rain in the region. We ordered 12 digital water meters in 2023 and these will be installed at the plant during spring 2024. The site has also developed a plan for water sobriety, required by the authorities (DREAL), which includes daily metering of water drawn from the ground and a requirement to recycle at least 20% of the water consumed. The St. Savin site is already recycling 40% of its water intake by reusing wastewater from cleaning in the recipe and recycling condensates from the autoclaves in the grinder.

In addition to its use as a raw material, water is also used in the steam cycle (generation, use, condensation) and every action that improves one of these phases leads to a reduction in the amount of water required. We are investing considerable effort and resources into every aspect of these processes since this also leads to energy savings.

### Focus in 2024

- In Oradea, Romania: to both reduce the consumption of fresh water and the cost of wastewater disposal, a system is currently being implemented to allow the reuse of a large part of the condensate from the autoclave and steam boiler. The estimated reduction in fresh water consumption is 15%. A further phase of fresh water and waste discharge reduction has already been identified.
- In Deva, Romania, the plant is supplied with industrial water from three surface wells, and a plan to reduce water consumption was designed in 2023. In the first stage, we implemented a water-metering system as well as rehabilitating and optimizing the operation of the condensate (from autoclaves)
- A new water treatment system is planned in Reinbek, Germany. The installation of counter-flow softening systems in the boiler water feedwater system will result in a reduced water requirement for backwashing.
- We will continue to install water meters at more plants.

recovery system. These actions helped us reduce the specific water consumption by ~9% in 2023 compared with 2022. The next stage of water consumption reduction will be through the recovery of residual water from the osmosis installation and the reuse of the cooling water from the vacuum process. These two projects will reduce the specific fresh water consumption by around 12% and will be fully operational in spring 2024.

### Key figures

	Unit	2022	2023
Water withdrawal	megaliters	4,372	2,718
of which in regions with water stress <sup>1</sup>	megaliters	331	201
Share of water withdrawal in regions with water stress <sup>1</sup>	%	7.6	7.7
Recovered water <sup>2</sup>	megaliters	1,966	990
Share of recovered water	%	45	36
Water discharge	megaliters	715	565

<sup>1</sup> As defined on [page 41](#).

<sup>2</sup> Water that is returned from the production process to the usage cycle.

# People

From 2025, under the Corporate Sustainability Reporting Directive (CSRD), Xella will be required to comply with European Sustainability Reporting Standards (ESRS) pertaining to its workforce.

We are pleased to state that we already meet the reporting requirements for Health and Safety and Human Resources.

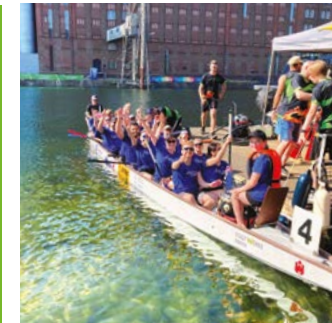
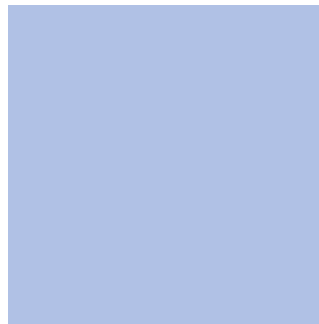
## Material issues

- Occupational health & safety
- Working conditions & employee well-being
- Attraction, retention & development of talents
- Diversity & inclusion
- Communities



Our future sustainability depends on our people, and providing them with safe and inclusive working conditions, as well as career development opportunities.

**Dr. Michael Leicht**  
Chief Human Resources and  
Digital Officer



# Safeguarding our people

## Highlights

- Zero fatalities across the Group
- Expanded Total Safety Leadership program
- Onboarding training for new plant managers
- 'Let's talk safety' sessions introduced

€4.5m

invested in safety improvements

36%

reduction in lost-time injuries

24%

improvement in lost-time injury frequency

“

We are working hard to instill a cultural change around safety in order to achieve zero harm.

**Dirk Grosche**

Head of Group Health, Safety & Environment



**Safety tops Xella's list of core values. It's not simply a priority, but a crucial part of our company culture. It encompasses every aspect of how we operate our business, across all functions and at every level.**

Safeguarding our people, who are central to our business, and making sure they return home safe and sound to their families after each working day is a central tenet of our business practice.

## Management approach

Overall responsibility lies with the Executive Committee but safety is actually embedded in the leadership of our managers and in the mindset of our employees. It is more and more common, for example, that office meetings and plant shifts begin with a safety moment. A safety topic is raised and discussed so that we learn from it and decide how to individually and collectively act better afterwards.

Our global policies and safety management processes follow the international standard ISO 45001 and are set out in Xella's Group Directive on Health & Safety. A health and safety system is also implemented at the local level, additionally taking account of national regulations and detailing standard operating procedures, regular risk assessments and employee training programs.

Following Group-wide risk assessments, we identified the ten most significant hazards within the business and formulated guidelines on how to prevent them. Known as our Life Saving Rules, we have rolled out seven of these across the company as detailed overleaf. Of the remaining three, Confined Space Management will be introduced during 2024 with a view to rolling this out in 2025.

From a technical point of view, we comply with all local safety standards and cross-border legislation such as the EU Machinery Directive. Regular technical and safety assessments of machinery at our plants are carried out by our internal safety specialists. We encourage business partners, contractors and third parties to comply with our safety rules, and compliance is an integral part of the purchase contract.





## Our ten life saving rules

**01 Traffic route concept**  
 Procedure for regulating internal traffic by means of road marking, signs and pedestrian routes.

**03 Electrical safety**  
 Procedures for handling electrical work and installations. In particular: qualifications of electricians, tools, inspection of electrical installations, and execution of electrical work.

**05 Lockout/tagout**  
 A method of working safely on or in plant areas or machines by blocking all energy sources and securing them with personal locks and tags so that unintentional start-up is impossible.

**07 Working at heights**  
 Procedure describes the technical, organizational and personal safety precautions required when working at height.

**09 Confined spaces**  
 This procedure describes how to work safely in confined spaces (e.g. autoclaves, silos, mills, sewers and shafts) and provides important instructions for preparation and execution.

**02 External transports**  
 Procedure for informing and instructing transports on the Xella premises. This governs contractual safety regulations, local instruction signage of drop-off locations and the authorization of our employees.

**04 Mobile equipment**  
 The process includes the requirements for the safe operation and handling of mobile equipment (e.g. forklifts, cranes, wheel loaders).

**06 Safe driving**  
 Procedure describes the technical equipment and condition of vehicles and safe behavior when using vehicles for work purposes.

**08 Hazardous material management**  
 Procedure for handling, using and storing substances that are hazardous for humans or the environment (e.g. aluminium, oils, dusts).

**10 Machines safety**  
 Procedure describes the safeguarding of plant and machinery using technical protective equipment and the safe use of this protective equipment.


 Rolled out  To be rolled out

## Safety targets

All lost-time injuries must be reported within 24 hours and a formal process is in place to analyze the root causes and, to prevent similar accidents occurring elsewhere afterwards, any lessons learnt are communicated across the Group. We have set ourselves a medium-term target to reduce our lost-time injury frequency rate (LTIFR) by 47% by the end of 2025 (from a 2019 baseline), and a long-term target to decrease LTIFR further to 2.5 by 2030, aiming at zero accidents. To track our progress against these targets, we monitor several key indicators: some are lagging indicators (i.e. safety outputs) like the number of accidents and incidents that have already occurred or the relevant severity rate; some are leading indicators (i.e. safety inputs to help prevent accidents) like safety walks held, safety days held, assessments performed or safety training.

## Safety training

We acknowledge that targets and rules alone are unlikely to achieve zero harm and we are working hard to instill a cultural change around safety. We have set up and invested heavily in training our leaders within our Total Safety Leadership program with measurable and positive results over the past three years. At the same time, we actively encourage every individual – whether employee, contractor or visitor – to take ownership of constantly assessing risks and speaking out if they see any safety issues that need addressing.

 Key data on this page has been independently audited.

## HEALTH AND SAFETY CONTINUED

### Performance in 2023

Despite adverse market conditions, we remained consistent and continued to invest financially in safety improvements with a total of €4.5 million during 2023 – more than the investment of €4.1 million in 2022. This included capital investments to continuously improve the safety of existing machines and technical support for the implementation of our Life Saving Rules.

We further expanded the Total Safety Leadership (TSL) program to non-industrial domains and enhanced our feedback culture through the Safety Walk training for all plant managers and their direct reports. We continued reinforcing the implementation of our Life Saving Rules through a twice-yearly assessment of the status quo and technical, organizational or specific training measures.

Supported by the actions taken, once again there were zero fatalities across the Group in 2023. Encouragingly – but not complacently – we are making clear progress in some of our key target areas. Lost-time injuries (LTIs) were down from 88 in 2022 to 56 this year, a significant 36% improvement. The fact that this is not only due to fewer hours worked is also reflected in the lost-time injury frequency rate (LTIFR), which fell to 7.7 – a decrease of 24% compared to the previous year.

We have to report, however, that the average severity rate increased in 2023 by 4.5%, despite the fact that injuries causing very long absences have also decreased.

**409**  
more leaders trained  
for Safety Walks

**2,259**  
employees took part  
in 56 safety days

### Ongoing safety training

We trained a further 409 leaders as part of our Safety Walk training. Drawing employees from line managers, maintenance managers and shift leaders, as well as managers from sales and administration, the training is provided in several local languages. Empowering leaders to take personal responsibility takes the topic of safety into the workplace, encouraging dialog and feedback.

We ran 48 training sessions for 'safety walks' during 2023. Leaders undertook 2,077 safety walks, which involve touring a plant, observing and engaging with employees to praise good behavior or highlight behavioral risks but always in an appreciative manner. This practice not only allows us to highlight risky situations that could potentially turn into accidents, but also to involve employees in managing their own safety and that of their colleagues.

An example of implementing the above was the introduction of safety days: production at a plant is halted for a day or a shift for 'Let's talk safety' sessions with practical presentations and experiences about real-life safety risks such as fires, forklifts, distractions, and impairments. Interactive dialog has shown to be essential to raising awareness and managing risks in a working environment that values safe production over production volumes. During the year, 62 safety days took place in the plants with 2,259 employees participating and we plan to carry out more in 2024.

This recognition was reinforced by our recent employee engagement survey, with safety scoring very highly, and the statement 'My safety comes first for my direct manager' being the highest ranked.

The importance of safety to Xella is at the forefront of our onboarding program, which we launched for new plant managers. This starts with two days at our Duisburg headquarters to ensure that they have the right mindset and all the necessary information and guidance for a safe start on site. Four weeks into the job, another two-day session is conducted at the plant to ensure that safety theory has been fully transferred into good operational practice.

Another new initiative in 2023 was the first of our safety leadership exchanges, which was very well received. We invited 17 plant managers from nine countries, all of whom had substantial experience and an advanced insight into safety matters. Together, they shared their knowledge and ideas on how to drive the safety culture transformation at every level of the business.



### Focus for 2024

We will continue to follow our roadmap, consistently repeating those actions and initiatives that are already showing positive outcomes and introducing new ones to reinforce our belief in 'safe work. safe life'.

- We will broaden the scope of the Total Safety Leadership program.
- The schedule for 'Let's talk safety' days will be extended.
- Within our Life Saving Rules, we will roll-out a second version of Lockout/Tagout guidelines, and instigate training for confined spaces.
- We are introducing cross-regional assessments of our Life Saving Rules, which we believe will improve best practice.
- We will continue with our plant improvement program, which includes a safety culture assessment and management workshops.
- We also plan to strengthen and improve incident investigation and learning from incidents.

## Safety is everyone's responsibility

Florian Dornbusch joined Xella in the summer of 2020, tasked with setting up a new maintenance and project department. Then, last year, he jumped at the opportunity to take on the role of acting plant manager at Messel, near Darmstadt in Germany and his experience there led him into the position of head of AAC production for the country. But alongside that, he has also immersed himself in Xella's 'safe work. safe life.' initiatives and, for the last two years, has been one of Xella Germany's three certified trainers for the Total Safety Leadership (TSL) program. In fact, it

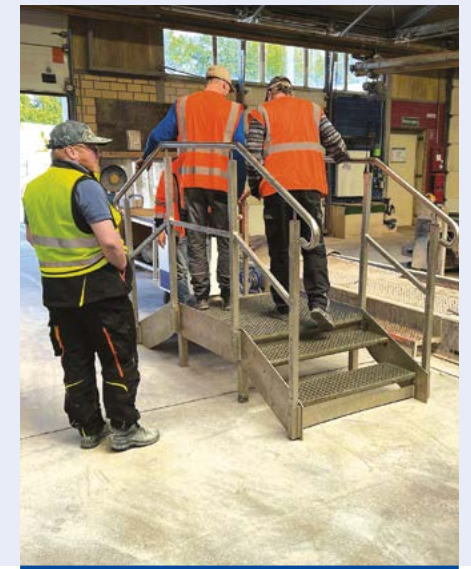
would not be going too far to say that he is passionate about the importance of driving Xella's safety culture and is determined to continue with his training duties as well as his wider business role: "The TSL program reminds and empowers our leadership – not just top management but also shift managers, who have a key part to play as disseminators and motivators – of how crucial it is for everybody to take responsibility for safety. It's vital that not just managers but colleagues watch out for one another and never hesitate to pointing out actions that could endanger themselves or others."

Florian also took part in the first Safety Leadership Exchange (SLE) in 2023, which brought together plant managers with hands-on experience of safety in Xella workplaces from all over Europe. "While I have fairly regular contact with other German managers, it was good to link up with colleagues in the other parts of the Group. Together we focused on the question "Why is safety a value for me?" and also took the time to revisit key TSL learnings, for example, something as seemingly simple as what good safety standards look like: implementable, easily achievable by everybody, and straightforward."



I have also taken on board and often now use an analogy that Davide Papavero shared: how at a party, from one person taking the initiative and starting to dance, by the end of the evening everyone is up and dancing. As safety leaders, we just have to keep dancing and doing our best.

**Florian Dornbusch**  
Acting Plant Manager, Messel



# Equality is key to our future

## Highlights

- Progress with gender diversity targets
- Unconscious bias training modules introduced
- Female Talent Pool
- Noticeable senior female appointments

**25%**  
target of female managers by 2025

**20.1%**  
Total % of women working for Xella

**20.8%**  
of Xella managers are women

**We place great value on our employees' diverse views and backgrounds and how much they can contribute to the future development of Xella and the achievement of our goals.**

## Management approach

Our non-discrimination and diversity policy and our Code of Conduct set out our commitment to equal opportunity and respect for all. We do not discriminate on any grounds: race, sex, nationality, ethnicity, language, religion or any other status.

We have pledged to provide equal pay for work of equal value, regardless of gender and take diversity and inclusion into account when undertaking regular reviews of both recruitment processes and pay structure. We are also mindful of local labor laws when assessing any policy violations.

Xella has set itself a target of 25% female managers by 2025, from a baseline of 18% in 2020. Achieving this in a historically male-dominated industry like the construction material sector requires a significant shift not only in recruitment protocols but throughout the employee life cycle.

Training modules have been introduced to raise awareness about unconscious bias and have been incorporated into job advertisements, which are written in an unbiased and neutral manner, in all major languages, that does not deter women or minorities from applying. All vacant manager positions require at least one woman to be included on any shortlists.



The French equality index is a helpful instrument for revealing areas that require more action. We are currently thinking about introducing similar tools in other countries.

**Dr. Christiane Schlüter**  
Head of Group HR – People & Organizational Development





## DIVERSITY AND INCLUSION CONTINUED

### Executive leadership (ExCom)



### Managers



### Non-managers



■ Male  
■ Female

### Performance in 2023

We are making progress towards our 2025 gender diversity target and can report that this increased to 20.8% in 2023, with notable appointments during the year, including the addition of two female plant managers and the promotion of one colleague in France to Head of Country Sales and Marketing. On the other hand, the total percentage of women in the company has remained stable: 20.1% vs 20.2% in 2022, thanks to the positive recruitment and work-life balance that we have in place. We also need to recognize that levels of female employees are lower in regions where schools finish from early afternoon creating issues with childcare.

We have a Female Talent Pool consisting of 12 women, which started in 2022 and will run until the end of the first half of 2024. In addition to the ongoing offer of coaching and mentoring from Xella's top management, two training sessions were held in November and December 2023, focusing on the topics of 'Resilient Leadership' and 'Communication and Conflict Management' and further promoting networking among the Female Talent Pool. They will also be invited to our Leaders events (calls, seminars, conferences) to improve their visibility and connections within Xella.

Xella France is leading the way on gender equality, achieving an exceptional 94 out of 100 points on the 'Index de l'égalité entre les femmes et les hommes', a national index based on five measures that make existing gender inequality quantitatively verifiable. Xella France not only improved its position by three points in 2023, compared with the previous year, it has already exceeded Xella's Group target with 31% of its managers being female.

### Xella's youngest plant manager

Two years into the job at Möllenhagen, 28-year-old Isabell Kalitz is Xella's youngest plant manager and one of only three female plant managers in Germany. Having studied to become a master craftswoman in metallurgy while working as a production manager for a gourmet food manufacturer, Isabell Kalitz obviously relishes a challenge.

“

It was a change in industry but I was able to train quickly and learning a profession from the bottom up is something I can only recommend. It not only expands your practical knowledge, but also makes it easier to deal with a wide variety of people. That is just as important to me as the technology. I also love that no two days are the same.

**Isabell Kalitz**  
Möllenhagen  
plant manager



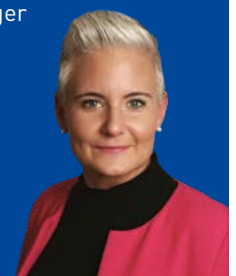
### Leading with transparency

From automotive engineer to plant manager at the Silka plant in Colbitz, Saxony-Anhalt may seem like a huge leap but there Katrin Mülstroh found what she was looking for.

“

Xella's management style allows me to actively involve my employees in decision-making and communicate with transparency. I am driven by the need to make a meaningful contribution and to be successful with my team. I abhor waste in any form – whether it's food, clothing, raw materials or time – I find it so rewarding when our products come back into the value chain and are reused. And, importantly, I can cycle to work!

**Katrin Mülstroh**  
Colbitz plant manager



# Building on positive outcomes

## Highlights

- We exceeded our training target in 2023
- Safety issues scored highest in employee survey
- Overall retention rate was 83.1%

**4,501**

Employee headcount at Xella

**30%**

increase in annual training hours by 2025

**7,000**

training course and e-modules available



Participation rates in our employee engagement survey increased in our region at national levels: 78% for Slovakia, 85% for the Czech Republic, 88% for Austria and 92% for Hungary, with safety issues scoring the highest.

**Věra Štancarová**  
Head of Human Resources Central Europe

**We recognize that providing our people with inclusive working conditions, development opportunities and gender diversity is crucial to future business sustainability.**

## Management approach

We offer fair and attractive wages in a non-discriminatory working environment, aiming for equal pay for work of equal value and at least the minimum wage in all the countries where we operate, along with a performance-related bonus scheme. Employees can also take advantage of a range of benefits, including healthcare and flexible working options to maximize work-life balance and family-friendly support.

We are committed to ensuring that we provide high-quality training at all levels across the organization. Our target of increasing annual training hours per employee by 30% by 2025 (from a 2019 baseline) is one of Xella's core KPIs.

Our corporate ethos is based on a set of strongly held values, the underlying theme of which is mutual respect between management and all employees. Underpinned, first and foremost, by instilling a safety-awareness culture, our values are fundamental to how we conduct our business: dialog, openness and appreciation; responsibility and accountability; and professionalism. Proactive employee

engagement is a major strand within this and includes regular employee satisfaction surveys, individual performance development reviews and a number of internal communication tools.

We are a signatory to the UN Global Compact with a commitment to respect national labor rights and principles and also the fundamental conventions of the International Labour Organization, including freedom of association. As at the end of 2023, 62% of Xella employees – 2,803 people – were covered by collective bargaining agreements. Full details of our guidelines are available online: [https://www.xella.com/en\\_US/sustainability/downloads](https://www.xella.com/en_US/sustainability/downloads)

We have also pledged to align our working practices with relevant UN Sustainable Development Goals (SDGs), contributing to these by providing our employees safe working conditions, decent remuneration and professional development opportunities. We are against any type of discrimination and promote equality with a particular focus on diversity and inclusion.

All these factors, together with our position on climate change and sustainability, are vital to our ability to both attract and retain the best talent.

## RECRUITING AND RETAINING TALENT CONTINUED

### Performance in 2023

Xella operates in 21 countries with 4,501 employees as of 31 December 2023. The overall retention rate for the year across the group was 83.1% (85.9% in 2022); in Germany, the rate was 89.9% (89.8% in 2022).

### Training and upskilling

Labor shortages were once again a concern across the European construction industry and are forecast to continue into the foreseeable future due to a decline in the working-age population and general lack in the skills required for the transition to green and digital technologies. This reinforces our focus on retraining, reskilling and upskilling our workforce, which is critical to managing our future talent.

In total, €1.8 million was spent on training in 2023, and €5.3 million over the last three years. We exceeded our target to provide 12.8 hours of annual training per employee in 2023 as we reached 20.8 hours. We launched some new initiatives during the year in Germany, bringing together upskilling and ESG training.

A group of 16 employees from Xella Germany spent five days at our T&F company training as energy advisors. The scheme was certified by DEKRA, the world's largest expert organization in the testing, inspection and certification sector, under German Building Energy Law (GEG). Covering topics which included the fundamentals of building physics, structural moisture protection, summer heat insulation and ecological assessments, the participants undertook a written exam to achieve their official DEKRA certification.

T&F also conducted a seminar to develop knowledge and attain LCA certification with content that covered the Environmental Product Declaration (EPD), Life Cycle Analysis (LCA) and the Quality Mark for Sustainable Building (QNG). This LCA seminar will be extended across the Group in 2024 and both seminars may also be offered to external customers in the future.

We first introduced e-learning options during the Covid pandemic and have gradually developed and increased the scope of these, given the positive uptake by employees. We currently have more than 8,000 training courses and e-modules available. In 2023, access to online learning decreased slightly by 13% to 2,207 employees compared with 2022 (2,531 employees), while the amount of time spent on e-learning during the year decreased by 36%.

€1.8m

spent on training in 2023

20.8

hours of annual training per employee

### Employee engagement

Milestones, our digital monthly newsletter for employees, was introduced in 2022 and part of our expansion into digital communications as an effective method of supplementing the existing two-way dialog via the intranet and social media channels on LinkedIn. We regularly conduct an employee survey and the latest of these was carried out toward the end of 2023 by Eleteive, an external organization, which analyses the feedback data on 11 engagement drivers.

The employee participation rate for this was 78%. Safety issues received the top scores, with relationships with managers ranking highly, alongside 'goal setting and achievement' and 'meaningfulness and participation at work'. On a five-point scale, employees rated that they feel free from bullying or harassment in their workplace 4.3, that they contribute something valuable at work 4.2, and that they get support from their colleagues, also 4.2.

More work needs to be done to improve our ranking for health and well-being and communication about strategy, vision and culture. Employees consider that, while the feedback they receive is good enough, it needs to be more frequent and they are able to recognize the first signs of stress. They also indicated the wish to have more opportunities to talk about their career development.

The results were discussed at the annual Leaders Meeting in December with concrete actions identified and measures defined. The leaders agreed to follow-up on the action plans regularly in order to further stimulate Xella's transformation.



We are pleased that these seminars, with certification as energy advisors, could be planned and implemented this year. It is an important step towards on-field sustainability for the benefit of our customers, involving further training and investment in our sales representatives and advisors for technical sales support.

**Daniel Marczinkowsky**  
CEO Middle West Europe  
(Germany & Switzerland)



## RECRUITING AND RETAINING TALENT CONTINUED

### Employee well-being

Well-being and, indeed, mental health are part of Xella's duty of care for its employees. We do not have a global program in place for this since this is very much driven by local demand/needs. In Poland, for example, we provide training in psychological health and, in Germany, we have a partnership with pme-service, a family services operator, which offers a helpline for personal issues. In the Czech Republic and Slovakia, we offer anonymous online psychological therapy for all employees.

### Our employee benefits

We offer a wide range of services, from arranging household help and care for children and the elderly to life coaching and a wide range of digital seminars. These are all contracted to pme-service.

### Finding new talent

Ongoing labor shortages within the construction industries have continued so we have focused on making our recruitment campaigns more competitive and innovative. During 2023, with reduced HR budgets, we focused strongly on social media as a method for cutting through to potential employees and, in particular, reaching out to attract young people to our apprenticeship schemes.

### Collaboration with universities

We continue to collaborate with universities and schools in our search for young people who wish to become part of Xella's future.

In Italy, we partner with the Technical Institute G.A Giobert in Asti (Piedmont) to offer training sessions and site visits. Xella has also collaborated with Bergamo University, where it provides lessons on the comparison of construction systems and end-of-life scenarios. In 2024, Xella Italy will continue its partnership with Ferrara University, offering lessons and installation tests.

In the Czech Republic and Slovakia we organized the 28th edition of an annual architecture competition for students

from technical and art colleges. In 2023, participants were tasked with transforming an unsightly harbor area into an urban ensemble of buildings. A total of 56 projects from ten universities were submitted. This has become something of a tradition and, due to the high participation and interest of students, we have committed to continuing this long-term support of their education for the future.

In Romania, we presented work scenarios related to our products and services to students from the faculties of engineering, urban planning, construction and architecture. We also organized interactive 'Xella Laboratories' workshops and creative competitions.

Our focus on educating young talents about sustainable and efficient building for the future is particularly evident in our BIM training program for technical universities in Poland. Developed in collaboration with Evol Training Center in Olsztyn, the program combines theory with practice, providing students with hands-on experience in BIM software and design optimization. This year, Xella Polska invited students from the University of Warmia and Mazury in Olsztyn to its own training center at the Silka plant in Itawa.

### Focus in 2024

- Increase the percentage share of female managers.
- Develop our people further by providing technical and soft skills training.
- Optimize processes within HR during the year.





# Positive start for the first year

## Highlights

- Partnership with Habitat for Humanity
- First 10 pilot sites for community engagement deployment
- Xella subsidiaries also fund community projects
- Increased budget for 2024

**€50,000**

Budget for Community Policy

**27%**

of employees covered by the policy in 2023

**At heart, Xella is very much a local business, offering employment and support in local communities. Responding to their needs is vital to continuing a successful relationship for the future.**

### Management approach

Xella's Community Policy was approved by the Executive Committee in October 2022 following an extensive community engagement and development process. The policy builds on best practice and international standards, in particular the UN Human Security Business Partnership Framework and International Finance Corporation guidelines.

Our Chief Sustainability and Communications Officer has overall responsibility for the implementation of the policy; plant managers report regularly on progress with both community engagement and development activity. Applications for funding of projects must show how these support Xella's purpose and mission. They must also align with at least one of five UN Sustainable Development Goals: quality education (SDG 4), building resilient infrastructure (SDG 9), reducing inequalities (SDG 10), constructing sustainable cities (SDG 11), or improving life on land (SDG 15).

The policy is supported in the first instance with a budget of €50,000 in 2023 to initiate global and local projects that promote a positive social impact on our communities. Xella has set a KPI to increase this budget for community development annually, rising to a target of €100,000 by 2025. Alongside this, Xella has committed to expanding its community engagement strategy and increasing its scope to include more sites and locations in the strategy, with a target to cover more than 50% of employees by 2025.



When talking about sustainability, people often are focusing on products and processes. But sustainability is multidimensional. It is important to know what role we play locally in the community and in society, and to act as a responsible citizen.

**Christina Delberis**  
ESG Project Manager

### Xella's community development and engagement initiatives are based on SDGs:



## COMMUNITIES CONTINUED

Another aspect of the policy covers Xella's commitment to respectful cooperation with local communities as part of its overall stakeholder engagement program. Systematic and ongoing stakeholder dialog at every plant is key with protocols in place to ensure that this is carried out. Underpinning this, we also have a transparent and responsive grievance mechanism. It is specifically meant to deal with general nuisances to the community and provides for an exchange of information with the discontented person. Any grievances are initially managed, and in the majority of cases resolved at plant level. If further action is required, the Chief Technology Officer manages this at a country level with the final oversight of the Chief Sustainability and Communications Officer.

**€16,000**

donated by Xella Emergency Fund

**€12,000**

budget for the first Community Policy projects

### Xella Emergency Fund

The Xella Emergency Fund is an independent, community-based initiative funded by the Xella Group and voluntary monthly donations from individual employees. Its mission is to support those Xella employees and their families who are in urgent need of financial assistance due to unforeseen circumstances. The fund also contributes to the community, as it can also be used to support charitable organizations.

In 2023, the Xella Emergency Fund used this opportunity to support external organizations near the head office and, during the year, donated a total of €16,000 to various projects – always with an eye on the most vulnerable in our community, children in need. These included the Rainbowland Hospice in Düsseldorf, which cares for children to young adults with limited life expectancy through illness and also for their families at this difficult time. Duisburg-headquartered charity, 'Kindernothilfe', funds social and sporting activities for impoverished children all over the world and the Fund participated in its '1+3=4' program with donated funds quadrupled by a Federal Ministry for Economic Cooperation and Development initiative. For the fourth consecutive year, the Fund has also supported the 'KID – Kind in Düsseldorf' charity, which rescues and takes in children from unstable environments.

## Habitat for Humanity

**We take our role as a good citizen within our communities very seriously.**

In 2023, we began a three-year cooperation with non-profit organization, Habitat for Humanity (HfH), whose belief in affordable and secure, healthy, and sustainable housing for everyone aligns with our own mission. In Germany, we are collaborating with HFH on their Hopebuilders scheme, which involves companies from the construction and real estate sector in different projects. In addition to funding, we are also providing building material for a housing renovation project at the Opportunity Center in Valaská (Slovakia). This will mainly be used for the renovation of the Opportunity Center's canteen and laundry room, due for completion in 2025.



The project will form a sustainable cornerstone for a long-lasting cooperation between our companies.

**Sascha Meyer**

Head of Corporate Cooperation at Habitat for Humanity Germany



## Promoting biodiversity

Plant manager Lothar Heck and his team are actively promoting biodiversity around our Malsch plant near Karlsruhe. In cooperation with beeswelve, they have been making innovative use of Ytong AAC panels as accommodation for bees. They have settled six bee colonies in hives constructed from Ytong material as well as creating a 2,000m<sup>2</sup> flowering meadow in the garden surrounding the plant and two large insect hotels. The honey from the bees is harvested by beeswelve and included in a gift box for Ytong Bausatzhaus partners containing a jar of honey, a beeswax candle-making kit, seed bags and even a small insect hotel made from Ytong.



## Performance in 2023

With a budget of €12,000 for the year, implementation of the first projects initiated as part of the Community Policy commitment took place with a scope of ten pilot sites in 2023, five of which actively developed local initiatives. In addition, we created a partnership with Habitat for Humanity and have committed €38,000 to help fund projects as well as donating some of our product to contribute to a social housing project in Slovakia.

Poland and Romania are leading the way with each having come up with a number of suitable projects during the year. In Poland, we supported the training of guide dogs for visually impaired people as well as a scheme

to help their new owners learn how to handle them properly. We also collected items for needy and poor families to provide them with 'Noble Parcels'. In Germany, we supported Duisburg-based sports club, SV Rhenania Hamborn 1949 e.V., which promotes the social integration of girls through football, especially those from immigrant communities. Xella Czech Republic was allocated funds for new bicycle stands to be installed at a school in Hrušovany and, in Slovenia, donations were earmarked for people affected by the floods during the summer of 2023.

In addition to the projects funded by the group community commitment, Xella subsidiaries continued to actively support

their communities with locally funded projects. Xella Romania, for example, has been helping families and children from disadvantaged backgrounds by funding school equipment and, by donating Ytong materials and working with volunteers from Bikers for Humanity, constructing new community housing. Xella's team also ran together in the Bucharest Half Marathon to support United Way Foundation.

In the Czech Republic and Slovakia, Xella funded a local Volunteer Day. This initiative encourages each employee to take the opportunity using one day's paid leave to volunteer in an institution or activity of their choice that benefits the environment or society.

## Community engagement reporting on 10 sites in scope in 2023

KPIs	Description	Performance
Budget	Total amount of budget assigned for community engagement	<b>€50,000</b>
Scope	Percentage of employees that are covered by community engagement strategy	<b>27%</b>
Stakeholder dialogues	Total number of stakeholder dialogs conducted	<b>12</b>
Stakeholder engagement	Total number of stakeholders that participated in stakeholder dialogs	<b>18</b>
Employee engagement	Total number of employees participating in community development initiatives	<b>92</b>

## Focus in 2024

- The budget to support the Community Policy will increase to €70,000.
- We will be extending the community projects program to another five sites in 2024, covering 40% of our employees.
- We will be analyzing the data we collected from projects in 2023 so that we can ascertain our reach in terms of community spend and employee participation. This information will be essential to gauge our progress going into 2024, so that we can work towards meeting our KPI of 50% employee involvement by 2025.

# Well positioned for market upturn

**We are cautiously optimistic about the market situation in the coming year. The construction industry is key to achieving climate change goals in Europe. By remaining on track with our own goals, we are in a strong position to take advantage of the improving financial position and play our part in delivering much-needed, affordable housing that meets stringent sustainability criteria.**

## Regulation

Alongside Xella's own commitment to ESG, we are working hard to ensure compliance with forthcoming changes in legislation:

- The Corporate Sustainability Reporting Directive (CSRD) comes into force in 2025. To ensure that we comply fully with CSRD, during 2024, we will be conducting a double materiality assessment, identifying any gaps and finalizing reporting on specific KPIs, as necessary.
- The key physical and transitional risks for our business, associated with national and international regulation on carbon emissions, are likely to increase over time. During the year, we will carry out a climate risk assessment that maps both physical and transitional risks.

- We meet the requirements of Germany's new Supply Chain Due Diligence Act in 2024. Using the 'IntegrityNext' software platform, as well as our own risk analysis related to country and industry risks in both our supply chain and own business, will enable us to identify, prevent and address human rights or environmental abuses in accordance with the new Act.

## Action plans

We will continue to further develop initiatives and actions that have already proved positive and introduce new ones to support our ESG strategy.

- We will broaden the scope of the Total Safety Leadership program, which is helping to drive down LTIs and our LTIFR.
- Increasing the percentage share of female managers is key to meeting our target of 25% by 2025.
- With our focus on retraining, reskilling and upskilling our workforce, we will provide further development for our people through technical and soft skills training.
- Supported by an increased budget of €70,000, we will expand our community projects program to 15 sites in 2024, covering 40% of our employees.
- By introducing new, highly efficient hybrid steam generators, which run on natural gas, we will finalize the phase-out of coal in Poland.

- We will continue to focus on steam transfer technologies to help improve energy efficiency and increase sustainability, while meeting our production requirements.
- As part of reducing our scope 3 CO2 emissions, we will continue to work with our lime and cement suppliers to create mutually beneficial sustainability partnerships.
- Further developing new formulas with increased production leftovers and optimizing the production mix at selected plants will help us achieve our target of zero leftovers to landfill by 2030.

- In line with our commitment to a circular economy, we are developing collaborations with demolition companies by taking their waste as input for recycled products.
- At Oradea in Romania, in order to reduce the consumption of fresh water and the cost of wastewater disposal, we will complete a project to reuse water generated by condensate from the autoclave and steam boiler.



Beyond our action plan, and in addition to the appointment of people dedicated to ESG topics such as ESG ambassadors and energy coordinators, step by step, we are further embedding ESG strategy in all our operational and business processes.

**Davide Papavero**  
Chief Technology Officer



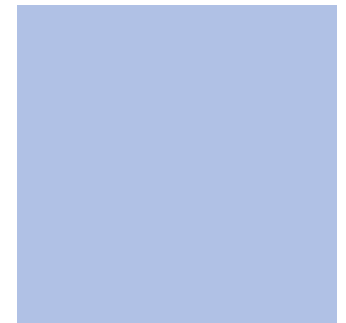
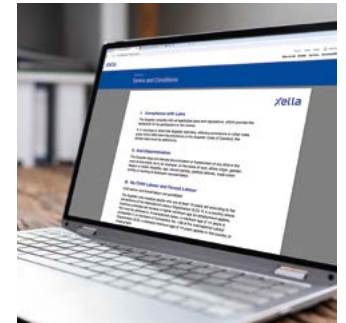


# Sustainability data pack

In our commitment to transparency, best practice and data assurance, the following sections set out Xella's key sustainability figures for all aspects of our ESG reporting and our GRI disclosures, as well as details of our policies and partnerships.

## In this chapter

- Policies
- Partnerships
- Key sustainability figures
- Xella GRI content index 2023
- Independent practitioner's report
- Glossary
- About this report



## POLICIES

On this page we provide a full list of our ESG-related policies and guidelines and links to these documents.

[Antitrust Compliance Guideline](#)

[Supplier Code of Conduct](#)

[Benefit Guideline](#)

[Sustainability Policy](#)

[Code of Conduct](#)

[Waste Policy](#)

[Commitment on Community Engagement](#)

[Water Policy](#)

[Compliance Policy](#)

[EHS Mission Statement](#)

[Environmental Policy](#)

[Freedom of Association Guideline](#)

[Group Directive EHS](#)

[Human Rights Policy](#)

[Integrity Reporting Channel Policy](#)



[Non-Discrimination and Diversity Guideline](#)

[Political Involvement Policy](#)

## PARTNERSHIPS

### Selected memberships, collaborations and joint projects in 2023

<p><b>Deutsche Unternehmensinitiative Energieeffizienz e.V., DENEFF</b> (German Business Initiative for Energy Efficiency e.V.)</p> 	<p><b>Science Based Targets initiative, SBTi</b></p> 	<p><b>UN Global Compact</b></p> 	<p><b>Bundesverband Baustoffe – Steine und Erden e.V., bbs</b> (German Building Materials Association e.V.)</p> 
<p><b>Bundesverband Deutscher Baustoff-Fachhandel e.V., BDB</b> (German Association of the Building Materials Trade e.V.)</p> 	<p><b>Bundesverband Freier Immobilien- und Wohnungsunternehmen, BfW</b> (German Association of Independent Property and Housing Companies)</p> 	<p><b>Bundesverband Gebäudeenergieberater, Ingenieure, Handwerker e.V., GIH</b> (German Association of Energy Advisors, Engineers, Artisans e.V.)</p> 	<p><b>Bundesverband Kalksandsteinindustrie e.V.</b> (German Association of the Calcium Silicate Unit Industry e.V.)</p> 
<p><b>Deutscher Ausschuss für Mauerwerk e.V., DAfM</b> (German Committee for Masonry e.V.)</p> 	<p><b>Deutsche Gesellschaft für Mauerwerks- und Wohnungsbau e.V., DGfM</b> (German Society for Masonry and Housing Construction e.V.)</p> 	<p><b>Deutsche Gesellschaft für Nachhaltiges Bauen e.V., DGNB</b> (German Sustainable Building Council e.V.)</p> 	<p><b>Deutsches Institut für Normung e.V., DIN</b> (German Institute for Standardisation e.V.)</p> 
<p><b>European Autoclaved Aerated Concrete Association, EAACA</b></p> 	<p><b>European Calcium Silicate Unit Producers Association, ECSPA</b></p> 	<p><b>European Committee for Standardization, CEN</b></p> 	<p><b>Verband Bauen in Weiß e.V., VbiW</b> (German Association Building in White e.V.)</p> 

-  Sustainability initiatives.
-  Building initiatives.

## KEY SUSTAINABILITY FIGURES

The GRI Disclosures marked with a check mark  have been subjected to a limited assurance by the auditing firm PricewaterhouseCoopers.

	Unit	2023	2022	2021	2020
<b>ECONOMIC</b>					
Total revenue	€m	1,087.5	1,369.6	1,171.1	1,072.4
Normalized EBITDA	€m	204.9	291.3	256.9	242.8
Normalized EBITDA margin	%	18.8	21.3	21.9	22.6
Number of plants <sup>1</sup>	number	58	75	79	82
National subsidiaries	number	21	22	22	22
Total investments in R&D	€m	4.0	3.9	3.9	3.5
– of which climate- and sustainability-related R&D	%	72	75	60	63

1 2023: plant = location, which can produce several products. In previous years, a plant producing both AAC and CSU was counted as two plants.

	Unit	2023	2022 <sup>2</sup>	2021	2020
<b>INPUT MATERIALS</b>					
Total input materials used for production	mt	5.82	8.26	8.56	8.00
Sand	mt	4.62	6.31	6.54	6.10
Lime	mt	0.49	0.73	0.75	0.72
Cement	mt	0.46	0.79	0.78	0.71
Other input material	mt	0.26	0.44	0.49	0.47

2 Figures for 2022 have been adjusted to reflect updated data.

	Unit	2023	2022	2021	2020 <sup>3</sup>
<b>WASTE</b>					
Total waste	t	125,186	152,480	126,970	127,201
Waste directed to recycling	t	39,082	37,267	28,511	36,468
Waste directed to disposal	t	86,103	115,213	98,459	90,777
– of which AAC/CSU leftovers to landfill	t	63,579 <input checked="" type="checkbox"/>	82,183	62,268	–
Non-hazardous waste	t	124,598	151,971	126,557	126,763
Hazardous waste <sup>4</sup>	t	587	510	413	438
Share of total waste that is hazardous	%	0.5	0.3	0.3	0.3

3 Deviation from total due to estimations (only in 2020).

4 Increase of hazardous waste mainly due to cleanup activities in connection with the sale of plants.

	Unit	2023	2022	2021	2020
<b>WATER</b>					
Water withdrawal	megaliters	2,718	4,372	4,556	4,230
– of which in regions with water stress <sup>5</sup>	megaliters	201	331	599	533
Share of water withdrawal in regions with water stress	%	7.4	7.6	13.1	12.6
Recovered water <sup>6</sup>	megaliters	990	1,966	2,321	2,133
Share of recovered water	%	36	45	51	50
Water discharge	megaliters	565	715	736	750

5 According to WWF Water Risk Filter.

6 Water that is returned from the production process to the usage cycle.



## KEY SUSTAINABILITY FIGURES CONTINUED

	Unit	2023	2022	2021	2020
<b>ENERGY</b>					
Total energy consumption	GJ	4,224,405 <input checked="" type="checkbox"/>	6,067,174 <input checked="" type="checkbox"/>	6,457,638 <input checked="" type="checkbox"/>	5,994,828 <input checked="" type="checkbox"/>
Fuel, renewable	GJ	1,100	1,320	1,509	1,037
Fuel, non-renewable	GJ	3,383,922	4,845,008	5,231,544	4,856,346

	Unit	2023	2022	2021	2020
<b>CO2e EMISSIONS<sup>1</sup></b>					
Total (scope 1 and 2) (market-based)	tCO2e	270,192 <input checked="" type="checkbox"/>	402,236 <input checked="" type="checkbox"/>	437,241 <input checked="" type="checkbox"/>	410,543 <input checked="" type="checkbox"/>
Total (scope 1 and 2) (location-based)	tCO2e	293,669	429,283	479,143	441,124
Scope 1	tCO2e	215,581 <input checked="" type="checkbox"/>	302,485 <input checked="" type="checkbox"/>	349,687 <input checked="" type="checkbox"/>	321,019 <input checked="" type="checkbox"/>
Scope 2 (market-based)	tCO2e	54,611 <input checked="" type="checkbox"/>	99,751 <input checked="" type="checkbox"/>	87,554 <input checked="" type="checkbox"/>	89,524 <input checked="" type="checkbox"/>
Scope 2 (location-based)	tCO2e	78,088	126,798	129,456	120,105
Use of biomass <sup>2</sup>	tCO2e	113	135	152	105
Scope 3 <sup>3</sup>	tCO2e	1,586,622 <input checked="" type="checkbox"/>	2,332,720 <input checked="" type="checkbox"/>	2,368,696	-

1 Unit has changed from CO2 to CO2e as of 2022.

2 Emissions are reported separately from scope 1 and scope 2 in accordance with the Greenhouse Gas Protocol.

3 Figure for 2022 has been adjusted to reflect updated data.

	Unit	2023	2022	2021	2020
<b>CO2e INTENSITY PER MAIN PRODUCT CATEGORY (SCOPE 1 AND 2)</b>					
Autoclaved aerated concrete (AAC)	kgCO2e/m <sup>3</sup>	28.73 <input checked="" type="checkbox"/>	30.55 <input checked="" type="checkbox"/>	30.77 <input checked="" type="checkbox"/>	31.43 <input checked="" type="checkbox"/>
Calcium-silicate units (CSU)	kgCO2e/m <sup>3</sup>	40.85 <input checked="" type="checkbox"/>	43.97 <input checked="" type="checkbox"/>	40.89 <input checked="" type="checkbox"/>	41.22 <input checked="" type="checkbox"/>
Multipor	kgCO2e/m <sup>3</sup>	37.65 <input checked="" type="checkbox"/>	42.35 <input checked="" type="checkbox"/>	30.79 <input checked="" type="checkbox"/>	40.29 <input checked="" type="checkbox"/>
Reduction of CO2e intensity vs. 2019 (baseline)	%	-10.6 <input checked="" type="checkbox"/>	-6.7 <input checked="" type="checkbox"/>	-8.6 <input checked="" type="checkbox"/>	-7.4 <input checked="" type="checkbox"/>

## KEY SUSTAINABILITY FIGURES CONTINUED

Xella Group	Unit	2023	2022	2021	2020
<b>GOVERNANCE</b>					
<b>Local sourcing<sup>1</sup></b>					
Total share of materials sourced locally	%	86	85	86	86
Share of main raw materials sourced locally (sand, lime and cement)	%	81	83	84	85
<b>Governance (Compliance)</b>					
Confirmed incidents of corruption	number	0	0	0	0
Confirmed incidents of anti-competitive behavior	number	0	0	0	0
Complaints to authorities concerning customer privacy breaches and customer data	number	0	0	0	0

1 'Sourced locally' means sourced from the country of production.

Xella Group	Unit	2023	2022	2021	2020
<b>HEALTH &amp; SAFETY</b>					
Recordable work-related injuries	number	56 <input checked="" type="checkbox"/>	88 <input checked="" type="checkbox"/>	74 <input checked="" type="checkbox"/>	82 <input checked="" type="checkbox"/>
High-consequence work-related injuries	number	0	0	0	1
Work-related fatalities	number	0	0	0	0
Lost-time injury rate <sup>2</sup>	LTI rate	7.7 <input checked="" type="checkbox"/>	10.1 <input checked="" type="checkbox"/>	8.4 <input checked="" type="checkbox"/>	9.5 <input checked="" type="checkbox"/>
Percentage of employees covered by an occupational health and safety management system <sup>3</sup>	%	14.4	6.7	-	-
Safety Walks to increase awareness	number	2,077	1,865	2,004	1,591

2 Calculated on the basis of 1,000,000 hours worked.

3 The central EHS regulations are based on recognized risk management standards, such as BS OHSAS 18001 and ISO 45001. We therefore consider certifications to be necessary only in exceptional situations.

	Unit	2023	2022	2021	2020
<b>EMPLOYEES</b>					
Total number of employees	Headcount	4,501	5,223	5,460	5,353
- of which in Germany	%	39.0	34.8	33.4	33.8
- of which in Europe (excl. Germany)	%	61.0	65.2	66.6	66.2
Percentage of employees with permanent contract	%	93.0	92.6	92.6	92.9
Percentage of female employees	%	20.1	20.2	20.2	20.2
Percentage of female managers	%	20.8	19.8	18.9	18.0
Percentage of employees covered by collective bargaining agreements	%	62.3	57.2	56.8	59.3
Percentage of employees with regular performance and career development review	%	65.4	59.4	58.3	57.2
Average age <sup>4</sup>	years	45.2	44.9	45.0	44.9
Percentage of C-level management under 50 years of age <sup>5</sup>	%	14.3	33.3	33.3	50.0
Percentage of part-time employees	%	5.8	5.0	4.6	5.3
Percentage of employees on parental leave	%	3.2	2.4	2.6	2.5

4 By age cluster.

5 C-level defined as governance body.

## KEY SUSTAINABILITY FIGURES CONTINUED

Training by management structure	Region <sup>1</sup>	Total				Manager				Non-management				Governance body			
		2023	2022	2021	2020	2023	2022	2021	2020	2023	2022	2021	2020	2023	2022	2021	2020
Average training hours	Group	20.8	20.0	15.3	10.3	28.8	32.9	28.8	16.8	19.7	18.5	13.8	9.6	-	-	-	-
Female	Group	20.1	19.4	17.5	10.5	33.6	37.3	41.5	21.2	18.2	17.3	15.0	9.5	-	-	-	-
Male	Group	20.9	20.2	14.8	10.3	27.5	31.8	25.9	15.8	20.1	18.8	13.5	9.7	-	-	-	-

<sup>1</sup> Europe excluding Germany.

Training by type of work	Region <sup>1</sup>	Total				Production				Administration				Distribution			
		2023	2022	2021	2020	2023	2022	2021	2020	2023	2022	2021	2020	2023	2022	2021	2020
Average training hours	Group	20.8	20.0	15.3	10.3	22.4	20.4	14.3	10.2	19.9	22.9	20.8	8.5	16.8	17.5	15.7	11.7
Female	Group	20.1	19.4	17.5	10.5	22.4	22.1	14.3	9.7	23.0	20.9	23.6	9.7	16.3	16.3	15.0	11.8
Male	Group	20.9	20.2	14.8	10.3	22.4	20.2	14.3	10.3	16.1	25.5	17.2	7.1	17.0	18.1	16.0	11.6

<sup>1</sup> Europe excluding Germany.

## KEY SUSTAINABILITY FIGURES CONTINUED

Employees by gender and region	Region <sup>1</sup>	Total				Female				Male			
		2023	2022	2021	2020	2023	2022	2021	2020	2023	2022	2021	2020
Headcount	Group	<b>4,501</b>	<b>5,223</b>	<b>5,460</b>	<b>5,353</b>	<b>905</b>	<b>1,056</b>	<b>1,102</b>	<b>1,080</b>	<b>3,596</b>	<b>4,167</b>	<b>4,358</b>	<b>4,273</b>
	Germany	1,757	1,817	1,822	1,807	325	334	344	332	1,432	1,483	1,478	1,475
	Europe	2,744	3,406	3,638	3,546	580	722	758	748	2,164	2,684	2,880	2,798
Temporary	Group	<b>314</b>	<b>384</b>	<b>404</b>	<b>378</b>	<b>60</b>	<b>72</b>	<b>89</b>	<b>77</b>	<b>254</b>	<b>312</b>	<b>315</b>	<b>301</b>
	Germany	143	140	144	190	31	26	37	42	112	114	107	148
	Europe	171	244	260	188	29	46	52	35	142	198	208	153
Permanent	Group	<b>4,187</b>	<b>4,839</b>	<b>5,056</b>	<b>4,975</b>	<b>845</b>	<b>984</b>	<b>1,013</b>	<b>1,003</b>	<b>3,342</b>	<b>3,855</b>	<b>4,043</b>	<b>3,972</b>
	Germany	1,614	1,677	1,678	1,617	294	308	307	290	1,320	1,369	1,371	1,327
	Europe	2,573	3,162	3,378	3,358	551	676	706	713	2,022	2,486	2,672	2,645
Full-time	Group	<b>4,163</b>	<b>4,896</b>	<b>5,156</b>	<b>4,997</b>	<b>696</b>	<b>845</b>	<b>892</b>	<b>867</b>	<b>3,467</b>	<b>4,051</b>	<b>4,264</b>	<b>4,130</b>
	Germany	1,545	1,610	1,631	1,602	197	203	214	207	1,348	1,407	1,417	1,395
	Europe	2,618	3,286	3,525	3,395	499	642	678	660	2,119	2,644	2,847	2,735
Part-time	Group	<b>262</b>	<b>262</b>	<b>252</b>	<b>283</b>	<b>192</b>	<b>197</b>	<b>195</b>	<b>189</b>	<b>70</b>	<b>65</b>	<b>57</b>	<b>94</b>
	Germany	155	157	152	142	117	122	121	107	38	35	31	35
	Europe	107	105	100	141	75	75	74	82	32	30	26	59
Apprentices	Group	<b>76</b>	<b>65</b>	<b>52</b>	<b>73</b>	<b>17</b>	<b>14</b>	<b>15</b>	<b>24</b>	<b>59</b>	<b>51</b>	<b>37</b>	<b>49</b>
	Germany	57	50	39	63	11	9	9	18	46	41	30	45
	Europe	19	15	13	10	6	5	6	6	13	10	7	4
New employees	Group	<b>384</b>	<b>715</b>	<b>805</b>	<b>466</b>	<b>93</b>	<b>145</b>	<b>177</b>	<b>116</b>	<b>291</b>	<b>570</b>	<b>628</b>	<b>350</b>
	Germany	145	214	210	189	33	37	52	49	112	177	158	140
	Europe	239	501	595	277	60	108	125	67	179	393	470	210
New employee rate, % <sup>2</sup>	Group	<b>7.9</b>	<b>13.4</b>	<b>14.9</b>	<b>8.4</b>	<b>9.5</b>	<b>13.4</b>	<b>16.2</b>	<b>10.6</b>	<b>7.5</b>	<b>13.4</b>	<b>14.6</b>	<b>7.9</b>
	Germany	8.1	11.8	11.6	10.4	10.0	10.9	15.4	14.8	7.7	12.0	10.7	9.4
	Europe	7.8	14.2	16.6	7.5	9.2	14.6	16.6	8.7	7.4	14.1	16.6	7.1

<sup>1</sup> Europe excluding Germany.

<sup>2</sup> Calculation based on average number of employees.



## KEY SUSTAINABILITY FIGURES CONTINUED

Employees by gender and region	Region <sup>1</sup>	Total				Female				Male			
		2023	2022	2021	2020	2023	2022	2021	2020	2023	2022	2021	2020
Staff turnover	Group	823	753	596	746	146	141	126	130	677	612	470	616
	Germany	180	186	157	158	34	34	30	34	146	152	127	124
	Europe	643	567	439	588	112	107	96	96	531	460	343	492
Staff turnover rate, % <sup>2</sup>	Group	16.9	14.1	11.0	13.5	14.9	13.1	11.6	11.8	17.4	14.4	10.9	13.9
	Germany	10.1	10.2	8.7	8.7	10.3	10.0	8.9	10.3	10.0	10.3	8.6	8.3
	Europe	20.9	16.1	12.2	15.8	17.2	14.5	12.8	12.5	21.9	16.5	12.1	16.7
Parental leave	Group	145	147	144	134	53	67	77	76	92	80	67	58
Working part-time while on parental leave	Group	38	35	22	22	16	19	16	14	22	16	6	8

1 Europe excluding Germany.

2 Calculation based on average number of employees.

## KEY SUSTAINABILITY FIGURES CONTINUED

Employee diversity by management structure	Region <sup>1</sup>	Total				Manager				Non-management				Governance body			
		2023	2022	2021	2020	2023	2022	2021	2020	2023	2022	2021	2020	2023	2022	2021	2020
Headcount	Group	4,501	5,223	5,460	5,353	528	550	555	533	3,973	4,673	4,905	4,820	7	6	6	4
	Germany	1,757	1,817	1,822	1,807	193	194	193	174	1,564	1,623	1,629	1,633	7	6	6	4
	Europe	2,744	3,406	3,638	3,546	335	356	362	359	2,409	3,050	3,276	3,187	0	0	0	0
Female, %	Group	20.1	20.2	20.2	20.2	20.8	19.8	18.9	18.0	20.0	20.3	20.3	20.4	28.6	16.7	16.7	0.0
	Germany	18.5	18.4	18.9	18.4	15.5	15.5	15.0	13.8	18.9	18.7	19.3	18.9	28.6	16.7	16.7	0.0
	Europe	21.1	21.2	20.8	21.1	23.9	22.2	21.0	20.1	20.8	21.1	20.8	21.2	0.0	0.0	0.0	0.0
Male, %	Group	79.9	79.8	79.8	79.8	79.2	80.2	81.1	82.0	80.0	79.7	79.7	79.6	71.4	83.3	83.3	100.0
	Germany	81.5	81.6	81.1	81.6	84.5	84.5	85.0	86.2	81.1	81.3	80.7	81.1	71.4	83.3	83.3	100.0
	Europe	78.9	78.8	79.2	78.9	76.1	77.8	79.0	79.9	79.2	78.9	79.2	78.8	0.0	0.0	0.0	0.0
Up to 30 years, %	Group	11.6	12.5	12.7	12.6	4.0	2.0	2.3	3.4	12.6	13.7	13.8	13.6	0.0	0.0	0.0	0.0
	Germany	13.4	13.7	13.8	14.6	3.1	2.1	3.6	2.3	14.7	15.1	15.0	15.9	0.0	0.0	0.0	0.0
	Europe	10.4	11.9	12.1	11.6	4.5	2.0	1.7	3.9	11.2	13.0	13.2	12.5	0.0	0.0	0.0	0.0
31-50 years, %	Group	50.3	50.0	49.4	49.8	54.4	58.0	59.1	58.0	49.8	49.1	48.3	48.9	14.3	33.3	33.3	50.0
	Germany	44.1	43.7	44.2	43.6	47.2	46.4	49.2	48.3	43.7	43.4	43.6	43.0	14.3	33.3	33.3	50.0
	Europe	54.3	53.4	52.0	53.0	58.5	64.3	64.4	62.7	53.7	52.1	50.6	52.0	0.0	0.0	0.0	0.0
Over 50 years, %	Group	38.1	37.5	38.0	37.6	41.7	40.0	38.6	38.6	37.6	37.2	37.9	37.4	85.7	66.7	66.7	50.0
	Germany	42.5	42.6	42.0	41.9	49.7	51.5	47.2	49.4	41.6	41.5	41.4	41.1	85.7	66.7	66.7	50.0
	Europe	35.3	34.7	36.0	35.4	37.0	33.7	34.0	33.4	35.0	34.9	36.2	35.6	0.0	0.0	0.0	0.0

<sup>1</sup> Europe excluding Germany.

## KEY SUSTAINABILITY FIGURES CONTINUED

Employee diversity by type of work	Region <sup>1</sup>	Total				Production				Administration				Distribution			
		2023	2022	2021	2020	2023	2022	2021	2020	2023	2022	2021	2020	2023	2022	2021	2020
Headcount	Group	<b>4,501</b>	<b>5,223</b>	<b>5,460</b>	<b>5,353</b>	<b>2,873</b>	<b>3,426</b>	<b>3,642</b>	<b>3,581</b>	<b>571</b>	<b>611</b>	<b>622</b>	<b>624</b>	<b>1,057</b>	<b>1,186</b>	<b>1,196</b>	<b>1,148</b>
	Germany	1,757	1,817	1,822	1,807	1,164	1,210	1,198	1,185	276	281	294	293	317	326	330	329
	Europe	2,744	3,406	3,638	3,546	1,709	2,216	2,444	2,396	295	330	328	331	740	860	866	819
Female, %	Group	<b>20.1</b>	<b>20.2</b>	<b>20.2</b>	<b>20.2</b>	<b>7.3</b>	<b>8.4</b>	<b>8.9</b>	<b>9.2</b>	<b>56.0</b>	<b>56.5</b>	<b>56.3</b>	<b>54.3</b>	<b>35.4</b>	<b>35.6</b>	<b>35.8</b>	<b>36.0</b>
	Germany	18.5	18.4	18.9	18.4	7.3	7.4	7.6	7.4	47.1	46.6	47.3	45.1	34.7	35.0	34.5	34.0
	Europe	21.1	21.2	20.8	21.1	7.4	9.0	9.5	10.0	64.4	64.8	64.3	62.5	35.7	35.8	36.3	36.7
Male, %	Group	<b>79.9</b>	<b>79.8</b>	<b>79.8</b>	<b>79.8</b>	<b>92.7</b>	<b>91.6</b>	<b>91.1</b>	<b>90.8</b>	<b>44.0</b>	<b>43.5</b>	<b>43.7</b>	<b>45.7</b>	<b>64.6</b>	<b>64.4</b>	<b>64.2</b>	<b>64.0</b>
	Germany	81.5	81.6	81.1	81.6	92.7	92.6	92.4	92.6	52.9	53.4	52.7	54.9	65.3	65.0	65.5	66.0
	Europe	78.9	78.8	79.2	78.9	92.6	91.0	90.5	90.0	35.6	35.2	35.7	37.5	64.3	64.2	63.7	63.3
Up to 30 years, %	Group	<b>11.6</b>	<b>12.5</b>	<b>12.7</b>	<b>12.6</b>	<b>11.7</b>	<b>12.4</b>	<b>11.8</b>	<b>11.5</b>	<b>13.5</b>	<b>12.3</b>	<b>15.1</b>	<b>15.4</b>	<b>10.3</b>	<b>13.0</b>	<b>14.0</b>	<b>14.5</b>
	Germany	13.4	13.7	13.8	14.6	13.1	13.7	12.8	14.0	15.9	14.2	16.0	15.7	12.3	13.2	15.5	15.5
	Europe	10.4	11.9	12.1	11.6	10.7	11.6	11.3	10.3	11.2	10.6	14.3	15.1	9.5	12.9	13.5	14.0
31-50 years, %	Group	<b>50.3</b>	<b>50.0</b>	<b>49.4</b>	<b>49.8</b>	<b>46.4</b>	<b>45.6</b>	<b>45.1</b>	<b>45.1</b>	<b>56.7</b>	<b>59.2</b>	<b>58.2</b>	<b>61.1</b>	<b>57.4</b>	<b>58.0</b>	<b>57.9</b>	<b>58.4</b>
	Germany	44.1	43.7	44.2	43.6	42.2	41.1	41.7	40.3	50.4	52.7	53.7	55.3	45.7	45.7	45.2	44.7
	Europe	54.3	53.4	52.0	53.0	49.3	48.1	46.7	47.5	62.7	64.8	62.2	66.2	62.4	62.7	62.8	64.0
Over 50 years, %	Group	<b>38.1</b>	<b>37.5</b>	<b>38.0</b>	<b>37.6</b>	<b>41.9</b>	<b>42.0</b>	<b>43.2</b>	<b>43.4</b>	<b>29.8</b>	<b>28.5</b>	<b>26.7</b>	<b>23.6</b>	<b>32.3</b>	<b>29.0</b>	<b>28.0</b>	<b>27.1</b>
	Germany	42.5	42.6	42.0	41.9	44.7	45.2	45.6	45.7	33.7	33.1	30.3	29.0	42.0	41.1	39.4	39.8
	Europe	35.3	34.7	36.0	35.4	40.0	40.3	42.0	42.2	26.1	24.5	23.5	18.7	28.1	24.4	23.7	22.0
Disabled, %	Group	<b>2.4</b>	<b>2.3</b>	<b>2.0</b>	<b>1.9</b>	<b>2.8</b>	<b>2.8</b>	<b>2.5</b>	<b>2.3</b>	<b>2.6</b>	<b>2.5</b>	<b>1.6</b>	<b>1.6</b>	<b>1.1</b>	<b>0.9</b>	<b>0.8</b>	<b>1.0</b>
	Germany	4.7	4.6	4.1	3.8	5.4	5.5	5.1	4.5	3.3	3.2	2.0	2.0	3.2	2.8	2.1	2.7
	Europe	0.9	1.1	1.0	1.0	1.1	1.3	1.2	1.2	2.0	1.8	1.2	1.2	0.3	0.2	0.2	0.4

<sup>1</sup> Europe excluding Germany.

## XELLA GRI CONTENT INDEX 2023

The GRI Disclosures marked with a check mark  have been subjected to a limited assurance by the auditing firm PricewaterhouseCoopers. The limited assurance does not include an audit of the principles of the UN Global Compact.

### General disclosures









GRI standard and disclosure	Audit	Chapter/Section	Page	UNGC*
2-1	Organizational details	About Xella; Key sustainability figures	5, 60	
2-2	Entities included in the organization's sustainability reporting	About Xella; Key sustainability figures; About this report	5, 60, 80	
2-3	Reporting period, frequency and contact point	About this report; About Xella; Key sustainability figures	1, 5, 80, back cover	
2-4	Restatements of information	Key sustainability figures	60, 61	
2-5	External assurance	About this report; Key sustainability figures	1, 78, 80	
2-6	Activities, value chain and other business relationships	About Xella; Business model	5, 9	
2-7	Employees	About Xella; Key sustainability figures	5, 62, 64-67	6
2-9	Governance structure and composition	Governance	20-21	
2-10	Nomination and selection of the highest governance body	Governance	20-21	
2-11	Chair of the highest governance body	Governance	20-22	
2-12	Role of the highest governance body in overseeing the management of impacts	Governance	20-22	
2-13	Delegation of responsibility for managing impacts	Governance	20-22	
2-14	Role of the highest governance body in sustainability reporting	Governance	20-22	
2-15	Conflicts of interest	Culture and ethical conduct	23-24	






## General disclosures continued

GRI standard and disclosure	Audit	Chapter/Section	Page	UNGC*
2-16	Communication of critical concerns	Culture and ethical conduct; Stakeholder engagement; People; Communities	24, 26, 43, 53	
2-17	Collective knowledge of the highest governance body	Foreword	3	
2-19	Remuneration policies	How we manage sustainability	20-22	
2-22	Statement on sustainable development strategy	Foreword; Our ESG strategy	3, 12	
2-23	Policy commitments	How we manage sustainability; Sustainability data pack	20, 58	1-10
2-24	Embedding policy commitments	Governance; Supply chain; Environment; People	19, 25, 29, 43	
2-25	Processes to remediate negative impacts	Culture and ethical conduct; Stakeholder engagement; People; Communities	23, 26, 43, 53	
2-26	Mechanisms for seeking advice and raising concerns	Culture and ethical conduct; Stakeholder engagement; People; Communities	23, 26, 43, 53	1-10
2-27	Compliance with laws and regulations	Culture and ethical conduct	23	
2-28	Membership associations	Innovation and collaboration; Partnerships	17, 59	
2-29	Approach to stakeholder engagement	Stakeholder engagement	26	
2-30	Collective bargaining agreements	People; Recruiting and retaining talent	43, 50	3

## Specific disclosures

GRI standard and disclosure	Audit	Chapter/Section	Page	UNGC*	Comment	Topic boundary**
<b>ECONOMIC</b>						
<b>GRI 201: Economic Performance (2016)</b>						
3-3	Management of material topics	Foreword; Trends and opportunities; Stakeholder engagement; Materiality	3, 16, 26, 28	7		X
201-1	Direct economic value generated and distributed	Business model	9-11	3		X  
201-2	Financial implications and other risks and opportunities due to climate change	Foreword; Our ESG strategy; Trends and opportunities; Environment	3, 12, 16, 29	7		X  
<b>GRI 203: Indirect Economic Impacts (2016)</b>						
3-3	Management of material topics	Foreword; Business model; Our ESG strategy; Stakeholder engagement; Materiality	3, 10, 12, 26, 28			X
203-2	Significant indirect economic impacts	Business model; Our ESG strategy; Targets and performance; Stakeholder engagement; Materiality	10, 12, 14-15, 26, 28			X  
<b>GRI 204: Procurement Practices (2016)</b>						
3-3	Management of material topics	Supply chain; Environment; Reducing CO2 emissions in our supply chain	25, 29, 35			
204-1	Proportion of spending on local suppliers	Supply chain; Energy and emissions; Key sustainability figures	25, 35, 62			
<b>GRI 205: Anti-corruption (2016)</b>						
3-3	Management of material topics	Governance; Culture and ethical conduct	19, 23	10		X
205-3	Confirmed incidents of corruption and actions taken	Culture and ethical conduct; Key sustainability figures	24, 62	10		X

### Key

\* UN Global Compact principles    \*\* Topic boundary:  Xella     Value chain     Product usage

## Specific disclosures continued

GRI standard and disclosure	Audit	Chapter/Section	Page	UNGC*	Comment	Topic boundary**
<b>GRI 206: Anti-competitive Behavior (2016)</b>						
3-3		Management of material topics	Governance; Culture and ethical conduct	19, 23	10	X
206-1		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Targets and performance; Culture and ethical conduct; Key sustainability figures	15, 23, 62	10	X <a href="#">Value chain</a> <a href="#">Product usage</a>
<b>ENVIRONMENTAL</b>						
<b>GRI 301: Materials (2016)</b>						
3-3		Management of material topics	Business model; Environment	9, 29	7, 8, 9	X
301-1		Materials used by weight or volume	Key sustainability figures	60	7, 8, 9	X <a href="#">Value chain</a>
301-2		Recycled input materials used	Business model; Circularity	9, 36	7, 8, 9	X <a href="#">Value chain</a>
<b>GRI 302: Energy (2016)</b>						
3-3		Management of material topics	Environment; Energy and emissions	29, 30	7, 8, 9	X
302-1	<input checked="" type="checkbox"/>	Energy consumption within the organization	Energy and emissions; Key sustainability figures	30, 61	7, 8, 9	X <a href="#">Value chain</a>
302-3		Energy intensity	Energy and emissions; Key sustainability figures	30, 61	7, 8, 9	X <a href="#">Value chain</a>
302-4		Reduction of energy consumption	Energy and emissions; Key sustainability figures	30, 61		X
<b>GRI 303: Water and Effluents (2018)</b>						
3-3		Management of material topics	Environment; Water management, Management approach	29, 41	7, 8, 9	X
303-3		Water withdrawal	Water management; Key sustainability figures	41, 60	7, 8, 9	X <a href="#">Value chain</a>
303-4		Water discharge	Water management; Key sustainability figures	41, 60	7, 8, 9	X <a href="#">Value chain</a>
303-5		Water consumption	Water management	41	7, 8, 9	X <a href="#">Value chain</a>

### Key

\* UN Global Compact principles    \*\* Topic boundary: [X](#) Xella    [Value chain](#)    [Product usage](#)

## Specific disclosures continued

GRI standard and disclosure	Audit	Chapter/Section	Page	UNGC*	Comment	Topic boundary**
<b>GRI 305: Emissions (2016)</b>						
3-3	Management of material topics	<input checked="" type="checkbox"/>	Our ESG strategy; Environment; Energy and emissions, Management approach	12, 29, 30	7, 8, 9	X
305-1	Direct (Scope 1) GHG emissions	<input checked="" type="checkbox"/>	Targets and performance; Energy and emissions; Key sustainability figures	13, 30, 61	7, 8, 9	X
305-2	Energy indirect (Scope 2) GHG emissions	<input checked="" type="checkbox"/>	Targets and performance; Energy and emissions; Key sustainability figures	13, 30, 61	7, 8, 9	X <a href="#">Value chain</a>
305-3	Other indirect (Scope 3) GHG emissions	<input checked="" type="checkbox"/>	Targets and performance; Energy and emissions; Key sustainability figures	13, 30, 61	7, 8, 9	<a href="#">Value chain</a>
305-4	GHG emissions intensity	<input checked="" type="checkbox"/>	Targets and performance; Energy and emissions; Key sustainability figures	13, 30, 61	7, 8, 9	X <a href="#">Value chain</a>
305-5	Reduction of GHG emissions		Targets and performance; Energy and emissions; Key sustainability figures	13, 30, 61		X <a href="#">Value chain</a>
<b>GRI 306: Waste (2020)</b>						
3-3	Management of material topics	<input checked="" type="checkbox"/>	Our ESG strategy; Environment; Circularity, Management approach	12, 29, 36	7, 8, 9	X
306-3	Waste generated		Circularity; Key sustainability figures	36, 60	7, 8, 9	X <a href="#">Value chain</a>
306-4	Waste diverted from disposal		Circularity; Key sustainability figures	36, 60	7, 8, 9	X <a href="#">Value chain</a>
306-5	Waste directed to disposal	<input checked="" type="checkbox"/>	Circularity; Key sustainability figures	36, 60	7, 8, 9	X <a href="#">Value chain</a>
<b>GRI 308: Supplier Environmental Assessment (2016)</b>						
3-3	Management of material topics		Targets and performance; Supply chain; Environment; Energy and emissions	15, 25, 29, 30	7, 8, 9	X
308-1	New suppliers that were screened using environmental criteria		Targets and performance; Supply chain; Energy and emissions	15, 25, 30	7, 8, 9	X <a href="#">Value chain</a>
308-2	Negative environmental impacts in the supply chain and actions taken				7, 8, 9	No negative impacts were brought to our attention and therefore no action was taken. X <a href="#">Value chain</a>



**Key**

\* UN Global Compact principles    \*\* Topic boundary: [X](#) Xella    [Value chain](#)    [Product usage](#)

## Specific disclosures continued

GRI standard and disclosure	Audit	Chapter/Section	Page	UNGC*	Comment	Topic boundary**
<b>SOCIAL</b>						
<b>GRI 401: Employment (2016)</b>						
3-3		People; Recruiting and retaining talent	43, 50	6		X
401-1		Stakeholder engagement; Recruiting and retaining talent; Key sustainability figures	26, 50, 64-65	6		X
401-3		Key sustainability figures	62, 65	6		X
<b>GRI 403: Occupational Health and Safety (2018)</b>						
3-3	<input checked="" type="checkbox"/>	Our ESG Strategy; People; Health and safety, Management approach	12, 43, 44			X
403-1		Health and safety, Management approach	44			X
403-2		Health and safety	44			X
403-4		Stakeholder engagement; Health and safety	26, 44			X
403-5		Health and safety	44			X
403-6		Health and safety	44			X
403-8		Key sustainability figures	62			X
403-9a	<input checked="" type="checkbox"/>	Targets and performance; Health and safety; Key sustainability figures	14, 44, 62			X

**Key**



\* UN Global Compact principles    \*\* Topic boundary:  Xella    Value chain    Product usage



## Specific disclosures continued

GRI standard and disclosure	Audit	Chapter/Section	Page	UNGC*	Comment	Topic boundary**	
<b>GRI 404: Training and Education (2016)</b>							
3-3	Management of material topics	<input checked="" type="checkbox"/>	People; Recruiting and retaining of talent	43, 50	6		X
404-1	Average hours of training per year per employee	<input checked="" type="checkbox"/>	Targets and performance; Recruiting and retaining of talent; Key sustainability figures	14, 50, 63	6		X
404-3	Percentage of employees receiving regular performance and career development reviews		Recruiting and retaining talent; Key sustainability figures	50, 62	6		X
<b>GRI 405: Diversity and Equal Opportunity (2021)</b>							
3-3	Management of material topics		Stakeholder engagement; People; Diversity and inclusion	26, 43, 48	6		X
405-1	Diversity of governance bodies and employees		Targets and performance; Diversity and inclusion; Key sustainability figures	14, 48, 62-67	6		X
405-2	Ratio of basic salary and remuneration of women to men				6	In line with our values, our Code of Conduct and our Non-Discrimination Guideline, we do not differentiate in terms of remuneration by gender, but rather by function and performance.	X
<b>GRI 406: Non-discrimination (2016)</b>							
3-3	Management of material topics		Our ESG strategy; How we manage sustainability; Diversity and inclusion, Management approach; Recruiting and retaining talent, Management approach	12, 22, 48, 50	6		X
406-1	Incidents of discrimination and corrective actions taken		Culture and ethical conduct	24	6	No incidents of discrimination were brought to our attention in 2023.	X

### Key

\* UN Global Compact principles    \*\* Topic boundary:  Xella  Value chain  Product usage

## Specific disclosures continued

GRI standard and disclosure	Audit	Chapter/Section	Page	UNGC*	Comment	Topic boundary**
<b>GRI 407: Freedom of Association and Collective Bargaining (2016)</b>						
3-3	Management of material topics	Recruiting and retaining talent; Key sustainability figures	50, 62	3	At Xella we promote and ensure a close dialog with employees and their representatives. This is laid out in our policies on freedom of association and collective bargaining.	X
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Supply chain; Recruiting and retaining talent	25, 50	3	There were none, as we mainly produce in Europe and source from local suppliers.	X <a href="#">Value chain</a>
<b>GRI 408: Child Labor (2016)</b>						
3-3	Management of material topics	How we manage sustainability; Culture and ethical conduct; Supply chain	22-25	5	Rejection of child labor is included in our Supplier Code of Conduct.	X
408-1	Operations and suppliers at significant risk for incidents of child labor	Culture and ethical conduct; Supply chain	22-25	4	None, as we mainly produce in Europe and source from local suppliers.	X <a href="#">Value chain</a>
<b>GRI 409: Forced or Compulsory Labor (2016)</b>						
3-3	Management of material topics	How we manage sustainability; Culture and ethical conduct; Supply chain	22-25	4	Rejection of forced or compulsory labor is included in our Supplier Code of Conduct.	X <a href="#">Value chain</a> <a href="#">Product usage</a>
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	How we manage sustainability; Culture and ethical conduct; Supply chain	22-25	4	There were none, as we mainly produce in Europe and source from local suppliers.	X <a href="#">Value chain</a> <a href="#">Product usage</a>

### Key

\* UN Global Compact principles    \*\* Topic boundary: [X](#) Xella    [Value chain](#)    [Product usage](#)








## Specific disclosures continued

GRI standard and disclosure	Audit	Chapter/Section	Page	UNGC*	Comment	Topic boundary**
<b>GRI 413: Local Communities (2016)</b>						
3-3	Management of material topics	Stakeholder engagement; People; Communities, Management approach	27, 43, 53			X
413 -2	Operations with significant actual and potential negative impacts on local communities	Communities	53	7, 8, 9	No negative impact from our operations on local communities were brought to our attention.	X <a href="#">link</a>
<b>GRI 414: Supplier Social Assessment (2016)</b>						
3-3	Management of material topics	Supply chain; Stakeholder engagement	25, 27	1-6		X <a href="#">link</a>
414-1	New suppliers that were screened using social criteria	Supply chain	25	1-6		
414-2	Negative social impacts in the supply chain and actions taken			1-6	No negative impacts were brought to our attention and therefore no action was taken.	<a href="#">link</a>
<b>GRI 415: Public Policy (2016)</b>						
3-3	Management of material topics	How we manage sustainability; Culture and ethical conduct	22, 23	10		X
415-1	Political contributions	How we manage sustainability; Policies	22, 58	10		X




### Key

\* UN Global Compact principles    \*\* Topic boundary: [X](#) Xella    [link](#) Value chain    [gear](#) Product usage

## Specific disclosures continued

GRI standard and disclosure	Audit	Chapter/Section	Page	UNGC*	Comment	Topic boundary**
<b>GRI 416: Customer Health and Safety (2016)</b>						
3-3	Management of material topics	Leading brands and products; Business model; Trends and opportunities; Innovation and collaboration; Stakeholder engagement	6, 10, 16, 17, 26			
416-1	Assessment of the health and safety impacts of product and service categories	Leading brands and products	6		Xella products comply with the requirements of national and European standards, as well as national building authority approvals. Xella is subject to the Construction Products Regulation and continuously checks its products for health and safety.	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services				None.	
<b>GRI 418: Customer Privacy (2016)</b>						
3-3	Management of material topics	Culture and ethical conduct	24		See our <a href="#">Code of Conduct</a>	 
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Key sustainability figures	62		None were brought to our attention.	 

### Key

\* UN Global Compact principles    \*\* Topic boundary:  Xella    Value chain    Product usage

## INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON SUSTAINABILITY INFORMATION

To Xella International GmbH, Duisburg

We have performed a limited assurance engagement on the disclosures denoted with "☑" in the sustainability report of Xella International GmbH, Duisburg (hereinafter "the Company"), for the period from 1 January to 31 December 2023 (hereinafter the "Report"). Our engagement in this context relates solely to the disclosures denoted with the symbol "☑".

### Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report with reference to the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the "GRI-Criteria") and for the selection of the disclosures to be evaluated.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

### Audit Firm's Independence and Quality Management

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis – IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

### Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures denoted with "☑" in the Report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial

Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures denoted with "☑" in the Company's Report for the period from 1 January to 31 December 2023 have not been prepared, in all material aspects, with reference to the relevant GRI-Criteria. This does not mean that a separate conclusion is expressed on each disclosure so denoted.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Assessment of the process for conducting the materiality analysis in accordance with the GRI criteria
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Analytical evaluation of selected disclosures in the Report

- Insight into the processes for collecting, controlling, analyzing and aggregating selected data at specific company locations
- Evaluation of the presentation of the selected disclosures regarding sustainability performance

### Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures denoted with "☑" in the Company's Report for the period from 1 January to 31 December 2023 have not been prepared, in all material aspects, with reference to the relevant GRI-Criteria.

### Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, 25 March 2024  
PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke ppa. Jan Hendrik Timm  
Wirtschaftsprüferin  
(German Public Auditor)



## GLOSSARY

### Abbreviations

**7ICAAC:** 7th International Conference on AAC

**AAC:** Autoclaved aerated concrete is a lightweight, precast, cellular concrete building material that is eco-friendly and suitable for producing concrete-like blocks

**BIM:** Building Information Modelling

**CEM I:** CEM I contains up to 95% clinker (but can contain a maximum of 5% of other materials)

**CEM II:** CEM II contains 80-95% clinker, with the remaining 5-20% being made up of fly ash, slag, limestone and other ingredients

**CMS:** Compliance Management System

**CSU:** Calcium Silicate Units – are made mainly of sand (93%) and lime (7%). They are an excellent building material with a particularly low environmental load

**EAACA:** The European Autoclaved Aerated Concrete Association was created in 1988 to promote the interests of producers of autoclaved aerated concrete (AAC) and their national associations across all of Europe

**EPD:** Environmental Product Declarations

**Engagement Index:** The Engagement Index (or rate) represents the overall survey result and is an average from the questions of the 11 drivers in the survey which relate to employee engagement. These drivers are: Relationship with Manager; Relationships with Colleagues; Goals and Goal Achievement; Strategy; Vision and Culture; Meaningfulness and Participation; Workload; Autonomy; Workplace and Tools; Learning and Development; Feedback and Communication; and Health. A high value of employee engagement means great conditions for strong performance and high productivity

**ExCom:** Executive Committee

**GRI:** Global Reporting Initiative  
<https://www.globalreporting.org>

**HfH:** Habitat for Humanity  
<https://www.habitat.org/emea>

**ISO:** International Organization for Standardization  
<https://www.iso.org/home.html>

**KPIs:** Key performance indicators

**LCA:** Life Cycle Analysis

**LTI:** Lost-time injury is a workplace incident or accident that results in an employee being unable to carry out their normal job duties for a period of time beyond the day of the injury

**LTIFR:** Lost-time injury frequency rate

**PV:** Photovoltaic

**N/A:** not applicable

**SASB:** Sustainability Accounting Standards Boards  
<https://sasb.org>

**SBTi:** The Science Based Targets initiative is a collaboration between the CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. Science-based targets show businesses how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to prevent the worst effects of climate change.  
<https://sciencebasedtargets.org>

**SCoC:** Supplier Code of Conduct

**SFA:** Senior Facilities Agreement

**T&F:** Xella Technologie- und Forschungsgesellschaft mbH; Xella Technology and Research

**TSL:** Total Safety Leadership program

**UNGC:** The United Nations Global Compact  
<https://unglobalcompact.org>

### Units of measurement

#### GHG emissions

**mt CO2e:** million tonnes (mt) of carbon dioxide (CO2) equivalent (e); 1 t = 1,000 kg

**tCO2e:** tonnes (t) of carbon dioxide (CO2) equivalent (e); 1 t = 1,000 kg

#### Volume

**m<sup>3</sup>:** cubic meters

#### Weight

**kt:** thousand tonnes

**mt:** million tonnes

**t:** tonnes (1,000 kg)

#### Energy

**kWh:** kilowatt hour

**MWh:** megawatt hour

#### Power

**kWp:** kilowatt peak

**MW:** megawatt

**W:** watt

#### Currency

**€:** Euro

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## ABOUT THIS REPORT

We have published this sustainability report to give our stakeholders an understanding of the vision and specific sustainability goals that we are pursuing. By publicizing our ambitious intentions and goals, we are also taking on an obligation to hold ourselves accountable. We want to, and must, measure ourselves by our progress.

Unless otherwise indicated, this report incorporates the activities of Xella Group for the 2023 fiscal year (1 January to 31 December). It contains all the significant economic, environmental, and social impacts of our activities in reference to the Global Reporting Initiative's transparency standard (GRI Standards 2021) and serves as a Communication on Progress for the UN Global Compact (UNGC). Our last sustainability report was published in April 2023. In the future, this sustainability report will be updated and released annually in English.

This report contains statements about the future that are based on current assumptions and expectations. Various factors may lead to the actual results varying from the estimates presented in this document.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has subjected the sections of the Report marked with a check mark in the 'Key sustainability figures' and the 'GRI content index' to a limited assurance engagement. Aspects and key figures of the following areas were audited: the process and the inclusion of stakeholders in our materiality analysis, our data-capture processes for ESG information, and management approaches and respective KPIs for energy consumption, carbon emissions (scopes 1, 2 and 3), leftovers to landfill, employee training/ professional development, and occupational safety and health.

## **Xella International GmbH**

Sustainability & Communications

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### **Contact**

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The Xella logo consists of the word "Xella" in a bold, blue, sans-serif font. The letter "X" is stylized with a diagonal slash through it, and the "e" is lowercase. The remaining letters "lla" are also lowercase.