

BLOCK-BY-BLOCK

Our progress building a sustainable company in the building materials sector

SUSTAINABILITY REPORT 2021

We are building a sustainable world. We are Xella.



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Foreword from Chief Executive Officer

In 2021, my first year as Xella's Chief Executive Officer, the ongoing pandemic and build-up to the COP26 summit ensured that environmental and social challenges were never far from the top of my inbox.

We still have a long way to go in many areas, but it has been a year of maturing and progression in many of our sustainability efforts. We established new ESG governance and recruited a Chief Sustainability Officer, part of the Executive Committee, and this is driving action from how we work with suppliers and customers, to how we produce our products and the way we capture and reuse our material.

On climate, it was a year when the latest assessment report from the scientists of the IPCC demonstrated beyond a shadow of a doubt the connection between human activity and unprecedented global warming. It is clear that climate change is an enormous challenge for Xella, the whole construction materials sector and the building industry globally.

We reduced our CO₂ emission intensity by 6.6% in 2021 vs 2019 (-8.6% on Building Materials scope only) and made significant progress in plans to install solar panels, replace coal boilers or use more energy efficient machines. But we also know that progress must be meaningful, so have also mapped our Scope 3 emissions – the most significant chunk of our greenhouse gases – and will put in place plans to reduce these in the coming years.

To be meaningful, our progress must also be cost-efficient: for us, our customers, shareholders and all stakeholders. Hence the growing impact of our digital tools is a greatly encouraging sign with an increase in blue.sprint projects from 413 projects in 2019 to around 976 in 2021. By using our digital tools, customers typically save around 20% of costs and approximately 3% less materials.

Safety as a value

When it comes to sustainability our most pressing challenge is to make sure we have the mindset, technical excellence and safety culture in place to ensure everyone goes home safely at the end of the day.

In our line of work at our plants, safety and care are a matter of great concern to us. Because only a safe and a responsible Xella is an excellent company. Hence it is important to take the company's safety culture to the next level investing in a safety leadership program that in 2021 dispensed over 2,850 individual hours of safety training for senior leaders across the Group.

The program will extend to hundreds more employees across all local languages in 2022 as we are determined to create a mindset at Xella where safety is seen as a core value and everyone can show leadership in their part of the company.

From health and safety to climate and the environment we are aware that Xella and our wider sector must go far, quickly.

Collaboration is essential to achieving that, and we are working in a spirit of open collaboration with key suppliers, academic institutions, our UN Global Compact partners, and customers to find new technologies and new systems that can fundamentally change the way we construct buildings. This will focus on our Building Materials items in 2022 following the sale of our URSA business.

Making faster, meaningful progress on sustainability, that drives down costs for our customers as well as positive environmental impacts for our planet will remain critical to our business in the year ahead.

Christophe Clemente
Chief Executive Officer, Xella Group



From health and safety to climate and the environment we are aware that Xella and our wider sector must go far, quickly.”

Christophe Clemente
Chief Executive Officer, Xella Group

At the time of writing and publishing this report, with great concern we observe the terrible events in Ukraine, which cause more and more suffering.

I would like to emphasize on this occasion, that all of us at Xella, the staff and the management, stand for tolerance, freedom, and the right of self-determination of people. These are the non-negotiable values we share.

We are firmly on the side of all those who are suffering and continue to take steps to support the safety of our employees in all the countries affected by the invasion of Ukraine.

More than ever, we believe that we need to continue to progress on ESG and that the fight against climate change remains a priority.

About Xella

We are a leading European building materials provider of sustainable, efficient and affordable solutions. Xella Group's operational headquarters is based in Duisburg, Germany and oversees 92 plants and sales subsidiaries in 25 countries.

As demonstrated in Figure 1, the Xella Group's business in 2021 was based on two pillars: Building Materials (responsible for approximately 70% of Group revenue) and Insulation Materials (approx 30% of revenue). As announced in January 2022, the insulation business unit URSA including 13 production sites is in the process of being sold.



€1,698m

Consolidated revenue during the 2021 fiscal year.

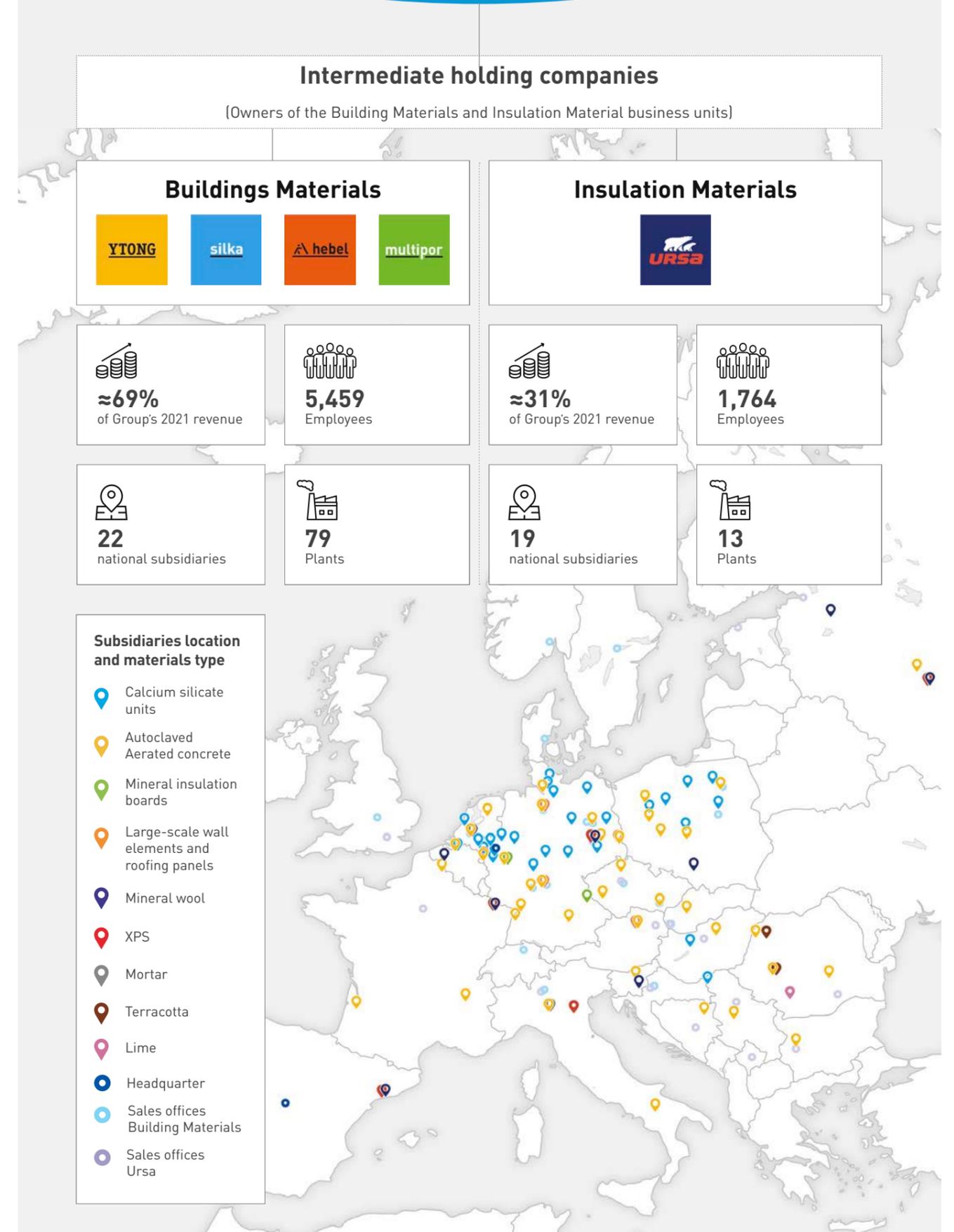
7,224

Employees

92

plants in 25 countries

Figure 1
Xella Group



Our materials

Xella is proud that, based on our wide production network, we are able to ensure close customer proximity, use local supply chains and establish a highly resilient value chain. This enables us to reduce CO₂ emissions due to short transportation distances, be part of local economies and jointly develop supply structures with preferred local suppliers.

Our high local sourcing content is key to our company success. Locally in this context means to purchase goods & services in the country of our production sites. We achieved a local source share of over 80% of our materials (86% if we consider BM scope only). We are committed to using local supply chains wherever expedient and possible. Our sites are also close to our customers, there's only 210 km on average from AAC plants and 97 km for CSU plants.

Xella building materials are based on natural mineral resources such as lime, sand, cement and water. On average most important raw materials are sourced less than 80km from our plants.

As well as providing excellent levels of insulation, noise absorption and fire safety, all Xella Building Material products are recyclable.

Building Materials



Autoclaved Aerated Concrete (AAC)



Calcium Silicate



Multipor

Insulation



Mortar



Glass Wool



XPS



“In 2021 we produced enough AAC to build 168 Empire State Buildings – and every single cubic metre was fully recyclable, with ultra-efficient thermal insulation and optimal fire protection. When it comes to Building Materials, our philosophy is simple: If it can’t be recycled, let’s not make it.”

Thomas Bois
Chief Executive Officer, Building Materials



Scope of report

The performance data and related information in this Sustainability Report relates to the 2021 calendar year and covers the operations of all parts of Xella Group, unless otherwise stated, and is current as of December 31, 2021. 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 has been assured by independent external auditors (PWC) with limited assurance. This data is marked with a  in relevant parts of this report including in the Key Figures table and GRI Content Index.

This report has been prepared in accordance with the GRI Standards: Core option. Further information is also available on the Xella Sustainability microsite:

www.sustainability.xella.com

Our 2021 highlights at-a-glance

GOVERNANCE

100%

Achieved target for 100% of key suppliers to commit to our Supplier Code of Conduct¹.



ESG targets such as CO₂ emissions intensity reduction included as KPIs in our corporate loan launched in January 2021.

220

220 clients used digital tools in 2021 in Germany (up from 18 in 2018) – saving approximately 7,500m³ of potential residues materials which may have been sent to landfill.



Chief Sustainability Officer (CSO) hired and new ESG Department being put in place.

SOCIAL

€2m

Spending on training reached €2 million in 2021, nearly €6 million invested in training in last three years.

56

Hospitals, kindergartens, police stations and family houses among 56 projects constructed with Xella Building Materials.



Flexible paternity leave introduced for practically all staff, even if not regulated for in their country of operation.

2,850

Over 2,850 individual hours of safety training for senior leaders.

19%

Share of female managers up to 19%, aligned with target.

¹ Supplier list as of 01/01/21. Relevant suppliers defined as providers of essential material, where single country procurement costs are over €50,000.

ENVIRONMENTAL

7,700t

Emission reductions corresponding to an estimated 7,700 tons of CO₂ emissions initiated in 2021 across the two business units² through Capex projects.

3MW

Project development for three photovoltaic plants with a planned total capacity of more than 3 MW, which are planned to go into operation in 2022.

800,000

Approximately 800,000 pallets were returned for re-use by our pallet return service in Poland, now starting in France too. Germany has been offering this service for years.

170t

170 tonnes of GHG emissions to be saved/year by new solar panels at Atella plant (Italy).

100%

All products sold under the Multipor brand will now have 100% of CO₂ emissions offset through the purchase of voluntary emission reduction in cooperation with ClimatePartner.

2,000t

2,000 tons of AAC materials collected from customers' sites by our "big bags" collections (in Germany) in 2021 to reuse them in our production to decrease use of virgin raw materials.

EXTERNAL RECOGNITION



Top industry rated by ESG research firm Sustainalytics, and ranked as having lowest ESG risk among peers (4th/127).



Xella France received the Nord Isère award for Sustainable Development for its new recipe to reuse residue AAC powder from production, reducing sand consumption by 8%. The equivalent of saving a truck a day from traveling between the factory and the quarry.



Our Atella plant in Italy obtained C.A.M. ("Criteri Ambientali Minimi") certification for creating mortars with minimum environmental impact.



Xella Czech received the Best Building Materials Manufacturer 2020 Award, thanks in large part to the impressive energy-efficiency of Ytong products.

² Scope 1 and 2 emissions.



CASE STUDY 

FINDING SOLUTIONS: FROM MEDICAL CENTRES TO MODERN LIVING

As detailed throughout our Sustainability Report much of our ESG activity focuses on managing our risks and minimizing environmental impacts. But at Xella we also take great pride in knowing many of our products are helping build vital infrastructure including cost-efficient housing, kindergartens and elderly care homes. This has been especially prominent in the wake of Covid-19.

Hospital-building

One consequence of the coronavirus pandemic, among a host of others, has been to spotlight the vital need for sufficient hospital infrastructure. Since 2020, Xella's products and services have helped in the construction of an array of medical facilities in various locations.

In Taranto, Italy, we are involved in the construction of the "San Cataldo" hospital, which at 160,000m² hosts 70 outpatient clinics, 28 diagnostic rooms, 19 surgery rooms and 715 beds. We helped the developers choose Ytong autoclaved aerated concrete for constructing the exterior walls of the hospital buildings as its optimal thermal insulation and fire resistance properties mean no further insulating material was required.

URSA EURASIA material helped establish 16 new medical centres to help respond to the pandemic in Russia and in December 2020, the Enfermera Isabel Zandal Hospital in Madrid opened its doors. On the roof of the new building, we provided 6,000m² of URSA XPS NIII L, guaranteeing first-rate strength and durability.

Meeting the challenges of modern urban planning

Our digital tools and materials are also helping urban planners to meet modern challenges such as how to house more residents while at the same time creating livable living space for singles, families, and senior citizens in fast growing cities.

In 2021, for example a major part of the "Pod Pekrsko gorco" residential complex in Maribor, Slovenia was constructed. This project will help solve the housing shortage in eastern Slovenia while also offering assisted living flats for the elderly and neighborhood facilities such as a kindergarten, day center, bars, a skate park, basketball court and several playgrounds. The project is scheduled for completion in 2022.

715

beds in the new San Cataldo hospital in Italy



Table of targets and performance

Core target	SDG
Governance	
100% of relevant suppliers to comply with Supplier Code of Conduct by 2021. We consider a relevant supplier to be any supplier that is based in one of the defined procurement countries and from which we source defined goods and services at a value of over €50,000 per year.	
Zero cases of fraud, bribery and anti-competitive practices.	
Roll out updated whistle-blower system in 2021.	
Set up ESG Steering Committee and dedicated ESG Department by end of 2021.	
Social	
Reduce lost-time injury frequency rate by 40% (down to 5.0) by 2025.	
Reach 25% share of female managers by 2025.	
Increase annual training hours per employee by 10% by 2025.	
Environmental	
Reduce CO₂ emissions intensity by 30% by 2030 (scope 1 and 2).	
Increase use of recycled and reprocessed materials in mineral wool insulation products to 80% by 2030.	
Increase use of recycled and reprocessed materials in XPS production to 50% by 2030.	

2020 figure	2021 progress	Trend
98%	100%	Achieved
zero	zero	Achieved
Not applicable	Achieved	Achieved
Not applicable	Achieved	On track
Social		
8.8	8.8	Underperforming
18%	19%	On track
10.4 hrs	16.3 hrs	Overperforming
Environmental		
-3.9%	-6.6%	On track
72%	73.2%	Overperforming
41%	41.8%	On track

The baseline of targets is 2019.

CASE STUDY 

PUTTING SCIENCE INTO SUSTAINABILITY

At Xella we seek to be honest and hard-headed about the challenges we face in a rapidly-changing world. The construction and building industry accounts for up to 38% of global CO₂ emissions, and as the world seeks to meet the Paris Agreement goals we recognize it brings fresh risks to our company from more extreme weather, to increasing pressure from regulators, shareholders and civil society.



To plan for the future, we are the only major building materials company to run our own research institute: Xella Technologie- und Forschungsgesellschaft (T&F).

Creating the future

At two locations, and with an expert 33-person team of scientists, mineralogists, chemists and technicians, T&F analyzes and experiments with the chemical structures of building materials and systems to optimize their sustainability, cost efficiency and quality. In 2021, Xella invested over €5 million in T&F. It is also an accredited testing center and responsible for product safety and quality control, ensuring our products comply with the relevant regulation for the European market. For example, it tests which products are best for withstanding earthquakes or extreme weather.

Some of T&F's areas of innovation in 2021 included:

- **Increasing recycling rates:** One of the key questions T&F seeks to answer is how to increase the amount of old recycled sorted waste in our new products as possible, without compromising on quality. If we get this right, with 20% of AAC coming from demolition waste, this could save around 200,000 tons of AAC in Germany alone going to landfill. Currently our AAC products contain around 10% of scraps material (AAC materials or residues from production or sort-clean cutoffs from construction sites) but T&F scientists in 2021 found a way to double this to 20% without any reduction in other qualities such as load-bearing capacity and levels of insulation. Next step is to test the recipe at an industrial level in Freistett plant, Germany.

- **Building a circular economy:** What other alternative uses might exist for our products at the end of their life on a construction site? For example, we already convert leftover AAC granules into Silikalzit – a leading brand of cat litter in Germany. The T&F team are now working on other potential uses for AAC leftovers or recycled AAC waste including work to add it to wooden ceilings to improve fire safety, to turn it into fertiliser, or to convert it into a new type of binder to replace cement. The latter project is being run with the Karlsruhe Institute of Technology receiving funding from the German Federal Ministry of Education and Research.

- **Alternative products:** We wouldn't be Xella if we didn't also address the question of the building materials of the future. It may be some time before we can develop building materials without high-emitting inputs like cement or lime but it is something our scientists are looking at now. For example, T&F is looking at low-CO₂ alternatives such as using hemp and bamboo as raw materials – working with colleagues in Canada and India respectively on different studies. There is still a long way to go before market application but it is an exciting area of development.



“Through science and technology, and in a spirit of open collaboration, we are pushing the boundaries of what is possible and searching for recipes to make the sustainable building materials of the future.”

Torsten Schoch
Chief Executive Officer,
Xella Technologie- und
Forschungsgesellschaft mbH

A circular mindset

Innovating to use less materials, and less energy.

1 - Raw materials

We use natural mineral resources such as sand, lime, cement and water. On average most important raw materials are sourced less than 80km from our plants.

<80km

from our plants, is the distance most of our raw materials are sourced from.

2 - R&D

Our research teams find new ways to make our products, experimenting with alternative raw materials or recipes that accommodate more recycled inputs. In 2021 we found a way to double (to 20%) the amount of AAC powder, coming from leftovers and residues, in our recipe.

20%

of AAC powder coming from leftovers and residues in our recipe is achievable.



3 - Operations

As-well as implementing energy saving initiatives to cut direct and indirect CO₂ emissions intensity by 30% by 2030, all plants work to collect and reuse residues from production. In the Novo Mesto factory (Slovenia) more than 73% of the leftovers internally generated in the plant are reintroduced into production.

30%

of our direct CO₂ emissions intensity will be cut by 2030.

4 - Digital Planning Tools

We use digital modelling with our customers to save resources and decrease the amount of cutting residues and project time. On average our digital tools save 3% of scrap materials and take 20% off construction costs.

20%

of construction costs are saved with our digital tools.

5 - Reuse

We work with clients and partners through schemes like Xella 'big bag' collections to ensure as much cutting residue is sent back from a construction site for reuse, rather than sent to landfill.

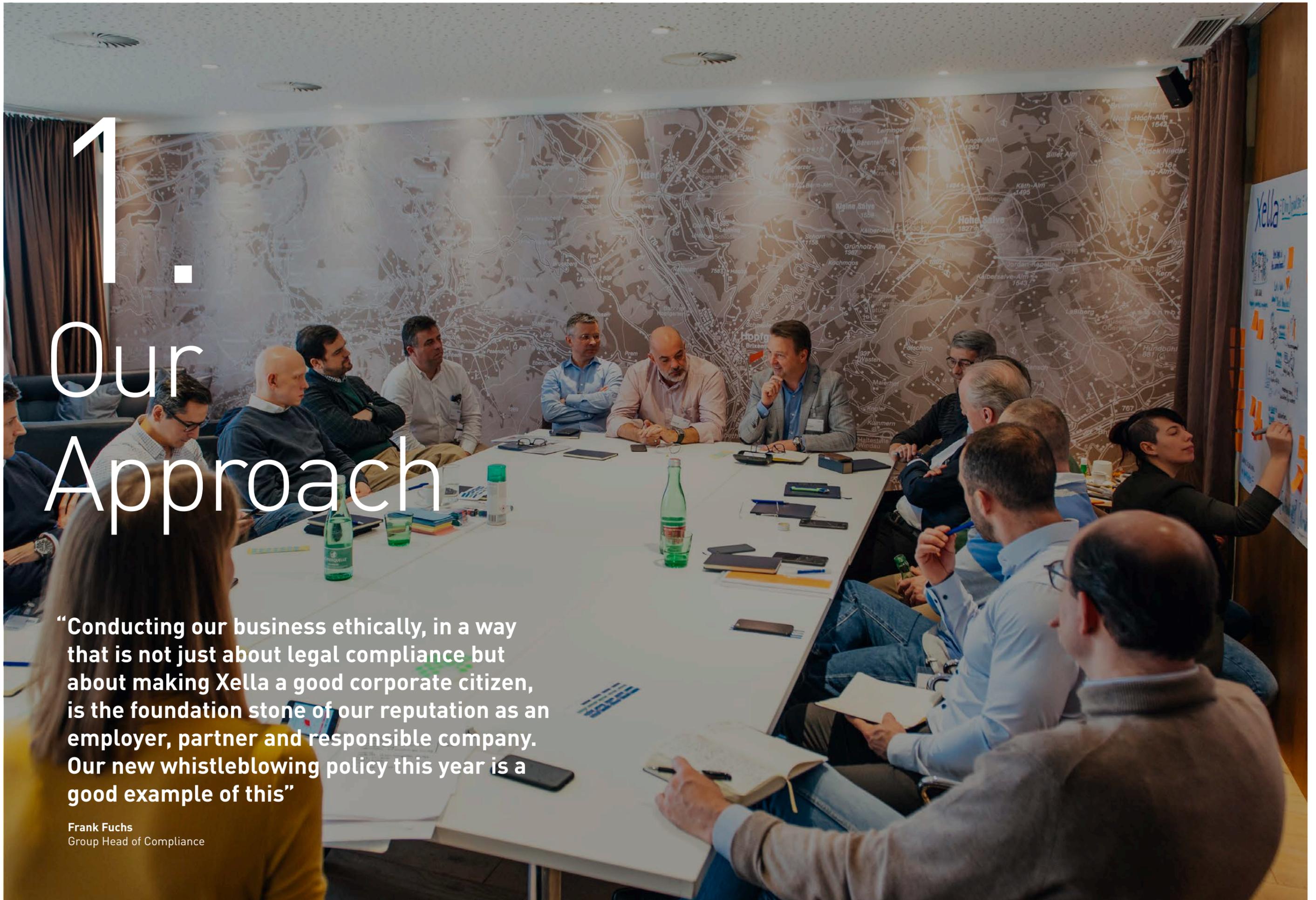
67%

of wood pallets delivered in France in 2021 have been reused.

1. Our Approach

“Conducting our business ethically, in a way that is not just about legal compliance but about making Xella a good corporate citizen, is the foundation stone of our reputation as an employer, partner and responsible company. Our new whistleblowing policy this year is a good example of this”

Frank Fuchs
Group Head of Compliance



1.1

Doing business in an ethical manner

Complying with the law, acting in a responsible way and staying true to our company values are principles that underpin all our day-to-day business.

As set out in our [Code of Conduct](#), we have zero tolerance for fraud, bribery and any type of anti-competitive activity or discriminatory and unethical behavior. All relevant Xella employees are trained in and must adhere to the Code, and it is available in at least 17 languages. Our culture of compliance is also reflected in our corporate values [Figure 2] which urge all Xella employees to take responsibility for what they do and work to create sustainable value.

Training to ensure compliance with all our guidelines is a standard part of the onboarding process for all employees and we offer regular refresher training. For example, 2021 saw refresher trainings for certain employee groups on competition law and our anti-bribery guideline. In total at least 8816 hours of training (of which 7117 hours for the Building Materials BU) were provided on compliance-related topics and our guidelines.

Led by our Head of Group Compliance, and with local compliance delegates reporting to the central compliance team, we are constantly monitoring our environment, screening for new relevant regulations across our countries of operation, reviewing our goals and adjusting and updating our guidelines where necessary. We strive for highest standards in dialogue with our stakeholders, and with a quarterly compliance reporting to the Executive Committee.

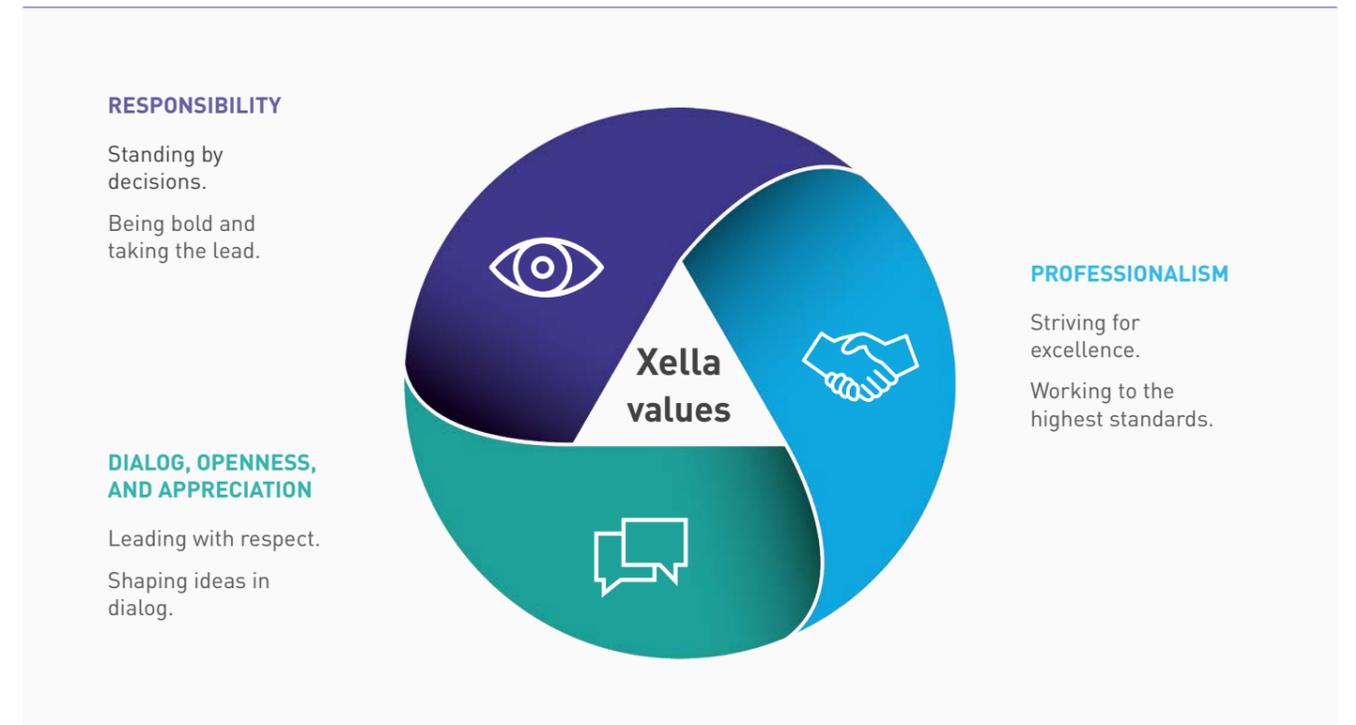
Areas of particular attention in 2021 included:

- **Whistleblowing:** We completed a comprehensive upgrade to our Whistleblowing process in 2021 to ensure all parties now have an external party to report to who can be approached in the local language of the respective Xella company. In total we received 9 reports last year of suspected violations of guidelines via our system which were all fully processed as of 31 December 2021.
- **Data privacy:** Xella has a Group-wide Data Protection Policy to ensure all employees actively participate in data and information protection compliance, for example by handling and storing data correctly. This is supervised and supported by a Data Protection team on Group level and local data protection coordinators. We aim to continuously improve and keep up-to-date our technical and organizational measures and our data protection and information security guidelines to ensure compliance with the changing legislation across the countries in which we are present. We provide relevant employees with training on data protection and information security.
- **Supplier Code of Conduct:** A key push this year was work to ensure all suppliers adopted our [Suppliers Code of Conduct](#), committing them to responsible business conduct such as the elimination of discrimination, child labour, conflicts of interest and other unethical practices. This was successful with 100% of relevant suppliers (as of the 2020 supplier list) adopting the code. For more information see chapter 2.4.

8,816

compliance training hours delivered in 2021.

Figure 2
Xella corporate values



- **Political contributions:** Donations to politicians, political parties, or political groups by the Xella Group are generally prohibited; this also includes payments to public employees and civil servants. We made zero political donations last year. In 2021 we published our position on this matter in a respective policy, summarizing statements from our rules of procedure and anti-bribery guidelines.
- **Tax:** We fully comply with the relevant tax requirements in the countries in which we operate. In all operating countries taxes are reported regularly through the disclosure of the financial statements according to local GAAP and consolidated financial statements. Further national tax reporting, in particular tax returns, claims, elections, transfer pricing documentation and payments are prepared in a professional manner and filed punctually by each entity. Additionally, Xella Group prepares transfer pricing documentation (Masterfile) and Country-by-Country reporting on a yearly basis according to the OECD guidelines.

- **Compliance Management System:** In 2021 we started a project with the support of an expert consultant company to upgrade our Compliance Management System to reflect the increased attention to Compliance of management and in general. Based on the analysis that was almost completed by year-end 2021, 2022 will see the re-design and implementation of the different modules first on holding level, followed by successive rollouts into our operating entities.

Aside from executing before-mentioned project, the Compliance organization of Xella will, in 2022, continue to monitor legislative procedures as well as the development of risk factors and focus areas, to adjust our Compliance Management System timely and efficiently and react to potential incidents. E.g., despite the Dec 17, 2021 deadline, only very few countries have adapted yet the EU Whistleblower Directive into national law; we expect that in some cases we will need to adjust our Whistleblowing procedures accordingly.

1.2 Governance of ESG

Successful management of sustainability issues is core to the success of our business, so responsibility for ESG management starts at the top.

The Xella Executive Committee (ExCom), which includes our Chief Executive Officer, CFO and CSO is formally responsible for setting and implementing the sustainability strategy including meeting relevant targets. They report all ESG-related decisions to our Board. The ExCom is supported in its decisions by an ESG Steering Committee, lead by the CSO, which includes experts from across the Group's business units. The Committee meets monthly and conveys its decisions across the organization and, when relevant, externally.

Responsibilities of the ESG Steering Committee include:

- Monitoring the environmental impact of Xella's products and manufacturing processes
- Identify current and emerging ESG matters that may impact the company, track regulatory developments, and make recommendations
- Track performance and progress against our established ESG goals
- Develop ESG policies, programs and initiatives, and monitor their implementation
- Maintain regular dialogue with relevant stakeholders including discussion of their priorities and suggestions
- Monitor the overall development of the ESG strategy and adjust individual measures as necessary to achieve the defined goals

Governance and compliance are the direct responsibility of the Xella Group CFO, who is also a member of the Executive Committee.

The Chief Sustainability Officer (CSO) who was appointed in 2021, is member of ExCom and chairs the ESG Steering Committee.

The Chief Sustainability Officer leads a dedicated ESG Department, created in 2021, to support the work of the ESG Committee. This team coordinates all sustainability measures and their implementation as an interface between the central functions and the national companies. They also develop and continuously review the sustainability targets, which includes discussions on potentially linking them to executive remuneration.

The Chief Sustainability Officer is also a permanent member of the Capex Board and of the Innovation Steering Committee to ensure ESG is part of the decisions criteria inside Xella Group.

Sustainability-linked loan

In January 2021 our main Group financing agreement, the Senior Facilities Agreement (SFA) launched, and included three ESG KPIs as margin relevant ESG triggers.

The three KPIs are our targets to reduce CO₂ emission intensity, increase glass wool recycled input, and increase annual training hours. For each KPI, we have set annual target levels for the term of the SFA (until 2028) which provide an improvement path for each of the agreed KPIs and would trigger additional interest expenses if milestones are not met.

The compliance or non-compliance with each of the three ESG KPI targets has to be annually confirmed in form of an ESG Compliance Certificate.



Figure 3
ESG Governance at Xella



1.3

Our ESG Strategy

From water to waste, fire safety to worker safety there are a vast array of sustainability issues which a construction materials company such as Xella must be mindful of. In 2020 we undertook a major exercise to sharpen our ESG focus, creating our ESG roadmap (Figure 4) to map the journey towards our ambitious goals.

This included undertaking a materiality assessment and stakeholder engagement exercise with over 100 internal and external stakeholders to establish our priority areas of focus.

Our focus in 2021, and throughout 2022, is to continue to develop and mature our practices to implement this strategy and respond to the priorities it focused on. We also recognize that a key part of our governance improvements in 2022 must be to uplift the quality of our data in areas such as water management and Scope 3 emissions.



“It is our mission to design energy-efficient, cost-effective and sustainable construction, housing and living ... and by setting clear targets on CO₂ emissions, resource conservation, diversity and equal opportunities, our ESG Strategy provides the blueprint to achieve that mission.”

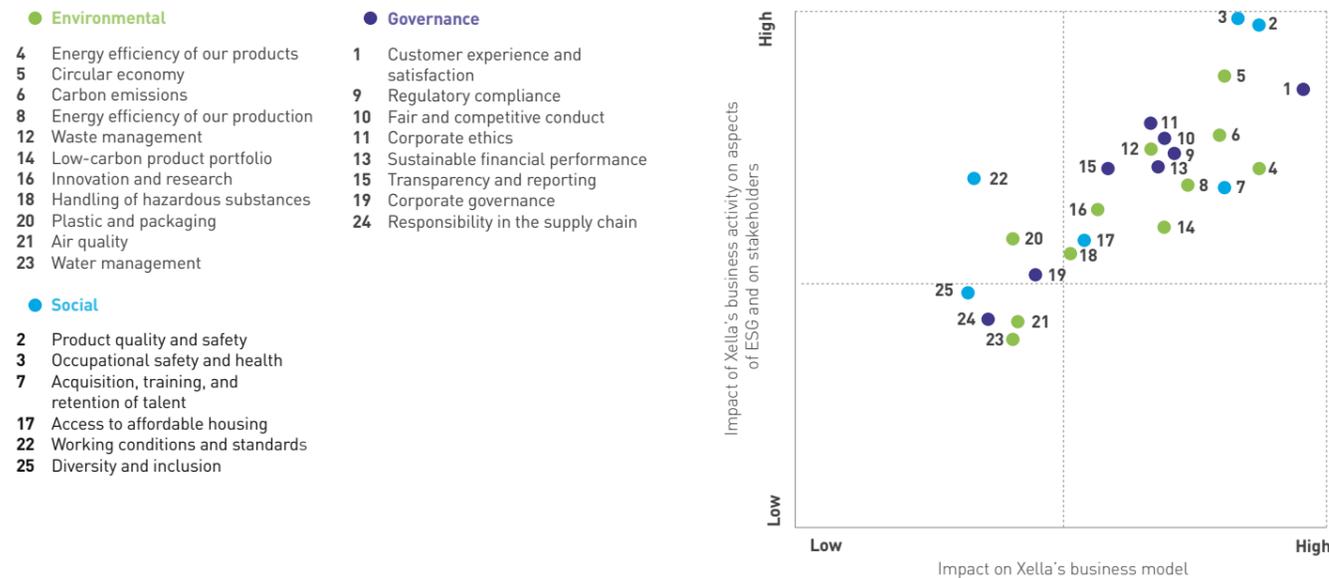
Cecile Fages
Chief Sustainability and
Communications Officer

Figure 4
Xella's ESG Roadmap



ESG priorities

Xella materiality matrix for 2021



ESG Priorities	How we responded in 2021
Occupational health and safety	Adopting safety as a core value for our company, with over 2,850 individual hours of safety training for our senior leadership team via the Total Safety Leadership program.
Energy efficiency of our products	We strive to ensure our products have energy-efficiency and sustainability built in.
Circular economy	73.2% of mineral wool and 41.8% of XPS products now made from recycled or reprocessed materials (glass for mineral wool). See Chapter 3 for details of our cradle-to-cradle approach and waste prevention.
Carbon emissions	6.6% reduction on CO ₂ intensity in scope 1 and 2 emissions this year through energy savings plan and purchase of green power.
Acquisition, training, and retention of talent	We provide fair, performance-based remuneration, a non-discriminatory working environment and high-quality training.

Energy efficiency of our production	6.6% reduction on CO ₂ intensity in scope 1 and 2 emissions this year through purchase of green power and energy savings plan.
Regulatory compliance	Complying with the law, acting in a responsible way, and staying true to our company values are principles that underpin all our day-to-day business.
Fair and competitive conduct	Complying with the law, acting in a responsible way and staying true to our company values are principles that underpin all our day-to-day business.
Corporate ethics	Complying with the law, acting in a responsible way and staying true to our company values are principles that underpin all our day-to-day business.
Waste prevention	Working with clients and partners through schemes like Xella 'big bags' to ensure as many clean leftovers or production residues are sent back for reusing rather than sent to landfill.
Sustainable financial performance	We believe that sustainability is inherently interconnected with cost-efficiency. For example through our increased use of digital tools, we are reducing leftovers and saving construction time for customers.
Low-carbon product portfolio	Investment in R&D through T&F, working on three different pillars: 1. Increasing use of recycled waste from demolition in recipes; 2. Change of lime and cement for lower CO ₂ footprint, and 3. Carbonatation.
Innovation and research – R&D	Investment in R&D through T&F.
Transparency and reporting	Publication of second Annual Sustainability Report, based on GRI reporting framework
Product quality and safety	Ensuring the highest safety standards and certifications in areas including fire resistant materials.
Access to affordable housing	We contributed to many projects in 2021 which included social or affordable housing as an element. See 'Sustainably accomodating students in Kassel' as an example.
Customer experience and satisfaction	We aspire to the highest level of customer satisfaction.

Collaborations

The urgency and complexity of sustainability issues such as climate change present an enormous challenge for the construction sector as a whole and we recognize that to act with the depth and speed required we must work with a wide range of initiatives and partnerships to build a climate-friendly construction industry.

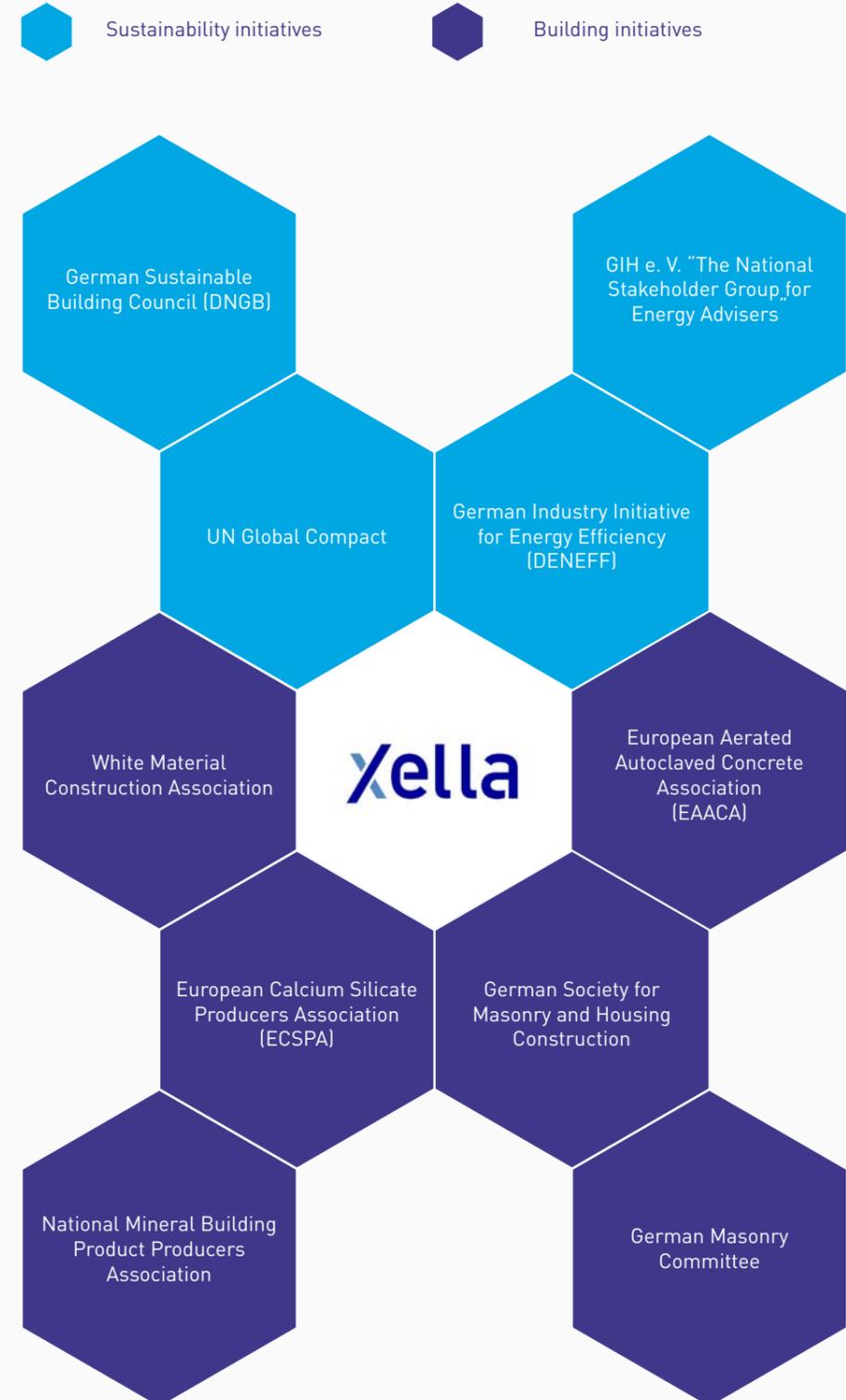


XELLA JOINED THE UN GLOBAL COMPACT IN JANUARY 2021

“We wholeheartedly support the ten principles of the UN Global Compact and want to work together to make an impact. Both through energy-efficient, sustainable products as well as through resource-saving and CO₂-reduced production processes and responsible and ethically sound actions.”

Christophe Clemente
Chief Executive Officer of the Xella Group

Some of the associations and initiatives which we collaborated with in 2021 include:

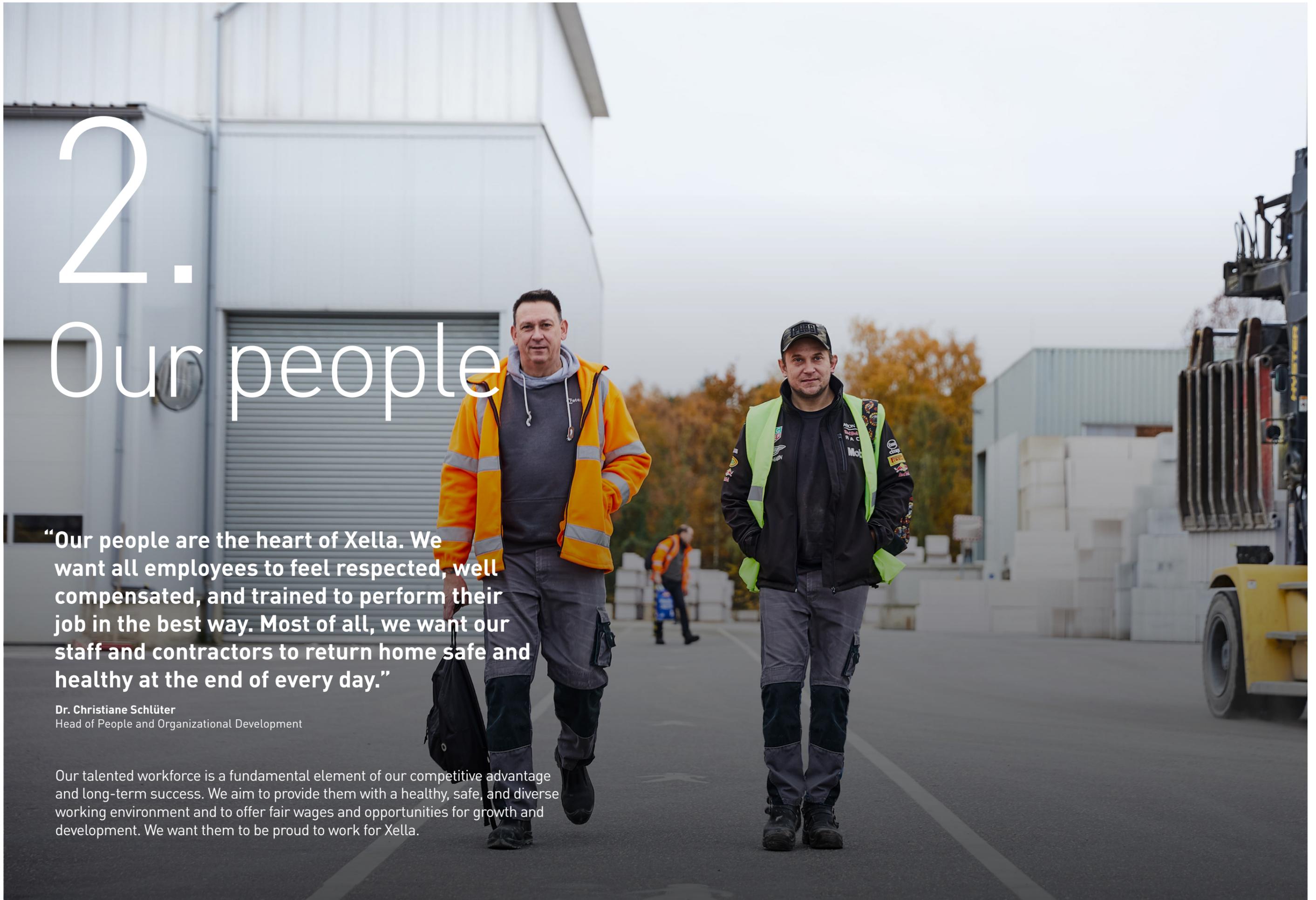


2. Our people

“Our people are the heart of Xella. We want all employees to feel respected, well compensated, and trained to perform their job in the best way. Most of all, we want our staff and contractors to return home safe and healthy at the end of every day.”

Dr. Christiane Schlüter
Head of People and Organizational Development

Our talented workforce is a fundamental element of our competitive advantage and long-term success. We aim to provide them with a healthy, safe, and diverse working environment and to offer fair wages and opportunities for growth and development. We want them to be proud to work for Xella.



2.1

Safety as a value

Our policies and processes

A core corporate value for Xella is for workers to return home from work as safe and healthy as when they arrived.

Our facilities are dynamic working environments with several potential areas of risk whether from use of heavy machinery, working at heights or trips and falls. We manage safety risk. We work every day to not only implement robust safety standards and procedures but also to instill the safety mindset that can achieve our target of zero accidents at our plants.

Our [Group Directive on Health & Safety](#) sets out the policies and control mechanisms we have in place including very regular risk assessments, the provision of personal protective equipment, use of containments for hazardous substances, training, incident investigation procedures and auditing. Our Group-wide health and safety management (EHS) system follows international OHSAS 18001 and ISO 45001 structure, and is supported by a Corporate EHS department, reporting to the Chief Technical Officer, and EHS managers in all countries.

Our safety system is based on three pillars which we work to improve simultaneously:

- **Organization:** Our 'Safe Work. Safe Life.' vision sets out rules and guidelines for keeping employees in all facets of our business safe including production, administration and sales. We also organize to ensure that specific training is given to all employees. In 2021 we also continued to roll out seven of our ten 'Life Saving Rules', providing guidance to all employees on how to manage the most significant hazards, such as lock out tag out, use of mobile equipment or safe driving. We will continue the roll-out in the future.
- **Technical:** We carry out technical assessments, led by local specialized engineering companies to ensure that all technology is maximized to protect health and safety and that equipment complies with local safety standards and cross-border legislation such as the EU Machinery Directive.
- **Culture:** Ultimately, we want to embed a deep culture of safety across the Group and provide training and support to encourage employees to take responsibility to constantly ensure that the right equipment, environment and procedures are in place to do the job safely.



“We want to create a culture at Xella where safety is a core value, and everyone can show leadership in their part of the company. Safety is the first item on the agenda at our Board meetings and we want it at the forefront of all employees’ minds whether plant manager, machine operator or driver.”

Christophe Clemente
Chief Executive Officer of the Xella Group

 Key data in this section has been independently audited.



Our overriding goal is to reduce the number of accidents to zero in the long term. We have medium-term targets to reduce accident frequency³ (LTIFR) by 40% by the end of 2025⁴.

But we do not judge performance just on 'lagging' indicators such as these (i.e. measuring incidents that have already happened), we have also started using since 2020 leading indicators that measure visible and felt leadership – for example tracking the number of safety walks performed by leadership.

If an occupational accident occurs, despite all safety precautions, we analyze the root causes of the accident and communicate lessons learnt across the entire organization, including all plant managers to prevent a similar incident occurring elsewhere. We also encourage business partners, contractors, and third parties to adopt our safety rules.



“You can’t create safety from behind a desk. You need rules, regulations and technical equipment but most of all you need people taking personal responsibility for it every day.”

Tomasz Wiśniewski
Chief Technology Officer
North East Europe

Since beginning new safety programs in 2017 LTIFR has reduced:



³ Lost Time Injury Frequency Rate (Number of recordable work-related injuries / Number of hours worked x 1,000,000).

⁴ Based on a 2019 baseline.

⁵ N/A.

⁶ N/A.

Our ten life saving rules



1. TRAFFIC ROUTE CONCEPT

Procedure for regulating internal traffic by means of road marking, signs and pedestrian routes.



6. SAFE DRIVING

Procedure describes the technical equipment and condition of vehicles and safe behaviour when using vehicles for work purposes.



2. 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.



7. WORKING AT HEIGHTS

Procedure describes the technical, organisational and personal safety precautions required when working at height.



3. ELECTRICAL SAFETY

Procedures for handling electrical work and installations. In particular: Qualifications of electricians, tools, inspection of electrical installations, execution of electrical work.



8. MACHINES SAFETY

Procedure describes the safeguarding of plant and machinery using technical protective equipment and the safe use of thus protective equipment.



4. MOBILE EQUIPMENT

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



9. 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.



5. 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.



10. HAZARDOUS MATERIAL MANAGEMENT

Procedure for handling, using and storing substance with hazardous characteristics for humans and the environment (e.g. aluminium, oils, dusts).

✓ Roll out started in 2017 ➔ To be rolled out

PERFORMANCE IN 2021

The ongoing Covid-19 pandemic has meant a continued focus on industrial-quality hygiene standards across all our plants with local management responsible for escalating measures (such as only allowing entry to those vaccinated, recently recovered or testing negative) based on conditions or requirements in their country or region.

Unfortunately, the year 2021 was negatively marked by a fatal accident which occurred at the glass wool production plant in Serpukhov, Russia. Due to a failure to apply the prescribed "Lock out, Tag out" procedure after stopping a mixer, a 55-year-old colleague of ours, a technician on the plant, died while carrying out maintenance work. This is a dramatic event, and we deeply regret the loss of our employee, and our thoughts are with the family and relatives.

The subsequent careful and thorough investigation revealed technical, procedural and behavioral shortcomings that were immediately resolved and corrected. The incident was shared with all Group employees with the clear intent of raising awareness of all employees of safety as a value and to check for any possible similarities in the different factories. The event also triggered a deep reflection on the need to evolve the safety culture in the company with the initiatives launched in the second half of the year.

We invested close to €7 million into safety in 2021 to protect equipment and increase training. Most prominently, our Total Safety Leadership program, organised with the support of RMS Switzerland Sarl, has trained the entire senior leadership

team, over 120 executives including ExCom members, plant managers and regional heads in how to take a leadership role in safety and to empower personal responsibility in others across the factory floor.

Over 2,850 individual hours of safety training has been provided for our senior leadership team via Total Safety Leadership (TSL) and other programs. We have also made participation in the TSL program compulsory for all new managerial functions.

A second phase of the program in 2022 will train a further batch of trainers across all our regions meaning the program can be deployed in local languages and reach over 500 further second line managers including production managers, maintenance managers and shift leaders.

Globally, safety-at-works trainings represented close to 49,000 hours for Xella in 2021 (+6% on 2020).

Apart from the tragic fatality, with regard to the frequency of Lost Time Incidents (LTIFR), 2021 followed in the footsteps of 2020. The impact of Covid-19 in terms of daily operational management of both plants and people, partially diverted the focus away from safety topics, leading to a stagnation of the progress achieved in previous years in terms of implementation of and compliance with rules and procedures. We have continued to invest in technical safety but it proved difficult to impact on behavioral aspects. Hence the re-launch for an evolution of the safety culture in Xella in the final part of the year.

€7_m

We invested close to €7 million into safety in 2021 to protect equipment and increase training.

49,000_h

Globally, safety-at-works trainings represented close to 49,000 hours for Xella in 2021.

CASE STUDY

ACHIEVING ZERO IN TUZLA⁷

"I am determined to lead by example and encourage all workers to take responsibility to show leadership themselves."

Xella's Tuzla plant in Bosnia & Herzegovina (BH) employs approximately 35 employees on the factory floor producing up to 130,000m³ of Ytong AAC products. Most impressively in 2021 experienced plant manager Edina Osmancevic oversaw a year of zero lost time injuries.

"Effective safety management needs visible leadership on the ground every day and real engagement from the workforce that brings safety rules to life," explains Edina.

Employees at the Tuzla plant for example will see their plant manager walk through the factory throughout the day stopping to ask what safety risks they can perceive and whether any improvements need to be realized.

Edina explains, "Our focus is on prevention and participation. For example ensuring everyone has the correct Personal Protective Equipment (PPE) or that a safety fence is secure. But a big part is making sure that we operate with a "safety first" mentality. I often encourage conversation about safety risks with factory employees. For example, if I talk about the crane, I don't only talk with the crane operator but I look to engage any worker who may be in the proximate vicinity. I am determined to lead by example and encourage all workers to take responsibility and show leadership on safety themselves."

Training for employees of the Tuzla plant has included both general courses such as 'slip, trip and fall' or 'working at heights' training, as well as technical training for example on specific machinery. All staff receive relevant safety training including office-based administrators and it is compulsory for key training courses to be refreshed annually.

Key to the success of this training, according to Tuzla's plant manager, is to make it participatory. "We ensure that this is not a passive situation of a teacher talking and a student quietly listening. In each session we encourage employees to speak up and talk about real-life scenarios of relevance and to give their opinion about how to manage potential risks."

At Tuzla all technical meetings start with a short safety discussion, including for example reviewing any lessons learnt from near misses or incidents at other Xella plants. "We cannot leave the issue of safety to a safety officer," concludes Edina "each of us must be safety-minded as an individual."

⁷ Not included in audit review



2.2

Recruitment and retention of talent

Our policies and processes

A talented, efficient, and committed workforce is the basis for our success. To recruit and retain the best people we provide fair, performance-based remuneration, a non-discriminatory working environment, high-quality training and flexible options for balancing work and family life.

We are particularly proud of our retention rate, which in Germany, for example, was at 90.6% in 2021.

Upskilling our workforce through training is a key plank of our human capital management and we have set a core KPI to increase annual training hours per employee by 10% year-on-year by 2025.

Ongoing communications between management and employees is key to our approach. Alongside a bi-/triennial employee satisfaction survey, employees receive the offer of individual support and development. We aim for equal pay and we pay at least minimum wage in all countries in which we operate with performance-related bonus structures. Additionally, employees get benefits such as bike leasing, healthcare options and opportunities for different working time models to maximize work-life balance and to access support to help with elderly or childcare.

The importance of inclusion to our employees is also reflected in our Xella Emergency Fund, created in a joint initiative by the management, the works councils and the Human Resources Department, which supports employees and their families in case of need or times of hardships. In addition, the Emergency Fund may also support external aid projects outside Xella.

Xella is committed to respecting labor rights principles as laid down in UN Global Compact and ILO's fundamental conventions and to providing Freedom of Association, with our guidelines [available online](#).



“Given the continued shortage of skilled workers to fill demand in the construction industry across Europe it is no surprise that talent recruitment and retention showed as a high-priority in our materiality assessment.”

Dr. Michael Leicht
Chief Human Resources Officer &
Chief Digital Officer



“My first child, Adam, was born in May 2021 and I have been really grateful for the flexibility URSA/Xella have shown, enabling me to combine my life situation and work duties. I have 16 weeks of paid paternity leave as of Spanish law and am using the majority of this flexibly to combine quality time with my baby in the mornings, and work in the afternoons. I feel well supported in getting used to my new responsibilities as a dad, while still playing my part in the success of the Ibérica plants.”

Gerard Perea
URSA Ibérica





PERFORMANCE IN 2021

In total the Xella Group employed 7,224 employees (headcounts) in 25 countries in 2021, another year when managing the Covid-19 pandemic was high on our agenda to keep our people safe. All plants put in place appropriate measures – including social distancing and remote working as appropriate to local situations.

Despite the pandemic, and perhaps in part because of it, we made strong progress towards our target to increase annual training hours per employee by 10% by 2025 (from a 2019 baseline). In 2021 we provided an average of 16.27 hours / employee. Well over a target of 10.97 hours in 2021 on a wide range of technical, managerial and personal development topics.

This included a first successful pilot project with Cornerstone - a provider of on-demand, cloud learning solutions, that enabled 100 employees to have access to 5,000 eLearning modules. In Germany, for example, 37 online courses on mental and physical strength have been made available this year including training on managing pressure and stress.

In total over €2 million was invested in training in 2021, and €6 million over the last 3 years. The amount spent in 2021 represents a measure of our efforts to embed a culture of continuous learning throughout our Group. After a year disturbed by Covid, we also made improvements to the way we monitor need and track delivery of training modules.

To compete for talent, we also partner with leading universities and other educational facilities. This includes providing lectures and materials for students at Duisburg-Essen University and financial support for

the research institute of Aachen University – both in Germany. All German employees also benefit from our 'Job Bikes' access to lease bikes helping improve fitness as-well as avoiding transport emissions.

A key focus of 2021 was continuing to respond to the feedback gathered in our employee satisfaction survey, generally conducted every two years, which included meeting a desire for better information flow between management and the rest of the workforce. This has seen local teams across the Group put new measures in place including enhanced employee dialogues, weekly management newsletters or increasing the frequency of manager/employee feedback meetings to discuss personal career goals.

We also introduced new guidance on paternity leave that meant practically all staff (99.9%) can now access it – even if this is not regulated for in their country of operation. In 2021, 82 men and 89 women benefitted from parental leave in the Group.

We promote young talent as part of our apprenticeship and trainee programs and in 2021, our Group employed around 65 apprentices (31% of them being women) across a range of commercial and technical apprenticeships and held several "Junior Staff Days" for young talents, where trainees can exchange ideas with each other. One such session in 2021, at the Xella headquarters in Duisburg, attracted over 50 participants from 11 locations in Germany.

Looking ahead, we want to continue to build a culture of learning, with a seamless linkage between local and national training. In the wake of the pandemic we will also consider increasing support for areas such as mental health.

€2m

In total over €2 million was invested in training in 2021

99.9%

We introduced new guidance on paternity leave that meant practically all staff (99.9%) can now access it – even if this is not regulated for in their country of operation.

2.3

Benefiting from workplace diversity

Our policies and processes

We steadfastly believe that a diverse team, with different types of expertise, experience and ages, as well as gender and cultural backgrounds, creates enormous value for our Group.

Our respect for diversity and equal opportunities is an important component of our Code of Conduct and we have a standalone non-discrimination and diversity policy which sets out our commitment to equal opportunity. We are firmly committed to ensuring equal pay for men and women doing comparable work, and regularly review our pay structure. There is also training and governance in place to ensure these policies are implemented. Violations of the policies are acted upon under each jurisdiction's labor law and can lead to dismissal.

When recruiting, and not least when filling management positions, we pay active attention to diversity, equality and inclusion. Among other things, we actively search for diverse candidates and ensure, for example, that job advertisements are written in a gender-neutral and accessible way with explicit mention of our openness to all applications regardless of cultural backgrounds.

In the traditionally male-oriented construction sector we see particular value in attracting a higher proportion of women into management positions, and have set ourselves a core KPI to increase the proportion of female managers from 21% in 2019 to 25% by 2025.

25%

we set ourselves a core KPI to increase the proportion of female managers from 21% in 2019 to 25% by 2025.

PERFORMANCE IN 2021

We have seen encouraging progress towards our core KPI, with the proportion of female managers across the Group rising to 19% compared to 17.8% in 2020. Measures introduced have included a requirement for all vacant manager positions to include at least one woman on the short-list and the provision of mentoring for high-potential female talents.

We have put in place training programs including e-learning seminars for our managers that address diversity: 400 managers were targeted.

In May 2021, we set up a dedicated diversity page on Xella's Intranet (networX) to inform all employees Group-wide about the topic and to raise awareness of "Diversity, Equity and Inclusion" (DEI) with the help of introductory eLearning.

We also successfully completed a pilot project with approximately 5.000 eLearnings which have been made available to about 100 employees in Q1-2/2021. Further to positive feedback, it has been decided to make the offer available to all employees in 2022 (start-up planned in March 2022).

In 2021 we continued to be an active member of the [Love HR, hate Racism - #hrespect](#) initiative, fighting racism and intolerance and promoting an open, discrimination-free corporate culture. We also signed the German Charta der Vielfalt (Charter of Diversity) to further strengthen our commitment to diversity and equal opportunities.



CASE STUDY 

A CUP OF DIVERSITY INSPIRATION

Xella Polska has embarked on a wide-ranging set of diversity training initiatives, starting in October 2021 and backed by €33,000 of funding from the European Union.

The project includes seven training days and will encompass at least 33 managers and HR professionals and over 100 hours of consulting.

One part of the program will see the Xella team host regular on-

line webinars entitled "Friday's Cup of Inspiration" which will see interviews with a host of inspirational guests such as motivational speakers from the disabled community. Throughout 2022 it will also include unconscious bias training, and team and individual coaching on how age, cultural and gender diversity can be harnessed to improve innovation, business success and work efficiency.

100+

hours invested in diversity training

CASE STUDY 

MAKING AN ADVANTAGE OF AGE DIVERSITY

For Marianna Muszala, Manager of the URSA Group Shared Service Center in Poland, having four different generations in the team brings diversity that is hugely beneficial. The 12-person team is responsible for executing a wide range of transactions and accounts across different countries with ages on the team ranging from early 20s to 50 or over.

Marianna explains, "Having different generations gives us different perspectives. The younger team members bring a positive energy and tend to learn new software or technical items fast – helping out colleagues across the team. While the over 30s tend to hold the knowledge and experience that streamline processes for everyone and find solutions when there is a problem."

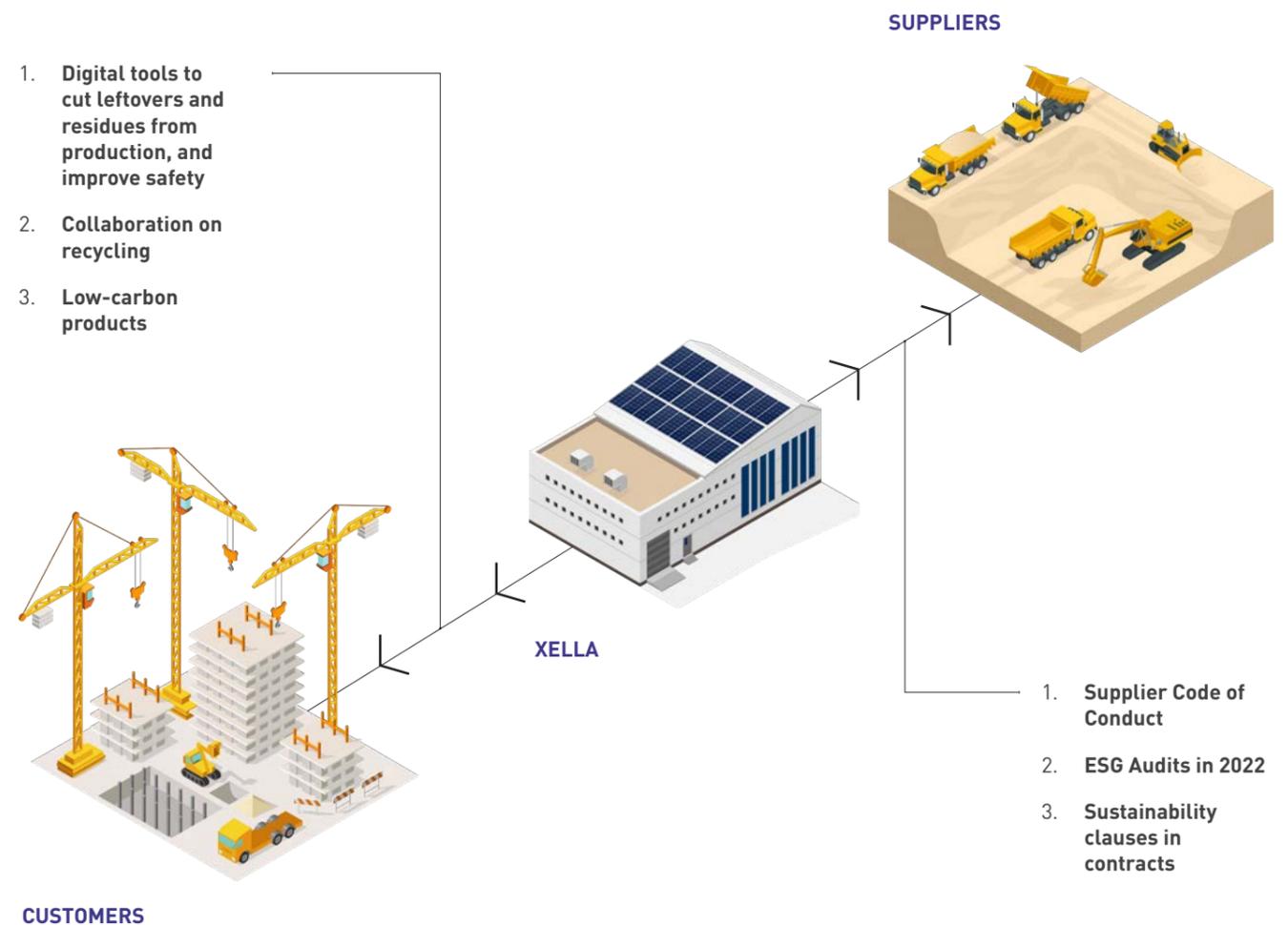


"It is the diversity that creates a good atmosphere, and everyone has respect for each other and that is the most important thing that drives our team and helps us enjoy our work and deliver every day."

Marianna Muszala
Manager of the URSA Group Shared Service Center in Poland

2.4

Responsibility along the supply chain



"We cannot meet challenges like climate and discrimination alone, so whenever possible we use our influence with both suppliers and customers to boost sustainability up and down our value chain."

Daniel Marczinkowsky
Head of Group Purchasing

Suppliers

Our policies and processes

We are determined to produce safe, and sustainable solutions for building and insulation materials, and we expect the same from our suppliers.

Our Supplier Code of Conduct (SCoC)

demands a commitment from our supply chain to eliminate discrimination, not to use child or forced labor, to ensure decent working conditions and to respect freedom of association and the environment. We have made it a core KPI that 100% of relevant⁸ suppliers comply with our SCoC in 2021 as a condition of working with Xella.

We consider violations of our principles, guidelines, and requirements to be a material breach of contract and where necessary, demand corrective action or consider terminating the cooperation. The awarding of contracts and the selection of suppliers is controlled by an approval process defined in our Group Purchasing guidelines, with overarching responsibility for procurement resting with the Head of Group Purchasing who reports to the Chief Executive Officer of Xella Group.

Our suppliers are particularly important when it comes to climate. Most of the CO₂ emissions (more than 80% according to a first rough analysis of the CO₂e Scope 3 emissions on Building Materials scope) created by our products are generated by the raw material we purchase. In particular producers of lime and cement which are highly carbon-intensive. Part of our decarbonization plan therefore is to map our supplier emissions in 2021, enabling us to set a baseline and viable target, so that we can collaborate with our key partners to reduce those emissions in line with the requirements of the Paris Agreement. We are currently working on the precise assessment of our Scope 3 emissions for the Building Materials Business Unit, with an objective to define an action plan later this year (2022), based on the advanced discussions with main suppliers.

As part of our strategy to build a resilient and stable supply chain for our Group, we also tend to favour local suppliers to our plants where possible. This reduces transportation time, and therefore emissions and helps build thriving local economies. We are proud that 80% of our materials are sourced locally. In some regions, such as Germany, we also tilt towards using medium-sized suppliers in order to remain strategically independent of large group contractors.

We are also committed to protect personal data provided to or by suppliers in line with regulation such as the EU General Data Protection Directive ("GDPR") and Bundesdatenschutzgesetz ("BDSG").



"In 2021 we focused on ensuring all providers sign their agreement with our Supplier Code of Conduct and that we embed the respective rules and paragraphs within the set of contract templates we use for our suppliers."

Enrique Gallego
Legal Manager, URSA Insulation



"We view our supply chain as an enormous opportunity to reduce our climate footprint and raise the bar on social aspects such as working conditions and environmental protection."

Frank Jüntgen
Category Manager, Group Purchasing

⁸ Providers of essential material, country of procurement, procurement costs over €50,000.

PERFORMANCE IN 2021

In 2021, 80% of the procurement budget of key operating sites went to local suppliers, maintaining the same proportion as 2020.

We also succeeded in our goal for 100% of relevant suppliers to accept and comply with the Supplier Code of Conduct by the end of 2021. Continued efforts this year will ensure any new suppliers added during the year also comply.

We see suppliers as partners in our sustainability challenges and have seen encouraging collaborations in several areas in 2021 including with providers of packaging for pallets and company cars – as detailed in the following ('Our environment') chapter. Through our T&F center we are also in early talks with cement manufacturers about using AAC residues in their production process.

We conducted a major exercise to measure our Scope 3 greenhouse gas emissions – which includes the emissions generated by our suppliers in order to help create our products. As shown in Figure 5, around 80% of the Scope 3 emissions come from purchase of raw materials and packaging (2019 data, based on Building Materials only), and within that lime and cement production constitutes approximately 86% of those emissions.

A priority for 2022 therefore is to use this exercise as a baseline against which we can set meaningful reduction targets and put a plan of action in place to reduce our supply chain emissions. That will include investment in R&D to make recipes rely less on new lime and cement being produced, and to collaborate with key suppliers on how to make these key inputs more sustainably.

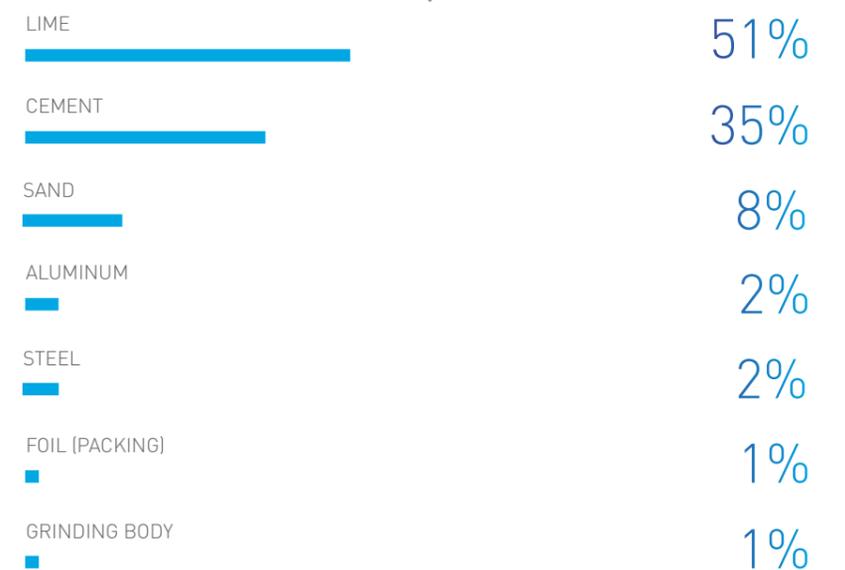
In 2021 we have also been working with experienced procurement professionals to develop the framework for an ESG audit of relevant suppliers at local and Group level. In 2022 selected employees from procurement will be trained to conduct these audits in some pilot location and we will start the roll out of regular ESG audits with our most relevant suppliers.

Figure 5

Split of CO₂ emissions for Building Materials Business by scope (first estimate based on 2019 data)



In total 81% of Scope 3 emissions come from our raw materials and packaging and the breakdown of emissions within this category is:



Proportion of the procurement budget of key operating sites that goes to local suppliers in each case:



Customers and clients

Our policies and processes

It is not just our suppliers with whom we try to use our influence to improve sustainability, we also do so with our clients and customers.

By using our digital tools, we can create a specific 3D virtual model of a construction that maps out with exactness the total amount of materials used and shifts more production to an automated factory setting rather than a construction site. This reduces the amount of materials wasted in the building process, saves construction time and costs and improves safety by removing dangers such as sawing of masonry on construction sites.

In a study conducted with the University of Bielefeld, we found the average use of digital tools saves:

3%

of scrap materials in masonry only

20%

off costs for our customers

30%

off construction time



PERFORMANCE IN 2021

In total, more than 2,000 projects used digital services in 2021 within the entire Xella Group. B2B blue.sprint solution generated revenue of €46 million in 2021.

Around 18% of customers accessed this service last year.

Our digital tools, such as Building Companion and blue.sprint, were used for a wide spectrum of projects in 2021, helping create around 2,000 single family houses in Poland with Building Companion, and many key pieces of social infrastructure including hospitals, military barracks, police stations, social housing, kindergartens, and elderly care homes with blue.sprint.

Our international digital planning service, blue.sprint, worked on projects with a total volume of over 400,400m³ in 2021, which we estimate to have saved at least 12,000m³ of raw materials – equivalent to around 4,200 single family homes.

We also aspire to the highest level of customer satisfaction and regularly monitor the customer experience and ask for feedback. In 2022, we plan to establish a continuous customer survey process using Net Promoter Score (NPS). Constantly asking our customers and partners for their experiences with Xella in our joint projects is going to deliver invaluable feedback. Our main goals are improving products and services, benchmarking ourselves against NPS industry leaders and eventually strengthening customer loyalty. The first pilot project will take place in Poland. A subsequent roll out to other countries is planned.



CASE STUDY 

HIGH SPEED HOLIDAY HOME CONSTRUCTION

Xella is currently helping with the construction of Marissa Ferienpark, a new 18-hectare holiday park on the banks of the Dümmer lake in Northern Germany. Once ready, the development will consist of 253 free-standing holiday homes, each kitted out with a sauna or indoor pool, and other facilities.

The use of our digital 3D planning tools on this huge development – involving over 23,000 m³ of building materials – has allowed the developer to save six months of construction time and saved 46 truckloads of waste material from ending up in landfill.

The entire system will be built in a modern, solid construction with Ytong aerated concrete. Ytong blocks have excellent thermal insulation properties due to their fine pore structure and are quick and efficient to lay. The innovation in the materials means the Ytong aerated concrete provides the comprehensive strength required but with less density. Our digital planning tools help reduce the thickness of partitions from 24cm to 17.5cm.

The project began in the summer of 2018, and the homes are expected to be finished by 2022.

46

truckloads of waste material saved from ending up in landfill

CASE STUDY 

SUSTAINABLY ACCOMMODATING STUDENTS IN KASSEL

The Vario-Wohnen project saw Xella build residential University accommodation in Kassel, Germany to the highest sustainability standards. The complex is five storeys, hosting 41 multi-room apartments for students with underground parking. The construction includes 3,300 m² usable living space to be used for areas such as libraries and lounges.

Prior to Xella's involvement, the developer planned to construct the walls using reinforced concrete. We advised the use of locally sourced calcium silicate instead, as this material brings about the same benefits while being much less carbon intensive.

Our early involvement in the planning and development of the site led to the saving of 680 hours of masonry work that would have been done on site, posing safety risks. Our ground-breaking technology also helped save on materials used and costs incurred. In addition, construction time was planned for four months which we shortened by six weeks.

The site is also built with the future in mind and is designed to be accessible and open-planned should it need to be converted for other uses one day.

680

hours of masonry work saved

CASE STUDY 

DEPLOYING BLUE.SPRINT TO SAVE TIME IN POLAND

In West Pomerania, in northern Poland, our digital tools were used as part of a project to build military barracks.

The new construction required close to 10,000m³ of Silka blocks, Ytong panels and other materials with an emphasis on trying to complete the construction as quickly as possible to the required quality.

Our blue.sprint digital planning service was vital in completing this mission as it helped persuade the contractor to opt for larger silicate blocks for external walls than those materials originally chosen. Decisions such as this helped save approximately 32,000 man hours, according to our calculations, through the use of digital planning. We are confident this will have improved safety risk as well as reducing construction time.

32,000

hours saved through digital planning



2.5 Supporting local communities

All our plants and administrative buildings seek to support thriving local economies and build good relations with local communities across all countries of operation. We strive for local supply chains if possible and focus, for different categories of products, on local supplies. Surrounding communities are an important part of our success. Xella plants are in many rural areas and we are proud to provide economic and personal growth to these areas. A high proportion of workers come from the local area – although we do not currently collect exact data on this.

We have run several initiatives across all parts of Europe and Russia this year including student competitions to help aspiring architects and building engineers and health initiatives such as our 'House of Health' initiative in Hungary which delivers materials to local health services. Our Ytong plant in the village of Halmajugra in Hungary offers a range of support in particular to the local tzigane (Roma) minority including support for the 'Roma-Hungarian Association' that runs cultural programs, excursions, drug prevention, afternoon school, language learning, sports activities for children and support to help local inhabitants to raise farm animals and access food suppliers.

After the Croatian region of Banija was hit by an earthquake in December 2020, our colleagues in Croatia supported the rapid reconstruction of the damaged buildings including three family homes which had suffered huge damage. As well as having our technical department assess the structural damage on site, our efforts included general support for the planning, design, tendering and construction phases, as well as the donation of building materials. In addition, we helped renovate

the Viktorovac High School in Sisak by donating partition wall products and on-site technical assistance.

In June, the Czech / Slovakia border was hit by a tornado. Xella Czech offered a complete help-package of €100,000 to support residents consisting of building materials, engineering support, other provisions and financial contribution to the accounts of the affected municipalities.

The URSA Dabrowa plant in Poland has continued its long-running program of support to local communities to help improve life standards. This included outreach to celebrate Christmas with local kindergartens and schools, support to clear from snow access roads, help renovate a local playground, plant new trees in the area and provided extra support during the COVID pandemic.

Xella Poland also provides a 'Noble Gift' at Christmas which last year was donated to a family of repatriates from Kazakhstan (a single mother with four children). Employees brought supplies such as food, school clothes, cosmetics and a large Christmas tree and decorations. The Rygielski family in Krzyż Wielkopolski, who



“Xella has been supportive of the association’s general program since 2012: there are sports, social and music activities for the children and young people in the village. One of our boys became so good as a result that he was even able to take part in boxing competitions. Xella also helps with the annual summer festival, an important part of social life in the village. It is always possible to contact Xella in a simple and uncomplicated way. Of all the surrounding companies, this works best with Xella.”

Dr. Rozalia Lakatos
Mayor of Halmajugra, Hungary

lost their home as a result of a fire also benefited from donated material to rebuild their home.

Our community work also touches on environmental themes. Xella France, for example, has worked with the city of St. Savin in Central France – where our plant is based – to rehabilitate a fully-utilised sand pit and restore it to nature. Working with partners such as the regional environmental administration, Xella helped secure and rehabilitate the used sand pit by reinforcing the bank of the pit and removing non-local vegetation. An 8,000m² zone has been created with smooth bank, moats, a small island and living places for some local bird species. The rehabilitation has also seen the installation of photovoltaic panels to provide power to the locality.

We also try to mobilise skills. For example, in Poland we have been training young people at the Masonry Academy. We train students in schools for free, raise their qualifications, and teach them how to build walls in practice. We often provide schools with building materials and teaching aids in areas such as bricklaying.



CASE STUDY

PROJECT FUND FOR FLOODING TRAGEDY

In July 2021, dozens of people in Germany and beyond were killed after record rainfall caused rivers to burst their banks and led to widespread flooding in areas such as North Rhine-Westphalia.

Although no plants were directly affected and production was maintained, a team was formed, and a project fund set up to provide rapid assistance to those in need including public buildings like

schools and kindergartens, non-profit organizations and volunteers on site.

As far as immediate help is concerned, the fund helped the volunteer fire department and the technical relief organization in Germany to quickly access 33 pallets of oil binder from our Porz plants and Rotenburg plant. Oil binder was used specially to absorb spilled oil and enable it to be removed and absorbed with a trace.

In total Xella Deutschland donated building materials worth over €25,000 to help rebuild infrastructure including Ytong and Silka blocks to help protect and repair public and private buildings.

3.

Our

environment



3.1

Our approach to sustainable production

At Xella we strive to be industry pioneers. We aim to safeguard the environment and minimize impacts both in how we produce our materials and how we manage residues and avoid waste sent to landfill, as a strategic company objective.

It is an approach that helps us not only address and respond to global megatrends like climate change - and the business risks and opportunities it brings - but also informs the decisions we make regarding the products we use and how we make them. It also ensures we meet our customers' increasing expectations for goods that are responsibly produced.

Our approach to environmental management is set out in a suite of environment focussed policies including our overarching [Environment Policy](#). This commits us to:

- Identify environmental risks and opportunities through stakeholder consultation
- Continuously improve environmental stewardship, safely and sustainably
- Reduce emissions, waste and other environmental impacts across the company
- Use innovation to reuse and recycle, enhancing a circular economy
- Be transparent with our product information and impacts
- Make our employees environmentally aware through education

We are also committed to using local supply chains if possible to source our raw materials, and focus, for different categories of products, on local supplies (e.g. sand < 50 km). We also aim to exert influence as a purchaser of raw materials; and maintain an active dialog with our business partners along the supply chain on how they can sustainably reduce their CO₂ emissions (see Chapter 2.4).

Customer proximity and optimization of the transportation network is one pillar of carbon emission reductions. On average, transportation distance to our end customers is 97 km for CSU, and 210 km for AAC.



“From using greener energy to installing LEDs and best-in-class insulation, we aim to be environmentally and climate friendly in production, processes and products.”

Björn Baum
Chief Technology Officer, Ursa & Head of Group Energy Management

3.2

Energy and emissions

Our policies and processes

2021 was a year when the COP26 climate summit highlighted the urgent climate challenge for the whole planet.

At Xella we recognize that climate change, including shifts in temperature, precipitation and more frequent and severe weather events will increasingly impact the building industry and our business. To help manage these risks we are committed to playing our part in helping the sector meet the goals of the Paris Agreement and reach carbon neutrality by 2050.

To drive this effort, we have set an ambitious target to reduce our scope 1 and 2 CO₂ emissions intensity⁹ by 30% (from a 2019 baseline) by 2030. As discussed earlier in this document we have also been assessing our Scope 3 emissions (i.e. emissions coming from purchased goods and services, transport, travels, waste disposal etc) since 2019 and aim to set a target in 2022 to reduce these emissions in the coming years. We will also investigate whether we can adopt a formal science-based target.

Responsibility for the strategic direction and compliance with energy management targets lies directly with Xella ExCom members, and especially Xella's Chief Technology Officer holding operational responsibility and cascading guidelines, measures, and control mechanisms through respective responsible persons in Xella's national teams. Due to the complexity and for more effective, technical implementation of the defined CO₂ reduction measures, colleagues in the Energy Management department work closely with experts from the Engineering and EHS (Environment Health Safety) departments, who report directly to the Chief Technology Officer of the Xella Group.

Given that we cannot implement all energy saving actions across our entire network at the same time, our strategy is to prioritise those energy efficiency actions with the best payback first.

30%

We have set an ambitious target to reduce our scope 1 and 2 CO₂ emissions intensity by 30% (from a 2019 baseline) by 2030.

⁹ Xella bases the calculation and control of its CO₂ emissions on the standards of the Greenhouse Gas Protocol: Scope 1 = direct emissions from the consumption of energy sources in our own plants/processes. Scope 2 = indirect emissions from the use of secondary energy sources that are generated by our suppliers in the generation of energy and that we buy in. Scope 3 = all other CO₂ emissions attributable to Xella from the upstream and downstream value chain.  Key data in this section has been independently audited.

PERFORMANCE IN 2021

We have a wide-ranging set of initiatives in motion to help us achieve our scope 1 and 2 target and were pleased that our CO₂ emissions intensity saw a reduction of 6.6% in 2021 vs 2019. These included:

Energy efficiency measures

Just some of the many measures in 2021 include thermal insulation of equipment, optimizing boilers and inefficient machines and installing LED lighting.

Xella Poland completed a €143,000 project to replace lighting at four production plants with energy-saving LED lighting. This alone will save 670 tons of CO₂ per year.

Xella NWE is looking into alternative energy opportunities for its diesel forklifts up to 12 tons. Xella Netherlands currently has 90 forklifts in the fleet and needs to replace 15% of the fleet each year. With the changes in legislation we are triggered to actively look at electric solutions to reduce the emissions of the fleet. After completing a number of pilots with electric trucks in recent years, we are now actively replacing our fleet with electric forklifts, the first 4 will be delivered in 2022.

The insulation measures at our De Hazelaar plant (see case study on page 61) are an example of our energy efficiency measures in action.

Increasing use of renewable energy

All our plants have been tasked with looking at options to generate or purchase more green electricity. This has already seen the installation of photovoltaic systems on the roofs of manufacturing plants such as Atella in Italy in 2021.

Replacing lighting in Xella Poland production plants with energy-saving LED lighting will save 670 tons of CO₂ / year



“Since 1993 Meppel (NL) has a heat recovery system that uses waste heat from the process to warm a nearby public swimming pool, that is used by the local community.”

Henk Kooistra
Quality & Environmental Manager,
Xella Netherlands



“Urša’s El Pla plant in Spain is located in an area of high solar radiation making it an ideal location to harness solar power. In 2021 Urša initiated a tender enabling 23,000m² for a photovoltaic installation. By 2022 we will have the installation up and running generating close to 4,500 MWh per year. In terms of CO₂ savings, we will avoid more than 1,000 tons of CO₂ per year.”

Dr. Iñaki Grau Unda
Energy Efficiency Program Manager,
URSA

CASE STUDY

HEATING UP DE HAZELAAR¹⁰

The De Hazelaar plant in Koningsbosch in the Netherlands, was constructed in 1965 and over the decades, this plant has undergone several changes to keep up with the times. Today it is a one-of-a-kind calcium silicate plant.

As part of the 2021 procedure to identify economically beneficial and easily implemented decarbonation projects, De Hazelaar’s older infrastructure was an easy win for Xella. Installing insulation offered an optimal balance between CAPEX costs and CO₂ emissions reduction.

A major push in 2021 included work to install hot water pipe insulation to reduce heat loss and to consider

the use of solar cells. On trend with De Hazelaar’s endless evolution, we identified a special insulation project; to insulate a total of 38 autoclave rings. The autoclaves heat up to 200°C during operation, so by insulating the autoclave rings and retaining heat, less fuel is required to heat the boilers. This has resulted in a 1:1 CO₂ savings ratio.

We invested approximately €60,000 towards the ring insulation project, which was completed in December 2021. This specific insulation project was trailed at De Hazelaar, and likely to be rolled out across plants with similar insulation requirements.

¹⁰ Not included in audit review



Transitioning away from most carbon-intensive fuels

Driven by both climate considerations and inefficient coal fired steam generators we plan to stop using hard coal by 2024 in Poland. We are working to convert hard coal fired steam generators to lower CO₂-intensive fuels.

In some insulation plants we are working on installing combined heat and power generation plants.

We are working to convert hard coal fired steam generators to lower CO₂-intensive fuels.



Expand our “green logistics” programs

We are constantly looking for environmentally-sound ways to transport our products including increased use of rail, waterways and e-mobility. In 2021 the Emobility team in Germany introduced an option for all employees who use company cars to use a hybrid or full electric vehicle rather than a diesel one – with 10% of new car leases last year taking this option. A similar option has been introduced in the Netherlands, and in Poland the sales team cars have been fully converted to hybrid. In Belgium, we also transport our products to customers by water with about 300 tons currently loaded onto a ship twice a month, equivalent to taking up to 16 trucks off the road.



“In Germany those using a company car now have the option to drive a hybrid or fully electric vehicle and we do not allow any car to be selected unless it falls under Xella’s maximum emissions limit of 150g CO₂ /km acc. to WLTP (Worldwide harmonized Light vehicles Test Procedure).”

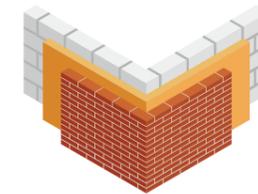
Timo Hommola
Administrator Purchasing, Xella



INSTALLING RENEWABLE ENERGY GENERATION CAPACITY SUCH AS PHOTOVOLTAIC PANELS



INSTALLING ENERGY-EFFICIENT MACHINERY AND ENERGY-SAVING BASIS LIKE LED LIGHTING



REPLACE HEATING PROCESSES WITH LOWER CO₂ EMISSION ALTERNATIVES



EXPAND OUR “GREEN LOGISTICS” PROGRAMS THROUGH INCREASED USE OF RAIL, WATERWAYS AND E-MOBILITY

CASE STUDY 

LIGHTING THE WAY: FIRST SOLAR FOR XELLA IN ATELLA¹¹

In 2022, our first solar photovoltaic system was installed, spanning an impressive 5,000 square meters across the roof of our AAC production plant in Atella, Italy.

The panels can supplement up to 15% of the plant's required energy and will help Xella reduce energy consumption, driving a decrease of CO₂ emissions of up to 170 tons per year. An important step in our goal to reduce our indirect and direct (scope 1 and 2) emissions intensity by 30% by 2030.

Atella's solar story began in 2019, when we made a move to expand our Italian footprint. The state-of-the-art plant in Atella was

an obvious move, leading to a successful merger between Doc Airconcrete di Atella and Xella Italia. Since the merger we have made substantial technological investment to optimize production, but also to increase the energy performance of the plant. Our decarbonization efforts at Atella started in 2020, when we managed a significant reduction of CO₂ emissions by improving the plant's energy recovery system.

The solar installation at Atella is the first of its kind for Xella, but certainly not our last as we have earmarked installations at other plants including the Pontenure plant in Italy and El Pla in Spain.

up to **170t**
per year of CO₂ emission reductions

¹¹ Not included in audit review



3.3

Waste & resources management

Our policies and processes

At Xella we take our waste management as seriously as we take our materials production and see it as key to our business to establish ourselves as pioneers in circular economy practices.

As documented in our [Waste Policy](#), all units of the Xella Group strive to avoid waste. We also have implemented various processes and initiatives to return coarse materials generated during production of building materials or collected separately at the construction sites as sort-clean cut-offs into the production process or to process them into other products. We also work together with institutes and partners such as disposal companies to reuse recycled demolition materials. Ultimately our goals are to realise a waste-free future. In 2021 the targets we had for the URSA business were:

- At least 80% of mineral wool to be constituted from recycled or reprocessed glass by 2030; and
- At least 50% of extruded polystyrene foam (XPS) to be constituted from recycled or reprocessed polystyrene by 2030.

In the Building Materials Business Unit, managing our AAC residues and enhancing our circular economy is an

on-going process and one that requires collaboration with others. Our initiatives to implement our policy include:

- A Reusing coarse materials from production and construction sites** back into the production process through research and innovation
- B Working with customers and partners to recover more leftovers items**
- C Implementing operational measures to cut waste and residues**
- D Finding alternative uses for AAC leftovers and cuts** such as Silikalzit cat litter

In 2021, the amount of hazardous waste according to the Basel Convention was less than 1%.

Our products and activities produce very little in the way of hazardous waste, and we ensure that this is responsibly dealt with in accordance with local regulation.



“The less we need to rely on the extraction of new raw materials, and the more we can use recycled products, the more it helps our business be cost-efficient and make a positive difference.”

Davide Papavero
Chief Technology Officer of the Xella Group

PERFORMANCE IN 2021

In 2021, we consumed just under 9 million metric tons of input materials to make our products. Only 141,821 metric tons of this material was discarded¹² from our sites. About 23% of this was passed onto specialist recycling companies for re-use.

Globally, this year we have progressed on the accuracy of our data with 60% of our plants now measuring their waste and 40% estimating the volume. The quantity of waste has slightly decreased while production has increased, which is demonstrating some efficiency improvements. The waste directed to disposal has increased in 2021 vs 2020 linked to some one-time events in some sites. The hazardous waste remain very limited in terms of quantities.

On waste and resources management in 2021 we have seen encouraging progress across several areas:

A Reintroducing recycled content into production

At URSA we made positive progress against our core KPIs with 73.2% and 41.8% of Mineral Wool and XPS respectively constituted of recycled or reprocessed material.

On the Building Materials side, our T&F center continues to research new ways to increase the amount of old recycled waste in our new products, without compromising on quality. In 2021 scientists at our T&F facility showed that it is now possible to have 20% of AAC made up from recycled materials or production residues, as opposed to the current 10%. If we can capture enough recycled waste material coming from demolition, then we will be able to change recipes accordingly in the years to come.

In Spring 2021 Xella Belgium also started a partnership with Colruyt Group, research institute Vito and recycling firm Chap-Yt with the support of VLAIO and Vlaanderen Circulair, to analyze reuse potential for Hebel wall panels and the recycling process of AAC panels from demolition. The aim of the latter project is to determine the acceptance criteria for Xella to use this AAC sorted waste for the production of new AAC blocks in Burcht and to understand the financial impact on the whole chain. Elly Van Overmeire, Head of Product Management and Innovation Manager at Xella NWE, says of the projects, "I am optimistic that after the first life of our products, there will be a second life."



“Our Novo Mesto factory in Slovenia boasts one of the highest shares of recycling – with 86% of Mineral Wool coming from recycled glass. Moreover, 73% of the leftovers internally generated in the plant is reintroduced again into production.”

Uroš Gruden
Product Manager (ADRIA), URSA



B Working with customers and partners to recover leftover items

One of the biggest challenges to improving our circular economy targets in our Building Materials arm is to find enough recycled waste material from demolition or coarse materials from production to reintroduce to our processes. Thus, we are working hard to encourage customers and others to return materials to Xella rather than send it to landfill. Initiatives which Xella runs to help meet this challenge include our "big bags" collection of sort-clean AAC cut-offs from customers. We currently offer the big bags concept in several countries, including Germany, where in 2021 we collected about seven thousand big bags, so approximately 2,000 tons of AAC offcuts.

In 2021 we also introduced returns services for pallets and packaging. Pallet return services are already operating in Poland, returning around 800,000 pallets. Where possible we have also begun to convert our film packaging for building materials into a recyclable foil. This is already in use in the Netherlands and we offer our customers in Germany, the option to have the foil packaging collected from the construction sites.

At URSA, we are starting up for insulation customers in Germany and France in 2022 where we expect over 40,000 pallets will avoid disposal.

Polystyrene is the major component to produce XPS. At Ursa, for the production of our XPS insulation material we not only use more than 40% recycled materials in our composition but also reuse most of our own production leftovers and cut-offs for manufacturing new insulation products.

Furthermore, as part of our circular economy efforts, we have also partnered with polystyrene-intensive industries, such as consumer and food packaging, and have actively introduced these waste products from other industries into our production.



“Across our 11 plants Xella Polska uses approximately 1,500,000 pallets a year. Customers are incentivized to return pallets to us and in 2021 we received over 800,000 pallets back, which we are able to repair and reuse 3 or 4 times usually. With the cost of wood increasing this is a major saving to our bottom line as well as protecting a valuable resource for the planet.”

Aleksandra Kwapis
Local Head of Purchasing & Logistics,
Xella Polska

¹² taken to landfill or transferred to third parties for further treatment.

C Measures to cut waste and scrap

The total amount of materials used in production in 2021 increased by 7.5% year-on-year, which is lower than our production volume increase. AAC production rose by 9% and Glass Wool and XPS production by 10% in 2021 and hence overall figures show a significant level of efficient usage of materials achieved in some areas. In total 8.99 million tons of materials were used in 2021, a 4.3% decrease in the amount used in 2019¹³.

All our plants and administration offices continue to look for ways to be as productive and efficient as possible with all materials. The Ytong plant in Laußig, for example, managed to reduce cutting leftovers through the introduction of new saw lines.

The most significant reductions have come through the ramped-up use of digital tools. In total in Germany 220



“We introduced a new sawing line at our Laußig plant in Germany in June bringing in the latest in automation standards for system wall elements. We estimate that this has led to around 25-50% of the system wall elements being cut according to customer requirements saving many truckloads of waste material.”

Patrik Polakovič
Chief Executive Officer,
Middle West Europe

projects used digital services in 2021 saving over 7,500m³ of cutting residues. See chapter 2.4 for more details.

We are also actively making sure we can recycle our plastic foils, in Xella Netherlands we utilize 350 tons of plastic foils each year. In 2021 we committed to change our AAC foil from a sold yellow packaging with black print, to 100% transparent foil with 10% print. This makes it much easier to recycle the foil. The next step is to develop with our partners a closed loop by collecting the foil so that it can be used in the reproduction of new packaging foils.

D Finding alternative uses for residues

At Xella we pride ourselves on thinking outside the box when it comes to a circular economy. For over a decade we have helped convert excess AAC granules into Silikalzit – a leading brand of cat litter in Germany. Our Slovenia team is working on using leftover Glass Wool powder for customers in the asphalt industry.

The T&F team are now also working on other potential uses for leftover AAC, such as adding it to wooden ceilings to improve fire safety, to turn it into fertiliser or to convert it into a new type of binder to replace cement. We encourage innovation across our network and Xella Italia successfully introduced a new way to develop mortars in 2021 using waste from the steel process.



“In 2021, at our Pontenure plant we developed a new way to produce our glues and renders specific for Ytong and Multipor products, usually made from a mixture of sand, binder (such as cement or lime) and water. The new formulation uses waste materials such as blast furnace slag, waste from the steel production process, and a light inert resulting from the recycling of glass. This would bring the Pontenure mortars well under the Minimum Environmental Criteria required for public tenders in Italy.”

Marco Paolini
Chief Executive Officer,
Xella Italia

¹³ Please note that data on total amount of materials used in 2019 and 2020 has been restated to account for previous double-counting in our methodology.



3.4

Water management

Our policies and processes

Water is a scarce resource and access to it is a fundamental human right. Given that the construction industry is a water-intensive industry, we are committed to responsible use of water as captured in our [Water Policy](#). We aim to reduce the volume of freshwater we use, to protect water quality and to use technology to find ways to reduce water loss and improve water re-use.

We obtain the water we need for production from public and our own approved sources. We use water primarily in the Building Materials business unit for cooling, in the formulations of the products, as steam or sanitary water. Water losses can occur, for example, through natural evaporation or water vapor. To reduce water losses in production, we strive to implement a closed loop system that collects steam from the autoclaves, treats it and returns it to the production process. For example Xella Porobeton SI company was given an award for the most environmentally friendly process in part for increasing condensate reuse by 40% compared to 2020 and 45% compared to 2019.

Beyond our own needs, we also consider those of the communities in which we operate, to understand impacts to water quality and quantity. Xella has a holistic view of water and its business- and community interactions, in that we consider external aspects such as population growth, economic growth, resource management and climate change all leading to water constraints. Water management across all our countries and companies considers water use quantities and the amount of effluent produced and we use this data to identify initiatives and new technologies to improve our performance.

PERFORMANCE IN 2021

In 2021, we increased our water consumption by 9% compared to 2020, which can be explained by an increase in production.

Although we take some encouragement from better monitoring of the performance, we are also aware that it is based on imperfect data, with some plants relying on municipality-level data for their water measurement or estimating rather than measuring their water withdrawal.

In 2021 more plants started to accurately measure water withdrawal and previous estimations from 2020 were corrected.

We will continue to improve data quality in 2022.

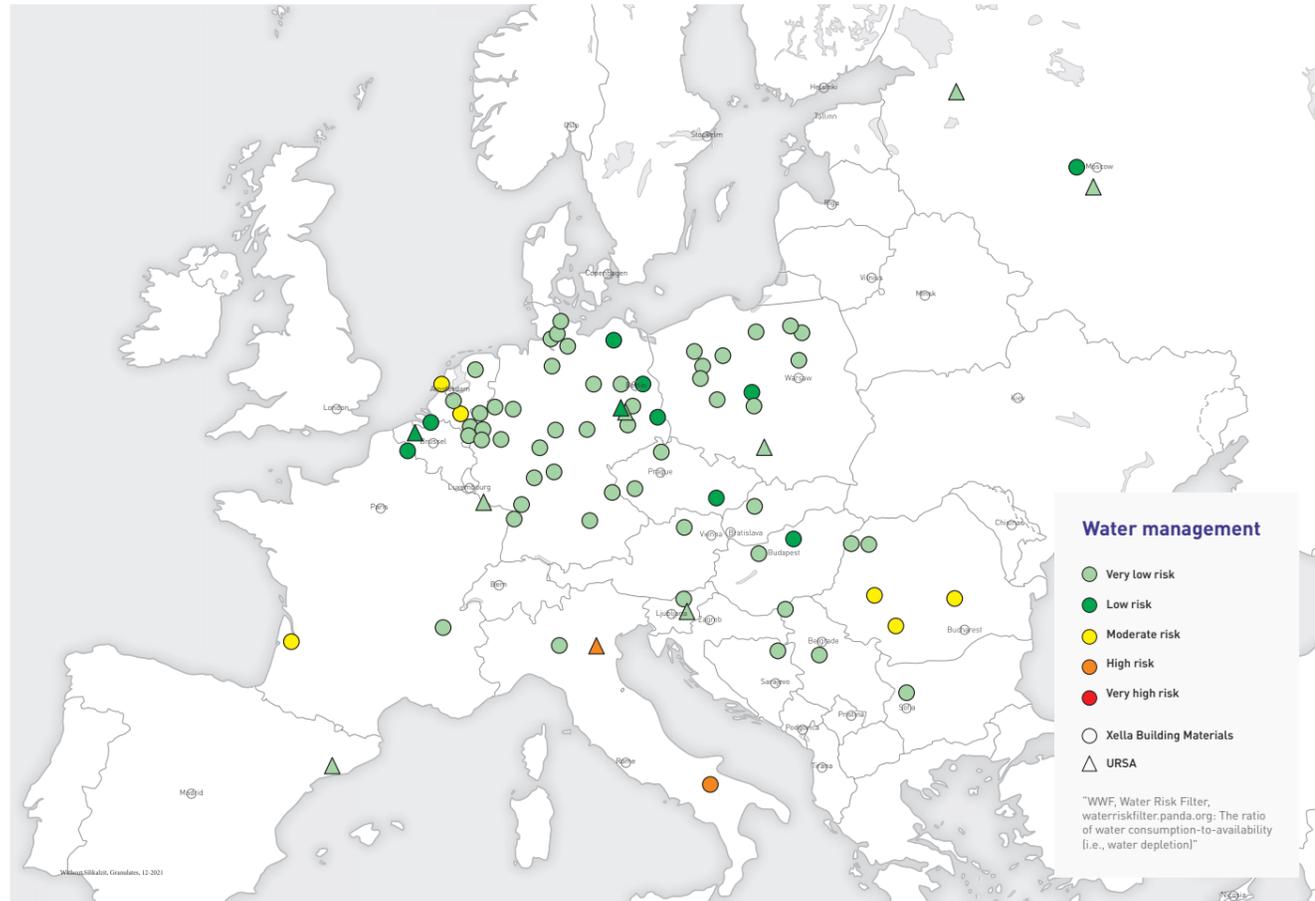
One of our priorities this year was to undertake a mapping exercise to discover which plants were based in water-stressed areas – as defined by the internationally-recognized WWF Water Risk Filter. In total this concluded that 8 active sites in 2021 were based in potential areas of water scarcity but also that total water withdrawn in those areas represents 11.5% of total water withdrawn in the Group.

Figure 6

Plants in areas of water stress

1	Mios	France	BM AAC
2	Atella	Italy	BM AAC
3	Ploiesti	Romania	BM AAC
4	Deva	Romania	BM AAC + concrete & terracotta
5	Herwaarden	Netherlands	BM CSU
6	Hoogdonk	Netherlands	BM CSU
7	Targu Jiu	Romania	LIME PLANT
8	Bondeno	Italy	URSA XPS





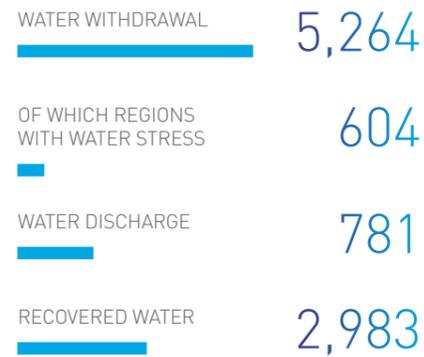
In water scarcity areas, most of our plants are in contact with the local community and manage water consumption in a careful way. In Romania and Italy, the main action is related to reusing condensate and water from the autoclaving process to milling and casting process in AAC plants. Furthermore, the flushing water from recovering the water treatment devices might also be reused.



“At Xella Romania we recognise the importance of making our production processes as water efficient as possible to ensure we are being responsible with such a precious resource”

Milovan Ratković
Chief Technology Officer,
South East Europe

2021 Water in megaliters



3.5

Our products: Sustainability built in

The production of construction materials is a carbon-intensive one, but we strive to ensure that the products we make have excellent thermal insulation properties, enabling our customers and building owners to reduce their carbon footprint. We also test their long-term durability and resilience to fires and earthquakes to provide maximum protection to building users.

400

liters of oil typically saved during life cycle of 1m² of URSA mineral wool

In the case of our insulation materials, one square meter of URSA mineral wool can save the equivalent of about 400 liters of oil during its life cycle. The same square meter of mineral wool insulation prevents the emission of 343 kg of CO₂ during its useful life.

We also regularly review our product portfolio to keep developing better processes and formulations for our products and to make production even more sustainable.

Xella Group was graded as 'low risk' in December 2021 by rating agency Sustainalytics ranking Xella fourth best of 127 firms¹⁴ in the construction materials sector.

All our building materials stand for highly efficient thermal insulation, optimum fire protection and high load-bearing capacity – but this is particularly the case with our autoclaved aerated concrete products. The millions of air voids contained in AAC provide one of the best thermal insulation values for solid building materials. Furthermore, all our building materials are fully recyclable, as they are made from purely mineral raw materials. Some of our products are Cradle to Cradle certified (Ytong and Multipor produced in Alzenau, Germany).



¹⁴ [sustainalytics.com](https://www.sustainalytics.com)

CASE STUDY 

FITTING A GREEN ROOF TO THE NATIONAL LIBRARY OF LUXEMBOURG

The national library of Luxembourg, located next to several important EU institutions, chose Multipor as the key material for its roof insulation. The project requires 2,600m² of Multipor products making it the largest roof project in the entire history of the brand.

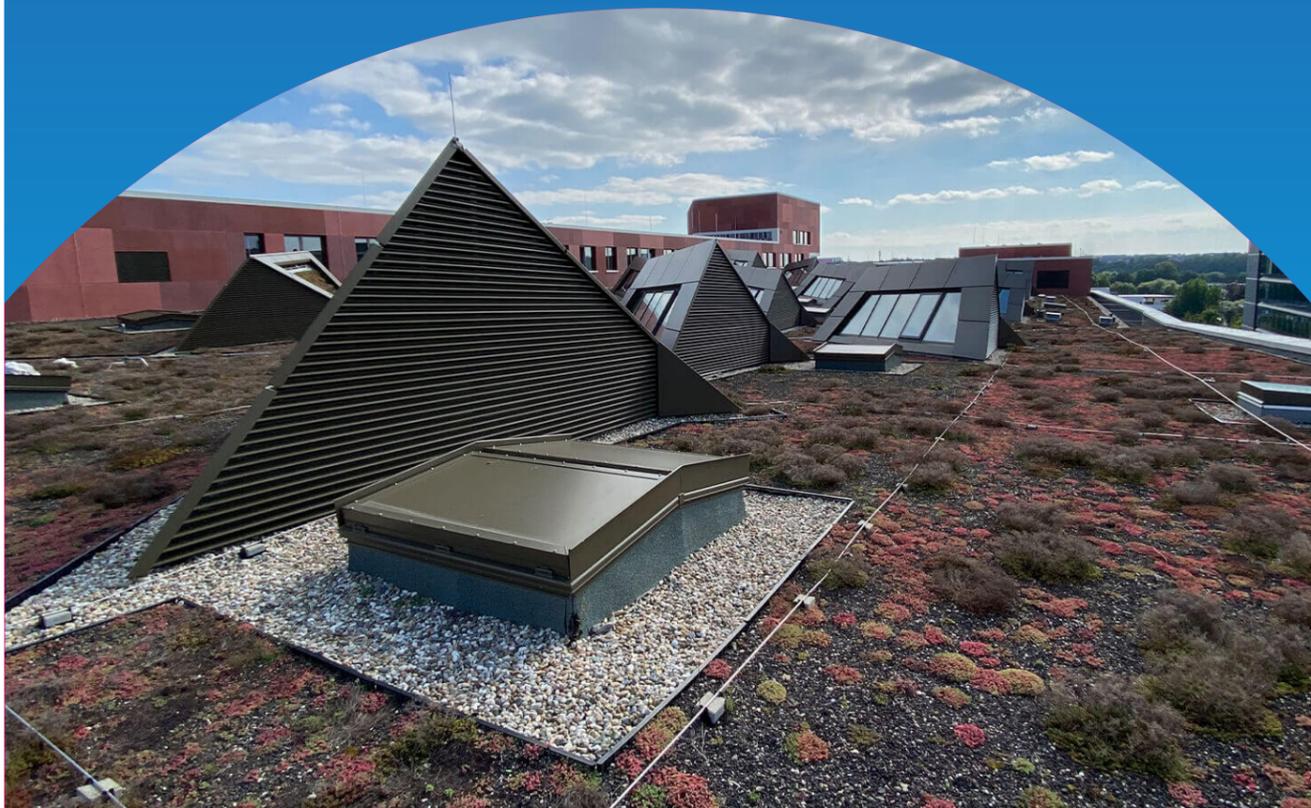
The 'green roof' on this prestigious building covers an area of approx. 7,000 m² and the Multipor mineral insulation boards make it possible for 14,000 liters of water per day

to evaporate (important to relieve pressure from the sewers), to bind fine dust in the air and to absorb over 2.6 tons of CO₂ per year.

The roof area will also be fitted with photovoltaic systems for energy generation and greenery as an ecological protective covering.

2.6

tons of CO₂ absorbed per year



RECARBONATION: AAC BLOCKS CAN ACT AS A CARBON COLLECTOR

For some years now, we have been looking at how the CO₂ footprint of our products can be reduced. Particularly in the manufacturing process: even though little energy is needed to produce autoclaved aerated concrete itself - the products are autoclaved at around 180 degrees. Up to 80% of the current CO₂ footprint of AAC is determined by the binders used such as cement and lime.

Little research has been done, however, on the extent to which large amounts of CO₂ are in turn stored during the use of buildings. Our T&F research center has investigated this in recent years and published the associated study in the respected [AAC Worldwide Magazine](#).

The T&F study found that in the process of recarbonization, a large part of the CO₂ released during the burning of cement and quicklime is reabsorbed and permanently embedded as a carbonate phase in the mineral structure of the autoclaved aerated concrete.

CO₂ balance of AAC decreases significantly

"The study shows on a scientific basis that the use of building materials such as AAC is of great importance for climate protection," says Hartmut Walther, mineralist and author of the study. And

Torsten Schoch, Managing Director of T&F puts the results in context: "Take the CO₂ balance of a single-family house, over the life cycle of the building, this way the CO₂ footprint is reduced by about one third." For the entire life cycle of a single-family house of around 50 years, there is no difference between mineral and wood construction - building with aerated concrete could now even prove to be more climate-friendly.

Results show that about 77 kg CO₂ / m³ of AAC are absorbed by AAC during a lifecycle of 50 years, out of a CO₂ content of 180 kg CO₂/m³ [source: EAACA - Net-zero roadmap for autoclaved aerated concrete].

CASE STUDY 

ART AND EARTH MEET AT JOAQUÍN COSTA STREET

Showcasing URSA's best qualities on the walls of No.4 Joaquín Costa Street, in the Castilian city district in Salamanca, Spain. This region is quickly becoming an alternative tourist destination which has inspired the locals. No.4 was earmarked for a facelift which resulted in a not-for-profit collaboration between art, architecture and modern insulation technology. The project was funded by the Architects' Association of Salamanca and León, and the Association of Quantity Surveyors of Salamanca. URSA donated the external thermal insulation system, providing the blank canvas for Salamanca native artist, Ricardo Cavolo.

Salamanca experiences a range of temperatures throughout the year, making XPS the perfect insulation to keep the building cool in the summer, and warm in winter. XPS is not only watertight but expands and retracts to adapt to quick changes in temperature, supporting the longevity of Cavolo's outer cover.



4. Looking ahead



Looking ahead

Further to the announcement of URSA sale in January 2022, Xella is simplifying its portfolio. This strategic step will help us focus our resources on the development of our Building Materials solutions to achieve sustainability, efficiency and affordability.

This is the opportunity to work on the next steps of the ESG roadmap and continue to raise our ambition in this area.

On January 11, 2022, Xella announced the sale of its insulation business unit URSA to Etex, a global building material manufacturer and pioneer in lightweight construction, headquartered in Belgium. The sale includes 13 production sites, located in Spain, France, Belgium, Italy, Germany, Poland, Slovenia, and Russia.

The transaction should be closed later this year, after the publication of this report in April 2022.

Therefore, Xella's scope of operations is changing in 2022 and we aim to report fully and transparently on how this may impact on sustainability-related data and targets in the year ahead.

A new roadmap has been designed, and some changes to our KPIs have been decided. In particular we are defining a first step in our circularity journey with a new target to eliminate our production leftovers sent to landfill.

We will continue to implement our ESG roadmap in 2022 and invest in our T&F innovation facility, working towards the achievement of our core 2025/2030 KPIs in areas such as diversity, training, and emissions.

Some of the priority areas of focus for 2022, as discussed throughout this report, include:

- Continuing to build our dedicated ESG Department to drive progress across our company.
- Working to upgrade our Compliance Management System.
- Extending our Total Safety Leadership program to more employees and across all local languages.
- Continuing to build the number of clients using our digital tools.
- Continued multi-disciplinary implementation of our Environment Policy from installation of photovoltaic capacity at some plants to driving re-use of pallets in Germany and France.
- Further activity to uplift the granularity and quality of our data in areas such as water and waste management.
- Publishing a medium-target for the reduction of our Scope 3 emissions and beginning our work with suppliers to implement it.
- Continuing to fund the research and innovation that is helping create the building materials of the future.



UPDATED TARGETS

Following the announcement of the sale of the URSA arm of the business we have updated our core ESG KPIs based only on the Building Materials part of our business. New targets include:

■ Target wording remains the same, but updated for Continuing Operations only

■ Updated target wording as-well as updates for Continuing Operations only

Previous target	Updated target	Figure (Building Materials arm only)		Targets		
		2020	2021	2023	2025	2030
GOVERNANCE						
Zero tolerance toward fraud, bribery and anticompetitive activities	Zero tolerance toward fraud, bribery and anticompetitive activities	Zero incidents	Zero incidents	Zero incidents	Zero incidents	Zero incidents
	At least 1 annual training of specified employees ¹⁵ for compliance focused topics	-	-	80%	100%	100%
Proportion of relevant suppliers ¹⁵ complying with our Supplier Code of Conduct	Proportion of relevant suppliers ¹⁶ complying with our Supplier Code of Conduct	98%	100%	100% ¹⁷	100% ¹⁷	100% ¹⁷
Conduct regular ESG audits with our suppliers	Implementation of tool for supplier auditing and increase % of spend covered by the audit	-	-	>20% of purchasing spend	TBD	TBD

Previous target	Updated target	Figure (Building Materials arm only)		Targets		
		2020	2021	2023	2025	2030
SOCIAL						
Increase annual training hours per employee by 10% by 2025 [Baseline year: 2019]	Increase annual training hours per employee by 30% by 2025 [Baseline year: 2019]	10.34 hours	15.35 hours	-	13.82 hours	-
Reduce lost-time injury frequency rate by 40% (down to 5.0) by 2025 [Baseline year: 2019]	Reduce lost-time injury frequency rate by 47% by 2025 [Baseline year: 2019]	9.5	8.4	No target	<5	2.5
-	Zero workplace injuries [measured by number of Lost Time Injuries]	82	74	No target	No target	Zero
Zero fatalities	Zero fatalities	Zero	Zero	Zero	Zero	Zero
Reach 25% share of female managers by 2025	Reach 25% share of female managers by 2025	18.0%	19.1%	-	25%	No target

¹⁵ "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 the topics which are handled in the responsibility of the Compliance function, in differentiation to certain compliance-relevant topics that are handled by other functions. The Compliance focus topics include especially anti-trust, anti-bribery, anti-money laundering, trade sanctions, data protection, as well as overarching aspects like Code of Conduct and Whistleblowing. "Training rate" means that each specified employee has received at least one training each year related to a Compliance focus topic.

¹⁶ Relevant suppliers defined as providers of essential material, where single country procurement costs are over 50,000 euros.

¹⁷ Incl. suppliers' CoC after legal assessment by Xella.

ENVIRONMENTAL

■ Target wording remains the same, but updated for Continuing Operations only

■ Updated target wording as-well as updates for Continuing Operations only

Previous target	Updated target	Figure (Building Materials arm only)		Targets		
		2020	2021	2023	2025	2030
CLIMATE CHANGE						
Reduce CO ₂ emissions intensity (scope 1 and 2) by 30% by 2030 [Baseline year: 2019]	Reduce CO ₂ emissions intensity (scope 1 and 2) by 30% by 2030 [Baseline year: 2019]	-7.0%	-8.6%	-	-	-30%
-	Emissions intensity per category of product [kg CO ₂ / m ³]:					
	• Autoclaved aerated concrete	31.43	30.76	-	-	23.78
	• Calcium silicate units	41.22	40.89	-	-	32.16
	• Multipor	40.29	30.79	-	-	-
-	CO ₂ emissions [tons of CO ₂ , scope 1 and 2, market-based]	410,630	437,199	-	-	338,164 ¹⁸

¹⁸ Assuming stable production volumes 2019-2030.

Previous target	Updated target	Figure (Building Materials arm only)		Targets		
		2020	2021	2023	2025	2030
CIRCULARITY						
Circularity: eliminate the amount of AAC and CSU leftovers directed from our plants to landfill.	% of AAC and CSU leftovers directed from our plants to landfill:					
	• AAC	-	6%	-	0%	-
	• CSU	-	16%	-	11%	0%

KEY FIGURES AT A GLANCE

Unless otherwise stated, these key figures refer to the whole of the Xella Group. The GRI Disclosures marked with a check mark  have been subjected to a limited assurance by the auditing firm PricewaterhouseCoopers.

Key Figures	Unit	2021	2020	2019	
ECONOMIC					
Total revenue	Full Xella Group	€ mn	1,698.3	1,507.3	1,585.5
	Total Continuing Operations	€ mn	1,171.1	-	-
	BU Insulation (Discontinued Operation)	€ mn	527.2	-	-
Normalized EBITDA ¹⁹	Full Xella Group	€ mn	372.1	323.5	306.5
	Total Continuing Operations	€ mn	256.9	-	-
	BU Insulation (Discontinued Operation)	€ mn	115.1	-	-
Normalized EBITDA margin ²⁰	Full Xella Group	%	21.9	21.5	19.3
	Total Continuing Operations	%	21.9	-	-
	BU Insulation (Discontinued Operation)	%	21.8	-	-
Operations	Plants	number	92	95	95
	National subsidiaries	number	25	25	25
Investments in Research and Development	Total investment in R&D	€ mn	5.9	5.2	6.1
	of which climate - and sustainability - related R&D	%	74	75	66
Share of sales with sustainable products ²¹		%	70	68	67
ENVIRONMENTAL					
Materials	Total input materials used for production	mn tons	8.99	8.38 ²²	9.39 ²²
	Sand	mn tons	6.60	6.13	6.93
	Lime (previously limestone)	mn tons	0.75	0.72	0.78
	Cement	mn tons	0.78	0.71	0.77
	Glass	mn tons	0.19	0.17	0.18

¹⁹ The EBITDA figures displayed are presented on a normalized, like-for-like basis. They therefore differ from our audited financial statements and information from other sources.

²⁰ See previous.

²¹ Sustainable products are defined as product lines or services that are designed to have positive effects on the environment or that are labelled and marketed as environmentally friendly. The focus here is on products and services that have positive environmental effects.

²² Restated: In 2019 and 2020 some input materials have been double-counted.

Key Figures	Unit	2021	2020	2019	
Materials	General-purpose polystyrene	mn tons	0.04	0.03	0.03
	Resin	mn tons	0.03	0.02	0.03
	Recycled polystyrene	mn tons	0.02	0.02	0.02
	Share of recycled input materials in Building Materials business unit ²³	%	1	1	1
	Share of recycled and reused input materials in Insulation business unit	%	50.2	50.4	48.9
Waste	Total waste	metric tons	141,821	142,229	148,833
	Waste directed to recycling ²⁴	metric tons	32,654	40,424	34,223
	Waste directed to disposal ²⁴	metric tons	109,168	101,849	114,539
	Non-hazardous	metric tons	141,100	141,474	148,025
	Hazardous	metric tons	721	755	807
	Share of that waste that is hazardous	%	0.5	0.5	0.5
Energy	Total energy consumption	GJ	10,093,202 	9,449,034 ²⁵ 	10,257,587 ²⁵
	Fuel, renewable	GJ	1,509	1,037 ²⁶	1,022 ²⁶
	Fuel, nonrenewable	GJ	7,479,314	7,038,626 ²⁵	7,508,264 ²⁵
CO ₂ emissions	Total (scope 1 and 2) (market based) t CO ₂	t CO ₂	695,183 	661,158 ²⁵ 	754,425 ²⁵
	Total (scope 1 and 2) (location based) t CO ₂	t CO ₂	750,293	704,606 ²⁵	768,826 ²⁵
	Scope 1 t CO ₂	t CO ₂	478,144 	446,985 ²⁵ 	480,723 ²⁵
	Scope 2 (market based) t CO ₂	t CO ₂	217,039 	214,174 ²⁵ 	273,702 ²⁵
	Scope 2 (location based) t CO ₂	t CO ₂	272,149	257,621 ²⁵	288,103 ²⁵
CO ₂ intensity per main product category (scope 1 and 2)	Autoclaved aerated concrete (AAC)	kg CO ₂ / m ³	30.76 	31.43 ²⁵ 	33.99 ²⁵
	Calcium-silicate units	kg CO ₂ / m ³	40.89 	41.22 ²⁵ 	45.96 ²⁵
	Multipor	kg CO ₂ / m ³	30.79 	40.29 ²⁵ 	56.74 ²⁵
	XPS	kg CO ₂ / m ³	8.06 	8.47 ²⁵ 	8.24 ²⁵
	Mineral wool	kg CO ₂ / t	876.60 	920.50 ²⁵ 	905.16 ²⁵
	Reduction of CO ₂ intensity vs 2019 (baseline) ²⁷	%	-6.60 	-3.90 ²⁵ 	-

²³ Excl. cutting waste and leftover material from production which is directly returned and reused as inflow to production.

²⁴ Deviation from total due to estimations.

²⁵ Restated: 2019 and 2020 data has been corrected (with minor impact) following invoices which arrived after last year's report publication date and following better data sources for diesel and fuel oil consumption.

²⁶ Restated: Please note a significant deviation from the previously reported total due to a now-corrected miscalculation in estimations.

²⁷ Due to the different product metrics, we can only report the year-on-year change in carbon emissions weighted.

Key Figures		Unit	2021	2020	2019
Water	Water withdrawal	megalitres	5,264	4,838 ²⁸	5,049
	of which in regions with water stress	megalitres	604	533 ²⁸	-
	Recovered water ²⁹	megalitres	2,983	2,702 ²⁸	2,845
	Share of recovered water	%	57	56	56
	Water discharge	megalitres	781	788 ²⁸	847
	Percentage water stress (Group)	%	11.5	10.4 ²⁸	-
	Percentage water stress (BM)	%	13.1	-	-
	Percentage water stress (Ursa)	%	0.6	-	-
GOVERNANCE					
Local sourcing ³⁰	Total share of materials sourced locally	%	80	80	81
	of which in Building Materials business unit	%	86	86	86
	of which in Insulation business unit	%	68	68	70
	Share of main raw materials sourced locally (sand, cement, limestone, and glass)	%	84	84	84
Corruption	Confirmed incidents of corruption	Number	0	0	0
Anticompetitive behaviour	Legal incidents for anticompetitive behavior	Number	0	0	0
Social/economic compliance	Noncompliance with social/economic laws and regulations	Number	0	0	0
Environmental compliance	Noncompliance with environmental laws and regulations	Number	0	0	0
Customer privacy	Complaints concerning customer-privacy breaches and customer-data loss	Number	0	0	0

²⁸ Restated: In 2021 more plants started to measure water withdrawal and previous estimates from 2020 were corrected.

²⁹ Water that is returned from the production process to the usage cycle.

³⁰ Sourced locally means sourced from = the country of production.

Key Figures		Unit	2021	2020	2019
SOCIAL					
Employees	Total number of employees	Headcount	7,224	7,095	7,463
	Of which in Germany	%	28.9	29.3	28.2
	of which in Europe (excl. Germany, incl. Russia)	%	71.1	70.7	71.8
	Percentage of employees with permanent contract	%	93.4	93.9	92.1
	Percentage of female employees	%	20.2	20.1	19.9
	Percentage of female managers	%	19.0	17.8	20.6
	Percentage of employees covered by collective bargaining agreements	%	60.3	61.6	59.1
	Percentage of employees with regular performance and career development review ³¹	%	65.6	62	55
	Average age ³²	number	44.6	44.5	44.4
	Percentage of C-level management under 50 years of age	%	42.9	60	80
	Percentage of part-time employees	%	3.9	4.4	3.8
	Percentage of employees on parental leave	%	2.4	2.2	2.3
	Health & Safety	Recordable work-related injuries	number	103	101
High-consequence work-related injuries		number	0	1	2
Work-related fatalities		number	1	0	1
Lost-time injury rate ³³		LTI rate	8.8	8.8	8.9
Percentage of employees covered by an occupational health and safety management system ³⁴		%	12.3	5.8	5.6
Safety Walks to increase awareness		number	3,064	2,935	3,078

³¹ Data cannot yet be broken down by gender and employee category.

³² By age cluster.

³³ Calculated based on 1,000,000 hours worked.

³⁴ 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.

³⁵ 2019 figure for LTI has been corrected.

Employees by gender and region	Region ³⁶	Total			Female			Male		
		2021	2020	2019	2021	2020	2019	2021	2020	2019
Headcounts	Group	7,224	7,095	7,463	1,456	1,428	1,487	5,768	5,667	5,976
	Germany	2,090	2,080	2,106	391	383	381	1,699	1,697	1,725
	Europe	5,134	5,015	5,357	1,065	1,045	1,106	4,069	3,970	4,251
Temporary	Group	474	433	586	107	86	106	367	347	480
	Germany	166	206	223	42	45	37	124	161	186
	Europe	308	227	363	65	41	69	243	186	294
Permanent	Group	6,750	6,662	6,877	1,349	1,342	1,381	5,401	5,320	5,496
	Germany	1,924	1,874	1,883	349	338	344	1,575	1,536	1,539
	Europe	4,826	4,788	4,994	1,000	1,004	1,037	3,826	3,784	3,957
Full-time	Group	6,878	6,703	7,098	1,221	1,194	1,277	5,657	5,509	5,821
	Germany	1,890	1,867	1,910	257	255	270	1,633	1,612	1,640
	Europe	4,988	4,836	5,188	964	939	1,007	4,024	3,897	4,181
Part-time	Group	281	314	286	215	210	190	66	104	96
	Germany	155	145	129	124	110	95	31	35	34
	Europe	126	169	157	91	100	95	35	69	62
Apprentices	Group	65	78	79	20	24	20	45	54	59
	Germany	45	68	67	10	18	16	35	50	51
	Europe	20	10	12	10	6	4	10	4	8
New employees	Group	964	602	1,289	208	143	-	756	459	-
	Germany	245	215	293	58	59	-	187	156	-
	Europe	719	387	996	150	84	-	569	303	-
New-employee rate in %	Group	13.5	8.3	17.3	14.4	9.8	-	13.2	7.9	-
	Germany	11.8	10.3	14.2	15.0	15.4	-	11.0	9.1	-
	Europe	14.2	7.5	18.5	14.2	7.8	-	14.2	7.4	-
Staff turnover	Group	730	887	931	150	154	-	580	733	-
	Germany	197	190	163	40	36	-	157	154	-
	Europe	533	697	768	110	118	-	423	579	-
Staff turnover rate in %	Group	10.2	12.2	12.5	10.4	10.6	-	10.1	12.6	-
	Germany	9.4	9.1	7.9	10.3	9.4	-	9.2	9.0	-
	Europe	10.5	13.4	14.2	10.4	11.0	-	10.5	14.1	-
Parental leave	Group	171	158	174	89	91	91	82	67	83
Working part time while on parental leave	Group	29	28	35	20	17	20	9	11	15

³⁶ Europe excluding Germany, including Russia.

Employee diversity by management structure	Region ³⁷	Total			Manager			Non-management			Governance body			
		2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	
Headcounts	Group	7,224	7,095	7,463	768	724	-	6,456	6,371	-	7	5	5	
	Germany	2,090	2,080	2,106	230	204	-	1,860	1,876	-	7	5	5	
	Europe	5,134	5,015	5,357	538	520	-	4,596	4,495	-	0	0	0	
Female in %	Group	20.2	20.1	19.9	19.0	17.8	-	20.3	20.4	-	14.3	0.0	0.0	
	Germany	18.7	18.4	18.1	16.5	15.7	-	19.0	18.7	-	14.3	0.0	0.0	
	Europe	20.7	20.8	20.6	20.1	18.7	-	20.8	21.1	-	0.0	0.0	0.0	
Male in %	Group	79.8	79.9	80.1	81.0	82.2	-	79.7	79.6	-	85.7	100.0	100.0	
	Germany	81.3	81.6	81.9	83.5	84.3	-	81.0	81.3	-	85.7	100.0	100.0	
	Europe	79.3	79.2	79.4	79.9	81.3	-	79.2	78.9	-	0.0	0.0	0.0	
Up to 30 years in %	Group	12.1	12.1	12.7	2.0	2.6	-	13.4	13.2	-	0.0	0.0	0.0	
	Germany	13.5	14.0	13.5	3.9	2.5	-	14.7	15.2	-	0.0	0.0	0.0	
	Europe	11.6	11.3	12.3	1.1	2.7	-	12.8	12.3	-	0.0	0.0	0.0	
31 - 50 years in %	Group	52.6	53.0	52.5	61.8	61.6	-	51.5	52.0	-	42.9	60.0	80.0	
	Germany	44.4	43.9	43.1	53.5	52.0	-	43.2	43.0	-	42.9	60.0	80.0	
	Europe	56.0	56.7	56.2	65.4	65.4	-	54.9	55.7	-	0.0	0.0	0.0	
Over 50 years in %	Group	35.2	34.9	34.8	36.2	35.8	-	35.1	34.8	-	57.1	40.0	20.0	
	Germany	42.1	42.1	43.4	42.6	45.6	-	42.0	41.7	-	57.1	40.0	20.0	
	Europe	32.4	31.9	31.5	33.5	31.9	-	32.3	31.9	-	0.0	0.0	0.0	
Training by management structure	Region ³⁷	Total			Manager			Non-management			Governance body			
		2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	
	Average training hours	Group	16.3 ☺	10.4 ☺	10.8	30.1 ☺	18.4 ☺	-	14.6 ☺	9.4 ☺	-	-	-	-
	Female	Group	17.3 ☺	10.6 ☺	-	37.6 ☺	21.4 ☺	-	15.0 ☺	9.5 ☺	-	-	-	-
Male	Group	16.0 ☺	10.3 ☺	-	28.3 ☺	17.7 ☺	-	14.5 ☺	9.4 ☺	-	-	-	-	
Training by type of work	Region ³⁷	Total			Production			Administration			Distribution			
		2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	
	Average training hours	Group	16.3 ☺	10.4 ☺	10.8	15.6	10.0	9.1	20.1	9.5	17.3	16.5	11.9	12.4
	Female	Group	17.3 ☺	10.6 ☺	-	16.7	9.7	-	22.0	9.8	-	14.1	11.8	-
Male	Group	16.0 ☺	10.3 ☺	-	15.5	10.0	-	17.4	9.1	-	17.9	12.0	-	

³⁷ Europe excluding Germany, including Russia.

Employee diversity by type of work	Region ³⁸	Total			Production			Administration			Distribution		
		2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
	Group	7,224	7,095	7,463	4,807	4,729	5,012	793	792	797	1,624	1,574	1,654
Headcounts	Germany	2,090	2,080	2,106	1,391	1,378	1,398	313	310	292	386	392	416
	Europe	5,134	5,015	5,357	3,416	3,351	3,614	480	482	505	1,238	1,182	1,238
	Group	20.2	20.1	19.9	8.2	8.4	8.4	57.6	56.6	58.0	37.3	37.2	36.6
Female in %	Germany	18.7	18.4	18.1	7.1	7.0	7.4	47.9	46.1	44.9	36.8	36.5	35.1
	Europe	20.7	20.8	20.6	8.6	8.9	8.7	64.0	63.3	65.5	37.4	37.4	37.1
	Group	79.8	79.9	80.1	91.8	91.6	91.6	42.4	43.4	42.0	62.7	62.8	63.4
Male in %	Germany	81.3	81.6	81.9	92.9	93.0	92.6	52.1	53.9	55.1	63.2	63.5	64.9
	Europe	79.3	79.2	79.4	91.4	91.1	91.3	36.0	36.7	34.5	62.6	62.6	62.9
	Group	12.1	12.1	12.7	12.0	11.8	12.3	13.7	13.9	13.6	11.8	12.2	13.4
Up to 30 years in %	Germany	13.5	14.0	13.5	12.9	13.6	13.3	16.0	15.5	15.8	14.0	14.0	12.7
	Europe	11.6	11.3	12.3	11.7	11.0	11.9	12.3	12.9	12.3	11.1	11.6	13.7
	Group	52.6	53.0	52.5	48.3	48.5	48.3	60.5	62.4	62.2	61.7	61.7	60.5
31 - 50 years in %	Germany	44.4	43.9	43.1	41.2	40.3	40.3	54.6	56.1	55.8	47.4	46.7	43.5
	Europe	56.0	56.7	56.2	51.1	51.8	51.4	64.4	66.4	65.9	66.2	66.7	66.2
	Group	35.2	34.9	34.8	39.7	39.7	39.4	25.7	23.7	24.2	26.5	26.1	26.1
Over 50 years in %	Germany	42.1	42.1	43.4	45.9	46.0	46.4	29.4	28.4	28.4	38.6	39.3	43.8
	Europe	32.4	31.9	31.5	37.2	37.2	36.7	23.3	20.7	21.8	22.8	21.7	20.2
	Group	2.0	1.8	1.9	2.4	2.1	2.3	1.8	1.5	1.6	0.9	1.0	0.6
Disabled in %	Germany	4.0	3.6	2.9	5.0	4.2	3.9	1.9	2.3	2.1	2.3	2.3	0.0
	Europe	1.2	1.1	1.5	1.4	1.3	1.7	1.7	1.0	1.4	0.5	0.5	0.8



³⁸ Europe excluding Germany, including Russia.

XELLA GRI CONTENT INDEX 2021

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102-29	Identifying and managing economic, environmental, and social impacts		ESG priorities	28-29		
102-31	Review of economic, environmental, and social topics		ESG priorities	28-29		
102-35	Remuneration policies		Recruitment and retention of talent	40-44		
5 Stakeholder Engagement						
102-40	List of stakeholder groups		ESG priorities	27-28		Also see our Stakeholder dialog page online
102-41	Collective bargaining agreements		Key Figures at a Glance	87-91	3	
102-42	Identifying and selecting stakeholders		Our ESG Strategy	26		
102-43	Approach to stakeholder engagement		ESG priorities	28-29		Also see our Stakeholder dialog page online
102-44	Key topics and concerns raised		ESG priorities	28-29		Also see our Stakeholder dialog page online
6 Reporting Practice						
102-45	Entities included in the consolidated financial statements					The statements on the Xella Group generally refer to the scope of consolidation of the consolidated financial statements of the Xella Group. In the case of deviations from this, we have indicated the scope of consideration in the footnotes of the respective disclosures or made reference to this in the text.
102-46	Defining report content and topic boundaries		Scope of report, GRI Content Index	9, 92		

GRI Standard	Disclosure	Audit	Chapter	Page	UNGC*	Comment
102-47	List of material topics		ESG priorities	28-29		
102-48	Restatements of information		Our environment	58-71		Any restatements updating 2020 data are included in footnotes in this section
102-49	Changes in reporting		Scope of report	6		
102-50	Reporting period		Scope of report	6		
102-51	Date of most recent report		Scope of report	6		
102-52	Reporting cycle		Scope of report	6		
102-53	Contact point for questions regarding the report					Cecile.Fages@xella.com
102-54	Claims of reporting in accordance with the GRI Standards		Scope of report	6		
102-55	GRI Content Index			92-99		
102-56	External assurance		Audit report			Audit report on selected information

GRI Standard	Disclosure	Audit	Chapter	Page	UNGC*	Comment	Topic B**
SPECIFIC DISCLOSURES							
ECONOMIC							
Economic Performance (201: 2016)							
103-1/2/3	Management approach		ESG priorities	28-29	7		X
201-1	Direct economic value generated and distributed		About Xella, Responsibility along our supply chain, Supporting local communities	6, 47-56	3		X 🔗 ⚙️
201-2	Financial implications and other risks and opportunities due to climate change		Energy	4, 59-65	7		X 🔗 ⚙️
Procurement Practices (204: 2016)							
103-1/2/3	Management approach		Responsibility along our supply chain	47-54			🔗
204-1	Proportion of spending on local suppliers		Suppliers	48-49			🔗
Anti-corruption (205: 2016)							
103-1/2/3	Management approach		Doing business in an ethical manner	20-23	10		X
205-3	Confirmed incidents of corruption and actions taken		Doing business in an ethical manner	22-24	10		X
Anti-competitive Behaviour (206: 2016)							
103-1/2/3	Management approach		Doing business in an ethical manner	22-24	10		X
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Doing business in an ethical manner	22-24	10		X 🔗 ⚙️
ENVIRONMENTAL							
Materials (301: 2016)							
103-1/2/3	Management approach		Our approach to sustainable production; Energy and emissions	59-60	7, 8, 9		X
301-1	Materials used by weight or volume		Key Figures at a Glance	84-91	7, 8, 9		X 🔗
301-2	Recycled input materials used		Waste Management	65-68	7, 8, 9		X 🔗

GRI Standard	Disclosure	Audit	Chapter	Page	UNGC*	Comment	Topic B**
Energy (302: 2016)							
103-1/2/3	Management approach	☑	Energy and emissions	59-60	7, 8, 9		✗
302-1	Energy consumption within the organization	☑	Key Figures at a Glance	85	7, 8, 9		✗ 🔗
302-3	Energy intensity		Table of targets and performance, Energy and emissions	14, 59-65	7, 8, 9		✗ 🔗
Water and Effluents (303: 2018)							
303-1/2	Management approach		Water management	68-71	7, 8, 9		✗
303-3	Water withdrawal		Key Figures at a Glance	86	7, 8, 9		✗ 🔗
303-4	Water discharge		Key Figures at a Glance	86	7, 8, 9		✗ 🔗
303-5	Water consumption		Key Figures at a Glance	86	7, 8, 9		✗ 🔗
Emissions (305: 2016)							
103-1/2/3	Management approach	☑	Energy and emissions	59-65	7, 8, 9	All reported emission data are related to CO ₂ , other greenhouse gases are not considered. We base the determination of our CO ₂ emissions on the standards of the GHG Protocol.	✗
305-1	Direct (scope 1) GHG emissions	☑	Key Figures at a Glance	85	7, 8, 9	The used emission factors are provided by BAFA	✗
305-2	Indirect (Scope 2) GHG emissions	☑	Key Figures at a Glance	85	7, 8, 9	In accordance with the GHG Protocol, Scope 2 emissions are to be reported using both the location-based and the market-based approach. For country-specific emission factors, Xella uses the ones provided by EEA and BAFA.	✗ 🔗
305-4	GHG emissions intensity	☑	Key Figures at a Glance	85	7, 8, 9	Change in greenhouse gas intensity 2020 compared to previous year based on weighted CO ₂ shares per product group.	✗ 🔗
Waste (306: 2020)							
306-1/2	Management approach		Waste & resources management	65-69	7, 8, 9		✗
306-3	Waste generated		Waste & resources management, Key figures at a glance	65-69 85	7, 8, 9	We define as waste all materials that we dispose of for landfill or for further recycling by third parties. Reused production residues and offcuts are not waste, as we return them to the production process.	✗ 🔗

Legend - *UN Global Compact — **Topic Boundary: Xella: ✗ — Value Chain: 🔗 — Product Usage: ⚙️
 ☑ Audit — Indicates that either the entirety, or part, of the section, indicated is audited

GRI Standard	Disclosure	Audit	Chapter	Page	UNGC*	Comment	Topic B**
306-4	Waste diverted from disposal		Key Figures at a Glance	85	7, 8, 9		✗ 🔗
306-5	Waste directed to disposal		Key Figures at a Glance	85	7, 8, 9		✗ 🔗
Environmental Compliance (307: 2016)							
103-1/2/3	Management approach		Our approach to sustainable production	58-59	7, 8, 9		✗
307-1	Non-compliance with environmental laws and regulations		-	-	7, 8, 9	We had no issues of non-compliance with environmental laws and regulations in 2021	✗
Supplier Environmental Assessment (308: 2016)							
103-1/2/3	Management approach		Table of Targets and Performance, Suppliers	48-49	7, 8, 9		✗
308-1	New suppliers that were screened using environmental criteria		Table of Targets and Performance, Suppliers	48-50	7, 8, 9	Suppliers are selected and awarded contracts according to our Supplier Code of Conduct and Purchasing Policy. We address negative ESG impacts in annual meetings with our key suppliers. From 2022, we will audit suppliers on ESG aspects.	✗ 🔗
308-2	Negative environmental impacts in the supply chain and actions taken		Suppliers	48-50	7, 8, 9	No negative impacts were brought to our attention and therefore no action was taken.	✗ 🔗
SOCIAL							
Employment (401: 2016)							
103-1/2/3	Management approach		Recruitment and retention of talent	40-44	6		✗
401-1	New employee hires and employee turnover		Key Figures at a Glance	84-91	6		✗
401-3	Parental leave		Recruitment and retention of talent	43	6		✗
Occupational Health and Safety (403: 2018)							
403-1	Occupational health and safety management system	☑	Safety as a value	34-39			✗
403-2	Hazard identification, risk assessment, and incident investigation		Safety as a value	34-39			✗
403-4	Worker participation, consultation, and communication on occupational health and safety		Safety as a value	34-39			✗
403-5	Worker training on occupational health and safety		Safety as a value	34-39			✗
403-6	Promotion of worker health		Safety as a value	34-39			✗

GRI Standard	Disclosure	Audit	Chapter	Page	UNGC*	Comment	Topic B**.
403-8	Workers covered by an occupational health and safety management system		Key Figures at a Glance	87		Xella's central occupational safety guidelines and regulations are based on recognised risk management standards and guidelines, such as BS OHSAS 18001 and ISO 45001	✗
403-9a	Work-related injuries	✔	Key Figures at a Glance	87		We are not able to report according to 403-9b	✗
Training and Education (404: 2016)							
103-1/2/3	Management approach	✔	Recruitment and retention of talent	40-43	6		✗
404-1	Average hours of training per year per employee	✔	Looking Ahead	78-79	6		✗
404-3	Percentage of employees receiving regular performance and career development reviews		Recruitment and retention of talent	40-43	6		✗
Diversity and Equal Opportunity (405:2016)							
103-1/2/3	Management approach		Benefiting from workplace diversity	44-46	6		✗
405-1	Diversity of governance bodies and employees		Key Figures at a Glance	89	6		✗
405-2	Remuneration of women to men		Benefiting from workplace diversity	44	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.	✗
Non-discrimination (406: 2016)							
103-1/2/3	Management approach		Benefiting from workplace diversity	44-47	6		✗
406-1	Incidents of discrimination and corrective actions taken				6		✗
Freedom of Association and Collective Bargaining (407: 2016)							
103-1/2/3	Management approach				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	✗
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk				3	None as we mainly produce in Europe and source from local suppliers.	✗ 🔗

GRI Standard	Disclosure	Audit	Chapter	Page	UNGC*	Comment	Topic B**.
Child Labor (408: 2016)							
103-1/2/3	Management approach		Doing business in an ethical manner, Suppliers	22-23, 48-50	5	Rejection of child labor and forced labor is include in our Supplier Code of Conduct	✗
408-1	Operations and suppliers at significant risk for incidents of child labor		Doing business in an ethical manner, Suppliers	22-24, 48-49	4	None as we mainly produce in Europe and source from local suppliers.	✗ 🔗
Forces or Compulsory Labor (409: 2016)							
103-1/2/3	Management approach		Doing business in an ethical manner, Suppliers	22-24, 48-50	4	Rejection of child labor and forced labor is include in our Supplier Code of Conduct	✗ 🔗
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		Doing business in an ethical manner, Suppliers	22-24, 48-50	4	None as we mainly produce in Europe and source from local suppliers.	✗ 🔗
Local Communities (413: 2016)							
103-1/2/3	Management approach		Supporting local communities	54-55			✗
413-2	Operations with significant actual and potential negative impacts on local communities		Supporting local communities	54-55	7, 8, 9		✗ 🔗
Supplier Social Assessment (414: 2016)							
103-1/2/3	Management approach		Suppliers, Looking ahead	48-49, 78-79	1-6		✗ 🔗
414-1	New suppliers that were screened using social criteria				1-6	Suppliers are selected and awarded contracts according to our Supplier Code of Conduct and Purchasing Policy. We address negative ESG impacts in annual meetings with our key suppliers. From 2022, we will audit suppliers on ESG aspects.	
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.	🔗
Public Policy (415: 2016)							
103-1/2/3	Management approach		Doing business in an ethical manner	22-24	10		✗
415-1	Political contributions		Doing business in an ethical manner	22-24	10		✗

GRI Standard	Disclosure	Audit	Chapter	Page	UNGC*	Comment	Topic B**
Customer Health and Safety (416: 2016)							
103-1/2/3	Management approach		Our approach to sustainable production	58		Also see our quality and certifications page at https://sustainability.xella.com	⚙️
416-1	Assessment of the health and safety impacts of product and service categories		Our approach to sustainable production	58		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 (CPR) and continuously checks its products for health and safety. A percentage cannot be shown at present.	⚙️
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services					none	⚙️
Customer Privacy (418: 2016)							
103-1/2/3	Management approach		Doing business in an ethical manner	22-23			ⓧ ⚙️
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data					None were brought to our attention	ⓧ ⚙️
Socioeconomic Compliance (419: 2016)							
103-1/2/3	Management approach		Doing business in an ethical manner	22-23	10		ⓧ
415-1	Political contributions				10	none	ⓧ



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 2021 (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 in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (2016) (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.

Independence and Quality Control of the Audit Firm

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 Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 2021 has not been prepared, in all material aspects, in accordance with 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
- 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
- Inspection of processes for collecting, controlling, analyzing and aggregating selected data at specific sites of the Company
- 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 2021 have not been prepared, in all material aspects, in accordance with 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, 7 April 2022
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke ppa. Juliane
German Public Auditor von Clausbruch

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 the entire Xella Group, including the Building Materials and Insulation business units (the URSA Group), for the 2021 fiscal year (January 1 to December 31). It contains all the significant economic, environmental, and social impacts of our activities in accordance with the Global Reporting Initiative's transparency standard (GRI, "Core" option) and serves as a Communication on Progress for the UN Global Compact (UNGC). Our last sustainability report was published in 2020. In the future, this sustainability report will be updated and released annually in German and 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 [→ GRI Content Index](#) and the [→ Key Figures table](#) 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 to energy consumption, carbon emissions, employee training/professional development, and occupational safety and health.

Xella International GmbH

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