

SWISSPEARL

Sustainability Report





Table of contents

Letter from the CEO	3
Swisspearl 2022	4
Sustainability at Swisspearl	5
Swisspearl and the UN Sustainable Development Goals	9
Sustainability statements	11
Sustainability of our offerings	15
Operational sustainability	19
Business integrity and governance	22
ESG performance and accounting principles	25

Letter from the CEO

2022 was a significant milestone for Swisspearl. In June we acquired Danish fibre cement manufacturer Cembrit. I am pleased that as a result of our efforts in the new Swisspearl, we managed to finalise our long-term sustainability goals in early 2023 as well as release this very first sustainability report for the new Swisspearl.

Sustainability is a mindset

Sustainability is not just a trend or a buzzword; I strongly believe sustainability is a mindset, based on a genuine long-term care for people and the planet. It is crucial that we understand our own role in contributing to ecological well-being and take proactive measures to address it. Setting long-term goals and working towards them every day is key to being part of the solution and shaping the future of building.

Swisspearl sustainability definition

For us sustainability means our ability to respond to short-term needs, without compromising the ability of future generations, like our grandchildren, to meet their long-term needs. We integrate this perspective into our decision-making processes throughout the entire company.

Sustainability statements

During the second half of 2022 and early 2023, we have run a management process to determine how we can contribute to a

more sustainable building industry. The outcome was distilled into a set of statements that guide our everyday work and activities. These statements take a clear stand on the following four areas:

- Climate and environment
- Circularity
- Social responsibility and engagement
- Governance

Later in this report, we will look at these statements in more detail.

2022 sustainability highlights

Our common, long-term sustainability goals are fundamental for guiding our future decisions and activities.

During the year 2022 we also progressed well in building the foundations for our future sustainability work as the new Swisspearl.

In respect to building transparency, we were able to integrate the ESG data for 2022. The work to develop our ESG data will also continue going forward.

Policies guide us on how we conduct our business. We have the first set of policies now approved. Furthermore, we are progressing well in rolling out our ESG risk management process and tools. Supply chain due diligence is a highly important element for our value chain focus in sustainability.

In addition, we have started to revise our Environmental Product Declarations. Our customers will increasingly need them as the lifecycle assessment-based evaluations are becoming the basis of enlightened decision making and mandatory in the building application process in several European countries.

Deliver a positive impact

Looking at the year 2023 we continue our dedicated work in building the new Swisspearl, as a supplier of leading solutions that deliver a positive impact. We expect the global geo-political uncertainty to continue to prevail. However, not only does our commitment and systematic work in sustainability deliver a positive impact, but it will also further develop our resilience and business results for the company. All our efforts support strengthening the sustainability mindset in the entire Swisspearl community.



Marco Wenger
Group CEO
21st June 2023

Swisspearl 2022

Company

Leading fibre cement manufacturer

Family owned

125+ years of expertise

+2400 employees

Highly engaged international team



Key figures

7%

Scope 1 CO₂e
emission reductions

53%

Material waste
recycled

83.9%

Percentage of process
water recycled

16.9

Lost-time injury
frequency rate

50/50

Gender ratio on the
Supervisory Board

Sustainability at Swisspearl

Swisspearl is a leading fibre cement manufacturer. Our operations are in Europe, and our supply chain is global. The expected lifetime of products is decades. However, in their applications our products serve multiple purposes and contribute to more sustainable buildings and a healthier environment. Therefore, our role is to shape the future of building.

Swisspearl business model

We are a family-owned leading manufacturer of fibre cement products for building applications and gardens. Figure 1 presents the Swisspearl value chain.

The group is headquartered in Switzerland. Our administration and most of our corporate functions are centralised in

Switzerland. Swisspearl is run by a functional organisation structure. Our main markets are in Europe. Our customer service and technical support activities for sales are decentralised to each of our 15 sales entities. Furthermore, we have market warehouses in several European countries to support efficient global distribution of our products.

We operate nine modern factories located in seven countries – Austria, Czechia, Finland, Hungary, Poland, Switzerland and Slovenia. In these factories we produce our roofing, facade, building and indoor and garden products.

In addition, to complete the portfolio Swisspearl buys and resells construction products from other manufacturers, e.g. fixing systems. All in all, Swisspearl with its sales entities and factories forms a strong manufacturing and sales network, figure 2.



Figure 2. Swisspearl headquarters, sales offices and production sites

Swisspearl's value chain

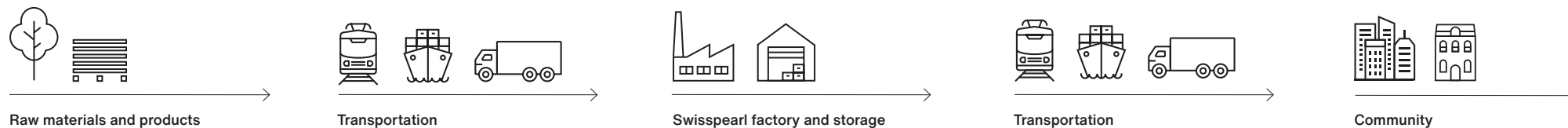


Figure 1. Overview of Swisspearl's value chain.

What is sustainability to Swisspearl?

For us, sustainability means our ability to respond to short-term needs without compromising the ability of future generations to meet their long-term needs. It is about utilising in an *enkelfähig* way, i.e. in a manner which considers future generations.

We include in sustainability environmental, social and governance (ESG) aspects at Swisspearl and throughout our value chain.

Vision, mission and values

Sustainability at Swisspearl is guided by three key elements: vision, mission and values.

Vision and mission

Our management is in a process of formulating a new vision and mission for the company. They will be rolled out in connection with the roll-out of Swisspearl values during 2023.

Swisspearl values

We believe that company values are the foundation of business integrity. They are at the heart of forming the company culture. Values operate as guiding principles in decision making and guide the behaviour of management and employees.

In June 2022, Swisspearl conducted the acquisition of Cembrit. This meant starting an integration process of two equal sized companies into one. For us, it has been highly important to carefully consider the kind of culture we want to build into the new company. Consequently, we have initiated a process to define the Swisspearl values. This includes a series of discussions and workshops. We aim to finalise this process, establish and roll-out our company values during 2023.

We believe that company values are the foundation of business integrity. They are at the heart of forming the company culture.

Risk considerations

Sustainability risks involved in our business are mainly related to industrial manufacturing, safety, the global supply chain and regulations.

Environment

The main environmental risk is the accidental discharge of wastewater from factory processes. However, our water consumption is fairly moderate and, consequently, wastewater volumes are relatively low. Most of the wastewater from our factories is discharged to municipal wastewater-cleaning facilities. Furthermore, our own wastewater treatment and purification processes are subject to systematic operational controls.

To mitigate environmental risks, we work systematically and meticulously with a full range of environmental matters. In all our factories we have environmental monitoring and continuous improvement practices in place. In addition, the majority of our factories are ISO 14001 certified. Furthermore, Swisspearl is subject to local laws and regulations governing environmental matters. We strive to ensure compliance with all relevant environmental regulations.

Our operations consume energy, and that has greenhouse gas implications. Our factories are the major contributors, and the focus is on improving energy efficiency as well as addressing and replacing the use of fossil energy with alternative renewable resources. Already in 2013, our Swiss operations signed a target agreement on CO₂ tax exemption with the Swiss Federal Office for the Environment in order to increase energy efficiency and reduce CO₂ emissions at the same time.

Risks related to other air emissions from our own manufacturing operations are low since our processes do not generate significant fugitive emissions. Similarly, risks related to dust and particle emissions are also low, as cement and other dry, powdery, mineral-based materials are transferred and stored in closed systems. Noise emissions from our factories are controlled and conform to local requirements.

Our factories use water in the manufacturing processes. We are an SASB reporter. As an SASB reporter, we track baseline water stress in our manufacturing locations. None of our factories are in such locations where the ratio of total water withdrawals to available renewable surface and groundwater supplies would be at a high or extremely high risk level.

We use raw materials, particularly cement, that have a relatively high carbon footprint. We focus on research and development and supplier collaboration to find alternative cement types and other raw materials with a smaller CO₂ footprint. Our cement suppliers are highly committed to decarbonisation.

Social

We have legal entities in 16 European countries. We have conducted a human rights risk assessment for our own operations based on the Human Rights Index 2022 Human Rights

Risk Map. According to the Human Rights Index the human rights risk in each of these 16 countries is very low or low.

We are an industrial manufacturer. In such organisations, especially manufacturing, operations also entail safety risks. To mitigate safety risks, we work systematically and meticulously on a full range of safety topics. In all our factories we have safety reporting and continuous improvement practices in place. In addition, the majority of our factories are ISO 45001 certified. Furthermore, our entities are subject to local laws and regulations governing safety matters. We strive to ensure compliance with all relevant safety regulations.

Supply chain

Some of the raw materials used by our factories are sourced from geographical areas that may represent elevated environmental, climate and social risks due to different cultures and systems of governmental regulation compared with Europe.

We have had a high level of focus in the integration process on further building a supplier ESG risk assessment process and tools. During late 2022 and early 2023 we have established the Swisspearl supplier ESG risk management process and tools. They include but are not limited to pre-screening, top supplier committed to observing the Ten Principles of the UN Global Compact, self-assessment questionnaire and UN Global Compact based on-site audit. In addition, we have released a Supplier Code of Conduct.

The steps we have taken in supply chain ESG risk management benefit us in identification and management of adverse impacts and monitoring performance. We also provide access to remedy for our business partners through our Whistleblowing channel. The supply chain due diligence regulation in Europe

is developing relatively quickly. Therefore, we will continue to focus on our due diligence model, practices and tools going forward in order to further integrate ESG considerations into our supply chain and our own operations.

Governance

Our business is subject to EU and national regulations. Swisspearl has not been subject to any penalties or other sanctions due to non-compliance. Furthermore, since the acquisition of Cembrit, we are integrating codes and policies to ensure good business governance, ethics and regulatory compliance.

We are aware that bribery and unethical business practices can exist everywhere in business. However, according to the Corruption Perceptions Index (CPI), in 2022 Swisspearl had operations in seven countries from the top ten least corrupted countries in the world. All Swisspearl legal entities are located in countries equal to or better than the global CPI average.

We monitor carefully the value chain, conduct supplier ESG risk assessment, including governance aspects and manage our own ESG agenda. We are focused, along with relevant stakeholders across the value chain, on developing positive environmental, climate and social impacts, governance of our business and mitigation of sustainability risks.

Corona del Mar High School | New Port Beach, CA, USA

Sustainability label: LEED Gold



An integral part of a comprehensive sustainability strategy aimed at LEED Gold certification, the architects devised a rain screen facade clad in Swisspearl panels, which will boost the building's energy performance and help keep long-term maintenance costs to a minimum.

Swisspearl and the UN Sustainable Development Goals

17 Sustainable Development Goals (SDGs) make up the core of the United Nations' agenda of achieving sustainable development by 2030. These Global Goals are a collection of self-contained and simultaneously interlinked goals.

Swisspearl's approach

The SDGs were also created for businesses to find areas to work towards within the global sustainability objectives. We have evaluated SDGs and identified those to which we contribute as a business through our own operations and value chain. Our approach has therefore been to carefully map SDGs that have an impact throughout the value chain.

As part of our assessment, we divided the Goals into three categories according to an estimated level of impact. The main impact category includes SDGs where we have the opportunity to deliver the largest overall impact in our value chain. The medium impact category includes SDGs where Swisspearl's contributions can generate considerable overall impact. However, the scope and scale in the value chain are not as large as in the main impact category. The limited impact category includes SDGs where we still have a meaningful, but limited, impact.

High level summary

The main impact category includes SDGs related to climate action and sustainable production patterns. The medium

impact category includes SDGs related to water management, promoting decent work for all, supporting waste reduction in cities and gender diversity. The limited impact category includes SDGs related to advancing healthy living through efforts to reduce hazardous chemicals and support sustainably managed forests.

Overview by impact category

The following section provides an overview of the results of our assessment and explains how Swisspearl supports progress towards the Goals.

Main impact SDGs 7 9 12 13

As a manufacturing company, Swisspearl is committed to maintaining and continuously improving sustainable consumption and production patterns. Efficient use of natural resources, continuous waste reduction and increasing recycling are pivotal parts of this commitment.

Furthermore, we are committed to climate action. This includes efforts to increase the share of renewable energy as well as technological upgrades of factory processes to reduce total CO₂ emissions. In addition, with key stakeholders, we innovate and develop raw material and product recipe combinations leading to CO₂ reductions.

Medium impact SDGs 5 6 8 11

Water plays an essential role in our manufacturing processes. We continuously seek ways to improve the efficiency of our water usage. Furthermore, we conduct sustainable manage-

ment of water through effective controls and procedures for wastewater treatment processes.

Equal opportunities for all employees are important to us. We do not tolerate any kind of discrimination. We also state this clearly in our Human Rights Policy.

Furthermore, we support decent work by committing to compliance with labour laws and advocating against forced labour, modern slavery and human trafficking. In addition, we conduct continuous safety improvement and promote safety, for example by organising annual safety weeks in factories. We also work to further integrate ESG considerations into the supply chain.

We support waste reduction in cities by seeking ways to reduce construction site waste and explore circularity solutions for fibre cement waste from demolition sites.

Limited impact SDGs 3 15

We support healthy lives by having chemical safety procedures and practices in place as well as aiming to minimise the use of hazardous chemicals. All the cellulose our factories use is from sustainably managed forests. Ensuring chain of custody is how Swisspearl supports the sustainable management of forests and combats deforestation.

Figure 3 places the outcome of the assessment within the SDG framework. In addition, we link the SDGs to our ESG metrics in the chapter "ESG performance".

Swisspearl's impact	SDG	SDG Objective	Relevant SDG indicators	Swisspearl's support	
Main		Ensure access to affordable, reliable, sustainable and modern energy for all	7.2.1 7.3.1	Efforts to increase share of renewable energy Efforts and systems supporting continuous energy efficiency improvement	
		Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.4.1 9.5.1	Technological upgrades of factory processes to reduce CO ₂ emissions per ton Increases in share of research expenditure aiming to reduce CO ₂ emissions	
		Ensure sustainable consumption and production patterns	12.2.1 12.4.2 12.5.1 12.6.1	Efforts and systems supporting efficient use of natural resources Circularity; Continuous waste reduction and increase of recycling and reuse rates Effectiveness of chemical and chemical waste management Publication of sustainability report	
		Take urgent action to combat climate change and its impacts	13.2.2	Technological upgrades of factory processes to reduce total CO ₂ emissions Innovation, raw material and recipe development and supplier collaboration to reduce CO ₂ emissions	
Medium		Achieve gender equality and empower all women and girls	5.1.1	Swisspearl promotes diversity and requires zero tolerance for discriminatory treatment in its Human Rights Policy	
		Ensure availability and sustainable management of water and sanitation for all	6.3.1 6.4.2	Effectiveness of controls and procedures for wastewater treatment processes Efforts and systems supporting improvements in efficiency of use of water Monitoring and reporting of high baseline water stress levels at factory locations	
		Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.4.1 8.5.1	8.7.1 8.8.1	Efforts and systems supporting continuous safety improvement Integration of ESG considerations, procedures and practices in supply chain Swisspearl takes a clear stand on labour rights and child labour in Codes of Conduct and Human Rights Policy
		Make cities and human settlements inclusive, safe, resilient and sustainable	11.6.1	Seek ways to reduce construction site waste and explore circularity solutions for fibre cement waste from demolition sites	
Limited		Ensure healthy lives and promote well-being for all at all ages	3.9.3	Minimisation of use of hazardous chemicals Effectiveness of chemical safety procedures and risk assessments	
		Protect, restore and promote sustainable use of terrestrial eco-systems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15.2.1	Procurement of forest products having certified chain of custody, e.g. FSC or PEFC certification	

Figure 2. Cembrit and the UN Sustainable Development Goals.

Sustainability statements

The strategic pillars and statements guide our sustainability decisions and activities in the coming years.

Our sustainability strategy is built on four overall pillars. These four pillars represent Swisspearl's efforts in terms of creating a positive climate, ecological and social impact. Under each of these pillars we have defined clear sustainability statements:

- Climate and environment
- Social Responsibility and engagement
- Circularity
- Governance

Sustainability statements



Climate and environment

- We aim for Scope 1 & 2 carbon neutrality by 2040
- We aim for Scope 3 carbon neutrality by 2040
- We aim to have zero landfill waste from factories by 2030
- We aim to minimise wastewater from factories by 2030
- We aim not to use drinking water in production processes by 2030



Social Responsibility and engagement

- We ensure the safety of all Swisspearl employees
- We have an attractive workplace
- We embrace diversity and actively remove barriers
- We follow the laws, regulations and guidelines
- We contribute voluntary work for communities



Circularity

- We explore ways to create value from fibre cement waste and end of life products



Governance

- We will further embed Swisspearl values, codes, policies and safety rules into the organisation
- We govern climate action through Science Based Targets



Climate and environment

Within this pillar we work to mitigate our climate and environmental impacts.

We aim to achieve carbon neutrality in Scope 1, 2 and 3 by 2040. The main focus in our own operations and purchased electricity is on improving energy efficiency and replacing fossil energy with alternative green sources. In addition, our value chain efforts focus mainly on purchased materials and transport. To achieve carbon neutrality requires significant research and development and partnering from us in order to re-engineer several aspects of the way in which we manufacture our products today. Furthermore, our suppliers need to address their emission sources in order to have a positive impact in the value chain.

Today, a notable share of the waste from our factories is still disposed of at local landfills. We have set ourselves a target of reducing the amount of waste deposited at landfills to zero by 2030. To achieve this, we will systematically continue our efforts to improve process efficiency and reduce waste. Furthermore, we must find circular solutions for the waste.

Running our manufacturing processes requires water. Water is already circulated several times before it is properly cleaned in effluent treatment plants prior to being discharged back to nature. However, supported by technological solutions, we will find ways to close the water cycle further to minimise the water discharged from manufacturing processes to the cleaning processes.

Furthermore, some of our factory processes require very clean water. By re-engineering the processes and utilising cleaning technologies we aim to stop the use of drinking water in our factory processes by 2030.



Social responsibility and engagement

Within this pillar, we work on social topics further enhancing the Swisspearl employee experience.

As part of our social responsibility, we are focusing on ensuring the safety of all our employees. This includes our employees at production facilities, at sales and corporate offices in all our locations. We continue to improve the safety procedures and practices currently in place, focus on training and building mindset and behaviour as well as introducing further safety best practices. In addition, for the safety of installers and others handling our products, we provide instructions and guidelines with our packed products, which are also accessible on our websites.

At the end of 2022 we had 2477 employees in all our entities in 16 countries. Added to this, we have sales agents in other countries. It is important for us that our employees and external stakeholders experience Swisspearl as an attractive workplace. It is our goal to create an attractive culture by further engaging with existing employees in open dialogue, and by taking necessary actions for improvement based on their feedback. Furthermore, we will promote diversity by recognising diversity within the local and global framework.

We will work on recognising diversity within the local and global framework. Our values and code of conduct are the foundation for an open and accepting workplace. Furthermore, together with our other policies, they guide us in ensuring a company where laws, regulations and guidelines are followed. We will strongly support this from our governance pillar by training our staff, but also by further working with related processes and skills.

Besides providing employment in various locations, we are connected to the community in several other ways. Contributing voluntary work to communities means for us annually giving time, effort and talent without financial gain to projects and activities aiming for environmental and social benefits for the community. The community involvement is driven by our local entities.



Circularity

The concept of the circular economy is a strong facet of sustainable development. We aim to contribute to the evolution of the circular economy model for the fibre cement industry.

Waste is generated at various stages of the product lifecycle for fibre-cement products, from production to construction and disassembly sites. As part of our sustainability efforts, we will study the fibre cement waste generated and explore new ways to re-use it. To create an impact on this track, we will focus on product design, researching and developing novel technologies and processes as well as partnering with various players across our value chain to develop solutions to extract and process the waste to alternative products or convert it into raw materials used in the production of fibre cement or other subsidiary products.



Governance

Within this pillar we focus on further strengthening the common Swisspearl way to manage, behave and operate.

Our values, codes, policies and safety rules form a fundamental part of Swisspearl's governance and social responsibility system. We will seek out practices that support embedding these fundamental elements into the organisation to an even greater extent. To achieve this, we will define and implement a concept with the right tools and procedures to anchor the topics into the organization. We will build content and set up a system to train our employees. Delivering on this statement will strongly contribute to building a common culture for the new Swisspearl group.

To govern our climate action, we will sign up to the Science Based Targets initiative (SBTi). We will first focus on bringing our CO₂ emission inventory to the level required by SBTi, before starting the application process. This will provide us with a clearly defined path to reduce emissions in line with the 1.5°C goal of the Paris Agreement. Declaring our commitment to and support for the SBTi means that we will follow the step-by-step process set out by the initiative. This includes, but is not limited to, declaring our commitment, submitting targets for validation, reporting our emissions and tracking progress.

Office building | Gjøvik, Norway
BREEAM NOR rating: Very Good



Ringvegen 16 in Gjøvik, Norway, was the first building in Oppland to be designed both a passive house and also BREEAM-NOR certified.

A lot of effort has been put into the technical solutions in the building with the goal of having lowest energy consumption possible. With the help of solar panels the building produces up to 10,000 kWh a year. Overall the building is designed to use max. 70 kWh per m².

Sustainability of our offerings

Swisspearl solutions are based on aesthetic, durable and cost-efficient mineral composite developed for exterior and interior applications. They offer several environmental, social and economic benefits throughout their lifecycle.

Fibre cement is an extremely versatile material that can be used in a variety of ways. Our products and solutions offer numerous possibilities for creative ideas, functional features and performance that can be used in the design and construction of building envelopes and living spaces.

The heart of the success of our products began as early as 1894 in Vöcklabruck, Austria. This is where fibre cement was invented by Ludwig Hatschek.

Today, our products cover facade, roofing, sub-construction and interior applications. In addition, we have a range of garden products. Figure 4 presents the building envelope applications of our products in more detail.

High strength, non-combustibility, and long-term performance

As a material, fibre cement is an attractive choice for sustainable buildings. The multiple applications in a building envelope deliver several lifecycle benefits. The intended applications are

in lightweight constructions. The key characteristics in our solutions are: high strength, non-combustibility, long-term performance and visual malleability. The maintenance requirements of fibre cement boards during their lifecycle are relatively low.

We are dedicated to further expanding the end-of-life recycling opportunities of fibre cement. Concrete recycling solutions are one of the biggest areas of effort in our development activities.

Swisspearl products in building envelope

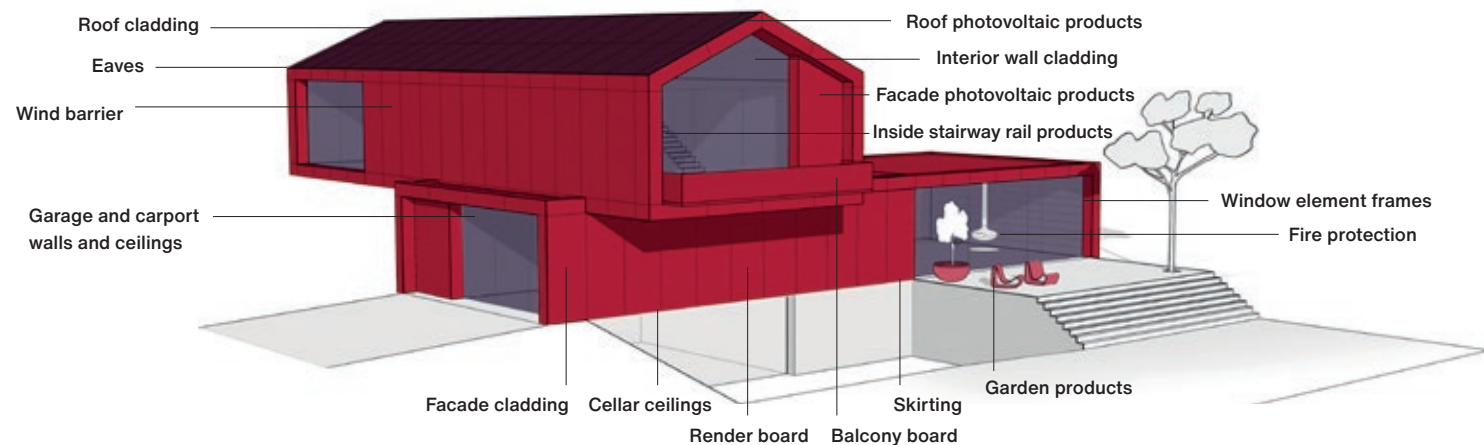


Figure 4.

Safe, Healthy, and Inspiring Living

Safety is a strong functional attribute in fibre cement products. Most of our products have reaction to fire rating Class A1-2 s1-2 d0, which means the products do not catch fire even in the presence of high temperature or a direct flame. Therefore, Class A rating undoubtedly improves a building's fire behaviour, thereby benefitting the building users and owners. Partition walls and evacuation tunnels are excellent examples where our fibre cement provides safety for building users. Furthermore, the non-combustibility of our products hinders the spread of fires in buildings, thereby protecting the users and limiting the damage caused by the fire.

The building owner can further reduce the lifecycle CO₂ footprint by using renewable energy, resulting from options available in a truly sustainable lifecycle setting.

The alkaline nature of fibre cement products leads to very good fungus resistance. This functional characteristic supports creating healthy living environments, thereby reducing health risks. The fibre cement composition also contributes to a healthy living environment, since a relatively low percentage of chemical additives is needed for its manufacture. In addition, the chemical emission and odour rates from fibre cement products are very low. These features are especially important in indoor applications. Our indoor products are M1-classified. Building architecture can inspire thought and emotions, both for

the building users as well as others in the vicinity of the building. Each construction builds the cityscape that impacts the comfort and feeling of belonging experienced by people. Fibre cement is a versatile, mouldable material with extensive ranges of colours and surface finishes. It offers endless options for orchestrating architectural stimulus and building delightful living environments. The freedom of design is an inspiring characteristic and source of enjoyment for architects as well.

Solutions for Energy-Efficient Buildings

Our products are used in lightweight construction, normally with wooden structures and mineral wool insulation. However, it is also possible to use other insulation materials. When comparing embodied energy, it is lower in lightweight than heavyweight constructions. It is important to note that the benefits of lightweight frames in buildings are recurring as lightweight construction also requires a lighter foundation due to lower weight compared to heavyweight construction. The building owner can further reduce the lifecycle CO₂ footprint by using renewable energy, resulting from options available a truly sustainable lifecycle setting.

According to the European Union's Green Deal, the vast majority of Europe's building stock does not meet modern energy efficiency standards. Our products form part of structures ideal for energy efficiency renovations to existing buildings with inferior insulation. Fitting the external facade with thermal insulation and fibre cement not only provides a robust solution to drive down heating-related climate emissions and costs, improve comfortable indoor climate and sound insulation, but also to improve the aesthetics of the building. When energy consumption of a building is taken to the minimum it is important to optimise all elements. This is where fibre cement can contribute, due to its superior thermal

conductivity properties compared to many alternatives, like metal and glass-based solutions.

Our products have high weather resistance. They are being successfully installed in a wide variety of climates, from extremely high Middle East temperatures to extremely windy, damp and cold northern Nordic coastal areas. It is important to note the extreme temperature conditions of Northern-Nordics where the range can be even less than -40 to over +30°C, all this very well sustained by our fibre cement products.

Cost-effective, Easy-to-Install, and Durable

Our products are a cost-effective solution for the building owners. Our products are relatively easy to install. We can further help the installation by our cutting and drilling services that allow direct and easy installation according to the designs in factory finished quality, without the need to organise any work stages before installation. The value of our factory customisation is further increased on congested construction sites. Customised boards also minimise construction site waste due to only installed volumes being shipped, reducing the transport emissions.

The durability with a 50-year life expectancy and low maintenance requirement deliver low lifecycle cost compared to many other materials. Characteristics like very good weather and impact resistance contribute to durability. However, we have also thought of the possible maintenance-requiring incidents over the lifecycle of a building and developed an anti-graffiti surface for our facade portfolio. This surface makes it easier to clean the facade in the unfortunate case of graffiti.

Fact sheets and certificates

Most of our own-produced products have Environmental Product Declarations (EPDs). In 2022, as a result of acquiring Cembrit, we defined the roadmap and started to build integrated EPDs reflecting the new manufacturing footprint. This work will continue in 2023.

Swisspearl fibre cement products contribute to the various criteria evaluated when certifying buildings under a specific scheme, like DGNB, BREEAM, LEED and Minenergie-ECO. We have several products across our range that qualify for sustainable building design and construction certifications. We value the quality and consistency of our products and services. All our factories operate under the ISO 9001 certificates.

Furthermore, to mitigate safety and environmental risks, we work systematically and meticulously on a full range of safety and environmental topics. In all our factories we have the respective reporting and continuous improvement practices in place. In addition, the majority of our factories are ISO 14001 and 45001 certified. As part of our integration process, we are currently designing the future set-up in respect to quality, health and safety and environmental management systems and expect to have our plans finalised during 2023.



**"When it comes to milling,
we get the best out of it."**

Emanuele Dirago

Panel finishing, with Swisspearl for 13 years.

3 questions for Emanuele:

What contribution to sustainability can you make in your department?

Our software calculates the optimum when cutting the panels to size. This is how we minimise waste. We always try to get the maximum out of the saw blade, cutter and drill by adjusting the different tool parameters.

What are the challenges in milling?

Milling fibre cement panels brings many challenges. Because the panels are very hard, it is very important that the cutter and saw blade are set correctly. Small things like using the full useful length of the cutter will extend the life of the cutters.

What do you do to be aware of such cases?

For the quality of our work and our product, we hold weekly shop floor meetings. There we discuss what we do well and what we could do better. We also keep a lot of statistics, so we can constantly improve.

**Swisspearl cut waste in 2022
by approx. 3.7%**

Town Centre and Office Building | Wheaton, USA

Sustainability label: LEED Platinum



As the new home of the Maryland-National Capital Parks and Planning Commission, the building serves as an educational tool, a “living lab” for the public for sustainable building features and showcases progressive government practices and environmental stewardship.

The public spaces will use technology and materials that educate visitors about sustainable design strategies. As a model for net-zero carbon development, the building currently includes a geothermal mechanical system and photovoltaic arrays, and is certified LEED platinum.



Operational sustainability

Operationally, 2022 was largely spent focusing on deriving maximum value from the merger of Swisspearl and Cembrit. However, we have also implemented actions and projects delivering sustainability benefits.

Climate

In order to build a harmonised ESG baseline, we integrated our ESG data during 2022. This included data for the first emission inventory of Scope 1, 2 and 3. We will continue working with our emission inventory and building it further also in 2023. Our ultimate aim is to build readiness to start the Science Based Targets process during 2025.

Our must-win battle in Scope 1 is to reduce the use of natural gas as far as possible and replace it with green energy sources. We have started this work already. An example of our efforts is a large programme that was started in 2018 in our Vöcklabruck factory, where we aim to use natural gas only where it is necessary (temperatures higher than 75°C). In these consumption points we are moving to decentral gas boilers directly next to the lines (mainly coating lines). There is no piping-loss and they are running when the energy is needed.

In other consumption points we replace natural gas by providing energy from industrial heating pumps up to 750kW power. Furthermore, to increase the efficiency of the heating pumps

they are supplied with cooling-backwater (approx. 35°C) to use this energy again.

In this programme we take a step-by-step approach in replacing natural gas as much as possible. In the first step the industrial consumers have been set up, the last part will be the central heating of the plant.

Natural gas reduction first part (2022) was 7.5 GWh (from 32.5 GWh to 25 GWh). This means a reduction of 1517 tons of CO_{2e}. After the last step the demand will be approx. 8.5 GWh, which means a further reduction of CO₂ equivalents by 3337 tons. A precondition is that the electrical energy is green.

In our factory in Finland, we invested in an electrical boiler. This will result in the closure of two natural gas boilers that have been used for heating the factory buildings.

In this programme we take a step-by-step approach in replacing natural gas as much as possible. In the first step the industrial consumers have been set up, the last part will be the central heating of the plant.

This investment will lead to an annual emission reduction of approximately 300 tons of CO_{2e}, when electricity emissions are calculated on average grid electricity in Finland.

In 2022 11.7% of the consumed electricity in our factories was renewable. On top of renewable electricity from the grid, we also already have our own solar power generation. Our plan is to work on increasing the share of green electricity, where solar power expansion is a key option under investigation.

In 2022, we took the first steps in our Anhovo factory to reduce carbon emissions from cement. In November 2022 we started to use CEM II for one product category instead of the previously used CEM I. The implemented change will lead to a 15% reduction in cement CO₂ emissions for our hand-moulded products from the Anhovo factory. On an annual level it will mean a reduction in CO_{2e} of approximately 180 tons from Scope 3.

Efficiency improvement

The merger of Swisspearl and Cembrit has resulted in a new organisational set-up to even further strengthen efficiency improvement. During 2022 we established the Operational Excellence function in the organisation. This new function dedicates its focus to efficiency improvement, standardisation and best practice learning and sharing in our manufacturing sites. The key focus areas are to improve energy efficiency, reduce waste and water consumption. The efforts for the Swisspearl Production System are founded on LEAN methodologies.

Our energy efficiency work mainly focuses on utilising more energy-efficient technologies and optimising current processes, procedures and practices. During 2022, we held the first energy efficiency workshop in our factories and plan to continue these workshops during 2023. The first workshop resulted in several improvement ideas that we are further investigating to deliver projects for implementation to improve the specific energy consumption and reduce CO₂ emissions in the coming periods.

Whenever possible, waste generated during production is recycled back into the process or, in some cases, in collaboration with a supplier into raw materials. If waste cannot be recycled, we sort it to ensure it is always treated appropriately.

In 2022 we started fibre cement waste recycling in our Vöcklabruck factory with a new partner. 4% of the fibre cement waste was recycled to new cement. This totalled 119 tons in 2022. Our aim is to further develop this recycling rate in 2023.

In our Beroun factory we focused on wet waste. By a combination of technology and operational procedures we were able to increase wet waste recycling in our production process, leading to a 264-ton reduction in wet waste for 2022. We continue our focus on waste reduction in 2023.

Our factories operate with moderate water consumption. All water utilised in production is, whenever possible, recycled several times. All water discharged from our factories is always treated for any harmful components before being discharged back to nature. Furthermore, we use water-based coatings and colour pigments that mainly contain inorganic iron oxides.

Whenever possible, waste generated during production is recycled back into the process or, in some cases, in collaboration with a supplier into raw materials.

Health and Safety

Very sadly, a fatal accident occurred in February 2022 in our factory in Beroun. The incident investigation by the authorities was conducted during 2022. The outcome of the investigation was that the incident happened due to a failure to respect approved, implemented and trained safety rules and procedures.

After the fatal accident and in connection with long-term social sustainability targets, at the time Cembrit prepared a safety improvement plan at the time. Execution of the plan resulted in significant improvement in lost-time injury frequency rate (LTIFR). As part of the plan Cembrit also resumed the regular safety weeks after the COVID pandemic. In 2021 Cembrit had an LTIFR of 12.7 whereas in 2022 the figure was 7.2, a 43% reduction. Furthermore, the 2022 LTIFR result was significantly lower than the target of 10.

As a result of the Swisspearl and Cembrit merger, safety reporting has been integrated. We have set two main indicators for safety, lost-time injury frequency rate (LTIFR) and lost-time injury severity rate (LTISR). The LTIFR is the number of injuries per 1 million working hours, and the LTISR is the number of days lost due to injuries per 1 million working hours. Swisspearl's LTIFR for 2022 was 16.9 and the LTISR was 436.

Going forward we are committed, in accordance with our sustainability strategy, to significantly improve the safety performance.

A new safety group representing all 9 production plants will start working together with the aim of using the best practices across the entire Swisspearl group. Among other things, an updated set of basic safety rules will be agreed. We will also implement a common concept of work clothes.

Diversity and inclusivity

Equal opportunities for all employees is important to us. As stated in Swisspearl's Code of Conduct, every employee is treated equally, with dignity and respect, regardless of race, colour, religion, political conviction, gender, age, national origin, sexual orientation, marital status, disability or any other characteristic protected by national or local laws. Therefore, we have zero tolerance for discriminatory treatment. In our recruitment and promotion, we will adhere to this and hire the most qualified candidates irrespective of their gender, race, age and cultural background.

Gender diversity

Swisspearl includes two groups from company management in its gender diversity reporting: the Supervisory Board and other management levels.

The Supervisory Board consists of four members, 2 men and 2 women, meaning both genders are equally represented on the board. The gender composition of the board evidences our commitment towards gender equality. It is worth noting that as a family-owned company we also fulfil the targets of the so-called "Women on Boards" Directive that is set for large, listed companies within the EU.

The other management levels include members of our Group Executive Management, Senior Management and other members in our group management incentive scheme. The share of women in other management levels in 2022 was 28.8%.

It is evident that the attractiveness of the manufacturing industry to women remains a challenge. According to Eurostat, women were under-represented in manufacturing in 2021. Only 21% of scientists and engineers were female in manufacturing. Furthermore, the Eurostat data gives an indication that in basic manufacturing the share of women is even lower. It seems that high-tech has higher attractiveness. Therefore, the attractiveness of industries like Swisspearl is even lower among women.

To overcome the attractiveness challenge and increase the share of women in the manufacturing industry, companies need to evidence their commitment to gender equality. At Swisspearl, the Supervisory Board composition is strong evidence. It can promote the company as an equal opportunities workplace to women candidates. Furthermore, we communicate about our commitment to diversity in our sustainability statement, the Code of Conduct and Human Rights Policy. Furthermore, in case we have two candidates of different genders for our management positions, which are equally qualified and have an equal fit of personality and culture for the position and the team, we will select the under-represented gender. However, we have not yet seen the results of this policy, because of the Cembrit merger with Swisspearl.



"Our corrugated sheets travel by train".

Marlies Gebs

Head of Transport Planning, with Swisspearl for 27 years.

3 questions for Marlies:

What contribution to sustainability can you make in your department?

Where possible, I optimise our dispositions in Switzerland. For example, if I know that a lorry will travel from Niederurnen to Basel three times in one week, I ask the customer whether I can postpone a delivery date so that the lorry only has to travel twice. That way we can save CO₂.

What are the challenges in scheduling regarding sustainability?

We deliver our products ex works in 99% of the cases. This means that the customer decides how it wants the panels delivered.

What concrete progress has been made in disposition?

Since 2000, we have already used train on selected main routes between our factories and market stocks. The Niederurnen location in Switzerland and Anhovo in Slovenia both have a railway connection. That is why we have been transporting our corrugated sheets by rail since autumn 2021. This means that instead of transporting 24 tons by road, we can transport 50 tons per wagon and series of 1,200 tons.

Using trains for transport lowers emission intensity by 88% compared to road transport.

Business integrity and governance

The Swisspearl governance framework is based on management accountability, codes and policies, corporate values and managerial ethics as well as employee business conduct. Swisspearl's governance framework with all its elements supports acting in the best interests of the business and stakeholders.

Management, accountability and ethics

Management in the Swisspearl group is based on three management bodies; the Supervisory Board, Group Executive Management and Senior Management. Division of authority for the management bodies together with codes and policies set segregation of duties and accountability. Our values together with our Code of Conduct set the social, ecological and ethical attitude and establish the Swisspearl identity. They set the principles of business conduct and apply to all employees and representatives of Swisspearl.

Code of conduct and policies

The merger of Swisspearl and Cembrit has initiated a revision of codes and policies. The policies contain governing principles and procedures to effectively manage an issue for Swisspearl as a whole or parts of it.

We will continue the evaluation of policies needed and respective revisions in 2023.

Until the release of this report, we had succeeded in finalising:

- Code of Conduct
- Supplier Code of Conduct
- Human Rights Policy
- UK Modern Slavery Statement
- Whistleblowing Policy

Human and labour rights, incl. child labour

Our Code of Conduct and Human Rights Policy strongly advocate for human and labour rights. We recognise our responsibility in respect to international human and labour rights. We strive to promote a working environment characterised by respect, fairness, equality, and where fundamental employee rights are protected. We do not accept child and forced labour. Furthermore, we strive to work with suppliers and other business partners that match our values and standards. To further advocate them, the Swisspearl Supplier Code of Conduct sets the social, ecological and ethical standards for all our suppliers. In 2022 Swisspearl was not suspected or involved in any legal proceedings associated with human rights violations. Therefore, Swisspearl did not incur any monetary losses as a result of such processes either.

Conflict minerals and metals

We do not import or use as part of raw materials any conflict minerals and metals. Furthermore, we conduct supply chain risk assessment for conflict minerals and metals. For raw materials with identified risk of conflict minerals and metals, we conduct elevated due diligence.

Bribery and corruption

We do not have operations in areas with elevated corruption or bribery risk. However, we need to be diligent in our own operations and relationships with customers, suppliers and other business partners to avoid these risks. Our Code of Conduct takes a clear stance against bribery of any kind. Furthermore, the Swisspearl Supplier Code of Conduct serves as an integral code for relationships with suppliers and business partners. In addition, all employees are encouraged to report requests for bribes or facilitation payments immediately, either to their manager, directly to Swisspearl's Legal department or via our whistleblowing system.

Pricing integrity and transparency

Our values guide all our employees to treat everyone with integrity. Furthermore, the Swisspearl Code of Conduct takes a clear stance against unfair competition. All Swisspearl's business partners are expected to adhere to existing laws that regulate competition, particularly anti-trust and competition laws.

In 2022 Swisspearl was not suspected or involved in any legal proceedings associated with anti-competitive behaviour, including, but not limited to, cartel, price-fixing and anti-trust practices. Therefore, Swisspearl did not incur any monetary losses as a result of such processes either.

Whistleblowing

At Swisspearl, we are committed to the high ethical standards of business conduct and to doing business in a responsible way and with integrity. As a result of the Swisspearl and Cembrit merger, we began working on a common whistleblowing policy and system in 2022. In our policy, our scope is wider than that required by the EU Whistleblowing Directive. We have included our own employees as well as external parties with a working relationship with Swisspearl. Furthermore, we have included those legal entities with fewer than 50 employees as well as allowing anonymous reporting. The whistleblowing system and the Whistleblowing Policy can be found via our global website.

In our policy, our scope is wider than that required by the EU Whistleblowing Directive. We have included our own employees as well as external parties with a working relationship with Swisspearl.

Data ethics

We do not currently have a data ethics policy. First and foremost, the data we possess are for our own use. Secondly, the data we possess are, due to the relatively small global size of the business and relatively narrow segment – at most – of only marginal commercial interest to external parties. This significantly reduces the risk of our employees encountering interventions that might lead to misuse of the data. As a

company, we do not sell the data we hold. However, if required by legislation, court or authority decisions, we provide the defined data to the nominated party. If we use data from third parties, we expect such third parties to follow the laws and observe ethical considerations in relation to possessing, providing and handling such data.

Supply chain due diligence

We have assessed the top 100 of our raw materials, goods and transport providers by total spend for Swisspearl and Cembrit who agree to observe Principles 1-10 of the UN Global Compact. The outcome achieved is 95.1%. These top 100 suppliers represent 85% of our expenditure.

We have also been enhancing our supplier risk assessment and due diligence approach. We have finalised our supplier ESG self-assessment surveys. In addition, we built a question set for supplier on site audits. These questions are based on the foundation of the 10 Principles of the UN Global Compact. We tested the set in two site audits, one in Thailand and the other in India.

During 2022, we identified tightening legislation in supply chain due diligence. Therefore, we started an assessment of due diligence systems that would support penetration beyond tier 1 in the supply chain due diligence. We will continue to look into options and solutions in this area during 2023. For the transition period, we built a country ESG risk heat map. The factors we included in the country risk are Air Pollution, Baseline water stress, Human Rights Protection and Corruption. From these we draw an overall risk level that then guides us further in supply chain due diligence.



"Our policies extend beyond addressing carbon footprint and climate issues."

Karl Havemose-Poulsen

Global Head of Procurement and Supply Chain Management, with Swisspearl for 6.5 years.

5 questions for Karl:

The Board of Swisspearl approved its first important policies in spring 2023. Some are required by law, others are important to have because of public interest. The policies are the Code of Conduct, Human Rights Policy, Supplier Code of Conduct, Modern Slavery Statement and Whistleblower Policy.

What is your role in the context of policies and sustainability?

I focus on implementing sustainability policies and practices within the company, ensuring compliance with environmental regulations and ethical standards. I also oversee the assessment and governance of emissions, supply chain sustainability and am involved in the creation of Environmental Product Declarations (EPDs) to provide transparency on the environmental impact of Swisspearl's products and services.

What is the impact of the recently published policies on the company's operations and its sustainability?

Our policies extend beyond addressing carbon footprint and climate issues. They encompass ethical conduct, both within our organisation and throughout our supply chain. We have comprehensive documents describing our assessments, governance, and compliance. These policies are crucial for us to meet the standards set by regulators and public interest. In the Nordic countries of Europe there is a high demand and a public interest, which will now grow all over Europe.

How does sustainability influence both the supply chain and procurement processes within your organisation?

Sustainability has a significant impact on both the supply chain and procurement. In our supply chain, we transport approximately 330,000 tons of goods annually from Eastern Europe to Western Europe. To ensure sustainability, we have implemented solutions such as our own trains that transport 1,550 tons of goods weekly, reducing our CO₂ emissions. In procurement, we assess and engage with our suppliers to ensure they meet our sustainability standards, covering various aspects like water scarcity, child labour, and pollution. Sustainability is a fundamental consideration in our procurement decisions and practices.

How do you ensure suppliers comply with our policies?

We assess our suppliers based on the UN Global Compact principles, which cover various ethical aspects such as child labour, chemicals, and environmental impact. We began with our top 20 suppliers and now reach out to our top 100 suppliers, covering 85% of our total spend. This process involves a significant amount of work, but it ensures our suppliers align with the UN Global Compact.

On a personal level, what inspired you to become involved in sustainability initiatives and advocate for environmentally responsible practices?

Growing up in the Nordic countries, I was surrounded by a culture that values nature and prioritises its protection. This instilled in me a deep appreciation for the environment and a desire to contribute positively to its preservation.

ESG performance and accounting principles

The year 2022 was heavily focused on merging and building a uniform foundation for the Swisspearl and Cembrit ESG data and metrics. We are happy to disclose our ESG metrics for 2022, including greenhouse gas emissions in Scope 1, 2 and 3. Furthermore, we integrated our accounting principles and highlight those metrics that are connected to our contribution for the relevant SDGs.

Disclosure in general

In our disclosure we present our Environmental, Social and Governance metrics for 2022. During 2022 we have integrated the environmental and safety reporting of Swisspearl and Cembrit. We have identified several significant differences in reporting in those companies. Therefore, we do not intend to

conduct integration of historical data, but in the coming periods we will focus on the future development of our reporting. Therefore, in 2023 reporting we expect to show the data for 2022 and 2023.

We have decided to follow the SASB disclosure standard. However, we have also identified other metrics material to our business. We show the connection of our metrics to SASB in the accounting principles with relevant SASB codes. Further information on applying SASB metrics can be found in our Accounting principles later in this report. However, it needs to be recognised that we will in 2023 also intensify our focus on preparing for the CSRD and Taxonomy compliance roadmap. This work is expected to influence our sustainability performance metrics in the future. In addition, the disclosure highlights those metrics that are connected to our contribution to the relevant UN Sustainable Development Goals.

This is shown on the right-hand side of the disclosure with the respective SDG number.

Greenhouse gas reporting

SASB requires us to follow the Greenhouse Gas Protocol (GHG). We have followed the GHG Corporate Accounting and Reporting Standard and included the most material emission categories. An overview of the main emission categories we have included in Scope 1, 2 and 3 is shown in figure 5.

It is worth noting that we have focused on the main emission drivers with available data. We estimate that the work carried out during 2022 covers at least 80% of our value chain emissions to a degree of accuracy of more than 80%. In the coming periods our aim is to build our CO₂ inventory further in order to allow us to commit to Science Based Targets according to our sustainability statements.

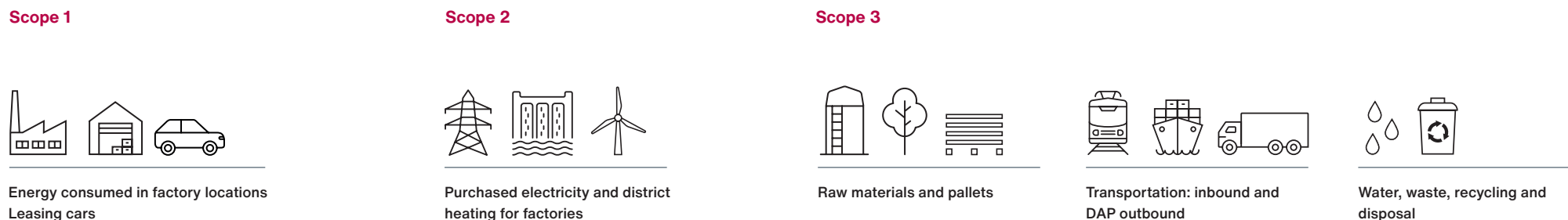


Figure 5. Main emission categories in Swisspearl's Scope 1, 2 and 3 greenhouse gas inventory.

Swisspearl ESG metrics

Category	Topic	Indicator	Unit	2022	Note	SASB code	SDG
General							
	Scale of business				1		8
		Total number of employees	FTE	2,449			
	Geographical presence						8
		% of employees in European entities	% of all employees	100			
		% of production sites in Europe	% of tons manufactured	100			
Greenhouse gas emissions							
	Greenhouse gas emissions				2	EM-CM-110a.1	13
		Scope 1	t CO ₂ -e	22,141			
		Scope 2 – Location-based + heat and steam	t CO ₂ -e	28,340			
		Scope 2 – Market-based + heat and steam	t CO ₂ -e	33,816			
		Scope 3	t CO ₂ -e	324,970			
Energy management							
	Energy consumption				3	EM-CM-130a.1	7
		Total energy consumed	GJ	729,727			
		Percentage grid electricity	%	37.5			
		Percentage natural gas, CNG and LPG	%	51.1			
		Percentage diesel	%	0.7			
		Percentage petrol	%	0.4			
		Percentage district heating	%	5.4			
		Percentage alternative fuels	%	0.0			
		Percentage renewable	%	5.0			
Water management							
	Fresh water withdrawn				4	EM-CM-140a.1	6
		Total fresh water withdrawn	1000 m ³	1,399			
		Percentage recycled from water withdrawn	%	83.9			
		Percentage of water withdrawn in regions with high or extremely high baseline water stress	%	0			
	Wastewater generation						6
		Amount of wastewater generated	1000 m ³	466			

Swisspearl ESG metrics

Category	Topic	Indicator	Unit	2022	Note	SASB code	SDG
Waste management							
	Material waste generation				5	EM-CM-150a.1	12
		Amount of material waste generated	t	55,014			
		Percentage of material waste recycled	%	53.0			
Workforce health and safety							
	Injuries				6	EM-CM-320a.1	8
		All injury frequency rate (AIFR)	Injuries/million working hrs	26.0			
		Lost time injury frequency rate (LTIFR)	Lost time injuries/million working hrs	16.9			
		Lost time injury severity rate (LTISR)	Lost days/million working hrs	436			
	Training						8
		Safety training hours	Training hrs/all employees	3.7			
Diversity							
	Gender diversity				7		5
		Share of women on the Supervisory Board	%	50.0			
		Share of women in management positions	%	28.8			
Business integrity							
	ESG in supply chain				8		
		Share of top 100 raw material, goods and transport providers that agree to observe UNGC Principles 1-10	%	95.1			
	Pricing integrity and transparency				8	EM-CM-520a.1	
		Total monetary losses as a result of legal proceedings associated with cartel, price-fixing and anti-trust practices	CHF	0			
			CHF	0			

ESG accounting principles

Note	Category	Topic & Comment
1	General	<p>Scale of business</p> <p>1. Total number of employees from HR reporting</p>
2	Greenhouse gas emissions	<p>General</p> <p>1. Reference SASB EM-CM-110a.1 with deviations in downstream transport emission estimate. 2. Base year is 2022 in accordance with the GHG Protocol. 3. Activity data based on purchase invoices and supplier declarations. 4. Swisspearl reports Scope 1 and 2 emissions from factory locations it owns and controls. 5. In any of the Scope 1 and 3 calculations, the possible "biogenic" part of the energy sources has not been accounted for outside of the scopes.</p> <p>Scope 1</p> <p>6. Scope 1 includes emissions from energy consumption, including leasing car fleets and owned vehicles. In energy emission reporting, supplier-specific factors were used for energy contents and DEFRA emission factors for emissions</p> <p>Scope 2</p> <p>7. Swisspearl has included both location- and market-based emissions by using the Association of Issuing Bodies' (AIB) production and residual mix emission factors. 2022 has been calculated based on AIB 2021 emission factors, as the 2022 factors have not yet been released</p> <p>Scope 3</p> <p>8. For raw materials, Swisspearl has prioritised supplier-specific cradle-to-gate emission factors. However, several raw material suppliers have not conducted the required lifecycle analysis. Therefore, they have not been able to disclose emission factors for Swisspearl. For such cases, Swisspearl has focused on the main raw materials and used estimates for them based on other suppliers of the same raw materials and information on trusted sources.</p> <p>Swisspearl estimates that 99.2% of raw material tonnage are included in the Scope 3 emission calculation.</p> <p>For the raw material emission estimation, supplier-specific emission factors cover 74% of total tonnage, and the remaining 26% of category-specific emission factor averages have been calculated based on the received supplier-specific emission factors.</p> <p>9. For upstream transports, Swisspearl has included raw materials and used DEFRA 2022 emission factors for each transport mode and well-to-tank emission factors for respective fuel extraction. Swisspearl estimates that upstream transports include 98.9% of raw material volumes.</p>

ESG accounting principles

Note	Category	Topic & Comment
		<p>10. Downstream activity data: Swisspearl estimated the total tons moved in our downstream activity using two components. The first was the 2022 external sales values in tons, which were used to calculate the split value for the two companies. The second was internal transport data from the former Cembrit "side", which includes Intercompany send to stock, Outbound, and customer pick-up values in tons. Finally, Swisspearl used the ratio between the above-mentioned values to estimate the remaining 30% of tons moved.</p> <p>11. Downstream emission factors and total emission estimation: To account for emissions from downstream transports operated through third-party logistics providers, Swisspearl has focused on emissions disclosed by the transport companies themselves. In 2022, Swisspearl was able to increase coverage of supplier-specific emissions, with 42% of the total tons moved downstream accounted for using tank-to-wheel emissions from transport companies. We calculated CO₂/ton specific emission factors based on these reports, categorised by transport modes such as road, rail, air, sea, and an average mix. To estimate emissions, we multiplied the emission factors with the estimated activity data. We assumed that all outbound and customer pick-up activities were done by trucks/road, and intercompany activities were best represented by the average mix.</p> <p>12. The rest of the categories included in Swisspearl Scope 3 are based on DEFRA 2022 emission factors. The included categories are pallets, plastic film for packaging, paper and board for packaging, water supply through mains supply network, water returned through sewage system mains drains, cement recycling back to cement (closed loop) and cement disposal to landfill.</p> <p>13. The following categories have not been included in scope 3: buy-for-resale-products, business travel, employee commuting.</p>

3 Energy management

Energy consumption

1. Reference SASB EM-CM-130a.1
2. Includes energy consumption in factory locations owned and controlled by Swisspearl.
3. Volumes according to purchase invoices based on supplier-specific energy contents and electricity generated on- and offsite by hydro- and solar power.
4. Swisspearl has included in renewable energy its self-produced solar electricity and the renewable part of purchased grid electricity in Austria, as in Austria the origin is certified for all grid electricity.

ESG accounting principles

Note	Category	Topic & Comment
4	Water management	<p>Fresh water withdrawal</p> <ol style="list-style-type: none"> Reference SASB EM-CM-140a.1 with deviations Total freshwater withdrawn taken from internal operational reporting and based on freshwater intake measurement gauges in the factory locations. Water used for heat exchangers added from 2022. Percentage recycled from water withdrawn = $\frac{((\text{wastewater for purification} + \text{water used for heating pumps}))}{(\text{Total freshwater withdrawn})} * 100\%$ Percentage of water withdrawn in regions with high or extremely high baseline water stress is based on the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct. <p>Wastewater generation</p> <ol style="list-style-type: none"> Waste include cleaned wastewater from operations.
5	Waste management	<p>Waste generation</p> <ol style="list-style-type: none"> Reference SASB EM-CM-150a.1 Waste figures based on invoicing of factory locations. Internal reporting of waste is conducted quarterly % waste recycled = $(\text{internal recirculation} + \text{reported external recirculation}) / \text{all material waste} * 100\%$ Third-party recirculation/disposals have not been audited Waste comprises more than 76% fibre cement dry weight.
6	Workforce health and safety	<p>Injuries</p> <ol style="list-style-type: none"> Reference SASB EM-CM-320a.1 with deviations All injury frequency rate (AIFR) includes medical and lost-time injuries (MTI+LTI) for all Swisspearl employees, rolling 12 months Lost-time injury frequency rate (LTIFR) and Lost-time injury severity rate (LTISR) are for all Swisspearl employees, rolling 12 months, based on 1 day's absence and working days Reference SASB EM-CM-320a.1.3, Swisspearl uses 1.000.000 working hours, instead of 200.000 working hours. <p>Training</p> <ol style="list-style-type: none"> Safety training hours is based on all Swisspearl employees, calculated as full-time employees and reported as total for 2022

ESG accounting principles

Note	Category	Topic & Comment
7	Diversity	<p>Gender diversity</p> <ol style="list-style-type: none">1. The other management levels include members of our Group Executive Management, Senior Management and other members in the group management incentive scheme.
8	Business integrity	<p>Anti-corruption in supply chain</p> <ol style="list-style-type: none">1. Share of major raw material, goods and transport providers that agree to observe UNGC Principle 1-10 is based on commitment documents received from suppliers.2. However, the suppliers that are already a member of UNGCP have been counted directly without commitment documents.3. Share is calculated based on the purchase value of committed suppliers as a share of Swisspearl's total purchase value of the top 100 suppliers. <p>Pricing integrity and transparency</p> <ol style="list-style-type: none">4. Total monetary losses as a result of legal proceedings associated with cartel, price-fixing and anti-trust practices based on information from Swisspearl's Legal department.



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