aalborgportland
CEMENTIR HOLDING

Our world is
built on cement

ESG REPORT 2022

ABOUT THIS REPORT

This is the first Environmental, Social and Governance (ESG) Report of Aalborg Portland A/S, replacing the annual Environmental Report initially published in 1996. As one of the first companies in Denmark to report thoroughly on environmental (E) impacts, Aalborg Portland is proud to continue reporting in a new format, increasing the focus on social (S) and governance (G) issues.

Aalborg Portland has worked with its environmental, social, and governmental impacts for many years, but now sees it fit to publish a more detailed and combined statutory report on the company's performance and progress.

The report covers Aalborg Portland's activities in relation to the Aalborg Portland cement plant situated in Rørdal east of Aalborg, Denmark. Activities in other legal entities within the Aalborg Portland Holding Group, owned by the Cementir Holding Group (hereinafter referred to as "Cementir" or "the Group"), are not covered in this report. All information in this ESG report is in accordance with the consolidated sustainability statements of the Group given in Cementir's Sustainability Report 2022, which also constitutes Aalborg Portland's compulsory statement on corporate social responsibility, cf. section 99a of the Danish Financial Statements Act.

The report covers the financial reporting year from 1 January 2022 to 31 December 2022.

NORDIC SWAN ECOLABEL
Tryksag
5041 0004

FSC
www.fsc.org
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PEFC
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Letter from our CEO

Dear reader,

Cement production is a societally important yet energy-intensive process which, in effect, has an obvious environmental impact. As one of Denmark's largest industrial companies and the country's largest single-point emitter, we have a natural role in the transition towards carbon neutrality and securing attractive Danish industry jobs, each based on high-quality education, solid health and safety practices, and promoting diversity and inclusion for all. Likewise, we can take a leading position in a broader societal sense by actively engaging with communities, promoting good business ethics and a circular economy, and by showing that business performance and ESG performance go hand in hand.

New commitments on CO_2 reductions by 2030

In June 2022, Aalborg Portland took leadership by confirming its goal to achieve net zero emissions by 2050 while at the same time committing to a cap on Scope 1 emissions of maximum 600,000 tonnes by 2030. This commitment is a massive step for us. It entails delivering a 73% reduction of Scope 1 emissions by 2030 compared to 2021 levels. Our plan lays out a clear path on how to decarbonise a so-called hard-to-abate sector like cement, and we already accelerated our actions and delivered double-digit emission reductions within the first year. In 2022, our Scope 1 emissions fell by 11.9% compared to 2021, lowering emissions to below 2.0m tonnes.

One major contribution was the ability to grow our new carbon-reduced cement type FUTURECEM® within the ready-mixed concrete segment in 2022, obtaining a conversion rate of almost 20% of the total market. By 2030, we expect FUTURECEM® to be the main cement in the Danish construction sector.

In 2022, we also tested new streams of alternative biomass fuels to phase out traditional fossil fuels like coal and petroleum coke. Several of these streams already produce excellent results and will fill substantial parts of our fuel portfolio in 2023. In the coming years, we will continue our work on this front whilst also preparing a shift towards natural gas, later carbon-neutral biogas that will enable us to shift from traditional fossil fuels like coal and petroleum coke.

In 2022, we reached another important milestone in our 2030 plan as we inaugurated the first pilot facility for carbon capture on 5 December as a part of our cement production. Carbon capture will play an important role in decarbonising the global cement industry, and we are proud to be part of multiple mission-driven and ground-breaking projects. Our ambition is to have a large-scale carbon capture and storage (CCS) facility operational by 2030 at the latest, capturing at least 400,000 tonnes of carbon dioxide (CO_2) per year.

Empowering our people to drive the transition

Our success hinges on the dedication, competencies and health and safety of our people. Throughout 2022, we launched three new programs together with Cementir Group for improved talent and leadership development: a global graduate program for talented engineers, a networking and training program for emerging talents and a leadership development program for all managers across all levels and functions. The new challenges of tomorrow require new skills and solutions. Therefore, we will continue working with all our employees to build better competencies and stronger teams at all levels of the organisation.

Improved safety performance

Following unsatisfactory safety results in 2021, we focused intensely on improving our health and safety performance and general awareness in 2022. A strong commitment from our plant personnel, supervisors and a new safety organisation lowered our lost-time injury rate (LTIR) significantly compared to previous years. Safety is always first, and our dedication to improving health, safety and general awareness will continue in the years to come.

"One major contribution was the ability to grow our new carbon-reduced cement type FUTURECEM® within the ready-mixed concrete segment."

After some tumultuous years with COVID, we concluded 2022 with a new engagement survey. The engagement survey showed a strong participation rate compared to the previous survey from 2019 before the first COVID outbreaks. The answers showed some focus area progress, yet we can still improve on many fronts.

A year with many obstacles, yet strong results

It has been an eventful year. We forged ahead with several decarbonisation initiatives whilst faced with surging energy, fuel and logistics prices and record-high inflation.

In 2022, we grew the top line by +30.3% compared to 2021 which was driven by prices in a year with record-high inflation. During the year, we continued working closely with our customers and did our best to protect the market. Price increases have been implemented beginning of 2022 while input costs already increased during 2021 which had a negative impact on 2021 earnings. Navigating market volatility while keeping focus and control with our net working capital and cost structure will also be a key priority in the years to come.

Looking ahead

Aalborg Portland was founded in 1889. For more than 130 years, we have played a positive role in the local community and society on a broader level. We will continue delivering on our ESG commitments and promoting a sustainable, inclusive and compliant cement industry for many years to come. Sustainability and corporate responsibility are integral to how we conduct business and improving our ESG performance will help us build a stronger, more robust company with better financial results.

Søren Holm Christensen,
CEO of Aalborg Portland A/S

Aalborg Portland in brief

Aalborg Portland was founded in 1889 and is the only cement manufacturer in Denmark, with its cement plant situated in Rørdal, east of Aalborg City. Today, Aalborg Portland is one of Denmark's largest industrial companies, owning 1,200 hectares of land in the Rørdal region, which consists of farmland, a chalk quarry, and various uncultivated areas.

AT A GLANCE

1889

FOUNDED

Aalborg Portland was founded in 1889 and is the only cement manufacturer in Denmark

850

PEOPLE

Aalborg Portland directly employs 350 people in addition to which around 500 people are employed elsewhere as contractors and subcontractors

18

COUNTRIES

Aalborg Portland has been part of Cementir Group since 2004. Cementir is a multinational Group operating in 18 countries

3.0

M TONNES CEMENT

Aalborg Portland is boasting an annual production capacity around 3m tonnes of cement

73%

REDUCTION IN CO_2 BY 2030

Aalborg Portland will reach net zero by 2050 and reduce Scope 1 emissions by 73% by 2030 compared to 2021 levels

The cement plant consists of six cement kilns: one grey and five white. It is one of Europe's largest cement plants, boasting an annual production capacity around 3 million tonnes of cement: approx. 2 million tonnes grey and approx. 1 million tonnes white. Along with the cement plant, Aalborg Portland owns terminals in Denmark and abroad, making national and global transport of the finished cement products possible.

Aalborg Portland employs around 350 people, with an additional 500 contractors and subcontractors working on-site daily or nearby to support the plant's many activities. Aalborg Portland is, therefore, one of the largest contributors to the Northern Region of Denmark's industrial workforce.

WHAT WE DO AND HOW WE CREATE VALUE

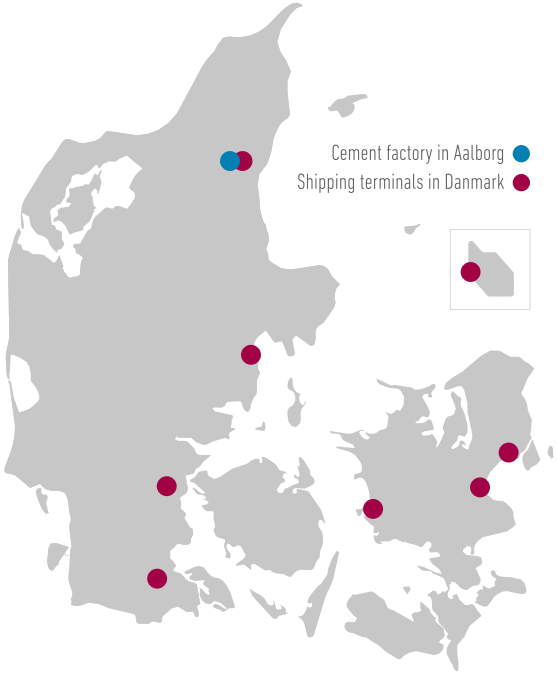
We have supplied cement to people all over the world for more than 130 years, predominantly in Denmark and the Nordic and Baltic countries. Besides being the most used cement in the Danish construction sector for private homes, commercial buildings, public schools and hospitals, our cement is also used in many iconic national and international projects.

These iconic projects include Denmark's 18-kilometre-long Great Belt Bridge, London's Olympic City and New York's famous Manhattan 432 Park Avenue skyscraper. For more information on Aalborg Portland, see www.aalborgportland.dk.

PART OF CEMENTIR GROUP

Aalborg Portland is part of Aalborg Portland Holding, which Cementir Group acquired in 2004. Cementir is a multinational Group operating in 18 countries across the building materials sector, employing around 3,000 people globally. The Group's annual production capacity amounts to more than 13 million tonnes of grey and white cement, around 10 million tonnes of aggregates and 5 million cubic metres of ready-mixed concrete. Cementir has been listed on the Milan Stock Exchange since 1955 and is one of the leading companies in the Euronext STAR Milan segment.

For more information on Cementir Group, see www.cementirholding.com, and for Aalborg Portland Holding, see www.aalborgportlandholding.com.



Our world is built on cement

Population growth, urbanisation and sustainable development of cities and infrastructure contribute to an ever-greater need for cement and concrete.

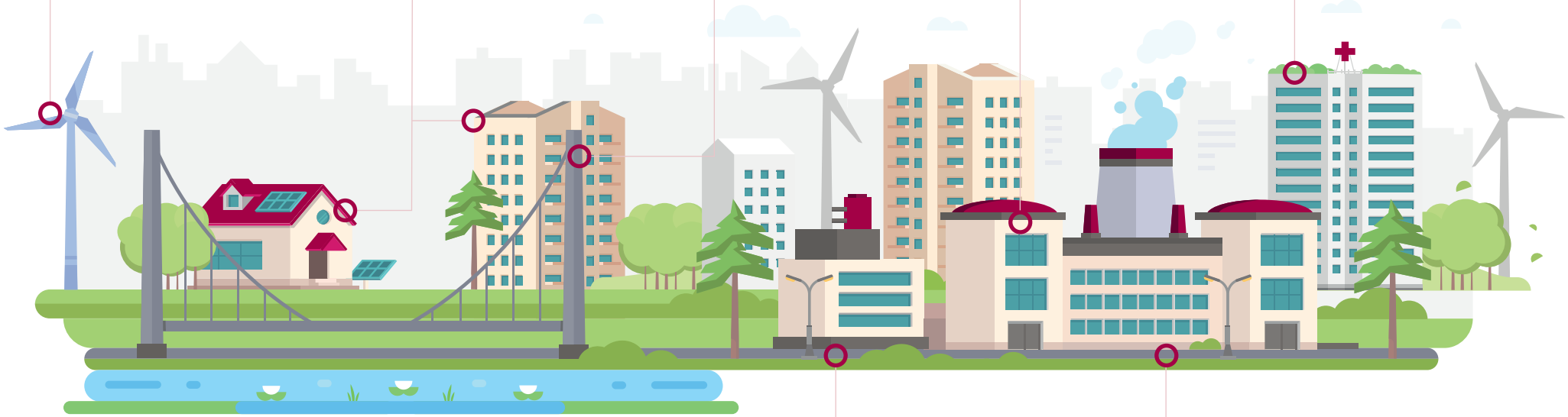
WIND TURBINES
Concrete - and therefore cement - is used to make foundations for wind turbines

HOUSING & SCHOOLS
Private homes, apartments and schools all contain cement for concrete walls, floors, pillars, beams, stairwells, and more.

BRIDGES & TUNNELS
Bridges and tunnels use vast amounts of cement due to the strength and longevity of concrete

INDUSTRIAL
Factories, offices and other industrial buildings also use cement

HOSPITALS
Cement is also used for hospitals and other health institutions



ROADS
Cement is also the binder in mortars, curbstones, and asphalt

CONCRETE PADS & TILES
Cement is used in concrete pads found in driveways and public places

Cement is the main ingredient in concrete
Cement is primarily used to make concrete, which is the world's second-most used substance after water. Concrete has high strength, longevity and malleability; local companies can produce it at a low cost. Both cement and concrete are part of almost everything that surrounds us in a modern world — from private homes, schools, hospitals and offices to roads, tunnels and bridges.

Cement is much more than concrete
Cement is also the binder in mortars, curbstones and asphalt. Facade, ceiling and acoustic panels also use it.

Cement is the foundation for our green transition
Cement is the foundation for a more sustainable world. Denmark has installed wind turbines since the 1970s, and the global shift towards renewable energy sources will increase dramatically in future decades. A wind turbine must withstand harsh conditions for more than 20 years. Concrete is an ideal material for turbine foundations thanks to its high strength and longevity.

It takes 500-1,000 m3 of concrete and 200-400 tonnes of cement to erect a single onshore wind turbine. Denmark's onshore solar and wind capacity is set to quadruple by 2030, whilst offshore wind is set to increase fivefold from around 9 gigawatts to 41 gigawatts in less than eight years (Danish Ministry of Climate, Energy and Utilities). Global wind power capacity is expected to increase almost ten-fold by 2050 (IRENA). Therefore, it is obvious that we must secure materials like cement and concrete to ensure a quick, efficient green transition for society.


Roads and curbstones

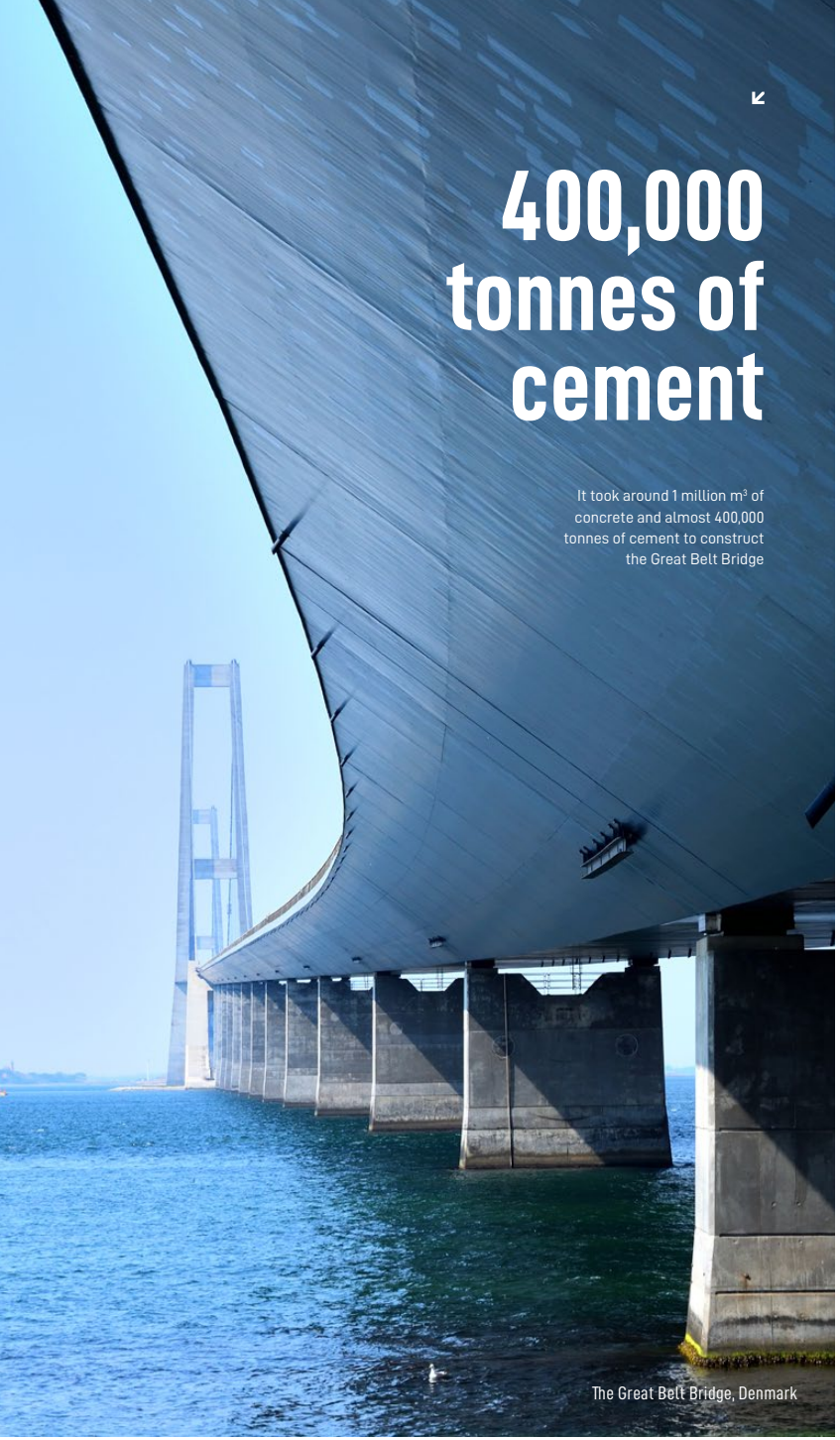

Oslo Opera House

Up to 400 tonnes of cement

It takes between 500-1.000 m³ of concrete and 200-400 tonnes of cement to erect one single onshore wind turbine.

400,000 tonnes of cement

It took around 1 million m^3 of concrete and almost 400,000 tonnes of cement to construct the Great Belt Bridge



The Great Belt Bridge, Denmark

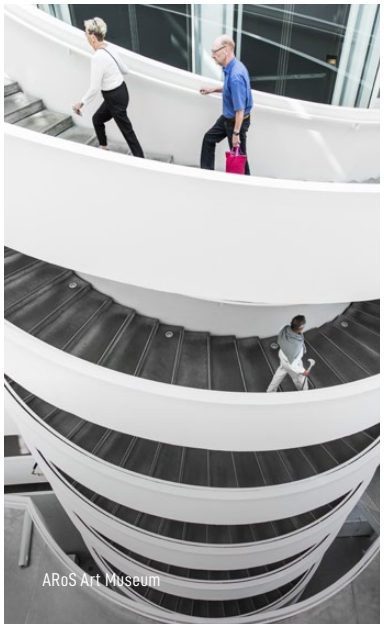
The world of tomorrow will need more cement

The United Nations predicts that 68% of the world's population will live in cities by 2050; the global population already reached 8 billion in November 2022. These rapid changes will require substantial development of modern housing and infrastructure that will last for decades. Estimates show that some 75% of global infrastructure needed in 2050 has not yet been built, and the world's total floor area is set to double by 2060 (Global Alliance for Buildings and Construction).

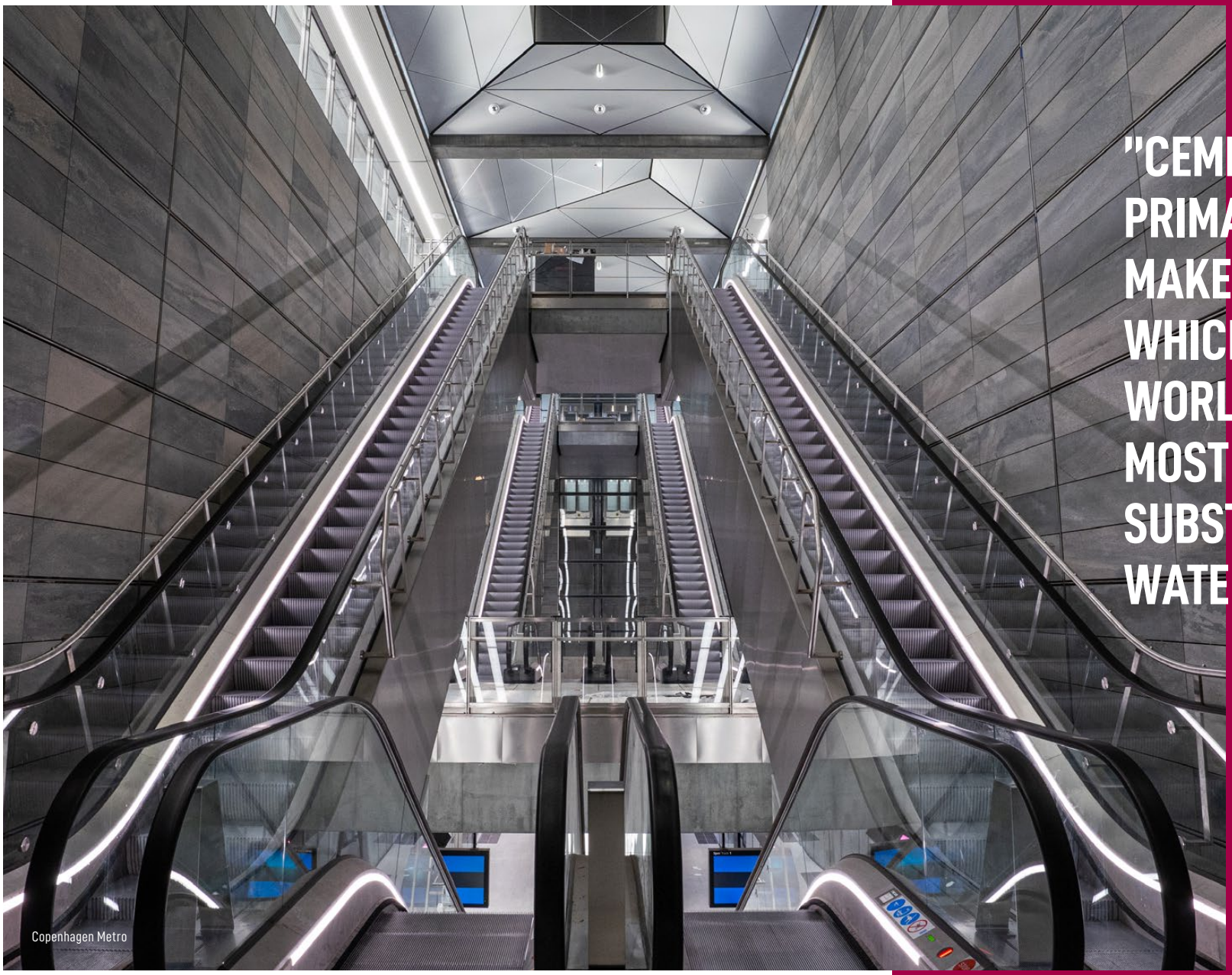
A small player playing a decisive role

Demand for cement and concrete primarily occurs outside Europe. More than 50% of the world's cement production happens in China alone. Although Denmark accounts for less than 0.1% of global CO_2 emissions from cement production, we can play a pivotal role in the industry's sustainable transition. We can lead by setting ambitious targets, developing break-through technology, and showing a clear path for profitable industry decarbonisation.

Copenhagen Airport



ARoS Art Museum

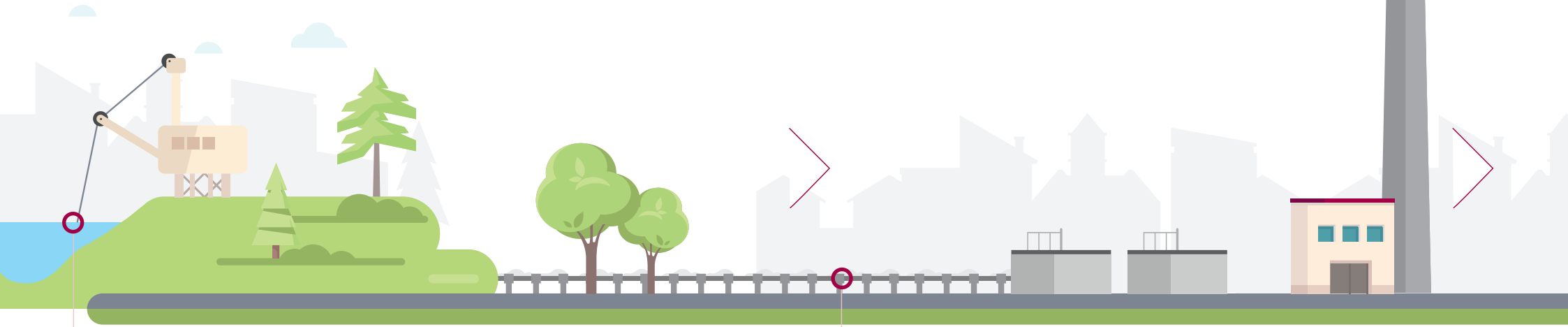


Copenhagen Metro

"CEMENT IS PRIMARILY USED TO MAKE CONCRETE, WHICH IS THE WORLD'S SECOND-MOST USED SUBSTANCE AFTER WATER."

Cement production from quarry to customer

Cement production is an energy-intensive process, where heavy materials are moved many kilometres in long production lines. Grey and white cement manufacturing follows an almost identical process except for kiln configuration differences.

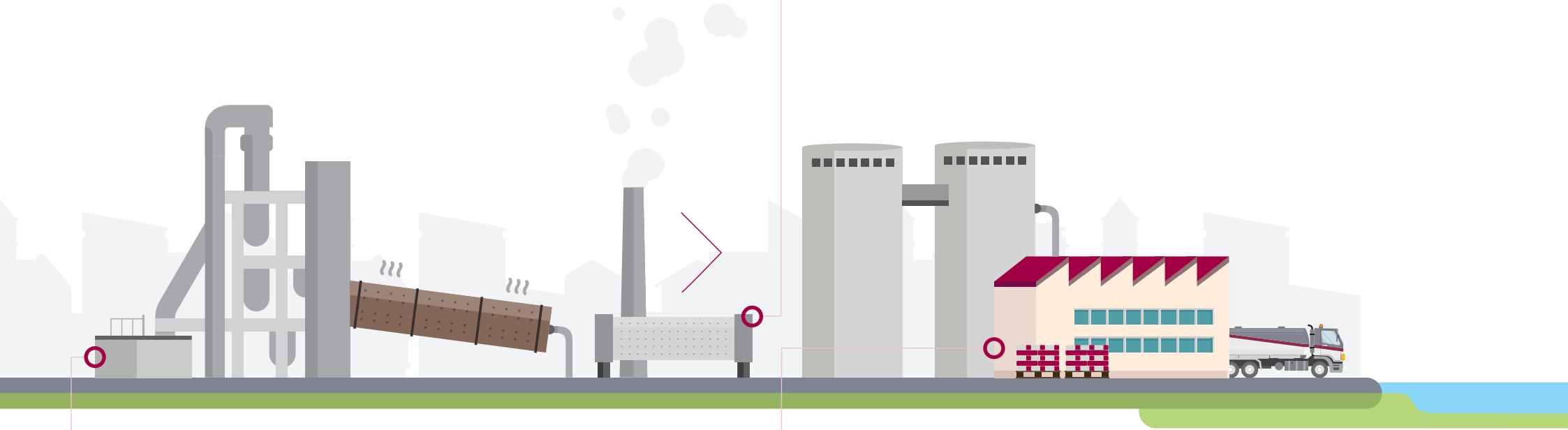


EXTRACTION OF RAW MATERIALS

Chalk and sand are the main materials in our cement products. We only have a few natural resources in Denmark, but the ones we have are essential for cement production. Our chalk is exceptionally high-quality and comprises fossils that are upwards of 70 million years old. We use two giant excavators with a combined 2,200 tonnes per hour capacity to extract the chalk from our chalk quarry. The sand comes from dredging access channels at Aalborg Bay near Hals Barre, which is done to keep the Limfjord navigable.

INITIAL PROCESSING OF RAW MATERIALS

Our conveyor belts transport the chalk three kilometres to the plant, ready to be mixed with water in a slurry drum whilst our sand mill grinds the sand. We then combine the chalk and sand to form a kiln slurry and pump it onto the kiln system. This slurry improves the quality and quality control of the raw materials.



GRINDING OF FINISHED CEMENTS

After stockpiling, the cement mill grinds the cement clinker with other additives such as fly ash, gypsum, chalk and calcined clay. This combination creates a fine powder known as cement. We then pump the finished cement into storage silos close to our harbour, ready for packaging and distribution.

KILN PROCESS TO CREATE CEMENT CLINKER

We inject the kiln slurry with fly ash into a dry crusher, which converts the matrial into a raw meal. We then convert the meal via a separating cyclone to cyclone pre-heaters heated at 750°C. From here, it moves to calciners, which heat it to 900°C, then to a 74-metre-long rotary kiln, heated gradually to 1,500°C to form cement clinker. A combination of fossil fuels, such as coal and petroleum coke, and alternative fuels, such as non-recyclable waste and biomass from other industries, powers the kiln system. As the raw material travels through the kiln system, it undergoes a series of chemical reactions, releasing the carbon that binds naturally to the chalk with the burning of fuels, which also releases carbon. One hour later, the clinker cooler cools the cement clinker and transports it to an intermediate storage facility after all chemical reactions are complete.

PACKAGING AND DISTRIBUTION

We market and distribute cement worldwide. We pack some of the finished cement into 25-kilogram sacks or 1,500-kilogram big bags. Our packaging facility is fully automated and fills over 7,000 sacks per hour. The harbour-side silos store the bulk cement, whereafter we ship it to our other facilities and have it driven to customers via truck transport. We have multiple silo facilities at strategic locations in Denmark that serve our customers quickly and eco-efficiently. The Group also have silo facilities in Belgium, France, Iceland, Norway, Poland, the Netherlands, and the United Kingdom, from which we can distribute the cement to our export markets.

ESG strategy and governance

Sustainability and corporate responsibility are integral to the way we conduct business. Cement production is an energy-intensive process, which, in effect, has an evident environmental impact. However, cement is an indispensable material for modern and developing societies. Our ESG strategy focus on mitigating or minimising the negative environmental impacts so that ESG performance and business performance go hand in hand.

IN THIS CHAPTER

ESG Framework

We have used the United Nations Sustainable Development Goals (SDGs) as a framework to categorise our ESG priorities and actions for many years. We have identified 11 of the 17 SDGs where we can make a positive impact for our people, local communities, and the environment. Inspired by the 11 SDGs, we have set up specific ambitions, targets and activities divided into three areas that constitute our ESG strategy.

SDG overview

This page provides an overview of the 11 SDGs we have identified, explaining why they are important to us and how we can make a positive impact.

	IMPORTANCE	WHAT WE DO
 Quality education	Labour markets are under pressure and demand is increasing for skilled and non-skilled personnel within the industry.	We provide education and training for Denmark's industrial work force. We educate apprentices, trainees and interns, recruit graduates and provide training for our experienced personnel. We also work with universities to educate industrial PhDs.
 Gender equality	The cement industry still struggles with an unbalanced distribution of genders in the workplace.	We enact policies and actions to promote diversity and inclusion without discriminating based on gender, ethnicity, age, religion, sexuality, or other factors.
 Clean water and sanitation	Compared to elsewhere, water is generally not an issue in Denmark. But cement production consumes larges volumes of water, which may strain safe water resources.	We reuse water in our production by recycling process water and by capturing rainwater from selected areas.
 Affordable and clean energy	Macro-economic tensions and the need for a dramatic change towards renewable energy sources puts energy prices on a surge.	We exploit our energy-intensive production to recover waste heat from cement kilns and cold water from our chalk lake to deliver sustainable district heating and cooling at a low cost to local communities.
 Decent work and economic growth	Working in the cement industry entails an increased risk of work-related injuries, illness, and even death.	We create fruitful jobs by developing safe working environments, promoting worker's rights, and by seeing the potentials in employment for people in special conditions.
 Industry, innovation and infrastructure	New solutions and infrastructure need to be developed to reach a net zero society.	We invest and engage in mission-driven research and development projects to develop sustainable production practices, products, technology, and infrastructure.
 Sustainable cities and infrastructure	With a history spanning more than 130 years, we are an integral part of Denmark, especially in North Jutland.	We stay in close contact with our neighbors and other stakeholders to promote local and sustainable solutions, support cultural organisations, and to give back to society.
 Responsible consumption and production	Increased consumption puts a strain on natural resources, climate and the environment.	We utilize by-products and waste materials from other industries as substitutes for natural raw materials and fossil fuels in our production. We handle and recycle waste in a responsible manner.
 Climate action	Cement production accounts for approximately 7% of global greenhouse gas (GHG) emissions.	We invest in the development of low carbon products, alternative fuels, and carbon capture to reduce our direct emissions by 73% by 2030 and reach net zero by 2050.
 Life on land	Cement production entails extraction of raw materials and production on large areas of land.	We rehabilitate the lands on which we operate to provide recreational areas for the public with sustainable ecosystems and biodiversity.
 Partnerships for goals	Achieving the SDGs requires strong collaborations and partnerships between industry, academia, public institutions, and government.	We run and participate in innovative projects and partnerships to develop new solutions and technology that can contribute to sustainable development of cement and society.

Governance model

As a local business unit in a global group, we rely on clear governance and strong alignment with the Group sustainability strategy to realise our ESG ambitions and commitments.

Our **Board of Directors** is responsible for establishing strategic direction for our business. Together with the Executive Board, it shapes the overall ESG ambitions and commitments in alignment with the business strategy.

A **Group Sustainability Committee** is formed by the Group Board of Directors to ensure that our ESG ambitions, priorities and progress are properly linked to the Group's sustainability strategy and related policies.

Our **Executive Board** drives ESG strategy updates and implementation in alignment with the Board of Directors.

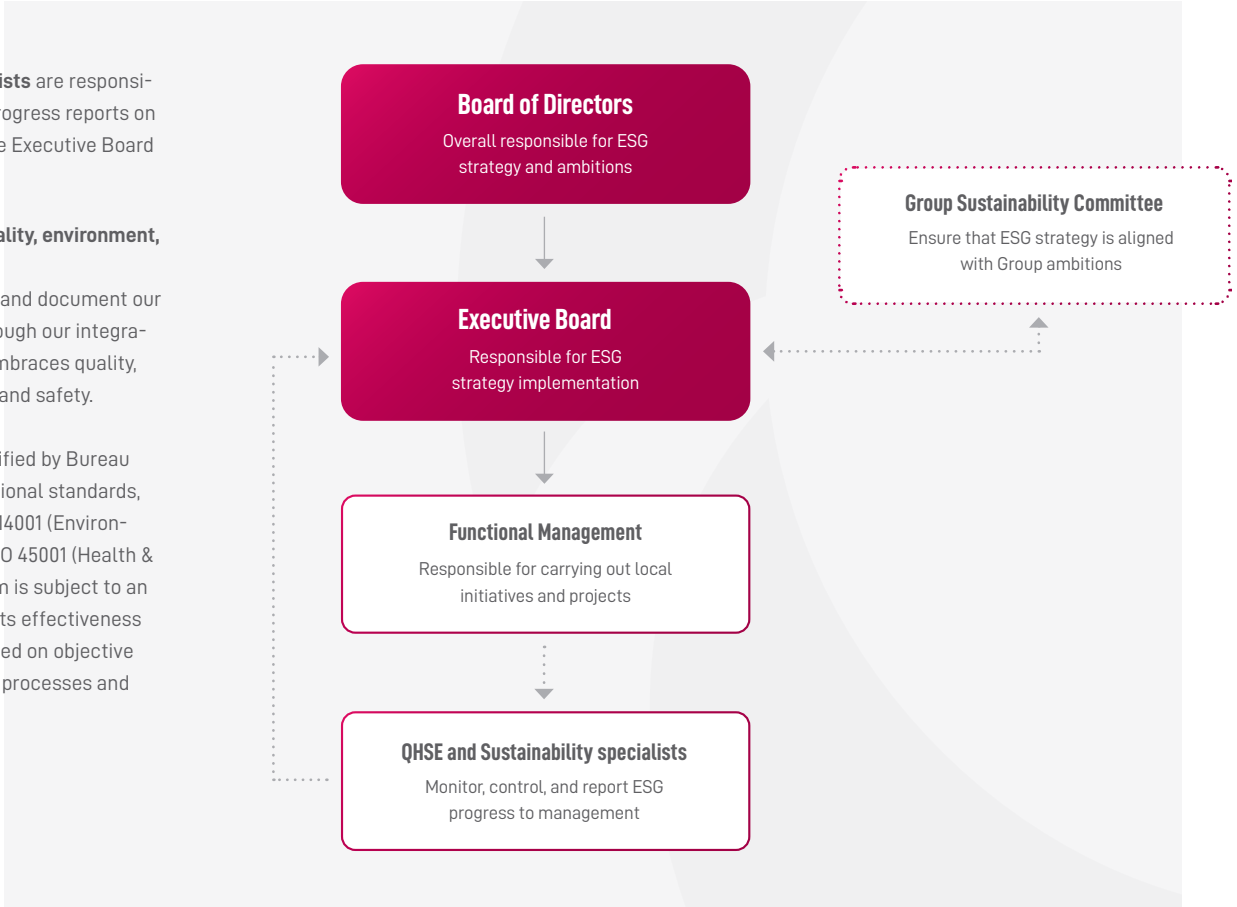
Functional Management has the local responsibilities for implementing the ESG strategy. Quality, Health & Safety, and Environment (QHSE) and sustainability specialists support the strategy, ensuring each function focuses on relevant sustainability projects and that actions are anchored in the business.

QHSE and Sustainability specialists are responsible for regular monitoring and progress reports on our ESG priorities and KPIs to the Executive Board and relevant Group entities.

Our management system for quality, environment, energy, and health & safety

In Aalborg Portland, we manage and document our core sustainability activities through our integrated management system that embraces quality, environment, energy and health and safety.

The management system is certified by Bureau Veritas and conforms to international standards, including ISO 9001 (Quality), ISO 14001 (Environment), ISO 50001 (Energy), and ISO 45001 (Health & Safety). The management system is subject to an annual external audit to assess its effectiveness and compliance. The audit is based on objective testimony by review of business processes and analysis of data.



RISK ASSESSMENT AND POLICIES

Part of our sustainability governance is to adopt and enfore the necessary policies to address the principal risks associated with our business activities. The main risks and associated policies are highlighted below which have also informed our decisions on materiality for our ESG strategy and reporting.

	THEMES	RISK ASSESSMENT	RELEVANT POLICY	KEY POLICY POINTS
ENVIRONMENTAL	**Climate change**	Cement production accounts for around 7% of global GHG emissions, making a significant contribution to global warming. Reducing our emissions is fundamental to reducing our impact on the environment and mitigating carbon pricing schemes' financial and business risks.	• CSR Policy • Environment and Energy Policy	We take responsibility for reducing our emissions and those taking place in our value chain. We are obligated to reducing our environmental footprint and developing new technologies and solutions that help decarbonise society. Our certified management system complies with external standards, including ISO 14001.
	Natural resources and energy	Many of the raw materials and fuels used in our production involve significant environmental impacts, namely fossil fuels like coal, petroleum coke and oil, which also have a high impact on the climate.	• CSR Policy • Environment and Energy Policy	We promote sustainable development by using alternative raw materials and alternative fuels. We develop products that consume fewer natural resources and energy. Our certified management system complies with external standards, including ISO 50001.
	Water	Compared to elsewhere, water is generally not an issue in Denmark. But our water consumption is considerable, as water is used in our manufacturing processes and for cooling our production plant.	• CSR Policy • Water Policy	Water consumption must be monitored, controlled, managed and reduced by recycling, reusing and minimising wastewater discharge and freshwater withdrawal.
	Waste handling	We handle large volumes of waste, including hazardous substances and chemicals. This waste poses a risk to our employees and other stakeholders regarding contamination and environmental and safety accidents.	• CSR Policy	Our certified management system complies with external standards, including ISO 14001. We handle all waste in a responsible and environmentally correct manner. We sort all waste close to the source and deposit it in designated containers.
	Land use and biodiversity	Our operations involve extraction of raw materials and production on large land areas. We own 1,200 hectares of land close to the city of Aalborg and have many and close interactions with neighbours and local communities.	• CSR Policy • Biodiversity and Rehabilitation Guideline	Our fundamental principles are to respect, protect, and preserve the land on which we operate, including its rich ecosystems and biodiversity. We have a Quarry Rehabilitation Plan in place, ensuring that we rehabilitate the land used for operations in an effective and responsible manner.

	THEMES	RISK ASSESSMENT	RELEVANT POLICY	KEY POLICY POINTS
SOCIAL	**Health and safety**	As we operate in an energy-intensive industry, there is an increased risk of work-related injuries, illness, and even death. Many of our processes are not of high risk, but accidents may occur.	• CSR Policy • Occupational Health & Safety Policy • Working Environment Policy	We provide a safe and healthy working environment, preventing accidents and implementing systems to detect, avoid and respond to potential risks. All activities shall comply with legal requirements and internal standards.
	Diversity and inclusion	We are the only cement manufacturer in Denmark, working in a historically male-dominated industry. Therefore, we risk losing valuable people and talent in a pressured labour market if we do not create an inclusive working environment with zero-tolerance on discriminations.	• CSR Policy • Diversity, Equity and Inclusion Policy • Gender Diversity in Management Policy • Working Environment Policy	We do not accept discriminating based on race, national or social origin, religion, disabilities, age, gender, sexual orientation, union membership, political opinions or other factors. We establish systems to avoid, report and manage discriminating actions. Likewise, we set targets for gender diversity in management and work to give all employees the same opportunities to pursue a management career regardless of gender.
	Human rights	In Denmark, human rights are generally protected by law and the risk of violations is therefore considered to be low. However, the Group has an international presence, including in countries characterised as high-risk countries. It is likely that risks may occur in connection with our value chain.	• CSR Policy • Human Rights Policy	We protect human rights and treat our employees with dignity and respect. We support the protection of internationally proclaimed human rights as set out in the UN Universal Declaration of Human Rights, the European Convention on Human Rights and in the fundamental conventions of the International Labour Organization (ILO). We apply the same demands to business partners and suppliers as we do to ourselves.
GOVERNANCE	**General business ethics**	We are founded on strong values and the Code of Ethics to ensure all activities are conducted in a framework of integrity, correctness and compliance. The Code applies to everyone in the Group, but as we are an international company operating across countries and cultures, there is a risk that not everyone adheres to our guidelines.	• CSR Policy • Code of Ethics • Approval Policy • Supplier Code of Conduct • Data Ethics policy • Anti-bribery Policy	We have enacted various codes and policies to guide our employees and business partners to comply with good business conduct and legal requirements. We ensure that anyone can safely report any violation through a whistleblower system and other channels, making fair sanctions, and periodically controlling compliance of our codes and policies.

Roadmap to deliver net zero by 2050

The Global Cement and Concrete Association (GCCA) have put forward an ambitious yet realistic plan for the global cement industry to achieve net zero by 2050 and thereby help limit global warming to 1.5°C per the Paris Agreement. At Aalborg Portland, we support this ambition and commit to a long-term plan to reach carbon neutrality by 2050 at the latest.

2030 PLAN TO REDUCE SCOPE 1 EMISSIONS BY 73%

The first big milestone on our net zero path is to reduce our Scope 1 emissions to a maximum of 600,000 tonnes by 2030. This reduction entails delivering a 73% reduction of Scope 1 emissions compared to 2021 levels. Our plan ensures that cement produced in Denmark will be amongst the world's most sustainable by 2030, emitting around 300 kg of CO_2 per tonne on average.

In our pursuit, we will adopt all necessary measures and the most innovative technological solutions available to minimise the impact of our business on the environment. These measures are categorised in three interlinked tracks: alternative fuels, new products and carbon capture and storage.

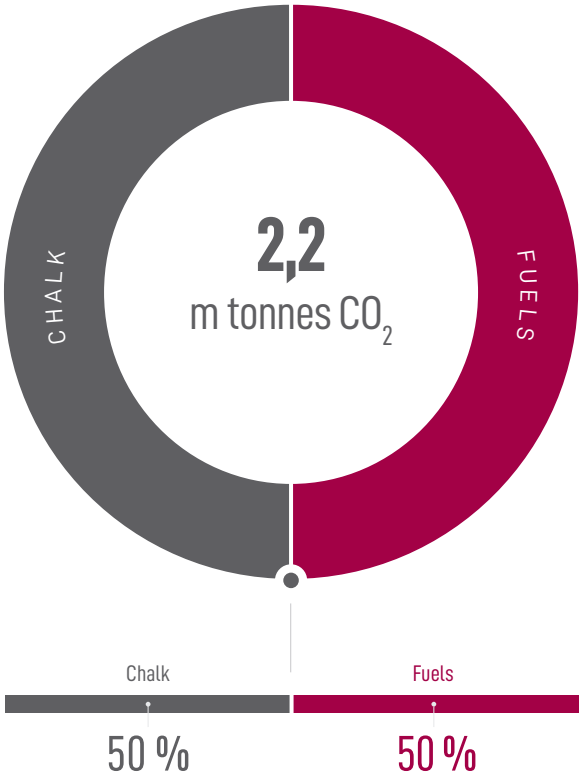
VALIDATED BY THE SCIENCE BASED TARGETS INITIATIVE (SBTI)

In 2021, the Science Based Target initiative (SBTi) validated Cementir Group's emission reduction objectives in line with the trajectory of the Paris Climate Agreement to stay "well below 2°C". Our ambition in Aalborg Portland is to spearhead the green transition across the entire Group.

SCIENCE BASED TARGETS

This is how we plan to reduce Scope 1 emissions
from 2,2 million to 600,000 tonnes

2021

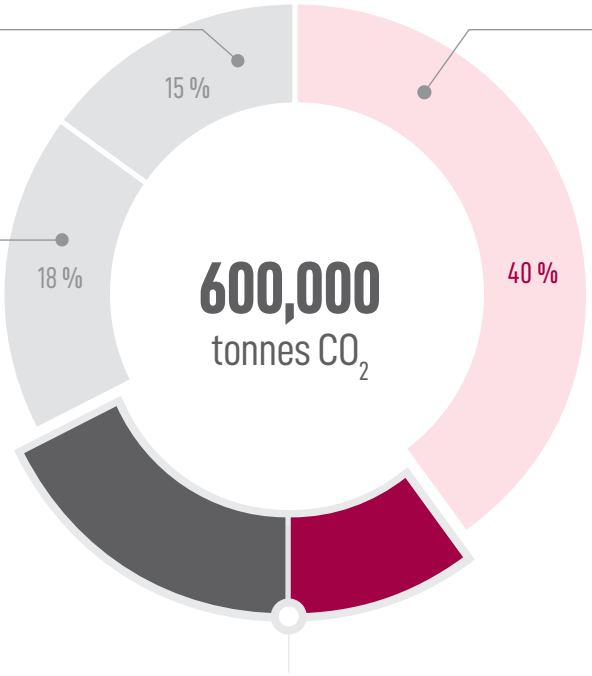


Two primary sources of CO_2 emissions in the production of cement.

2030

NEW PRODUCTS
Contribute with 15 % reductions

CARBON CAPTURE
Contribute with minimum 400,000 tonnes (18 %)

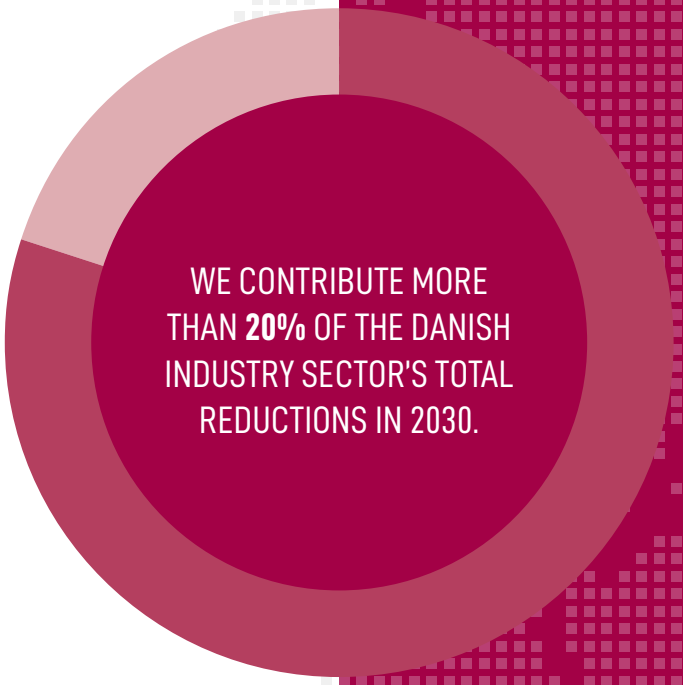


ALTERNATIVE FUELS
Contribute with 40 % reductions

THE REMAINING 600,000 TONNES OF CO_2
will be removed towards 2050

Contribution to the Danish climate targets

In 2020, the Danish Parliament passed the Danish Climate Act. The goal is to achieve 70% reduction of GHG emissions by 2030 and climate neutrality by 2050. With our new targets for 2030, Aalborg Portland will contribute substantially to the national goals by delivering the single-largest CO_2 reduction in Danish history.



Following the Danish Climate Act, a vast majority of the Danish parliament agreed on a green tax reform in June 2022. The Danish industry sector shall deliver 4.3m tonnes of CO_2 reductions by 2030. With our new carbon reduction strategy, we aim to contribute more than 20% of the industry's total reductions.

We fully support the Danish carbon reduction targets. Our CO_2 reduction strategy is a clear testament to that. We are proud to say that we will be the single-largest contributor to the Danish reduction targets in 2030.


"We are proud to say that we will be the single-largest contributor to the Danish reduction targets in 2030."
aalborgportland
DEWALT

Environment

Cement production is an energy-intensive process with an obvious environmental impact, mainly in terms of the usage of natural resources and carbon emissions to the air.

Likewise, cement production occupies large land areas for quarrying and production. We can successfully mitigate or handle these impacts with the right actions.

IN THIS CHAPTER

Greenhouse Gas Emissions

Reduction of greenhouse gas emissions is by far the greatest and most urgent challenge of this decade. Cement shares the same inherent CO_2 challenges no matter where it is produced.

There are two primary CO_2 sources from cement production: heating of raw materials to 1,500°C through the burning of fuels and the release of CO_2 naturally bound in chalk as it is heated. These two sources alone constitute more than 99% of our Scope 1 emissions. Therefore, our CO_2 reduction strategy centres around reducing our direct air emissions from the chimneys. By reducing our Scope 1 emissions by 73% by 2030 compared to 2021, we ensure cement produced in Denmark will be amongst the world's most sustainable by 2030, emitting around 300 kg of CO_2 per tonnes on average. This reduction will significantly contribute to UN Sustainable Development Goal 13, "Climate Action".

SCOPE 1	SCOPE 2	SCOPE 3
1,981,749	**45,941**	**886,741**
TONNES	**TONNES**	**TONNES**

DIRECT GHG EMISSIONS (SCOPE 1)

In 2022, our Scope 1 emissions were 1,981,749 tonnes, representing a 11,9% decline compared to 2021. This emission reduction is an important step in our reduction strategy.

To reduce our Scope 1 emissions further, we work in three tracks: increase the share of alternative fuels, develop and market new low-carbon products and install a large-scale carbon capture facility.

Scope 1 GHG emissions

TONNES

2020		2,341,964
2021		2,250,631
2022		**1,981,749**

Scope 1 GHG emissions intensity

KG PER TCE

2020		958
2021		923
2022		**868**

SUMMARY

What we did in 2022

- Reduced Scope 1 GHG emissions by 11,9% compared to 2021
- Successfully tested new types of sustainable biomass fuels
- Continued work on critical infrastructure that will connect our plant to the gas distribution grid
- Inaugurated a new pilot facility for carbon capture

Planned for 2023

- Secure long contracts on new streams of alternative fuels
- Continue work to set up two wind turbines to deliver sustainable electricity to our plant
- Intensify reseach and development within CCUS

Relevant SDGs

Alternative fuels will deliver 40% of our CO_2 reductions

The most significant initiative to reducing our Scope 1 emissions is to increase the share of alternative fuels when heating our cement kilns, instead of burning with traditional fossil fuels such as coal and petroleum coke. By 2030, we aim to replace coal and petroleum coke with alternative sources, delivering CO_2 reductions of approximately 900,000 tonnes annually.

In 2022, we managed to increase the amount of thermal energy from alternative fuels from 28.0% to 30.2% in line with our ambitions for the year.

In the coming years, we will focus on increasing the share of non-recyclable wastes and sustainable biomass in our fuel portfolio. This share will include refuse-derived fuels (RDFs) and various biogenic byproduct streams e.g., meat and bone meal, sawdust and wood chips. Likewise, we will introduce natural gas, which emits 40% less CO_2 compared to coal and petroleum coke. Later, we will convert natural gas to biogas, which is carbon neutral. We have entered into an agreement with the Danish gas distribution company, Evida, to connect Aalborg Portland to the gas distribution grid.

Traditional fossil fuels	% OF THERMAL ENERGY
2020	72.2 %
2021	72.0 %
2022	**68.8 %**

Alternative fuels	% OF THERMAL ENERGY
2020	27.8 %
2021	28.0 %
2022	**30.2 %**

Pilot facility for carbon capture

Waste-to-energy in cement is key to circularity

As an energy-intensive industrial company, we can play a critical role in society's circular economy by co-processing non-recyclable waste and biomass. By utilising these materials to fuel our cement production, we recover energy from materials that would otherwise be landfilled or incinerated, which is worse for the environment. In 2022, we reused more than 200,000 tonnes of non-recyclable waste and biomass.
When we burn processed waste, we also emit carbon, just like burning waste at an incineration plant. However, incineration plants burn waste to produce electricity, causing residues that society must deal with. In our cement kilns, we burn waste that produces heat for calcination. The remaining residue becomes part of the end-product. Likewise, we can capture the fossil fractions of CO_2 from burning the waste, storing it safely underground utilising carbon capture and storage. The biogenic fractions of CO_2 (e.g. from waste biomass) can be used to produce green methanol, and waste heat from the carbon capture facility can deliver district heating to local communities, just as we do with waste heat from our cement kilns today.

Not only does co-processing lead to significant CO_2 reductions from our cement production, but it also allows for a truly circular economy, where we recycle waste to reduce society's dependency on imported fossil energy, safely dispose of residues and deliver sustainable energy to heat local communities.

Developing future cement in Aalborg

The second initiative to reduce our Scope 1 emissions is to reduce our cement's clinker content, which requires extensive research and development (see more in the section "product innovation" on page 29). In 2022, we went to market with two new low-carbon products, and more will follow in the years to come.

By 2030, we expect that low-carbon cement developed in Aalborg will deliver carbon reductions of more than 300,000 tonnes per year, equivalent to 15% of our emissions in 2021.

We will capture at least 400,000 tonnes of CO_2 per year

Chalk releases naturally bound carbon when it is calcined to produce cement clinker, and we cannot produce cement without chalk.

Therefore, carbon capture is inevitable to achieve sustainable cement production. Our ambition is to establish a large-scale carbon capture facility in our plant, capturing at least 400,000 tonnes of CO_2 per year by 2030, equivalent to 18% of our emissions in 2021. The potential for carbon capture at Aalborg Portland is much higher than 400,000 tonnes and will play a critical role in reaching carbon neutrality by 2050 at the latest.

We already capture CO_2 from our production

On 5 December 2022, we inaugurated the first carbon capture pilot facility in our plant. The pilot has been set up in collaboration with the Technical University of Denmark and with funding from Innovation Fund Denmark.

Large-scale carbon capture is still a very expensive technology. Society needs to develop new infrastructure between the CO_2 source and point of use or storage to unlock its full potential. Therefore, we engage in various research projects to learn about the new technology, benefitting Aalborg Portland, the cement industry and society in the future.

INDIRECT GHG EMISSIONS (SCOPE 2)

Our Scope 2 emissions were 45,941 tonnes in 2022, primarily driven by the purchase of electricity to run our cement kilns and mills and to cover the plant's base power load. Scope 2 emissions are not directly linked to cement production, as it reflects electricity needed to run the entire plant while also taking into account the renewable mix of the national power grid. Our main focus is on energy efficiency in existing production units which has led to new ideas and the launch of new energy saving projects.

Scope 2 GHG emissions

TONNES

2020	42,230
2021	47,320
2022	**45,941**

Own production of renewable energy

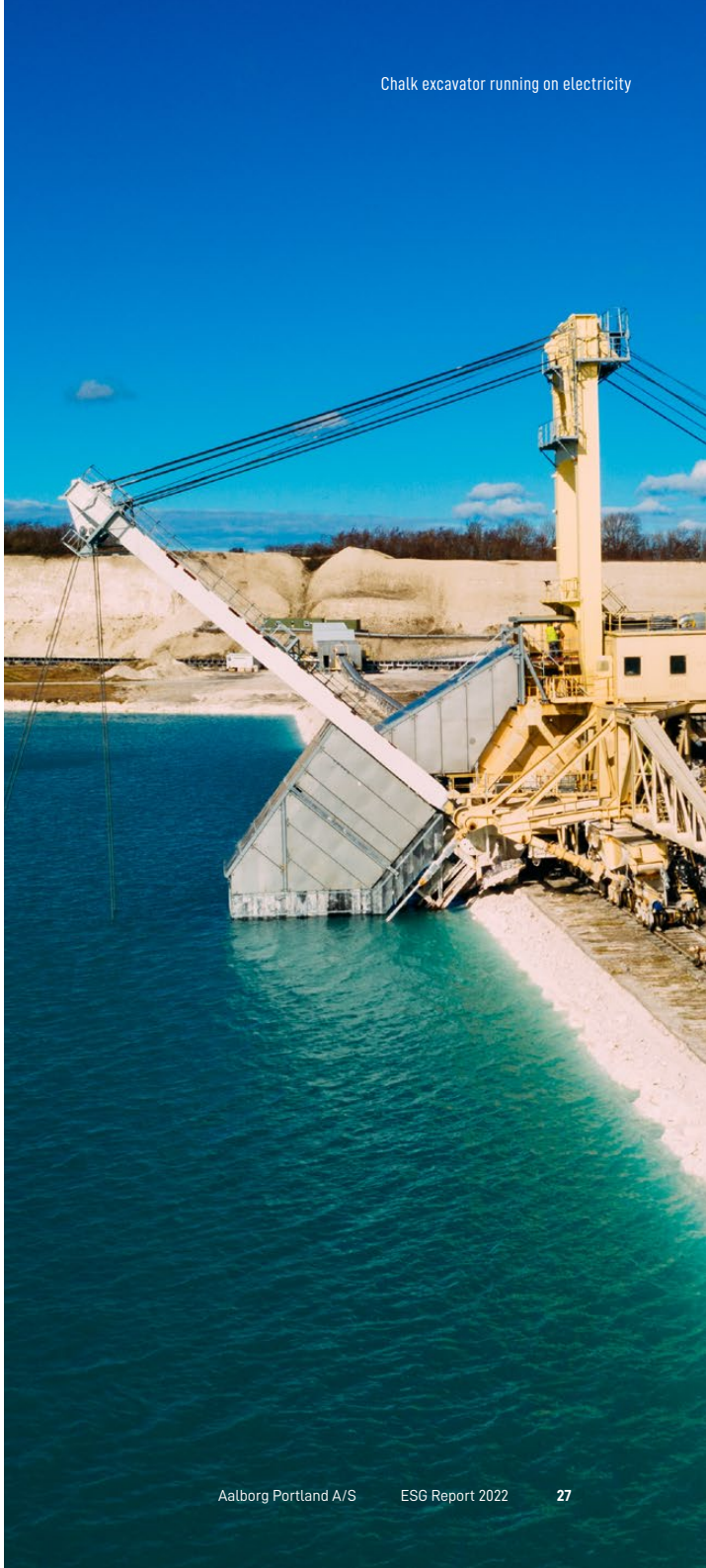
In 2022, we consumed 330,253 megawatt-hours of electricity, making us one of the biggest power consumers in Denmark. The fact that we own more than 1,000 hectares of land surrounding our plant supports on-site power generation from renewables like wind and solar.

To support this transition, we work on setting up at least two wind turbines on our premises. These wind turbines will enable us to produce around 8% of our current electricity demand. The project is in collaboration with Eurowind Energy A/S. For more information, please see www.energiparkaalborg.dk.

Electricity consumption

MWH

2020	337,194
2021	347,943
2022	**330,253**



Chalk excavator running on electricity

INDIRECT GHG EMISSIONS (SCOPE 3)

Our Scope 3 emissions were 886,741 tonnes in 2022, representing indirect emissions occurring in our value chain, such as generation and transportation of raw materails and fuels, and distribution of finished products to our customers. Scope 3 emissions are therefore not directly linked to cement production. To reach carbon neutrality in our supply chain, we need to include CO_2 emissions in all sourcing decisions and promote zero-emission transportation solutions within our supply network.

In 2022, the distribution of cement from Aalborg Portland included handling and transporting nearly 2.5m tonnes of product to the domestic and export markets. Our distribution of cement to export markets is limited to ship transport to terminals abroad. In contrast, we transport cement sold in Denmark via the sea and roads to Danish terminals. Distribution by ship mitigates road traffic, whilst ships have the advantage of being a more sustainable mode of transport due to the economics of scale. In 2022, 38% of our cement was distributed by road, 24% by ship, and 38% by a combination of road and ship.

Scope 3 GHG emissions

TONNES

2020	No data
2021	646,394
2022	886,741

Working with carriers to decarbonise transportation

For distribution by ship, our main short-term initiative is to work with freighters that can deliver our products using newer vessels, thereby reducing fuel consumption per tonne carried. Long-term, we believe the industry will shift towards new and more climate-friendly fuels. For distribution by road, our focus is to work with our carriers to find the right balance between fleets running on electricity for short-distance transportation and green carbonaceous fuels.

Carbon capture in decarbonizing heavy transport

We can produce carbonaceous fuels such as menthol by converting green hydrogen and carbon. However, we expect biogenic and sustainable carbon to become a limited resource in the future. Hence, we can play a vital role in decarbonising the shipping industry by capturing and utilising the biogenic fractions of CO_2 in our flue gasses.

OTHER AIR EMISSIONS

Other air emissions from cement production are mainly SO_2 and NOx emissions, which stood at 786 tonnes and 2,706 tonnes in 2022, respectively. SO_2 is removed from flue gasses in white cement kilns using installed scrubbers, whereas the preheater tower on the grey cement kiln acts as a scrubber. NOx is removed by staged combustion in the white kilns, whereas a method of selective none catalytic reaction (SNCR), which involves the injection of ammonia into the flue gasses, removes NOx in the grey kiln.

Other air emissions		**2022**	2021	2020
SO_2 emissions	TONNES	**786**	1,174	1,239
NOx emissions	TONNES	**2,706**	2,671	2,822
SO_2 emissions intensity	KG PER TCE	**0.34**	0.48	0.51
NOx emissions intensity	KG PER TCE	**1.18**	1.09	1.15

Product innovation

Aalborg Portland is involved in research and development of various types of cement and concrete for the future. Product innovation also constitutes the third track in our CO_2 reduction strategy, as we aim to lower our cement clinker content significantly towards 2030. New products can reduce our Scope 1 emissions by more than 300,000 tonnes (15%) compared to 2021. In this way, we contribute to UN Global Goal 9, which encourages the building of robust infrastructure, promotes inclusive and sustainable industrialisation and supports innovation.

All our products have Environmental Product Declarations

An Environmental Product Declaration (EPD) is an independently verified report on a product's environmental impact throughout its life cycle. We calculate our products' impact via a Lifecycle Assessment (LCA) following the cement from "cradle-to-gate". This term refers to the moment we extract the raw materials, transport them to the plant and ultimately manufacture them into finished products delivered at our gates. All our products have an individual EPD serving as an objective, transparent and comparable environmental label to our customers.

Our EPDs are subject to external verification and publication on relevant online platforms. All our EPDs can be found on our website www.aalborgportland.dk.

FUTURECEM® sales growth

In 2021, we launched FUTURECEM®, which has a lower CO_2 footprint of up to 30% compared to traditional grey cements like RAPID®. In 2021, our focus was converting our Zealand customers. In 2022, we focused on consolidating and growing FUTURECEM® for all the Danish customers within our largest segment (ready-mixed concrete). In this segment, we obtained a conversion rate from RAPID® to FUTURECEM® of around 20% of the total market. This figure is a great milestone in our 2030 roadmap, which has only been possible due to strong partnerships and collaborations with our customers.

We know that new solutions require new ways of working for ourselves, our customers and across the entire value chain. Therefore, we will continue working closely with our partners as we are fully aware that our transition is also our customers' transition.

FUTURECEM® IN THE YEARS TO COME

One of the key initiatives in 2023 is enhancing value chain collaboration to increase FUTURECEM® adoption on the market. Our ambition is for FUTURECEM® and its future evolutions to be the main grey cement on the market in 2030.

In the construction sector, we have a joint task to promote low-carbon cement like FUTURECEM®, as decarbonising cement and concrete is by far the most effective way to reduce the construction sector's CO_2 emissions.

SUMMARY

What we did in 2022

- Grew FUTURECEM® sales
- Introduced two new low-carbon products on the market
- Updated two Environmental Product Declarations (EPD) with lower carbon footprints

Planned for 2023

- Continue R&D on new products in the pipeline
- Prepare market launch of new Aalborg WHITE®
- Continue to roll out existing low carbon cement like FUTURECEM®

Relevant SDGs

Two successful product launches

In 2022, we went to market with two new low-carbon products: Aalborg SOLID and a new Aalborg WHITE® variant. We target Aalborg SOLID at large infrastructure projects. It has a lower carbon footprint of up to 20% compared to its Low-Alkali Sulphate-Resistant Cement predecessor (from 925 kg to 737 kg per tonnes of cement). The new cement is approved for use in more "aggressive" environments, where concrete structures can be exposed to high levels of moisture, salt, and other chemical influences. In collaboration with our customers, we made a full switch between Aalborg SOLID and its predecessor in November 2022, enabling further decarbonisation of large infrastructure projects in the future.

Our second product launch in 2022 was a new variant of Aalborg WHITE®. This new product variant will bear the same name as its predecessor but will carry a carbon footprint which is 5% lower (from 1,110 kg to 1,040 kg per tonnes of cement). We introduced the new cement in July 2022 as a result of many years of research and development which will also lead to yet another white cement type in 2024. The new cement will gradually replace the existing Aalborg WHITE® with a CO_2 reduction of around 14% (from 1,040 kg to around 900 kg per tonnes of cement). When the new cement is fully introduced to the market, we have reduced the CO_2 emissions from our white product portfolio by around 20% in only a few years.

New EPDs show significant CO_2 reductions

In 2022, we updated the EPDs of two products – RAPID® and BASIS® – as the existing EPDs expired during the year. As a result, the CO_2 footprint of RAPID® has been lowered by 7%, whilst BASIS® has been lowered by 2% due to technical improvements in the production processes.

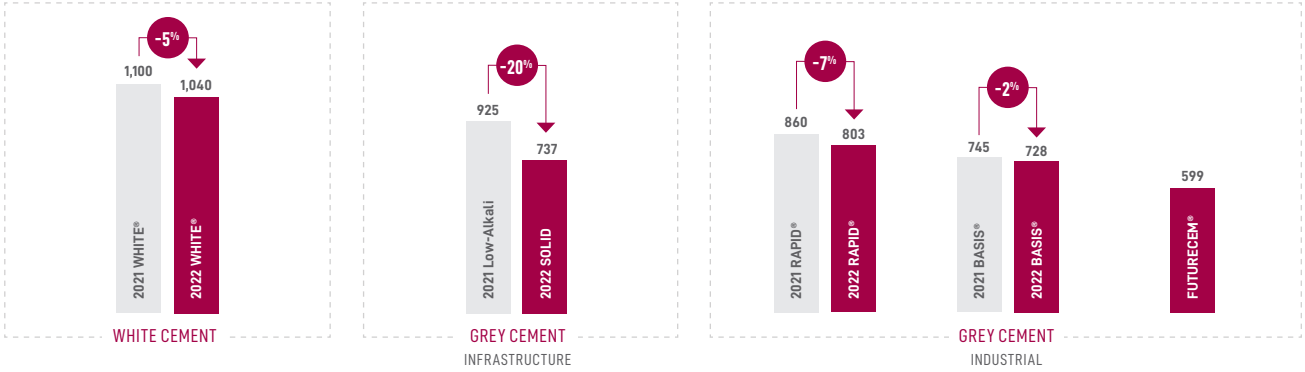
Danish cement is of the highest quality, performance, and safety

All our types of cement are of the highest quality, carrying CE approvals and conforming to national and European standards and product certification schemes. Bureau Veritas, which has certified all Aalborg Portland's products, monitors cement performance. Product properties are continuously tested by independent external laboratories in Denmark and internationally.

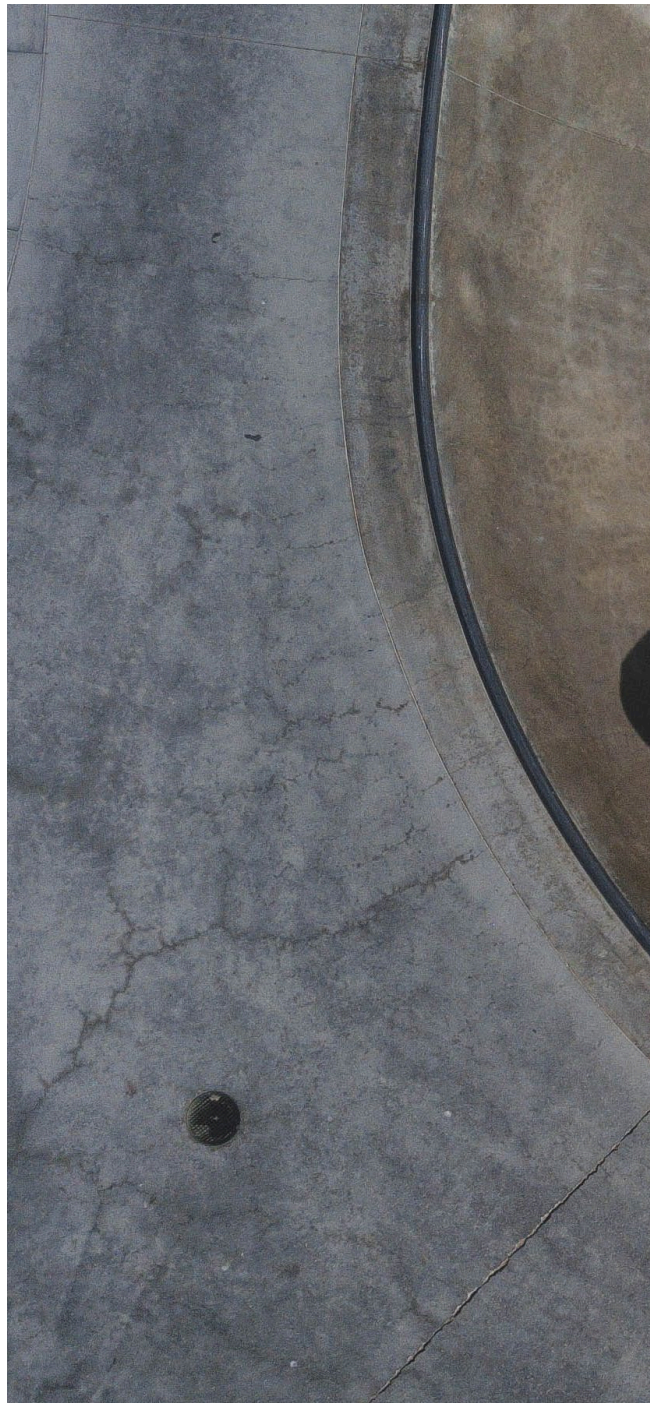
Declarations of Performance (DoP) accompany all our cements following the requirements in The Construction Products Regulation (CPR). The DoP ensures that professionals, public authorities and consumers can compare the performance of cement from different manufacturers in different countries.

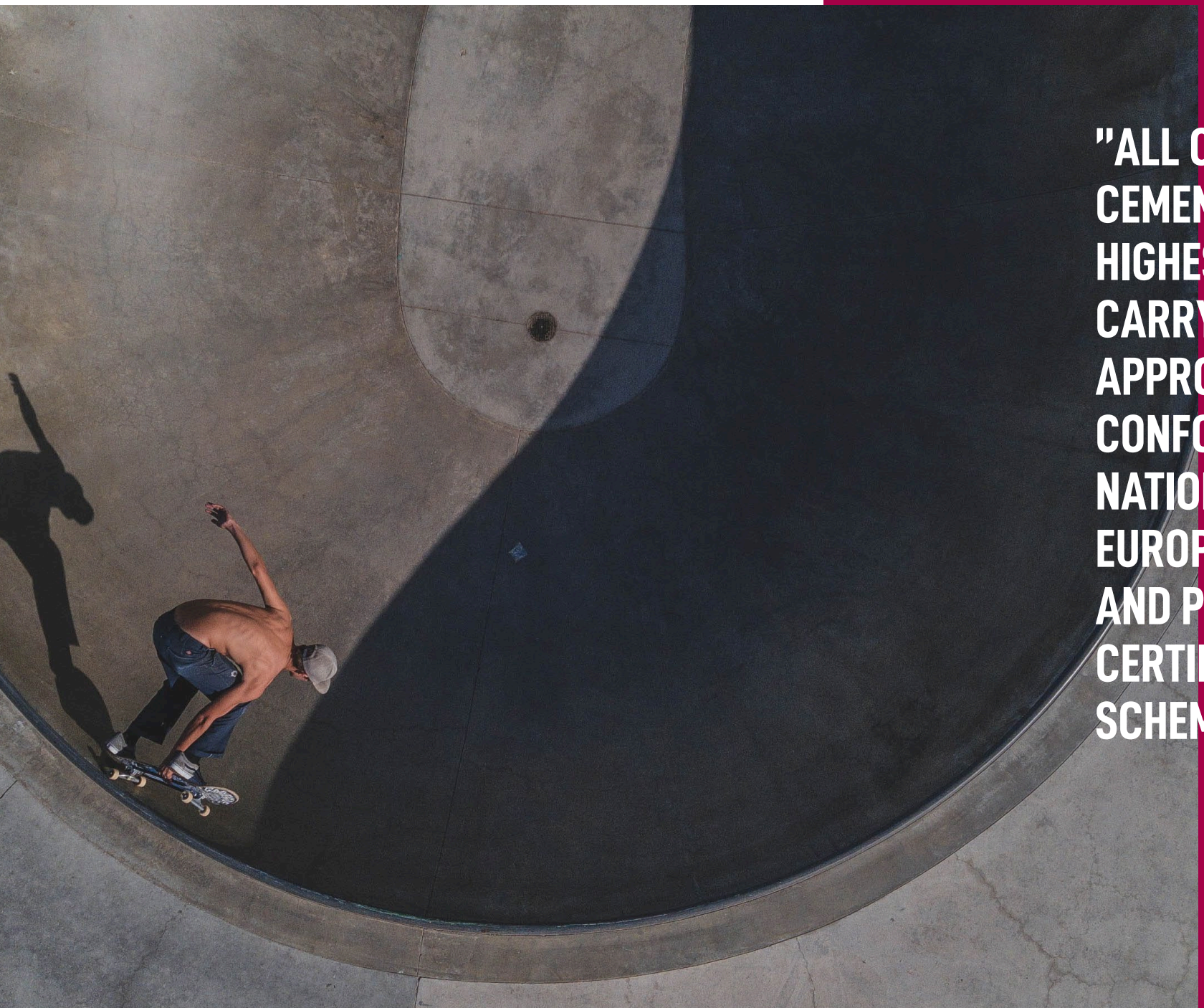
Safety Data Sheets also accompany all our cement products, which form the basis for customers' assessment of chemical risks associated with the use of our products. The SDS are prepared in accordance with the EU Classification, Labelling and Packaging regulation (CLP).

Global Warming Potential (A1-A3)* per tonnes of cement



* Global Warming Potential A1-A3 refers to the product specific emissions throughout the product life cycle, following the cement from "cradle-to-gate", as declared on EPDs.





"ALL OUR TYPES OF CEMENT ARE OF THE HIGHEST QUALITY, CARRYING CE APPROVALS AND CONFORMING TO NATIONAL AND EUROPEAN STANDARDS AND PRODUCT CERTIFICATION SCHEMES."

Resource efficiency and circularity

Aalborg Portland is more than just cement production. Our plant is part of several beneficial symbioses with the local communities, making a significant contribution to society's energy and resource efficiency.

NORTH JUTLAND POWER STATION

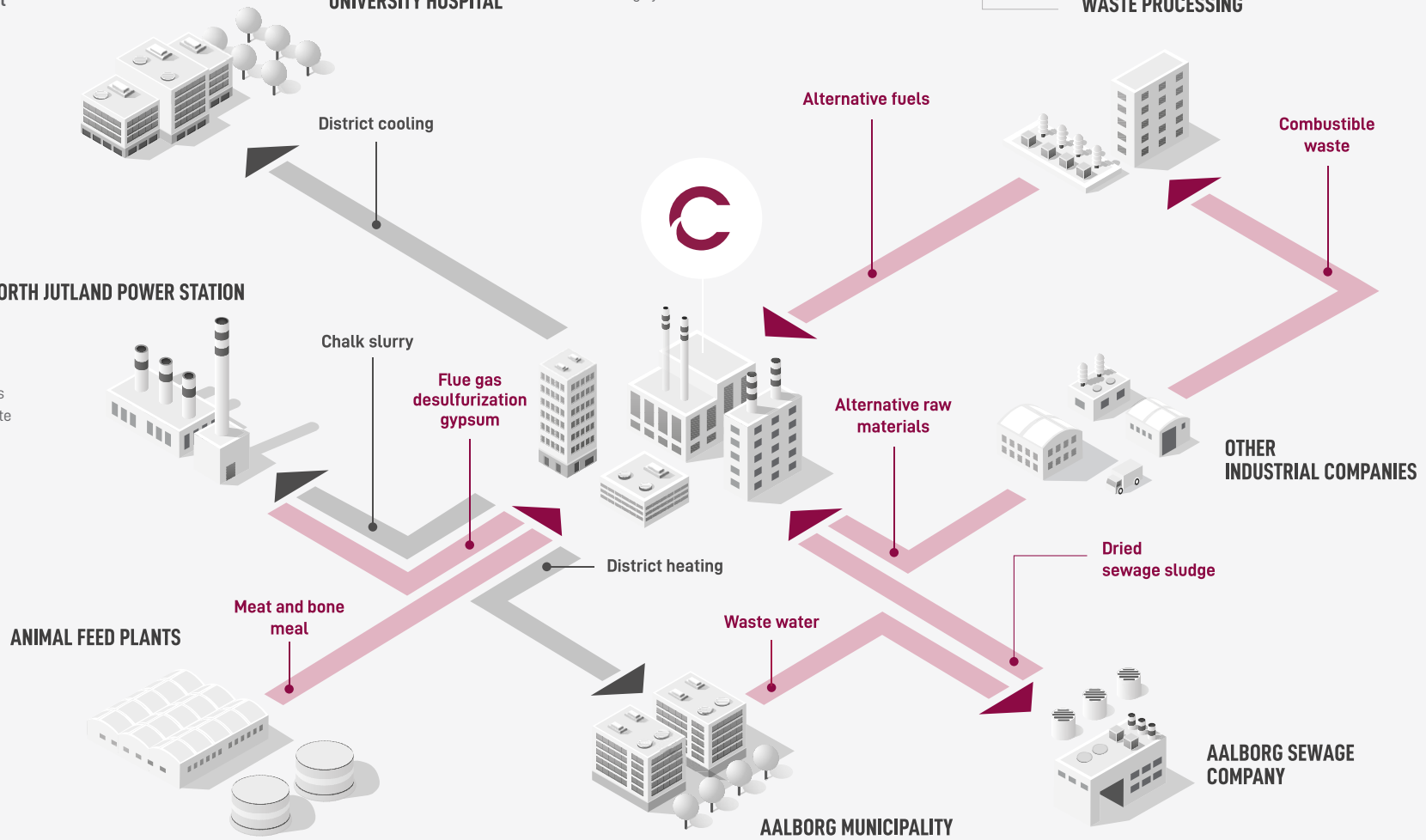
North Jutland Power Station uses our chalk slurry to clean the plant's smoke. This creates FGD gypsum, which we take back to substitute natural gypsum.

AALBORG UNIVERSITY HOSPITAL

District cooling from our chalk lake to Aalborg University Hospital will generate electricity savings of up to **80%** compared to traditional cooling systems.

WASTE PROCESSING

We recycle more than **200,000 tonnes** of non-recycable waste and biomass to substitute fossil fuels.



By using surplus heat from cement kilns, we deliver district heating to up to **30,000** households in Aalborg per year.

District heating to more than 20,000 households

For many years, we have had a circular collaboration with the municipally owned utility company, Aalborg Forsyning, utilising surplus heat from our cement production to supply the city with district heating. In 2022, our surplus heat generated district heating for more than 20,000 households in Aalborg Municipality (1,306,971 GJ). Our heating supply saves Aalborg Forsyning up to 150,000 tonnes of CO_2 annually, representing a large and necessary contribution to Aalborg's climate ambition of becoming a fossil-free city by 2050.

Our current capacity supports a potential supply increase to around 50,000 households, which can further increase towards 2030 by utilising waste heat from a future large-scale carbon capture facility. In this way, we can make a real impact on UN Sustainable Development Goal 7 "Affordable and Clean Energy", whilst still focusing on our core competence of making cement.

Energy recovered for district heating

GJ

2020	1,783,911
2021	1,688,601
2022	**1,306,971**

District cooling for Aalborg University Hospital

In 2018, we entered a visionary collaboration with Aalborg Forsyning and the Region of Northern Jutland to utilise cold water from our chalk lake and provide sustainable district cooling to the new Aalborg University Hospital. The chalk lake has a stable temperature between 5 and 14°C throughout the year, which translates to very high district cooling system efficiencies.

We placed the first pipes in 2021, and we are now ready to supply sustainable cooling to the hospital when it is ready for commissioning. The new facility will save the hospital around 80% in electricity consumption compared to traditional cooling systems, corresponding to around 700 tonnes of CO_2 per year. This cooling project also has important perspectives for other buildings in Aalborg Municipality, acting as a showcase.

Responsible consumption of raw materials and fuels

For many years, we have utilised non-recyclable waste and biomass from other industries as alternative raw materials and fuels. An integral part of our strategy is to increase the utilisation of materials that would otherwise be used for landfill or incineration. By promoting responsible consumption in our production processes, we can impact UN Sustainable Development Goal 12.

In 2022, we utilised more than 200,000 tonnes of non-recyclable waste and biomass as alternative fuels to substitute fossil fuels like coal and petroleum coke, as well around 450,000 tonnes of alternative raw materials instead of extracting new raw materials for our cement production.

Raw material consumption

TONNES

2020	5,032,703
2021	4,931,067
2022	**4,541,113**

SUMMARY

What we did in 2022

- Increased the recycling rate of all our raw materials to 10%
- Increased to recycling rate of all our waste generation to 95%

Planned for 2023

- Continue all symbiosis collaborations, with a special focus on recycling and sustainable energy

Relevant SDGs

ALTERNATIVE RAW MATERIALS

FLY ASH
Byproduct from coal-fired power stations.

SAND FROM HALS BARRE
Which is dredged to keep the Limfjord navigable.

IRON OXIDE
Byproduct of the manufacture of sulphuric acid.

OXITON
Byproduct from aluminium oxide filtration.

SEA SHELLS
Byproduct from food processing.

FGD GYPSUM
Byproduct from desulphurisation of flue gasses from the North Jutland power station.

ALTERNATIVE FUELS

REFUSE-DERIVED FUEL
Produced from various types of waste such as municipal solid waste, industrial waste and commercial waste.

RECYCLED RUBBER GRANULATES
Recycled rubber from various sources, including tires.

MEAT AND BONE MEAL
Byproduct from the rendering industry.

WOOD CHIPS
Byproduct from various sources of wood production.

TROLDTEKT PANELS
Pulverised production waste from our customer, Troldtekt.

NUT SHELLS
Byproduct from food processing

Lowering our water consumption

We use water in our cement manufacturing processes and to cool our production plant. We strive to recycle as much process water as possible and to capture and reuse rainwater from selected areas as our contribution to UN Sustainable Development Goal 6.

One of our main initiatives is to utilise the extracted water from lowering of groundwater levels to maintain dry underground basements, passages and on-site conveyor systems as a means for cooling the factory's compressor station. Similarly, we recycle condensed water from heat recovery and desulfurisation systems. In total, we have consumed 1,419,493 m^3 of water in 2022, of which around 30% was either recycled, recirculated or collected rainwater.

Water consumption

M3

2020	1,704,256
2021	1,601,678
2022	**1,419,493**

Handling and recycling waste

We have great history of handling waste in a responsible and environmentally correct manner. All wastes are either utilised for recycling or recirculation within our production processes, incinerated in accordance with municipal regulations or landfilled on site. By promoting recycling in all possible scenarios, we can impact on UN Sustainable Development Goal 12.

We sort all our waste materials close to the source and deposit them in designated containers around the plant. We also sort and store hazardous waste in the form of oil and chemicals in safe containers.

In 2022, we produced 55,980 tonnes of waste, of which 95% was recycled.

Waste generation

TONNES

2020	79,945
2021	91,735
2022	**55,980**

Non-recycable waste from other industries become alternative fuels in our production

Land use and biodiversity

Aalborg Portland is one of Denmark's largest industrial companies, owning 1,200 hectares of land in the Rørdal area. The area contains various uncultivated areas, farmland, and a chalk quarry. The factory and the active quarry cover a total area of 190 hectares. The remaining 1,010 hectares comprise lakes, woods, meadows, salt marshes, fallow, and farmland, rich with plants and wildlife.

The fundamental principle of our operations is to respect, protect and preserve the land on which we operate, including its rich ecosystems and biodiversity. We ensure to rehabilitate the land we use for operations effectively and responsibly, considering socio-economic conditions, environmental factors, legal requirements and the needs and expectations of stakeholders. Both the global biodiversity crisis and the climate crisis are truly interlinked, and our ambition is to contribute to the UN Sustainable Development Goal 15 "Life on land" by rehabilitating our areas to ensure plants and wildlife can flourish.

The importance of a Quarry Rehabilitation Plan

The first step in cement production is extracting raw materials from our chalk quarry situated close to the factory. When fully excavated, the quarry will have an area of approximately 340 hectares, corresponding to more than 500 football pitches.

Quarrying takes place using excavators both above and below water level, which has an inevitable impact on the surrounding natural and social environments. However, these impacts can be addressed and mitigated successfully with a proper Quarry Rehabilitation Plan.

Rehabilitation of our chalk quarry to Portland Lake Park

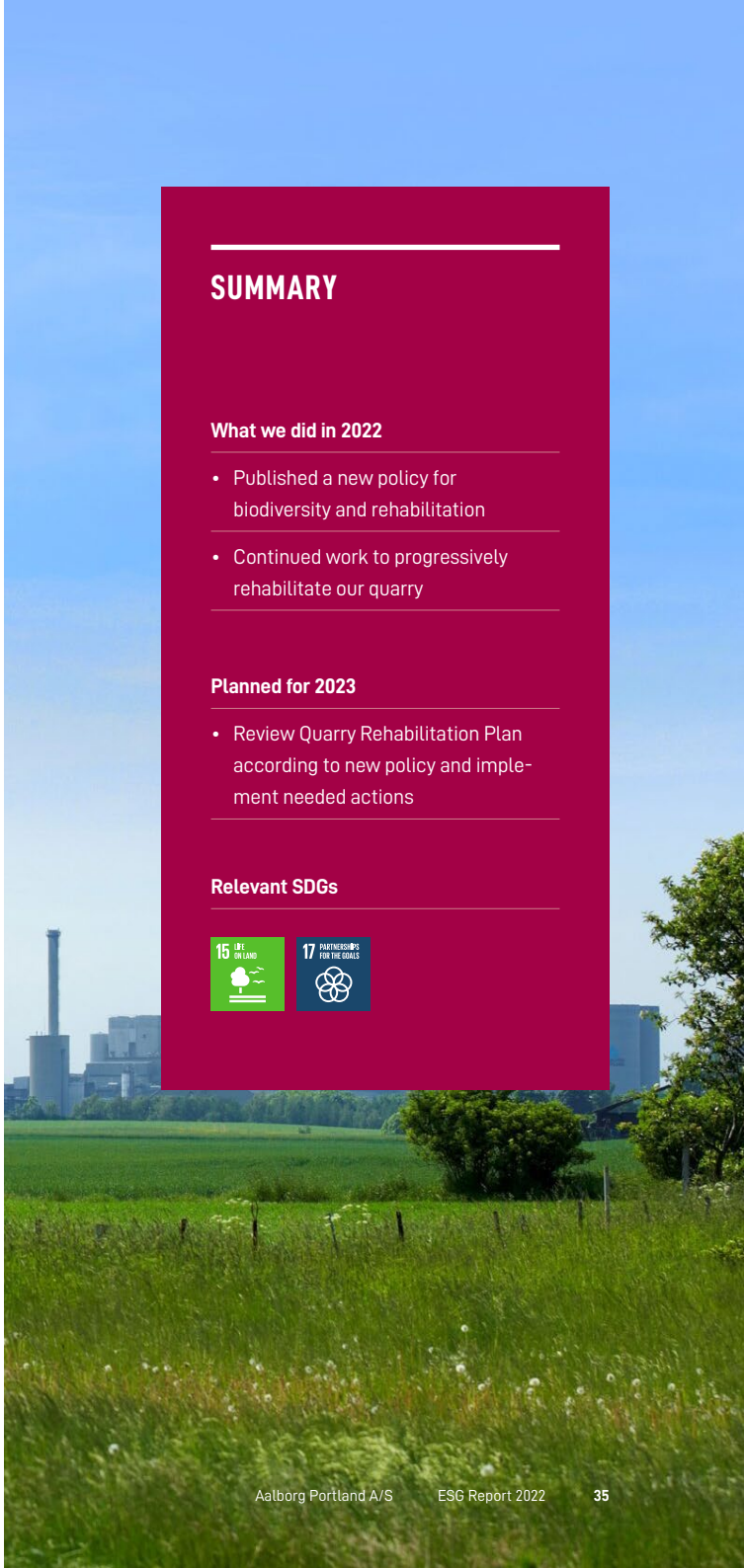
Our Quarry Rehabilitation Plan (QRP) works in parallel with quarry operations as we continuously rehabilitate the area while it takes place. Our QRP's ambition is to create a family park named "Portland Lake Park", which will offer local population a recreational area full of leisure and sporting activities close to the city.

The rehabilitation intends to create a scenic space with steep, exposed slopes and soft green hilly areas. The creation of banks and terraces in specific chalk pit areas has already begun, whilst quarry operations are ongoing at a safe distance on the other side of the quarry.

We also participate in a project initiated in 2021 with regional authorities, universities, the Danish Nature Agency and the Danish Environmental Protection Agency. This project investigates how to enhance the local environment whilst our chalk quarry is still active (temporary ecology, which does not hinder the excavation but gives space to species with the possibility of expanding to other parts of the chalk quarry).

New policy for biodiversity and rehabilitation

In October 2022, the Group published a new Biodiversity and Rehabilitation Policy. This Policy allows the progressive implementation of rehabilitation practices and biodiversity, taking inspiration from the Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management published by the Global Cement and Concrete Association (GCCA), which acts as a global industry best practice. Following the new Group guidelines, we will review our Quarry Rehabilitation Plan and implement any relevant improvement requirements.



SUMMARY

What we did in 2022

- Published a new policy for biodiversity and rehabilitation
- Continued work to progressively rehabilitate our quarry

Planned for 2023

- Review Quarry Rehabilitation Plan according to new policy and implement needed actions

Relevant SDGs

Social

Aalborg Portland has created economic growth and fruitful jobs since 1889. We directly employ approximately 350 people, with an additional 500 contractors and subcontractors employed elsewhere to support the cement plant's operations.

Our success depends on their achievements. Therefore, we take responsibility for building a well-educated workforce and creating an open and inclusive working environment that protect everyone in and around the plant from occupational safety risks.

IN THIS CHAPTER

Health and safety

Our most important task is to ensure that everyone is safe throughout the working day. We must plan work for it to be performed without risk whilst complying with all regulation and internal safety rules.

Occupational Health & Safety Policy

Our occupational health & safety policy ensures that adequate systems and procedures are established to create a safe working environment where we mitigate risks and prevent accidents. We update the policy on an ongoing basis at least every two years.

Meeting quarterly, the Central Health & Safety Committee, chaired by the Plant Director, oversees the policy's application, designs the strategy and assesses implementation progress. We concentrate on continuously monitoring and improving our health & safety performance, ensuring that all employees and partners have the required knowledge, skills and experience to perform their jobs safely.

Our 10 safety rules

We have 10 basic rules that apply to all work performed at the cement plant and another 10 safety requirements that apply to external suppliers and partners specifically. These rules ensure alignment of tendering and performance expectations.

Safety walk and talks

We always strive to improve our health & safety culture. It requires continuous attention and documented commitment. In 2022, we performed more than 500 "safety walk and talks", a walk around the plant or connecting premises with a focus on employee health & safety initiatives and potential risks.

My Risk Assessment

Before an employee starts on a task classified as especially risky or where an accident can be fatal, all employees must complete a "My Risk Assessment" form. This is one of our many accident-prevention tools and more than 9,000 forms were filled out in 2022 alone. We thoroughly analyse the circumstances when accidents happen to determine the fundamental cause. This analysis can initiate corrective actions to avoid repeated incidents. We continue working hard to reduce risks, sharing experiences and information on solutions across the organisation.

Our safety performance

Following a year with a negative safety trend, we reorganised our health & safety organisation throughout 2022, allocating further resources. Additionally, we initiated a new e-learning training program focused on the main safety hazards. The Group Health & Safety Director also performed a safety audit to detect general compliance and prepared an action plan for improvements.

As a result of the above-mentioned activities – in connection with an increased focus on creating awareness and risks assessments – we lowered our lost-time injury rate (LTIR) from 26.0 in 2021 to 3.6 in 2022. Likewise, we significantly reduced the contractor LTIR from 37.2 in 2021 to 18.0 in 2022. In the coming years, we will continue our efforts to launch new initiatives and improve safety performance further.

Health and safety PER MILLION WORKING HOURS	**2022**	2021	2020
LTIR, own employees	**3,6**	26,0	19,6
LTIR, contractors	**18,0**	37,2	31,9
High-consequence LTIR, own employees	**0,0**	0,0	0,0
High-consequence LTIR, contractors	**0,0**	0,0	0,0
Fatality rate, own employees	**0,0**	0,0	0,0
Fatality rate, contractors	**0,0**	5,3	0,0

SUMMARY

What we did in 2022

- Reorganised the health & safety organisation and allocated new resources
- Performed more than 500 "safety walk and talks"
- Increased focus on safety awareness and risk assessments

Planned for 2023

- Hire a new safety inspector to strengthen organisation of the plant
- Continue to create awareness and implement training programs
- Implement defined health & safety action plans

Relevant SDGs

Diversity and inclusion

The cement industry still struggles with an unbalanced distribution of genders in the workplace. We see it as our obligation to enact policies and actions that promote diversity and inclusion without discriminating based on gender, ethnicity, age, religion, sexuality, or other factors.

Gender diversity

In accordance with section 99b of the Danish Financial Statements Act and section 139a of the Danish Companies Act, the Group's policy on diversity, equity and inclusion promotes a culture of respect for diversity, work equality, non-discrimination, and the inclusion of all labour groups. Our focus is to find the best qualified people for all positions without discrimination. We believe that diverse, equitable, and inclusive companies drive better results, which is why we have an ambition to increase the number of women in our workforce, especially female managers, to provide a more balanced gender composition.

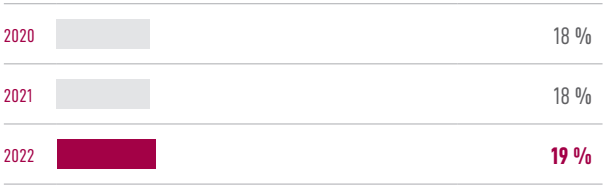
Being the only cement manufacturer in Denmark, we have a particular challenge in external recruitment of experienced senior managers while still being balanced in recruitment decisions. Increasing female representatives at all levels remains a priority for us, and during 2022 we have continued working to strengthen our recruitment strategies to ensure that we have female candidates applying for various positions.

This also implies strengthening internal promotion processes and publishing a new Group policy communicated to all managers and employees.

Our ambition is to have at least one female AGM-elected board member before the end of 2023 and to increase the number of female candidates applying for management positions in general. In 2022, the proportion of female employees was 19% of the total workforce.

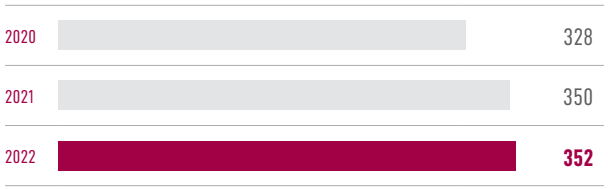
Gender diversity, % female employees

%



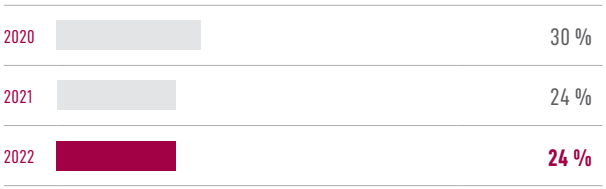
Employee headcount

NUMBER



Gender diversity in management, % female senior managers

%



SUMMARY

What we did in 2022

- Published and communicated a new policy for diversity, equity and inclusion

Planned for 2023

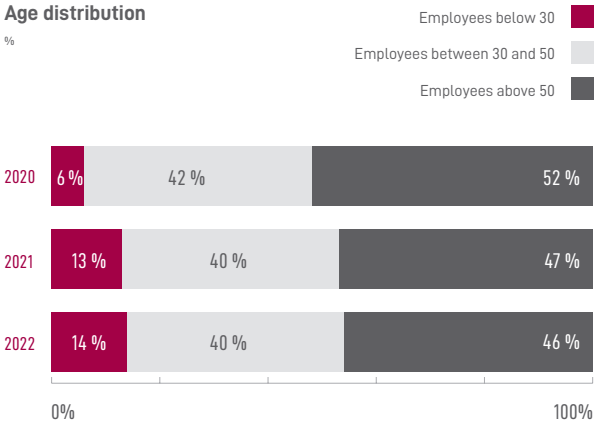
- Increase relevant awareness and training
- Work to ensure at least one female AGM-elected board member

Relevant SDGs

"Our local community is vital to us, so we prioritise social responsibility. We appreciate not everyone can participate in the labour market under normal working conditions."

Age distribution

%



Collaboration across generations

We are a company with historically high seniority and low employee turnover. We are proud that many of our employees are still from the second and third generation of Aalborg Portland workers.

However, as business environments and labour markets change, so does the need for a more diverse workplace. Therefore, we strive to create an inclusive environment that offers professional challenges and social activities, such as sporting, corporate and family events. We founded our many initiatives through various collaboration and family events. Employees and management can work together to improve our many offers as an employer and workplace.

Small jobs with meaning

Our local community is vital to us, so we prioritise social responsibility. We appreciate not everyone can participate in the labour market under normal working conditions. Our "Small Jobs with Meaning" initiative finds value-creating jobs for people who can only work a few hours per week but still benefit from connecting to the labour market with their individual prerequisites.

For us, "Small Jobs with Meaning" is not just a charity but an integral part of how we approach people, believing that everyone can make a difference if given the right opportunities.

People development and engagement

People development and engagement is key to Aalborg Portland's overall strategy. With more than 130 years of existence, we have created a strong heritage and people culture. We know the importance of aligning our business practices with the needs of an evolving labour market and recognise that motivated and engaged employees are essential to the success of our business. Therefore, we have implemented several new initiatives to develop our employees and the organisation as a whole.

Apprenticeships and talent development

At Aalborg Portland, we have a great history of apprenticeships across many occupations. Apprentice programs are integral to our succession planning for key positions such as electricians, technicians, blacksmiths, administration personnel, and more. Our work with apprentices also plays an important part of our social responsibility, as we ensure quality education within specific occupational groups that lack trained personnel.

In addition, we have a global process for talent review and succession planning, which helps us to identify internal talents and evaluate their readiness to step into more complex roles or leadership positions. The process ensures that we conduct thorough employee and manager evaluations to assess their ability to take on more responsibility. At the same time, it also ensures that we fill new and vacant positions effectively.

To boost the development of our talents, we have created a global talent program for young future leaders and key specialists named "Emerging Talents Program".

The program runs for more than one year and consists of three learning modules, where participants gain knowledge about business, innovation and people management. We combine each module to strengthen individual competencies and enhance the participant's future career. In connection with the program, we have created monthly networking groups to bolster participant inclusion within the program and to create a stronger network amongst peers.

A new international Graduate Program

We must attract and retain talented employees at all levels of the organisation, particularly within technical roles, to transform our business and ensure that the next generation of leaders are in place. For this specific purpose, the Group launched a new international Graduate Program called "Ce-Mentorship Programme" in 2022. We designed the program in such a way that graduates make rotations across various Group entities, including Aalborg Portland, enabling steep learning curves and strong networks within the organisation. In the first cohort, eight technical profiles – all with an engineering background – were hired through the program. The participants belonged to four different nationalities and worked on various projects across the Group. They later continued in other permanent positions.

Stronger managers with Concrete Leadership

To ensure effective leadership at all levels in Aalborg Portland, we have launched a regional leadership development program called "Concrete Leadership". The 12 month training program will train all managers in various leadership concepts to create a common managerial language and boost networks and knowledge sharing.

SUMMARY

What we did in 2022

- Launched a new international graduate program targeting engineers
- Launched a development program for emerging talents
- Launched a leadership development program for all managers
- Conducted engagement survey with 84 % participation

Planned for 2023

- Continue leadership training and other declared programs
- Develop and implement action plans based on engagement survey 2022
- Conduct "pulse surveys" to track engagement progress

Relevant SDGs

Performance management and training

As part of our annual performance management process, company targets are annually cascaded to the individual employee level. Having individual employee objectives linked to the overall strategy ensures that focus and efforts revolve around the right priorities.

Development plans and appraisal dialogues ideally focus on personal and professional development across hands-on (on-the-job) experiences, formal training programs and social interactions and internal networks. We utilise face-to-face sessions and an e-learning platform to confirm all employees receive the required training.

Our e-learning platform especially creates awareness and compliance with main corporate policies, such as human rights and cybersecurity. Our experience is that e-learning ease the completion of shorter training sessions. At the same time, we can verify and document the completion of critical training sessions.

Conducting exit interviews

Historically, our industry is known for high seniority, but times are naturally changing. In a modern, more flexible labour market with low unemployment, it is only natural that people change jobs and occasionally seek new challenges elsewhere. Therefore, it is increasingly important that we collect high-quality and honest feedback to improve the attractiveness and quality of our workplace.

Therefore, we conduct exit interviews as a means of better understanding why employees choose to leave and seek new opportunities. Exit interviews are a great tool for gathering feedback about the workplace and provide actionable insights and learnings.

Training hours

HOURS

2020	1,469
2021	2,576
2022	**5,517**

Employee turnover rate

%

2020	10 %
2021	17 %
2022	**18 %**

Training hours intensity

HOURS PER HEADCOUNT

2020	4
2021	7
2022	**16**

Governance

A robust governance structure supports the development and implementation of our corporate social and sustainability work. We fully recognise that our license to operate includes strong sustainability principles and responsible and ethical business behaviour throughout our value chain.

IN THIS CHAPTER

Business ethics

The Group Code of Ethics serves as our most important instrument for business operations guidance. Our Code of Ethics ensures that we conduct all activities with a framework of integrity, correctness, and compliance, and with a view towards social responsibility and environmental protection. The Code of Ethics applies to anyone who acts in the name and on behalf of Aalborg Portland, including all employees and partners.

Whistleblower system

We recognise that a genuine commitment to detecting and preventing illegal and other misconduct must include a mechanism whereby employees and third parties (customers, suppliers, sub-contractors, or other stakeholders) can report their concerns freely and without fear of reprisal or intimidation.

Employees or third parties can send reports of illegal or undesirable behaviour by filling in a digital form on the Group website www.cementirholding.com; by sending an ordinary mail or email to the Group address; or by using other internal channels.

The Group's Chief Internal Audit Officer will conduct the verification of receipt, analysis and initiation. The Group's Ethics Committee assesses the results and potential actions of any violations, whereafter relevant employees will be notified.

Respect for human rights

The respect for human rights is a basic tenet of our beliefs. It is included in our business values and goals to be more economically, socially and environmentally sustainable as a company. The Group endorses the principles set out in the Universal Declaration of Human Rights, the European Convention on Human Rights and the International Labour Organization (ILO). For this reason, the Group has published a Human Rights Policy drafted in compliance with international and European treaties and principles. The Policy aims to support and guide management and employees to achieve their goals.

We communicate the Humans Rights Policy to all employees through internal communication channels and training sessions, and externally to customers, suppliers and subcontractors during contract negotiations. We require all employees and suppliers to acknowledge and comply with the policy during their entire employment relationship or partnership, respectively. Our people must include in contracts the confirmation of having read the policy and the expressed obligation to abide by the principles contained therein. Any alleged human rights violations can be reported through our whistleblower system.

Zero tolerance for bribery and corruption

Bribery and corruption undermine Aalborg Portland's fundamental values and our ability to act in a framework of integrity, correctness and compliance as mandated by our Code of Ethics. Our Anti-Bribery Policy sets the framework for how we work to prevent, detect and handle cases of bribery and similar unlawful conduct. Our policy defines roles, responsibilities, operating procedures, and behavioral principles, guiding all Group employees and third parties.

Adequate documentation requirements and controls are put in place to support the effectiveness of the policy. Risk assessments are conduced periodically in order to identify areas of potential weakness and exposure to bribery. Based on the risk assessment a plan for enforcing the anti-bribery policy shall be developed and discussed with local management.

The Group has established an anti-bribery training program for all employees in high-risk areas determined by the Legal Business Partner supported by Human Resources. Based on the level of risk, the training program is conducted via e-learning or through in-depth training programs. All employees and third parties are obliged to report any suspicions or knowledge of bribery to the relevant supervisor or through our whistleblower system.

SUMMARY

What we did in 2022

- Published a new Supplier Code of Conduct
- Published a new Antitrust Policy
- Published a new Cybersecurity Incident Response Plan

Planned for 2023

- Review and update relevant policies and procedures

Relevant SDGs

Corporate responsibility

Our cement production is of significant economic importance to the country. In 2022, our value-added was EUR 135m. Hereof, EUR 39.6m went to society in terms of VAT, company tax, employee income tax, and other taxes. Likewise, EUR 21.3m went to the employees via pay and pension contributions (after tax). In addition, we create a social contribution via our contractors and subcontractors involved in transport, maintenance, facility management, and other activities in and around the cement plant.

Sponsorships and local contributions

Still in the same location since 1889, we see ourselves as part of the city of Aalborg. We commit to close relationships with neighbours, authorites, research bodies, and educational institutes, with a view of developing tomorrow's sustainable cities. We also commit to being part of Aalborg and Northern Jutland's sports and cultural activities. We also host guided tours and information meetings for the general public. In 2022, we hosted around 2,000 visitors at various events, including politicians, researchers, school students, business ambassadors and partners, and more. We also make significant contributions to the local community in terms of sponsoring the city's zoo, theatre, handball, icehockey, football teams, and much more.

Distribution of value added		2022	2021	2020
Payments to society	MILLION EUR	**39.6**	40.9	43.9
Payments to employees	MILLION EUR	**21.3**	19.2	21.7
Transferred to equity	MILLION EUR	**26.6**	-17.6	1.1
Dividend to owners	MILLION EUR	**40.0**	64.0	60.6
Interest on external finance	MILLION EUR	**7.5**	4.9	5.4
Total	MILLION EUR	**135.0**	111.4	132.7

Utzon Center for Architecture and Design

Aalborg Theatre

Aalborg Zoo

Aalborg Congress & Culture Center

Kunsten Museum of Modern Art

Stakeholder engagement

Besides our monetary contributions to society through taxes, sponsorships and other local donations, we actively engage in local, national and international projects, partnerships and associations to promote sustainable business practices and to tackle climate change challenges in line with UN Sustainable Development Goals 9 and 17.

The Danish Government's Climate Partnerships

Since its formation in November 2019, Aalborg Portland has been part of the Danish Government's Climate Partnerships. Our Chief Commercial Officer, Michael L. Thomsen, is chairman of the energy-intensive industry. Through The Climate Partnerships, we aim to strengthen the cooperation between Danish industry and the government, working together to solve the many challenges of climate change.

CEMBUREAU

As one of the founding members, Aalborg Portland has been part of CEMBUREAU, the European Cement Association, since the 1940s. Since then, we have utilised CEMBUREAU to communicate the industry's views on policy developments. Two of CEMBUREAU's Working Groups represent us. Within these Working Groups, we propose sustainable standards for the construction industry and other potential updates of policy frameworks.

Confederation of Danish Industry

As a member of the Confederation of Danish Industry, we interact with decision-makers across industries, labour unions, interest organizations, politics, and other public stakeholders to promote how our industry can play an active role in a more sustainable and circular economy. We act as a member of the Central Board and various other committees, including the Committee for Research and Innovation.

Global Cement and Concrete Association

We are a Global Cement and Concrete Association (GCCA) member. Through the GCCA, we partner with relevant stakeholders to support new ways of thinking within our industry. For example, the Steering Committee of the Innovandi network represents us. This committee runs key innovation programmes to help the industry decarbonise and produce carbon neutral concrete by 2050.

SUMMARY

What we did in 2022

- Entered the Central Board of the Confederation of Danish Industry
- Achieved a new certification on our management system by Bureau Veritas
- Achieved various sustainability certifications and ratings

Planned for 2023

- Continue our work in selected partnerships to promote sustainable development
- Achieve a new certification on our management system

Relevant SDGs

European Cement Research Academy (ERCA)
We are a member of the Technical Advisory Board of the European Cement Research Academy (ERCA). ECRA supports and conducts research activities on the production of cement and its application in concrete. The main project managed by the ECRA relates to Carbon Capture and Storage (CCS).

Geological Survey of Denmark and Greenland (GEUS)
We are represented as Vice Chairman for the Geological Survey of Denmark and Greenland (GEUS), which carries out activities to exploit and protect geological resources in Denmark and Greenland. Of relevance for us is the resource assessment of raw materials and aggregates, as well as investigations into storage locations of CO_2.

INNO-CCUS
The INNO-CCUS Partnership is established with support from Innovation Fund Denmark as a means to secure a significant contribution to achieve the Danish government's climate goals on CO_2 reduction through CCUS solutions. We contribute by setting up a pilot facility for carbon capture at our cement factory together with the Technological University of Denmark. The pilot facility was made operational in December 2022 and plays a key role in testing and demonstrating solvents and process technologies in carbon capture in the cement industry.

Danish Standards
Danish Standards is the organisation responsible implementing and publishing European standards in Denmark as well as developing and updating national standards. As a member of the S-328 Committee for concrete technology, we work with other experts to – among other things – develop and improve national and international standards for the use of more sustainable concretes.

SUSTAINABILITY RATINGS AND CERTIFICATIONS

Cementir Group and Aalborg Portland have received several ratings and certifications for our joint ESG commitments and efforts on sustainability.

Bureau Veritas Certification
Bureau Veritas has certified Aalborg Portland's management system for quality, environment, energy, and health & safety. Bureau Veritas first certified our management system in 1989, with frequent updates since that date.

UN Global Compact
In 2022, Cementir committed to the UN Global Compact with the aim of developing a more responsible business, respectful of human and labour rights, promoting environmental protection and anti-corruption initiatives.

Science-Based Target initiative
In 2021, the Science Based Target initiative (SBTi) validated Cementir Group's emission reduction objectives in line with the trajectory of the Paris Climate Agreement to stay "well below 2°C". Our ambition in Aalborg Portland is to spearhead the green transition across the entire Group.

Carbon Disclosure Project
In 2022, Cementir achieved an "A-" rating in the Carbon Disclosure Project questionnaire for our commitment to climate change and for our water security initiatives.

EthiFinance
In 2022, Cementir optained a score of 64/100 by EthiFinance, outperforming the sectors benchmark of 51/100.

Moody's ESG Solutions
In 2023, Cementir obtained a score of 55/100 from Moody's ESG Solutions, evaluating Cementir's ESG performance as 'Robust'. This places Cementir 6th out of 25 companies in the Building Materials sector.

MSCI ESG
In 2022, Cementir achieved a "BBB" ESG rating from MSCI ESG for the third year in a row.

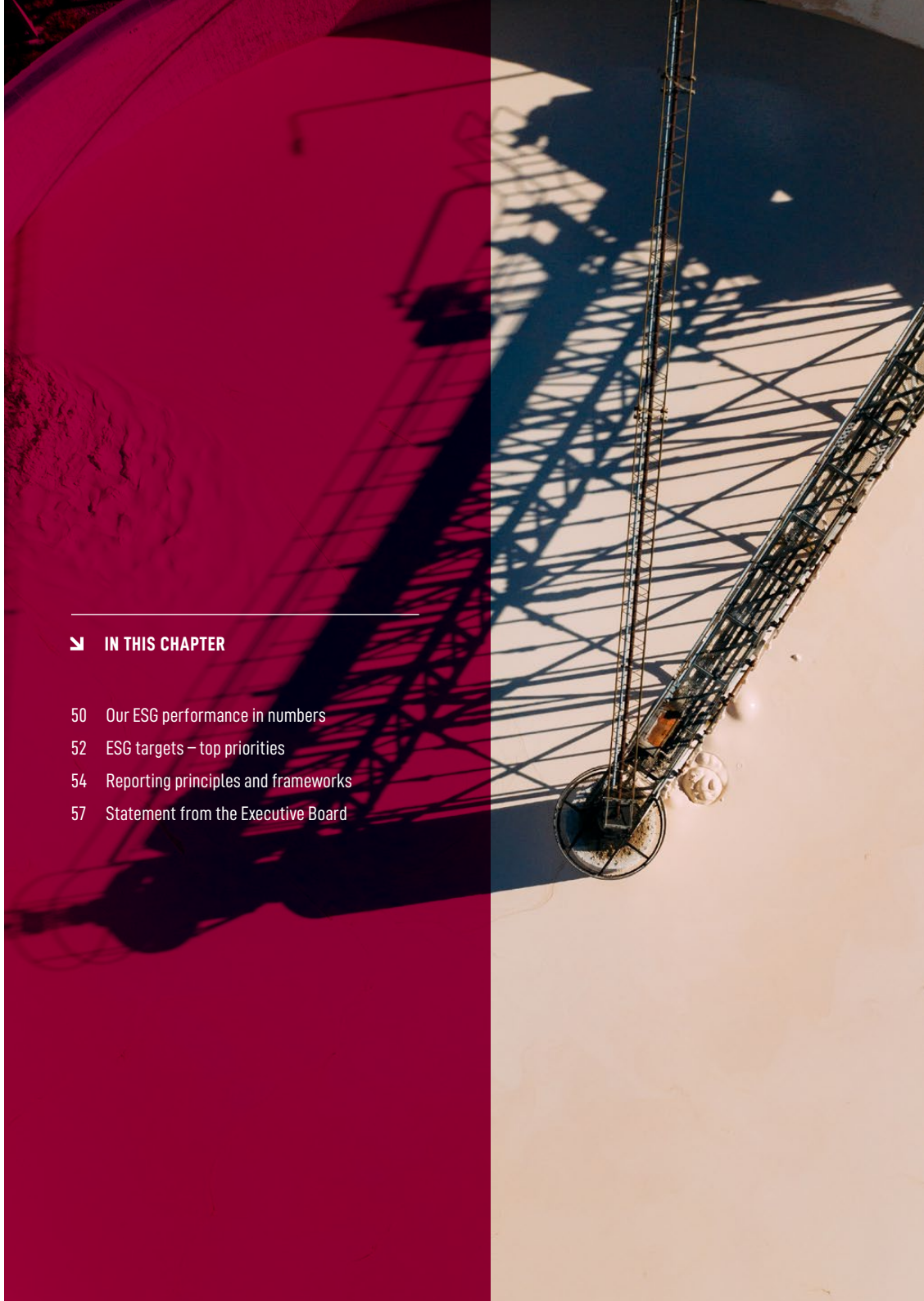
Integrated Governance Index
In 2022, Cementir obtained a score of 57/100 in the Integrated Governance Index (IGI).

ISS ESG
In 2023, Cementir achieved a "C+ Prime" rating from ISS ESG.

Refinitiv
In 2022, Cementir achieved a "B+" rating from Refinitiv, ranking Cementir 19/112 in the construction materials sector.

Data and signatures

In this section we highlight ESG targets and performance in numbers as well as reporting principles and frameworks used.



IN THIS CHAPTER

Our ESG performance in numbers

ENVIRONMENT	Unit	2022	2021	2020	See more
GHG emissions					
Scope 1 GHG emissions	TONNES	1,981,749	2,250,631	2,341,964	Page 25
Scope 1 GHG emissions intensity	KG PER TCE	868	923	958	Page 25
Scope 2 GHG emissions	TONNES	45,941	47,320	42,230	Page 27
Scope 3 GHG emissions	TONNES	886,741	646,394	No data	Page 28
Other air emissions					
SO2 emissions	TONNES	786	1.174	1.239	Page 28
SO2 emissions intentity	KG PER TCE	0.34	0.48	0.51	Page 28
NOx emissions	TONNES	2,706	2,671	2,822	Page 28
NOx emissions intensity	KG PER TCE	1.18	1.09	1.15	Page 28
Electricity					
Electricity consumption	MWH	330,253	347,943	337,194	Page 27
Fuel consumption					
Traditional fossil fuels	% OF THERMAL ENERGY	69.8%	72.0%	72.2%	Page 26
Alternative fuels	% OF THERMAL ENERGY	30.2%	28.0%	27.8%	Page 26

ENVIRONMENT	Unit	2022	2021	2020	See more
District heating					
Energy recovered for district heating	GJ	1,306,971	1,688,601	1,783,911	Page 33
Raw materials					
Raw material consumption	TONNES	4,541,113	4,931,067	5,032,703	Page 33
Material intensity	KG PER TCE	1,988	2,021	2,059	Page 33
Recycling rate	%	10.0%	9.2%	9.5%	Page 33
Water					
Water consumption	M3	1,419,493	1,601,678	1,704,256	Page 34
Water intensity	LITRES PER TCE	621	657	697	Page 34
Recycling rate	%	29.0%	33.1%	34.6%	Page 34
Waste					
Waste generation	TONNES	55,980	91,735	79,945	Page 34
Waste intensity	KG PER TCE	24.51	37.60	32.71	Page 34
Recycling rate	%	94.8%	64.8%	94.1%	Page 34

SOCIAL	Unit	2022	2021	2020	See more
Health and safety					
LTIR, own employees	PER MILLION WORKING HOURS	3,6	26,0	19,6	Page 32
LTIR, contractors	PER MILLION WORKING HOURS	18,0	37,2	31,9	Page 32
High-consequence LTIR, own employees	PER MILLION WORKING HOURS	0,0	0,0	0,0	Page 32
High-consequence LTIR, contractors	PER MILLION WORKING HOURS	0,0	0,0	0,0	Page 32
Fatality rate, own employees	PER MILLION WORKING HOURS	0,0	0,0	0,0	Page 32
Fatality rate, contractors	PER MILLION WORKING HOURS	0,0	5,3	0,0	Page 32
Employee headcount					
Blue collars	HEADCOUNT	147	148	130	Page 38
White collars	HEADCOUNT	205	202	198	Page 38
All employees	HEADCOUNT	352	350	328	Page 38
Gender diversity, % women					
All employees	%	19%	18%	18%	Page 38
Gender diversity in management, % women					
Senior managers	%	24%	24%	30%	Page 38
Age distribution					
Employees below 30	%	14%	13%	6%	Page 39
Employees between 30 and 50	%	40%	40%	42%	Page 39
Employees above 50	%	46%	47%	52%	Page 39
Training					
Training hours	HOURS	5,517	2,576	1,469	Page 41
Training hours intensity	HOURS PER HEADCOUNT	16	7	4	Page 41
Employee turnover					
Employee turnover rate	%	18%	17%	10%	Page 41

GOVERNANCE	Unit	2022	2021	2020	See more
Distribution of value added					
Payments to society	MILLION EUR	39.6	40.9	43.9	Page 44
Payments to employees	MILLION EUR	21.3	19.2	21.7	Page 44
Transferred to equity	MILLION EUR	26.6	-17.6	1.1	Page 44
Dividend to owners	MILLION EUR	40.0	64.0	60.6	Page 44
Interest on external finance	MILLION EUR	7.5	4.9	5.4	Page 44
Total	MILLION EUR	135.0	111.4	132.7	Page 44

ECONOMIC INDICATORS	Unit	2022	2021	2020	See more
Economic performance					
Net revenue	MILLION EUR	374.0	287.1	268.8	
EBITDA	MILLION EUR	112.7	92.3	106.4	
Net interest-bearing debt (NIBD)	MILLION EUR	-86.8	-80.8	-87.8	

ESG targets – top priorities

This page provides an overview of our top priorities for 2023 and 2030, including a cross-reference between our ESG framework and relevant UN Sustainable Development Goals.

SDG logo	SDG name	SDG targets	ESG theme	Priorities for 2023	2030 ambitions (when relevant)
	**Quality education**	4.4, 4.7	**People development and engagement**	Continue leadership training and other declared programs	
	**Gender equality**	5.1, 5.5	**Diversity and inclusion**	At least one female AGM-elected board member at the end of 2023	Build an equal and inclusive workplace for all
	**Clean water and sanitation**	6.3, 6.4	**Resource efficiency and circularity**	Continue focus on recycling of process water and collected rainwater	Reduce water intensity by 20% compared to 2019 levels
	**Affordable and clean energy**	7.1, 7.2	**Resource efficiency and circularity**	Continue all symbiosis collaborations with a special focus on recycling and sustainable energy	Work to increase district heating supply to 50,000 households per year
	**Decent work and economic growth**	8.8	**Health and safety**	Implement defined action plans and training programs. Continue focus on awareness with the aim of lowering LTIFR	Zero harm for all employees and contractors

SDG logo	SDG name	SDG targets	ESG theme	Priorities for 2023	2030 ambitions (when relevant)
	**Industry, innovation and infrastructure**	9.4	**Product innovation**	Continue declared R&D projects while focusing on maturing the market for increased adoption of FUTURECEM®	Develop a more sustainable product portfolio with FUTURECEM® being the predominant grey cement in Denmark
	**Sustainable cities and infrastructure**	11.4	**Corporate responsibility**	Stay in close contact with neighbors and other stakeholders while continue support for important cultural institutions	
	**Responsible consumption and production**	12.2, 12.5, 12.6	**Resource efficiency and circularity**	Continue strong focus on responsible consumption and recycling while increasing thermal energy from alternative fuels	Make significant contributions to lowering GHG emissions of society by strong symbiosis collaborations
	**Climate action**	13.2	**Greenhouse gas emissions**	Lower Scope 1 emissions by 10% compared to 2022	Lower Scope 1 emissions to maximum 600,000 tonnes to pave the way for net zero in 2050
	**Life on land**	15.6, 15.9	**Land use and biodiversity**	Continue quarry rehabilitation to develop Portland Lake Park in parallel with quarry operations	
	**Partnerships for goals**	17.17	**Stakeholder engagement**	Continue promoting sustainble solutions, infrastructure and technology development in relevant partnerships	

Reporting principles and frameworks

REPORTING SCOPE

The report covers Aalborg Portland's activities in relation to the Aalborg Portland cement plant situated in Rørdal east of Aalborg, Denmark. Activities in other legal entities within the Aalborg Portland Holding Group, owned by the Cementir Holding Group, are not covered in this report. The report covers the financial reporting year from 1 January 2022 to 31 December 2022. All information in this report is in accordance with the consolidated sustainability statements of the Group given in Cementir's Sustainability Report 2022, which also constitutes Aalborg Portland's compulsory statement on corporate social responsibility, cf. section 99a of the Danish Financial Statements Act.

SELECTION OF ESG DATA

We continuously develop and improve our ESG data and reporting to support better business decisions and to provide stakeholders with reliable, complete, balanced, accurate, comparable, and transparent insight concerning ESG activities. A materiality assessment in the annual strategic and industrial planning process guides the selection of ESG indicators and general content of this report. The concept of double materiality forms the basis of our materiality assessment, recognising that a sustainability issue can be material from an impact perspective (inside-out) or a financial perspective (outside-in), or both. Impact materiality is where our business has actual or potentially significant impacts on people or the environment. In contrast, financial materiality is where an issue generates significant risks or opportunities that have or may have a financial impact on our business.

APPROACH TO USING ESG STANDARDS AND FRAMEWORKS

Our ESG report is informed by various international ESG and sustainability reporting standards and frameworks. Our ambition is not to report in accordance with one specific standard or framework. Instead, we continuously monitor how standards and frameworks fit with the purpose of our ESG reporting.

SUSTAINABLE DEVELOPMENT GOALS

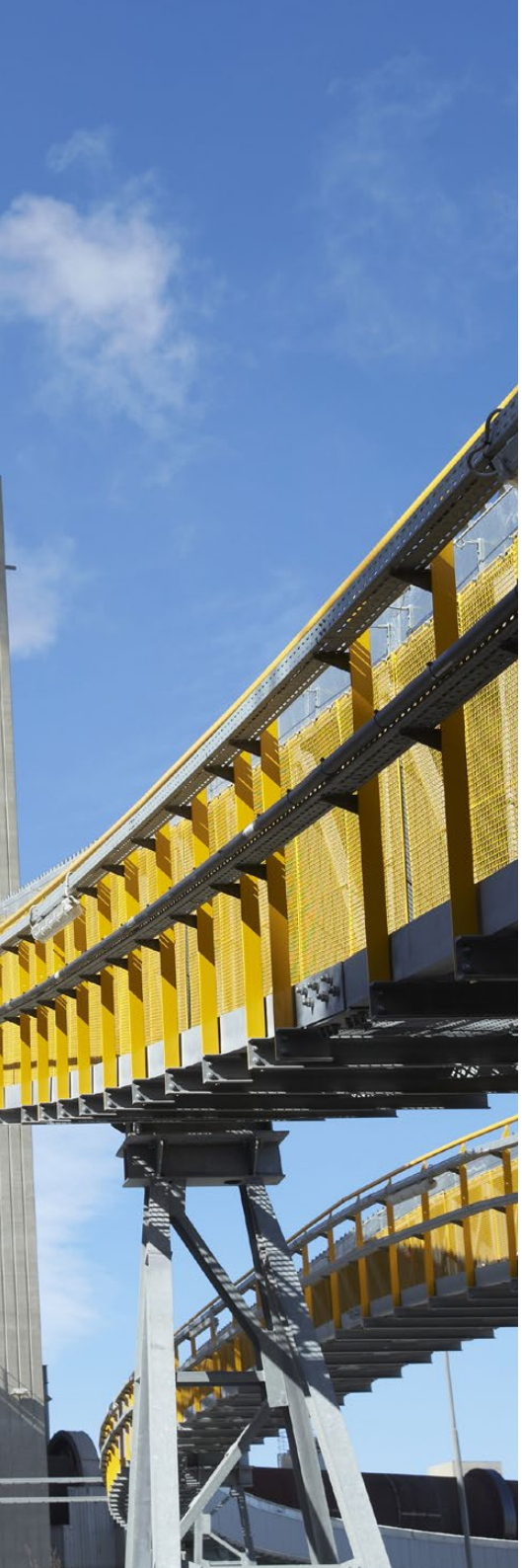
For many years, we have used the United Nations Sustainable Development Goals (SDGs) as a framework to categorise our ESG priorities and actions. We have identified 11 of the 17 SDGs that can impact the environment, our people and the broader community. Aalborg Portland have achieved a certification from Bureau Veritas for its work in respect to the SDGs as part of the annual audit of the internal management system. An ESG/SDG cross-reference overview can be found on page 16.

GCCA SUSTAINABILITY FRAMEWORK GUIDELINES

Since Aalborg Portland is the only cement manufacturer in Denmark, we strive to conduct our ESG reporting per relevant industry standards to improve benchmarking capabilities towards our peers. Therefore, the Global Cement and Concrete Association's (GCCA) Sustainability Framework Guidelines inform our ESG reporting, specifically in selection of performance indicators. You can find these guidelines on www.gccassociation.org.

LOOKING AHEAD AT FUTURE STANDARDS

Due to the nature of our operations, we look forward to the EU sustainability reporting standards with great interest. We will closely follow the European Sustainability Reporting Standards (ESRS) drafted by the European Financial Reporting Advisory Group (EFRAG). We have utilised the first ESRS drafts to inform our 2022 reporting, especially concerning materiality decisions.



1. ENVIRONMENTAL INDICATORS

1.1 Direct GHG emissions (Scope 1)
The Greenhouse Gas Protocol forms the basis of our direct Scope 1 emissions reporting, covering all our direct greenhouse emissions. Direct emissions are calculated as energy and raw materials consumption multiplied by emission factors. Scope 1 emissions are predominantly CO_2 formed by burning fuel and calcining of chalk but also includes internal transport.

1.2 Indirect GHG emissions (Scope 2)
The Greenhouse Gas Protocol forms the basis of our indirect Scope 2 emissions reporting. It comprises emissions linked to the purchase of electricity. Emissions are calculated as power volumes purchased multiplied by country-specific emission factors (location-based).

1.3 Indirect GHG emissions (Scope 3)
The Greenhouse Gas Protocol forms the basis of our indirect Scope 3 emissions reporting. It covers indirect emissions that occur in our value chain, namely categories 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, and 3.9 of the Greenhouse Gas Protocol. Other categories are deemed not material as they cover less than 1% of total Scope 3 emissions.

1.4 SO_2 emissions
The burning of fuels form Sulphur dioxide (SO_2). The Kyoto Protocol does not cover SO_2 and it is, therefore, reported separately from Scope 1 emissions per the Greenhouse Gas Protocol.

1.5 NOx emissions
The burning of fuels forms nitrogen oxides (NOx). The Kyoto Protocol does not cover (NOx) and it is, therefore, reported separately from Scope 1 emissions per the Greenhouse Gas Protocol

1.6 Traditional fossil fuels
Traditional fossil fuel consumption is reported as the share of total thermal energy produced, mainly by fuel oil, petroleum coke and coal. Thermal energy is the energy produced from burning of kiln fuels (fossil and alternative) used in manufacturing of clinker.

1.7 Alternative fuels
Alternative fuel consumption is reported as the share of total thermal energy produced, mainly from refuse-derived fuel (RDF) and various types of waste biomass (e.g., meat and bone meal, wood chips, rubber, and plastic waste). Thermal energy is the energy produced from burning of kiln fuels (fossil and alternative) used in manufacturing of clinker.

1.8 Raw materials
Raw materials consumption is reported as the wet mass used in manufacturing of cement. Raw materials include, among other things, chalk, sand, gypsum, fly ash, oxiton, iron oxide, and calcined clay. Both natural resources and recycled materials are included in the reporting.

1.9 Water
Water consumption is reported as the total water withdrawal minus total water discharge from the factory. This includes water which is recycled, recirculated or collected as rainwater.

1.10 Waste
Waste is reported as the total amount of waste materials from our cement manufacturing, often categorised as landfilled, incinerated, recycled, or as oils and chemicals. All waste materials are converted to metric tonnes for comparison purposes.

1.11 Electricity
Electricity consumption is reported as actual consumption (megawatt-hours) according to the utility company. Electricity mainly covers the plant's base power load and power to run cement kilns and mills.

1.12 District heating
District heating is reported as actual deliveries of surplus heat (gigajoules) from the plant's waste heat recovery systems as reported on measurement units at Aalborg Forsyning. Surplus heat which is circulated internally to run the plant and heat office buildings is also included.

2. SOCIAL INDICATORS

2.1 Employee headcount
Headcount is reported as the total number of employees at the end of the reporting period. The headcount is expressed per blue collars, white collars (including employees with formal people management responsibilities) and as a total.

2.2 Age distribution
Age distribution is reported as the share of employees in each age category (below 30 years old, between 30 and 50 years old, and above 50 years old) compared to total headcounts at the end of the reporting period.

2.3 Gender diversity
Gender diversity is reported as the share of women compared to total headcounts at the end of the reporting period. Gender diversity is expressed per senior managers (Executive Board and other directors and managers reporting to Executive Board) and Board of Directors.

2.4 Employee turnover
Employee turnover rate is reported as the number of employees leaving the company during the reporting period (including employees leaving voluntarily due to resignations or retirement, and employees being laid off) divided by the total headcount.

2.5 Training hours
Training hours include all types of internal and external training and instructional sessions. The main categories of training are health & safety, technical and functional, management education, leadership development, and cultural and corporate training.

2.6 Lost-time injury rate (LTIR)
LTIR is reported as the number of work-related injuries per one million hours worked where the person has absence from work as a result of the injury with and without medical treatment. LTIR is expressed per own employees and contractors.

2.7 High-consequence work-related injury rate
High-consequence work-related injury rate is reported as the number of work-related injuries from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months (excluding fatalities). High-consequence work-related injury rate is expressed per own employees and contractors. The indicator is abbreviated to "High-consequence LTIR".

2.8 Fatality rate
Fatality rate is reported as the number work-related fatalities per one million hours worked. Fatality rate is expressed per own employees and contractors.

3. GOVERNANCE INDICATORS

3.1 Distribution of value added
Value added for the financial reporting year is reported as payments to society (VAT, income tax, environmental taxes, and employee income tax), payments to employees (salaries and pension contributions after tax), dividend to the owners, transferred to equity, and interest on external finance.

3.2 Net revenue
Net revenue is reported in accordance with the accounting policies mentioned in our Annual Report 2022.

3.3 EBITDA
Earnings before interest and tax, depreciations, and amortizations (EBITDA) is reported in accordance with the accounting policies mentioned in our Annual Report 2022.

3.4 Net interest-bearing debt
Net interest-bearing debt is reported in accordance with the accounting policies mentioned in our Annual Report 2022.

3.5 Cement equivalent (TCE)
A standard industry indicator for cement related to the plant's production of clinker. Cement equivalent is measured as produced clinker multiplied by the average clinker-to-cement ratio for the year. The indicator is preferred over cement production or cement sales when calculating GHG emissions as the majority of emissions comes from the production of clinker and not from cement grinding. Cement equivalent is expressed in metric tonnes, often referred to as "TCE".

Statement from the Executive Board

The Executive Board have today discussed and approved the ESG Report of Aalborg Portland A/S for 2022. The data in the ESG Report has been prepared in accordance with the stated reporting principles. It is our opinion that the ESG Report gives a fair and balanced presentation of Aalborg Portland's ESG activities and performance in the reporting period.

EXECUTIVE BOARD

Søren Holm Christensen
Chief Executive Officer

Henrik Jeppesen
Chief Financial Officer

Michael Lundgaard Thomsen
Chief Commercial Officer

Aalborg, 20 April 2023

↘ BIG ON FUTURECEM®

Bjarke Ingels Group's (BIG) new headquarters in Copenhagen has been built using Aalborg Portland's new low-carbon cement, FUTURECEM®.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IS BUILT
ON CEMENT.
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