



H+H INTERNATIONAL A/S TCFD DISCLOSURE



EXECUTIVE SUMMARY

Sustainability is a strategic focus area for H+H and it is embedded in all aspects of our business. We have an environmental focus on production and we take the environmental impact of the use of H+H's products over their lifetime into account. Our sustainability strategy is based on seizing the opportunity for growth in sustainable building materials, while mitigating the environmental, social and governance risks that are present in our products and operations.

In 2021, we conducted a climate-related scenario analysis using the TCFD guidelines to assess transition and physical risks and opportunities and how they might impact the resilience of our company strategy.

To test the resilience of our strategy, we engaged an external consultancy and developed three distinct climate scenarios that described warming of 1.5°C, 1.8°C and +3°C respectively. The scenarios were based on those provided by the Network for Greening the Financial System (NGFS) released in June 2021, which included orderly and disorderly scenarios. These were supplemented by information from the European Central Bank's 2021 economy-wide climate stress test with data and insights relevant to the construction materials sector, and the International Panel on Climate Change's (IPCC) RCP 6.0 scenario.

The scenarios considered H+H's full value chain, including upstream cement and lime producers, own operations and downstream customers.

Our process included a workshop with the top 50 leaders from across the company to consider the three scenarios and identify climate-related risks and opportunities, which were then assessed for financial materiality and their potential impact on H+H's business model and strategy.

The process identified four financially material climate-related risks and one opportunity:

- **Risk 1:** Increased cost of cement and lime raw materials
- **Risk 2:** Extension of the EU Emissions Trading System (ETS) to include H+H
- **Risk 3:** Delay in the decarbonisation roadmaps for cement and lime
- **Risk 4:** Substitution by new low carbon building materials products
- **Opportunity 1:** Decarbonisation of products

The findings from the scenario analysis were presented to H+H's Board of Directors and Executive Board and were incorporated into our strategy. The climate-related risks that were identified through the scenario analysis exercise have also been incorporated into H+H's annual Enterprise Risk Management (ERM) process as well as into the ERM system.

GOVERNANCE	Disclose the organisation’s governance around climate- related risks and opportunities.
<p>a) Describe the board’s oversight of climate-related risks and opportunities.</p>	<p>The Audit Committee has oversight for climate-related risks and opportunities through its responsibility for governance of H+H’s enterprise risks, which include climate-related risks and opportunities.</p> <p>The Audit Committee is currently comprised of two board members and is a permanent committee reporting to the Board of Directors. Enterprise Risk Management is subject to an annual review by the Audit Committee.</p> <p>The Audit Committee also has oversight for financial and non-financial reporting, external audit, internal controls, and risk management.</p> <p>The Board of Directors approves H+H’s Annual report which includes our sustainability statement.</p>
<p>b) Describe management’s role in assessing and managing climate-related risks and opportunities.</p>	<p>The Chief Strategy Officer is responsible for the development of H+H’s ESG strategy, while Group Management is responsible for defining initiatives to achieve the strategy. The CSO leads the ESG Committee which monitors emerging ESG-related regulatory requirements and market trends and develops initiatives to ensure that H+H complies with stakeholder expectations. The ESG Committee consists of the Chief Strategy Officer, Chief Operating Officer, and the Group Sustainability Lead.</p> <p>Risks related to climate change are incorporated into our Enterprise Risk Management (“ERM”) process as well as into the ERM system. The ERM Committee which oversees the ERM process and performs the scoping and development of overall risks strategies reports on assessed risks and mitigating actions to the Audit Committee and the Board of Directors.</p> <p>The ERM Committee consists of the Chief Financial Officer, Chief Operating Officer, Chief Legal Officer, Head of Group Finance and Chief Strategy Officer.</p>
STRATEGY	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning where such information is material.
<p>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p>	<p>In 2022, H+H undertook an assessment of the transition and physical climate-related risks and opportunities we face until 2050. The assessment used three climate scenarios (described in further detail below) and defined short, medium and long-term as 2030, 2040 and 2050 respectively. The following climate-related risks and opportunities were identified.</p> <p>Risk 1: Increased cost of cement and lime raw materials</p> <p>Type of risk:</p> <ul style="list-style-type: none"> • <u>Policy & Legal: Carbon pricing mechanisms</u> <p>Description of the risk</p>

The European cement and lime producers that H+H purchases our raw materials from are included in the ETS. The Fit for 55 package proposes to reform the EU ETS by reducing the overall availability of emissions allowances and to progressively phase out the free allowances that have been provided to large industrial facilities, such as cement and lime producers. This is part of the EU's plan to lower emissions by at least 55% below 1990 levels by 2030.

These measures are expected to raise the price of emissions allowances in the ETS from 2026 onwards when the phase-out of free allowances is scheduled to begin. We expect that cement and lime producers will pass this cost on to their customers, including H+H.

Potential financial impact

We estimate a moderately negative impact on EBIT of around DKK 100 - 250 million per annum due to an increase in direct costs and a decline in revenue as a result of reduced demand for H+H's products.

This estimate is based on the following assumptions: CO₂ emissions from purchased cement and lime for H+H in 2019 was 634,000 tonnes. Current price level is EUR 80 per tonne, targeting EUR 100 per tonne by 2030 and EUR 128 per tonne by 2040. The financial impact on EBIT of this is estimated at DKK 47 million for each increase of EUR 10 per tonne, from a base of EUR 80 per tonne.

Risk mitigation

We are taking three approaches to mitigate this risk:

1. Passing on the additional costs of the raw materials to customers that are incurred due to carbon taxes.
2. Targeting a reduction in scope 3 GHG emissions by 22% per m³ by 2030 from a 2019 base year by collaborating with suppliers to develop low carbon lime and cement products.
3. Recycling all waste types in the production of AAC and CSU to replace some of the raw lime and cement materials, and thereby reduce overall lifecycle emissions.

These mitigations will be funded within existing CAPEX and OPEX plans. However, in addition, H+H is allocating a dedicated investment pool to ESG projects while also including ESG improvements in our other general projects for optimisation. These projects are assessed and approved by their ESG relevance as well as their financial return. The investment pool is be adjusted when it is financially viable to invest more to reduce running costs. Over a five-to-ten year period, the investments are expected to amount to DKK 100-200 million. With a WACC of 8%, the net costs of the investment pool for ESG projects would be DKK 8-16 million per annum to mitigate this, plus/minus the potentially higher or lower running costs from more expensive/cheaper fuel types which will be fully compensated by customers.

No net cost is expected for responding to the risk and **after mitigation, no net impact on EBIT is expected from this risk.**

Risk 2: Extension of the EU ETS to include H+H

	<p>Type of risk:</p> <ul style="list-style-type: none"> • <u>Policy & Legal: Carbon pricing mechanisms</u> <p>Description of the risk</p> <p>Related to the first risk, the EU has announced plans to extend the ETS to include emissions from fuels used in the maritime, transport and buildings sectors. In time, the ETS may be further extended to include other industries, such as construction materials like our products.</p> <p>This would require H+H to purchase emissions allowances to cover emissions associated with the production of AAC and CSU. These emissions are generated primarily by the combustion of gas and coal in the boilers that generate steam for the autoclaves in our factories. These scope 1 emissions represent approximately 20% of our total emissions and are significantly lower than those generated from the cement and lime raw materials (approximately 78%) which are scope 3.</p> <p>This is considered a medium-term risk as the construction materials sector was not included in the expansion of the EU ETS that was announced in the Fit for 55 package, and hence would not be within scope for the EU ETS before 2030.</p> <p>Primary potential financial impact</p> <p>We estimate that this risk would have a moderately negative impact on EBIT of around DKK 150 million per annum from 2030 and onwards due to increased direct costs and increased capital expenditure on equipment to reduce emissions from H+H's boilers.</p> <p>This estimate is based on an S&P Global forecast for EUA prices of EUR 128 per tonnes by 2030 which has been applied to H+H's 2019 emission level plus anticipated increases of 225,000 tonnes of CO₂. See: https://www.spglobal.com/esg/insights/carbon-pricing-in-various-forms-is-likely-to-spread-in-the-move-to-net-zero</p> <p>Risk mitigation</p> <p>We are responding to this risk by targeting a 46% reduction in scope 1 and 2 emissions by 2030 through three reduction levers:</p> <ol style="list-style-type: none"> 1. Optimising equipment through improvements in process control and modernisation of plant equipment. 2. Improving the energy mix by phasing out the purchase of steam generated from coal, reducing the number of coal-fired factories by converting the fuel source to lower carbon alternatives and converting factories to hydrogen that are located near plans for hydrogen infrastructure. 3. Increasing the share of renewables to 100% renewable electricity through either Renewable Energy Certificates ("RECs") or Power Purchase Agreements ("PPAs"). <p>These mitigations will also reduce our exposure to rising fossil fuel prices.</p> <p>As per risk 1, these mitigations will be funded within existing CAPEX and OPEX plans and through a dedicated investment pool for ESG projects.</p> <p>No net cost is expected for responding to the risk and after mitigation, no net impact on EBIT is expected from this risk.</p> <p>Risk 3: Delay in the decarbonisation roadmaps for cement and lime</p>
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	<p>Type of risk:</p> <ul style="list-style-type: none"> • <u>Technology: Transitioning to lower emissions technology</u> • <u>Market: Changing customer behaviour</u> • <u>Reputation: Increased stakeholder concern or negative stakeholder feedback</u> <p>Description of the risk</p> <p>About 75% of the emissions in H+H's carbon footprint is generated elsewhere along the value chain. The majority of these emissions (approximately 95%) are generated upstream by cement and lime manufacturers as a result of the chemical reaction that occurs when carbon is removed from limestone as it is heated to produce clinker for cement or lime. The CO₂ released is an unavoidable consequence of this reaction, as the limestone has absorbed CO₂ during its formation. European and global cement associations and leading manufacturers have published plans that put cement producers on a path to net-zero emissions by 2050. These roadmaps depend on widespread adoption of carbon capture and utilisation (CCU) and carbon capture, usage and storage (CCUS) technologies which have an uncertain economic model, and on innovation to develop alternative binders which have not yet been proven as viable raw materials.</p> <p>Delays to the cement and lime decarbonisation roadmaps could have the following impacts:</p> <ul style="list-style-type: none"> • Making it difficult for H+H to achieve the emissions reductions we have committed to through our science-based target, thereby leading to reputation loss with shareholders, banks, customers and other stakeholders and potentially increasing the cost of capital. • Increasing the exposure of cement and lime raw materials to the EU ETS beyond what is currently anticipated, thereby increasing costs for longer. • Creating a potential window for low-carbon building materials substitutes to gain market share with consumers. However, given the ubiquity of cement-based building materials and their critical role in construction, it is unlikely that any substitution would be significant. <p>Primary potential financial impact</p> <p>We estimate that this risk would have a moderately negative impact on EBIT in the region of DKK 100-250 million in the medium to long-term, due to increased direct costs, decreased revenues due to reduced demand for products and services and reduced access to capital.</p> <p>Risk mitigation</p> <p>We are responding to this risk by:</p> <ul style="list-style-type: none"> • Proactively communicating with European cement and lime suppliers on their decarbonisation plans • Collaborating with suppliers to develop low carbon lime and cement products (as per Risk 1) • Engaging with European cement and lime associations and with policymakers through the European Autoclaved Aerated Concrete Association and the European Calcium Silicate Unit Producers Association. <p>No net cost is expected for responding to the risk and no net impact on EBIT is expected after mitigation.</p> <p>Risk 4: Substitution by new low carbon building materials products</p> <p>Type of risk</p>
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- Policy & legal: Mandates on and regulation of existing products and services
- Technology: Substitution of existing products and services with lower emissions options
- Market: Changing customer behaviour
- Reputation: Shifts in consumer preferences

Description of the risk

AAC and CSU are both well-established products which are deeply rooted within construction traditions for both low- and high-rise buildings in existing markets for the last 100 years.

AAC is a lightweight, yet strong and durable building material that offers ultra-efficient thermal insulation, optimum fire protection, and a high load-bearing capacity. With its net-zero roadmap and the potential to become carbon negative, AAC has a role to play as a building material in helping to reduce the life-cycle emissions of Europe’s buildings.

There is potential, though considered unlikely, for new low-carbon products to be introduced that gain market share from AAC and CSU products. These would be supported through:

- Changes to building regulations that disadvantage AAC and CSU products
- Innovation in building materials technology
- A shift in customer demand and consumer preferences towards low-carbon products that occurs faster than H+H’s ability to decarbonise AAC and CSU and meet customer expectations.

Primary potential financial impact

Our assessment is that this risk has the potential to be disruptive in the long term and could lead to significantly lower revenue due to reduced demand for H+H’s products and services. However, the likelihood of the risk is remote.

Risk mitigation

H+H is responding to this risk by reducing the carbon intensity of our AAC and CSU products by:

- Collaborating with suppliers to develop low carbon lime and cement products (as per Risk 1)
- Targeting a reduction in scope 3 GHG emissions by 22% per m³ by 2030 from a 2019 base year (as per Risk 1)
- Taking responsibility for our own emissions by targeting a 46% reduction in scope 1 and 2 emissions by 2030 (as per Risk 2).

We are working through the European Autoclaved Aerated Concrete Association and the European Calcium Silicate Unit Producers Association to inform and advise policymakers on the unique characteristics of AAC for low energy, passive, zero carbon, zero energy and even plus energy houses.

Finally, we continuously scan the market for new and innovative products for potential acquisitions.

What is the cost associated to responding to the risk?

As with Risk 2, with a WACC of 8% the net costs of the investment pool to ESG projects would be DKK 8-16 million p.a. to mitigate this - plus/minus the potentially higher or lower running costs from more expensive/cheaper fuel types which will be fully compensated by customers. Hence, no net cost for responding to the risk is expected.

No net impact on EBIT is expected after mitigation.

Opportunity 1: Decarbonisation of products

Type of opportunity:

- Products and services

Description of the opportunity

The decarbonisation of Europe's buildings is essential to achieving the EU's targets of a 55% reduction in GHG emissions by 2030 compared to 1990 levels, and to become the first climate neutral continent by 2050.

In Europe, the use of buildings alone accounts for around 40% of Europe's energy consumption and 36% of CO₂ emissions. Around one third of the emissions come from the manufacture of building materials and the construction and demolition processes.¹ Together, these represent a large and cost-effective opportunity to reduce the EU's overall emissions.

With ambitious political goals to improve peoples' living conditions, the continent is set for increased housebuilding. In the UK there is an aspiration of 300,000 new homes per year, while in Germany there is an aspiration to build 400,000 new homes per year.

AAC is a lightweight, yet strong and durable building material that offers ultra-efficient thermal insulation, optimum fire protection, and a high load-bearing capacity. With its net-zero roadmap and the potential to become carbon negative, AAC has a role to play as a building material in helping to reduce the life-cycle emissions of Europe's buildings and at the same time support the ambitious political goals for the housing market.

Primary potential financial impact

We estimate that this opportunity will have a moderately positive impact on EBIT of DKK 100-250 million per annum in the medium to long term due to increased revenues resulting from increased demand for products and services.

Decarbonisation, combined with the regulatory acceptance of recarbonation and "avoided emissions" from the thermal benefits of AAC, will potentially provide H+H products with a competitive advantage beyond 2030. By comparison, some competing products have a shorter lifespan, no recarbonation benefits and provide only a temporary carbon sink.

Strategy to realise the opportunity

We are responding to this opportunity by reducing the carbon intensity of our AAC and CSU products by:

1. Collaborating with suppliers to develop low-carbon lime and cement products.
2. Targeting a reduction in scope 3 GHG emissions by 22% per m³ by 2030 from a 2019 base year.
3. Targeting a 46% reduction in scope 1 and 2 emissions by 2030.

In addition to decarbonising our existing products, we are investigating how to:

4. Further enhance the application of existing products and aim to develop new sustainable products.
5. Recycle and re-use raw materials from AAC and CSU products occurring in the production process.

¹ <https://www.unep.org/news-and-stories/press-release/co2-emissions-buildings-and-construction-hit-new-high-leaving-sector>

	<p>H+H is also working through the European Autoclaved Aerated Concrete Association and the European Calcium Silicate Unit Producers Association to inform and advise policymakers on the unique characteristics of AAC for low energy, passive, zero carbon, zero energy and even plus energy houses.</p> <p>As with Risk 2, with a WACC of 8%, the net costs of the investment pool to ESG projects would be DKK 8-16 million p.a. to mitigate this, plus/minus the potentially higher or lower running costs from more expensive/cheaper fuel types which will be fully compensated by customers. Hence, no net cost for realising the opportunity is expected.</p>
<p>b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p>	<p>Sustainability is a strategic enabler of growth for H+H. Buildings are a significant source of energy consumption and greenhouse gas emissions ("GHG") that cause climate change. Hence, building materials, such as our AAC and CSU products, are well positioned for long-term growth as they ensure energy-efficient buildings and help to reduce the life-cycle emissions of buildings.</p> <p>Our sustainability strategy is based on seizing the opportunity for growth in sustainable building materials, while mitigating the environmental, social and governance risks that are present in our products and operations.</p> <p>H+H's strategic initiatives to capture the climate-related opportunities and to address and mitigate the climate-related risks that were identified, include:</p> <p>Reducing the carbon intensity of its AAC and CSU products by:</p> <ol style="list-style-type: none"> 1. Collaborating with suppliers to develop low carbon lime and cement products. 2. Targeting a reduction in scope 3 GHG emissions by 22% per m³ by 2030 from a 2019 base year. 3. Taking responsibility for our own emissions by targeting a 46% reduction in scope 1 and 2 emissions by 2030 through three primary levers: <ul style="list-style-type: none"> • Optimising equipment through improvements in process control and modernisation of plant equipment • Improving the energy mix by phasing out the purchase of steam generated from coal, reducing the number of coal-fired factories by converting the fuel source to lower carbon alternatives and converting factories to hydrogen that are located near plans for hydrogen infrastructure. • Increasing the share of renewables to 100% renewable electricity through either Renewable Energy Certificates ("RECs") or Power Purchase Agreements ("PPAs"). 4. In addition, H+H is allocating a dedicated investment pool to ESG projects. These projects are assessed and approved by their ESG relevance as well as their financial return. The investment pool is around DKK 20 million per annum and can be adjusted when it is financially viable to invest more to reduce running costs. Over a five-to-ten-year period, the investments are expected to amount to DKK 100-200 million. <p>Through this strategic approach, we became the first manufacturer of AAC and CSU to have science-based targets approved in line with the 1.5°C scenario.</p>
<p>c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios,</p>	<p>In 2021, H+H conducted climate-related scenario analysis using the TCFD guidelines to assess transition and physical risks and opportunities under multiple climate scenarios, and how they might impact the resilience of our company strategy.</p> <p>Three distinct scenarios were developed for the analysis, using a range of publicly available scenarios, supplemented by data and insights relevant to the construction materials sector. These included the Net Zero 2050, Delayed Transition and Current Policies scenarios released by the NGFS in 2021 which included orderly and disorderly scenarios.</p>

<p>including a 2°C or lower scenario.</p>	<p>The NGFS scenarios we selected describe warming of 1.5°C, 1.8°C and +3°C respectively. The transition risk assumptions were supplemented by carbon tax assumptions from the European Central Bank's economy-wide climate stress test published in September 2021.</p> <p>For physical climate risk, we used data from the RCP 6.0 scenario in the IPCC Sixth Assessment Report published in September 2021. The scenarios considered H+H's full value chain, including upstream cement and lime producers, own operations and downstream customers.</p> <p>Our process included a workshop with the top 50 leaders from across the company (including the CEO and CFO) to consider the three scenarios and identify climate-related risks and opportunities. Existing climate-related risks from within H+H's ERM system were included, and an analysis of risks and opportunities identified by companies across the building materials sector was also completed.</p> <p>The process identified a list of climate-related risks and opportunities which were then assessed for financial materiality and potential impact on our business model and strategy. This step involved the Head of Group Finance and the Chief Strategy Officer. The findings from the scenario analysis were incorporated into H+H's strategy to improve its resilience.</p> <p>The process and findings were presented to the Executive Management team and H+H's Board of Directors.</p> <p>Key findings from the climate scenario process:</p> <p>Net Zero 2050 scenario</p> <ul style="list-style-type: none"> • The Net Zero 2050 scenario is an ambitious scenario that limits global warming to 1.5 °C. It is an orderly scenario that includes stringent climate policies and fast technology change to reach net-zero CO₂ emissions in 2050. Carbon prices rise to \$185 t/CO₂ in 2030, \$350 in 2040 and \$675 in 2050. This scenario tests for immediate transition risk and low physical risk. • The accelerated roll out of renewable energy and hydrogen infrastructure supports our goal to reduce emissions in our own operations. • The main variable for our ability to reduce the emissions intensity of our products is the speed at which CCU and CCUS technologies are introduced by cement producers, and therefore for H+H to reduce our scope 3 emissions. <p>Delayed Transition scenario</p> <ul style="list-style-type: none"> • In the Delayed Transition scenario, a delay means global emissions increase until 2030 and then strong policies are needed to limit warming to 2°C. Carbon prices rise rapidly from \$70 t/CO₂ in 2030 to \$325 in 2040 and \$625 in 2050. This disorderly scenario tests for delayed and high transition risk. • A delayed roll out of renewables and hydrogen infrastructure would slow our ability to reduce our operational emissions. However, this scenario aligns with the expected timing of the cement industry's decarbonisation roadmap for the introduction of CCU and CCUS technologies and therefore would not undermine our own decarbonisation plans. <p>Hot House World (Current Policies) scenario</p> <ul style="list-style-type: none"> • This scenario assumes that only currently implemented policies are preserved, leading to high physical risks. Emissions continue to grow until 2080 leading to 3-4°C of warming and severe physical risks. This includes irreversible changes like higher sea levels. This scenario can help to consider the long-term physical risks if we continue on our current path to a "hot house world". • We paired this scenario with data from the IPCC RCP 6.0 scenario. In Europe, where H+H has operations, the frequency and intensity of heat extremes, including marine heatwaves, are projected to keep increasing. Relative sea levels will rise in all European areas except the Baltic Sea. Extreme sea level events will become more frequent and more intense, leading to more coastal flooding.
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	<ul style="list-style-type: none"> • In Northern Europe, flooding from rainfall is projected to increase further, along with severe windstorms. However, river flooding is expected to decrease. • In Western and Central Europe, flooding and river flooding are projected to further increase while at the same time droughts are expected to increase. • As a next step, H+H will consider the potential impact of physical risk on our assets and operations.
RISK MANAGEMENT	Disclose how the organisation identifies, assesses, and manages climate-related risks.
a) Describe the organisation's processes for identifying and assessing climate-related risks	Climate-related risks that were identified through the scenario analysis exercise have been incorporated into H+H's annual Enterprise Risk Management (ERM) process as well as into the ERM system. The ERM Committee which oversees the ERM process and performs the scoping and development of overall risk strategies reports to the Audit Committee and the Board of Directors.
b) Describe the organisation's processes for managing climate-related risks.	H+H's Enterprise Risk Management (ERM) process defines enterprise risk with an annual financial impact of approximately 5% of EBIT as being a substantive financial risk. In addition to assessing the financial impact, our ERM process assesses the likelihood of an enterprise risk (from remote to almost certain) and consequence (from insignificant to critical). For climate-related risks and opportunities, we define the types of risks by using the TCFD guidance for Transition and Physical risk categories.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<p>On a day- to-day basis, we manage policy and legal risk by monitoring regulatory developments in the markets where we operate, and in particular with regards to the European Union's Green Deal, Fit for 55 package and sustainable finance strategy and its implications for the construction materials sector.</p> <p>Similarly, market risks are managed through regular contact with our customers and suppliers, and through industry trade associations of which H+H is a member, such as the European Autoclaved Aerated Concrete Association and the European Calcium Silicate Unit Producers Association.</p>
METRICS AND TARGETS	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>GHG emissions:</p> <ul style="list-style-type: none"> • Absolute scope 1, 2 and 3 GHG emissions • Intensity-based scope 1, 2 and 3 GHG emissions – kg CO₂e / m³ <p>Climate-Related risks and opportunities</p> <p>Metrics used to track mitigation of transition risks and progress on climate-related opportunities.</p>

	<p>Key indicators for absolute scope 1+2 emissions reductions:</p> <ul style="list-style-type: none"> • Energy consumption per produced m³ - scope 1+2 reductions • # of Hydrogen compatible burners - scope 1 reductions • Share of coal-fired factories – scope 1 reductions • Share of renewable electricity – scope 2 reductions <p>Each region reports on ESG data on a monthly basis to discuss energy and CO₂ performance with Group Management.</p> <p>Key indicators of intensity-based scope 3 emissions reductions:</p> <ul style="list-style-type: none"> • Weighted average carbon intensity of cement purchased (kg CO₂e / ton) • Weighted average carbon intensity of lime purchased (kg CO₂e / ton) • Share of cement and lime suppliers with science-based targets (% of total spend) <p>Capital Deployment</p> <p>Amount of investment deployed toward climate related risks and opportunities</p> <ul style="list-style-type: none"> • Earmarked CAPEX pool for CO₂-reducing projects • Interest covenant in finance agreement with main finance institution <p>Remuneration</p> <p>The incentive remuneration of the executive board, is tied to the overall business performance and sustainable financial performances, including progress on various strategic ESG targets. This is described in more detail in the 2025 Annual Report.</p>
<p>b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>H+H discloses our metrics and scope 1, 2 and 3 greenhouse gas (GHG) emissions in our 2025 Annual Report which is available at: https://www.hplush.com/en/investor-relations/financial-reports</p>
<p>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and</p>	<p>H+H's climate targets are anchored in science. In 2021, H+H became the first manufacturer of AAC and CSU and one of only six companies within the building products sector in Europe to have science-based targets approved in line with the 1.5°C scenario.</p> <p>Our ten-year emissions reduction target was validated by the Science Based Targets initiative in line with a global temperature increase of 1.5°C before 2050:</p> <ul style="list-style-type: none"> • We commit to reduce absolute scope 1 and 2 GHG emissions by 46% by 2030 from a 2019 base year. • We also commit to reduce scope 3 GHG emissions 22% per m³ by 2030 from a 2019 base year.

performance against targets.	<p>In addition to our science-based target, H+H has set following targets to drive the transition to a low-carbon economy:</p> <ul style="list-style-type: none">• 100% share of renewable electricity (incl. PPAs / RECs) by 2025• Annually allocating funds to CO₂-reducing projects• Converting five coal factories to natural gas by 2030• Continuing to link executive management remuneration to carbon-related measures• Having a least one scope 1+2 neutral producing factory by 2030
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