

CEMEX'S POSITION ON CLEAN ELECTRICITY

The Challenge

Electricity generation from fossil fuels is one of the biggest contributors to global warming, reaching an all-time high of 14.6 gigatons of CO₂ in 2022 and accounting for over 33% of all energy-related carbon emissions for the yearⁱ. According to the International Energy Agency, to reach net zero emissions by 2050, annual clean energy investment worldwide will need to more than triple by 2030 to around \$4 trillion dollarsⁱⁱ. The cement and concrete industry has historically relied on conventional fuels to meet its substantial electricity demand across its operations. This demand is only expected to increase as electricity-intensive decarbonization technologies such as Carbon Capture, Utilization, and Storage (CCUS) become increasingly widespread. To address and mitigate CO₂ emissions associated with increased electricity use, a rapid decarbonization of the electricity sector through the adoption of clean energy will be essential.

Our Position

Cemex supports the use of clean electricity generated from renewable and other low and zero-carbon sources of energy. Additionally, we support the modernization of electricity grid infrastructure, the buildout of distribution networks, and the design of energy markets to facilitate the transition towards cleaner energy. We define clean electricity as that produced by renewable sources such as solar, wind, geothermal, and hydro power, as well as electricity generated from waste heat recovered from cement kilns. We acknowledge the role of other carbon-free sources such as nuclear power, and lower-carbon electricity sources such as thermal power plants equipped with carbon capture and storage systems in contributing to reliable, clean electricity grids. Maximizing the availability of renewable energy sources for our operations is essential to help reduce our Scope 2 emissions, which occur indirectly from electricity consumption and currently account for around 8% of our total emissions. Further, a transition to renewables also makes good economic sense, as the price of clean electricity is not only increasingly competitive, but less expensive than power generated from fossil fuels in most cases.

Our Approach

In 2023, Cemex led the industry with 36% of the electricity used in our cement plants coming from clean electricity sources. Cemex achieved this by developing grid-connected and onsite renewable energy generation, including waste heat recovery facilities in our cement kilns, contracting long-term clean electricity supply through physical and virtual power purchase agreements, leveraging clean electricity supply offers from our suppliers, and using instruments such as energy attribute certificates. We aim to have our electricity supply mix consist of 65% clean electricity sources by 2030. This will enable us to reach our goal of reducing our Scope 2 emissions by 58% from our 2020 baseline, having no more than 24 kgCO₂ per ton of cementitious materials. As of December 2023, we reduced our Scope 2 emissions by 12% compared to our 2020 baseline.

In order to increase the use of clean electricity, we established key partnerships in 2023:

- Poland: Signed an eight-year agreement with Statkraft starting in 2025 to cover ~30% of the electric power required for our cement operations in Poland.
- Spain: Entered into a 10-year agreement with Acciona Energía to supply our cement operations in Spain with renewable electricity.
- Colombia: We pursued a long-term Power Purchase Agreement (PPA) for renewable energy directly powering our cement plant from a solar installation and a separate 10-year Power Purchase Agreement (PPA) supplying our Colombian cement operations from a solar park.

The Road Ahead

We recognize that decarbonizing our operations through the increased use of clean electricity will require significant support from government policies and incentives, as well as the adaptation of electricity markets and the inclusion of innovative technologies to ensure the reliability of electricity grids. Cemex continues to work alongside governments, civil society, regulatory bodies, and other industry partners to increase the availability of clean electricity sources.

We support:

- **Implementing public policies that advance the energy transition and the decarbonization of electric grids.** Behind-the-meter grid-connected power generation, energy storage technologies, and flexible demand will also play an important role.
- **Investing in grid capacity and infrastructure, transmission, distribution upgrades, and energy storage,** to increase the availability and reliability of clean electricity.
- **Establishing fiscal incentives and Research & Development funding** to enhance clean electricity generation, use, and storage. For the cement sector, these efforts should include waste-to-energy and waste heat recovery, and technologies to electrify the production of industrial heat.

ⁱ <https://www.iea.org/reports/co2-emissions-in-2022>

ⁱⁱ <https://www.iea.org/reports/net-zero-by-2050>