

2019 | NON-FINANCIAL PERFORMANCE

WOW

wienerberger

# Contents

<b>3</b> Wienerberger at a Glance —	<b>17</b> Employees —	<b>26</b> Confirmation by the Managing Board —
<b>8</b> Management Approach and Due Diligence Processes —	<b>20</b> Production —	<b>27</b> Auditor's Report —
	<b>23</b> Products —	
	<b>25</b> Social and Societal Commitment —	

Wienerberger

# Sustainability

**33%**

women on the Managing Board through in-house appointment of new Chief Performance Officer (CPO) in 2019



**12%**

women in Senior Management positions and 36% women on the Supervisory Board



**948**

people in need, among them close to 90 families, received help in 2019 with Habitat for Humanity

**31%**

of the Group's total revenues are accounted for by innovative products



### Sustainable Supplier Management

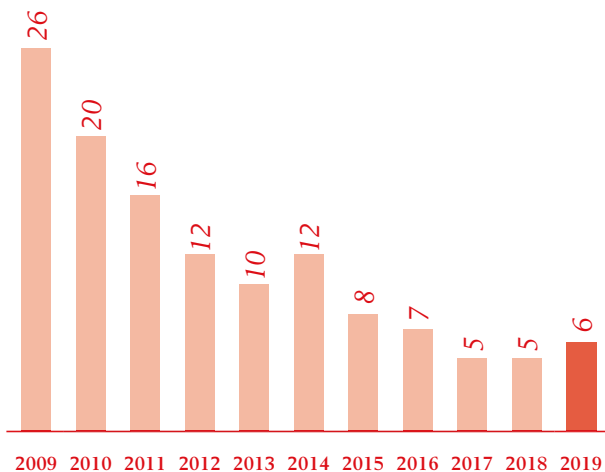
A Group-wide uniform "Supplier Code of Conduct" as a minimum standard implemented in 2019



### Green Finance

For the first time, Wienerberger opted for a sustainability-oriented form of finance in 2019. The rate of interest on a bank loan is inter alia linked to the sustainability rating

**Accident frequency rate has declined since 2009 by about 78%**



**85 kg/t**

Target to increase the share of secondary raw material to a total of 85 kg per ton of plastic pipes produced achieved one year earlier than planned

We support these initiatives



Our sustainability ratings



# Wienerberger at a Glance

## *Company Profile*

Wienerberger is an international supplier of innovative building material and infrastructure solutions headquartered in Vienna. We are the only multinational producer of clay blocks, facing bricks and clay roof tiles, pipe systems made of plastics and ceramics, and concrete and clay pavers. As at 31/12/2019, Wienerberger operated 201 production sites in 30 countries of the world and exported its products to international markets. We are the world-wide market leader in bricks and the No.1 producer of clay roof tiles in Europe. Moreover, we are one of the leading suppliers of pipe systems in Europe and concrete pavers in Central and Eastern Europe. For details on our production sites and market positions, please refer to the diagrams on pages 36-37 of the magazine section of the 2019 Annual Report.

## *History of the Company*

Wienerberger was founded in 1819 by Alois Miesbach in the Wienerberg district on the southern outskirts of Vienna. In 1869, this Austrian brick manufacturer became one of the first companies to be listed on the Vienna Stock Exchange. Wienerberger is a free float company with 100% of its shares being publicly traded. For details on the shareholder structure, please refer to the Management Report on pages 30-33.

The company took its first step toward internationalization with the takeover of the German Oltmanns Group in 1986, which was followed by successful expansion into Eastern Europe, France and the Benelux countries. At about the same time, Pipelife (plastic pipes) was established as a joint venture and the activities of the Group were diversified to include ceramic pipes and concrete pavers. After a further period of expansion in Europe, the Wienerberger Group developed into a global player with the takeover of General Shale in the USA in 1999. Another strategic milestone was the Group's entry into the roof sector through the acquisition of Koramic in 2003; this line of business was steadily expanded in the following years.

With the takeovers of Semmelrock (2010), Steinzeug-Keramo (2011), Pipelife (2012), and Tondach Gleinstätten (2014), Wienerberger completed its transformation into an international supplier of building material systems. Since 2019, Wienerberger's organizational structure has comprised the following Business Units: Wienerberger Building Solutions, Wienerberger Piping Solutions, and North America (see "New Corporate and Reporting Structure" on page 7 of this report).

## *Mission Statement*

Our vision is to be the most highly regarded producer of building materials and infrastructure solutions and the preferred employer in our markets.

Our mission is to improve people's quality of life by providing outstanding, sustainable building material and infrastructure solutions. The primary goal of our entrepreneurial activities is to achieve a sustainable increase in the value of the company aligned with ecological, social and economic principles. Day by day, 17,234 employees are making every effort to translate this vision into reality through their commitment and their professional approach. This excellent cooperation is based on a firmly rooted corporate culture, which provides the foundation of our organization and is characterized by shared values – expertise, passion, integrity and respect, customer orientation, entrepreneurship, quality and responsibility.

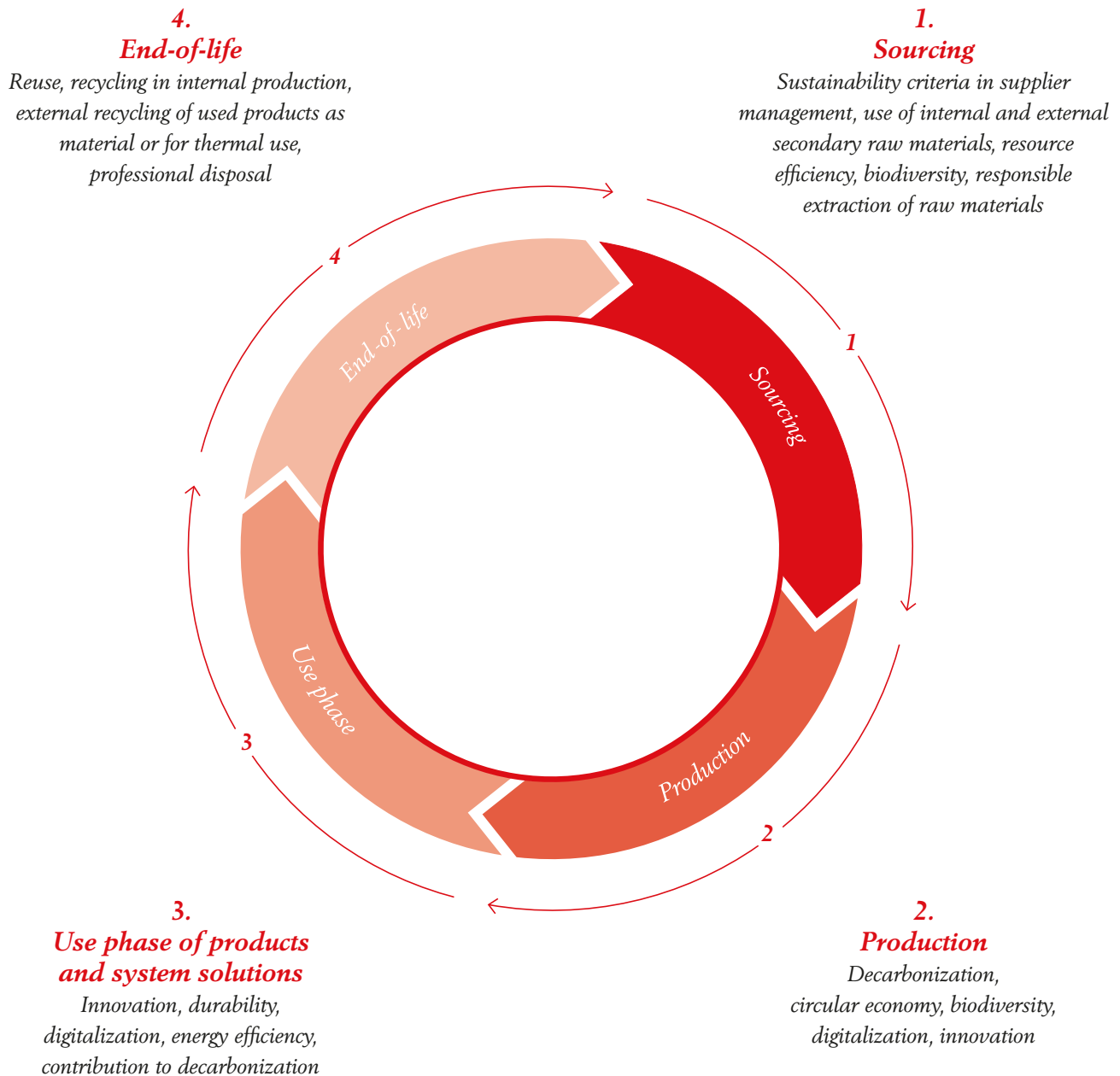
## *Business Model*

Wienerberger's business model is focused on providing innovative building material and infrastructure solutions for all our fields of application – from sustainable and energy-efficient buildings to environment-friendly pavers to pipe systems designed to ensure maximum security of supply.

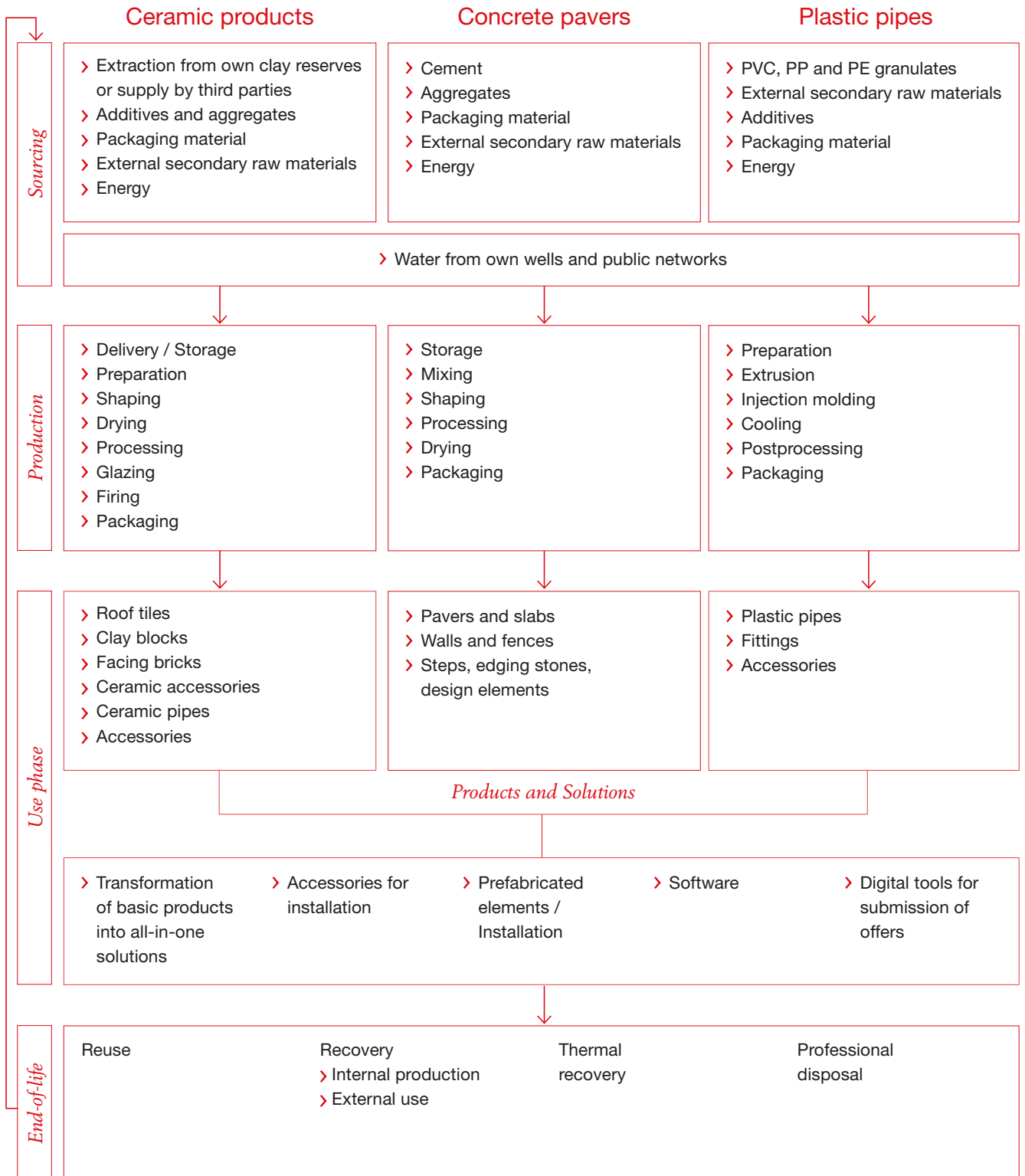
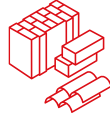
## *Value Creation*

Our value creation process is fundamental to the achievement of our corporate goal of sustainably increasing the value of the company aligned with ecological, social and economic terms. This is how we create added value for our company, our stakeholders and society at large. The diagrams shown on the following pages 4-5 illustrate our value creation process.

# Value Creation



The assigned topics are related to our contribution to circular economy, their order does not represent a ranking



## **Corporate Strategy**

Our corporate strategy defines the framework for our business activities. As a leading provider of building material and infrastructure solutions we assume responsibility for people and the environment and create sustainable value for our stakeholders. We take a holistic approach along the entire value chain, from sparing use of resources in production to efficient processes to durable and recyclable product solutions.

This strategy is the foundation on which opportunities arise for the future development of our strong industrial and commercial platforms. It is based on three pillars: organic growth, operational excellence, and the implementation of value-enhancing growth investments.

Moreover, by observing strict financial discipline, we keep our balance sheet strong and ensure an attractive profit distribution policy.

### **Organic growth**

#### ***From product supplier to system provider***

Wienerberger is evolving from a manufacturer of sustainable building materials into a provider of system solutions, transforming its business model to focus even more intensively on customer proximity and value creation. With our innovative and efficient solutions, we contribute to environmental protection, broaden our potential market and increase our share in the value chain.

#### ***Market proximity and digitalization***

In view of the growing complexity of building and infrastructure projects, customer proximity has become an essential factor in everything we do. We constantly strive to support our customers in addressing their challenges and provide them with tailor-made solutions. To this end, we offer end-to-end advisory and ancillary services, employ digital tools and support projects from the planning phase right through to execution.

### **Operational excellence**

Continuous improvement of our internal processes is one of the main pillars of our corporate strategy. The Fast Forward program provides the framework for all measures aimed at enhancing efficiency and improving profitability throughout the Wienerberger Group. Across the Group, our efforts to generate improvements along the entire value chain are concentrated on six clearly defined work streams – optimization of procurement, implementation of best-in-class production processes, digitized stockyards, automated back-office processes, and new ways of interacting with our customers.

Wienerberger has set a clear goal to be delivered through Fast Forward: a contribution to EBITDA of € 120 million during the period from 2018 to 2020.

### **Growth projects and portfolio optimization**

Our organic growth potential is underpinned by value-enhancing growth projects, including the selective takeover of individual plants and the acquisition of small to medium-sized companies. All growth projects have to meet our strict value management criteria, enhance our competence as a provider of solutions and services, and strengthen our platforms. We thus acquire companies which can be swiftly integrated into our existing industrial network and are a perfect fit for our business.

To achieve sustainable growth, we regularly review our portfolio and dispose of assets that no longer meet our profitability targets or do not comply with our sustainability principles and strategic priorities. The proceeds can then be reinvested in more attractive high-margin operations with potential for future growth.

### *Corporate Governance at Wienerberger*

As a listed company with international operations, Wienerberger is committed to the strict principles of good corporate governance and transparency as well as to the continuous development of an efficient corporate control system. We are convinced that managing the Wienerberger Group responsibly and with long-term goals in mind is one of the crucial prerequisites for a sustainable increase of our enterprise value. In the pursuit of this target, we always act within the framework of Austrian law, the Austrian Corporate Governance Code, our Articles of Association, the rules of procedure of the Boards of the company, and our internal policies.

In 2019, Wienerberger was almost in full compliance with the rules of the Austrian Corporate Governance Code, including its R Rules. Slight non-compliance was reported in respect of two C Rules of the Code's total number of 83 rules. These deviations, as well as further activities in the reporting year, are explained and described in detail in the consolidated Corporate Governance Report starting on page 6. This report is also available on the Wienerberger website.

### *New corporate and reporting structure*

With its innovative solutions, Wienerberger is evolving from a supplier of building materials into a provider of building material and infrastructure system solutions. In the interest of greater customer proximity, we have re-structured our Business Units. Wienerberger Building Solutions will provide our European customers with a comprehensive, innovative range of products in the wall, façade, roof and paver segments.

Wienerberger Piping Solutions is to be developed into a European full-range provider for all smart infrastructure applications in the fields of water supply and wastewater management, in-house solutions and special applications for industry and the energy sector.

In the North America Business Unit, we intend to pursue our growth strategy through organic growth, while contributing to market consolidation and strengthening our presence in the North American market through acquisitions.

As of the business year 2019, reporting on our activities is being done in accordance with the new corporate structure. The indicators and developments relating to our European business in ceramic building materials for the building envelope, together with those of the European concrete paver business, are being communicated within the framework of the Wienerberger Building Solutions Business Unit. Developments in our European plastic pipe business and our ceramic pipe operations are being reported in the Wienerberger Piping Solutions Business Unit. North America remains a separate Business Unit with its own reporting framework.



# Management Approach and Due Diligence Processes

## *Sustainability Management*

Wienerberger's voluntary commitment to sustainable development covers all stages of the Group's value chain. To ensure a uniform approach and the efficient implementation of the measures taken and the attainment of our targets, we have established clear structures and responsibilities for the Group's sustainability management.

## **Organizational structure**

The Sustainability Steering Committee (SSC) is responsible for Wienerberger's sustainability strategy and the definition of targets, deadlines and measures of the sustainability program. It comprises the extended Managing Board of the Wienerberger Group (CEO, CFO and CPO of the Wienerberger Group = Managing Board of Wienerberger AG, and the CEOs of the Business Units) and is the top-level body in charge of sustainability management. Sustainability Management is a staff function exercised by the Head of Corporate Sustainability, who reports directly to the CEO of Wienerberger AG, ensures Group-wide coordination of sustainability management and the sustainability strategy, and compiles Wienerberger's sustainability reports.

The CEOs of the Business Units are responsible for implementing the sustainability targets in their respective Business Units. They are supported by sustainability officers engaged in continuous exchange with the Head of Corporate Sustainability on current developments and the progress achieved. This structure enhances the responsibilities of the individual Business Units and strengthens their influence on the integration of our sustainability strategy.

In 2019, the Supervisory Board established a new committee focusing on current issues of sustainability and innovation management. The Sustainability and Innovation Committee, which has been operational since 01/01/2020, consists of five members of the Supervisory Board and reports to the Supervisory Board on its discussions and the resultant conclusions.

## **Instruments of our sustainability management**

### *The value chains*

In 2014, we took a close look at the entire value chain of each of our four main product groups. This includes raw material extraction along the entire supply chain, the production and use of products, and finally the product's transformation into waste at the end of its useful life. Potential ecological, social, ethical and/or macro-economic issues, as well as issues relating to the security of supply, were allocated to the individual steps in the value chains. They provided the basis for our stakeholder survey.

For diagrams showing an overview of the value chains of our products and system solutions, please refer to pages 4-5 of this report.

### *The stakeholder survey*

The view of our internal and external stakeholders regarding the materiality of the issues identified was obtained through an online survey. The survey also served to establish our stakeholders' perception of Wienerberger's current engagement in respect of the individual issues. The stakeholder survey was performed and evaluated by an external partner, who also provided the necessary tools for the survey. To begin with, the relevance of the various stakeholder groups for each product group was rated on the basis of their interest in and influence on the company. Thus, we were able to define which stakeholder groups had to be included in the survey and how many people from each group had to be questioned in order to obtain a well-founded and informative result. We invited close to 500 stakeholders to participate in the survey – 80% of them external stakeholders. Based on the stakeholders' responses, the material topics for the four product groups along their respective value chains were determined by our partner. The relevance (medium to high) of individual aspects, as perceived by internal and external stakeholders, was entered into a matrix.

### ***Results of the materiality analyses***

The matrices showed that the stakeholders perceived certain topics as being of similarly high significance across all product groups. The topics identified as material in the various product groups were then aggregated at Group level. The result shows which topics along the value chains of the individual product groups are equally relevant for the entire Wienerberger Group. These topics are presented in the diagram on page 10 and in the following chapters: “Employees”, “Production”, “Products” and “Social and Societal Commitment”. The result of the materiality analysis provided the basis for the further development of our sustainability strategy and the identification of targets and measures for our Sustainability Roadmap 2020.

### ***The Wienerberger Sustainability Roadmap 2020***

The Wienerberger Sustainability Roadmap 2020 describes the sustainability targets pursued by the Wienerberger Group up to 2020. These targets are based on the results of the 2014 materiality analysis. The Roadmap represents a deliberate, self-imposed commitment to continuously improving Wienerberger’s ecological, social, societal and economic performance. The diagram on the following page 10 shows all the topics identified in the materiality analysis as highly relevant, which therefore provide the basis for the Wienerberger Sustainability Roadmap 2020. The measures taken and the targets achieved, as well as the steps to be taken by the Business Units within the framework of the Sustainability Roadmap 2020, are outlined in detail in our Sustainability Reports.

### ***Updating of the materiality analysis and the sustainability strategy***

In 2019 Wienerberger performed an internal analysis as a first step toward the new orientation of its future sustainability strategy, which will replace the Sustainability Roadmap 2020. Based on the results achieved through the implementation of the Sustainability Roadmap 2020, this process served to identify the global challenges confronting Wienerberger, including issues that the Company has a strong impact on and others to which it is exposed (see “Impact and Risk Analysis” in the following paragraph). This internal analysis was performed by the Wienerberger Sustainability Steering Committee and the Head of Corporate Sustainability in cooperation with experts from the Business Units and the corporate level.

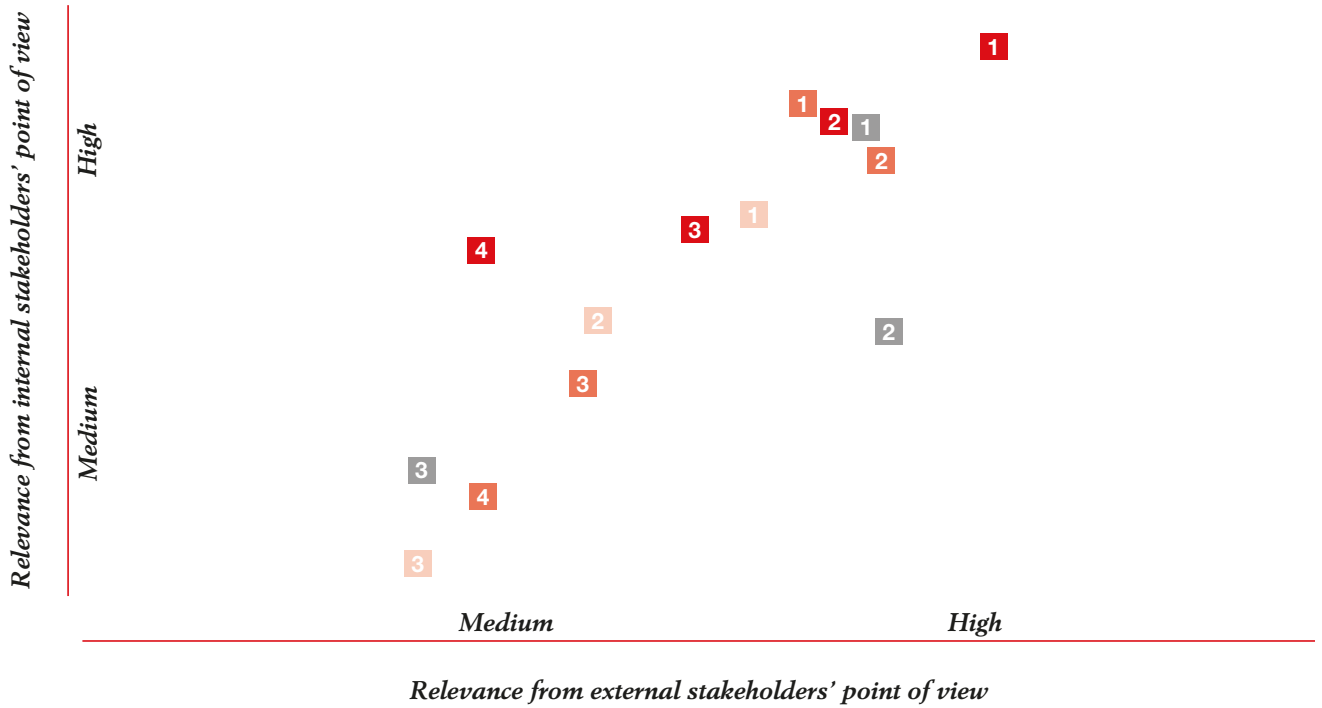
The process of updating the materiality analysis is being continued in 2020 with a systematic survey among additional internal and external stakeholder groups, supported by an external partner. Alongside the outcome of the internal analysis, the results of this survey will provide an important basis for the definition of specific targets, activities and deadlines of Wienerberger’s new sustainability strategy.

Together with the newly established Sustainability and Innovation Committee of the Supervisory Board, Management is already working on the new Sustainability Strategy 2020+, which will replace our Sustainability Roadmap 2020. In particular, the Group will focus on the following three areas in its ongoing effort to create sustainable values both now and in the future:

- › Decarbonization
- › Circular economy
- › Biodiversity

The results of the updated materiality analysis and the detailed contents of Wienerberger’s new Sustainability Strategy will be published in our Sustainability Report on the business year 2020.

The most relevant topics as the basis of the Sustainability Roadmap 2020



Caption

Group-wide supply chain topics		Group-wide product topics	
1	Availability of raw materials	1	Innovative and durable products
2	Avoidance of hazardous substances	2	Recyclability, recycling and re-use of products
3	Protection of local residents and employees, nature conservation, re-use of depleted extraction sites	3	Product-group-specific properties
Environmental topics in production		Social topics in production	
1	Energy efficiency	1	Health and safety of the employees
2	Climate action	2	Business ethics and compliance
3	Resource efficiency and waste management	3	Employee satisfaction and training
4	Sparing use of water	4	Communication with and involvement of employees

**Impact and risk analysis and identification of the relevant Sustainable Development Goals**

In 2018, Wienerberger performed an impact and risk analysis based on the specific value chains of its four main product groups, i.e. bricks, ceramic pipes, plastic pipes and concrete pavers. In 2019, on the basis of the findings obtained, Wienerberger identified which of the Sustainable Development Goals of the United Nations (UN SDGs) are relevant for the Group and decided how Wienerberger can and/or will contribute to the Global Agenda 2030. The entire analytical process was monitored and methodologically supported by independent external experts.

The essential steps of the process included:

- Documentation of all potential groups of topics, broken down by type of impact on and/or risk or opportunities for the environment, for employees and in terms of social issues, including the respect of human rights and the fight against corruption.
- Qualitative evaluation of the significance of all identified potential impacts and risks by internal experts.
- Identification of all relevant SDGs to the achievement of which Wienerberger contributes, on the basis of product-group-specific impact and risk analyses.

The following diagram provides an overview of the impacts and risks relating to non-financial matters identified as material, aggregated at Group level. For more detailed information on the underlying concepts and the due diligence processes applied, please refer to the corresponding paragraph starting on page 13 and the chapters “Employees”, “Production”, “Products” and “Social and Societal Commitment”.

*Results of the analysis:  
Overview of impacts, risks and opportunities for the Wienerberger Group*

Input // Sourcing	Production	Output // Products – End-of-life
■ Employment	■ Employment	■ Climate action and adaptation to climate change
■ Technological development, know-how	■ Equal opportunities	■ Efficient use of natural resources
■ Equal opportunities	■ Skills development	SR ■ Working conditions, product use, and impacts on society (e.g. health and hygiene)
■ Energy input	SR ■ Energy input in production	■ Efficient use of natural resources
■ Emission from raw material sourcing	SR ■ Emission from production	
SR ■ Use of secondary raw materials	SR ■ Raw material input	
SR ■ Environmental contamination	■ Use of secondary raw materials	
■ Human rights violations in energy and raw material sourcing	■ Energy input in transport	
	■ Emission from transport	
SR ■ Corruption	SR ■ Occupational safety	

**Method:** The topics indicated in the table have been identified as material for at least two product groups of the Wienerberger Group. For the lifecycle stage shown under Output // Products – End-of-life, the topics, being product-group-specific and therefore very heterogeneous, have been grouped in higher-order clusters. // Topics marked SR were classified as highly relevant in the Wienerberger materiality matrix (2014) and therefore provided the basis for the Wienerberger Sustainability Roadmap 2020. // Topics marked ■ were classified as impacts. // Topics marked ■ were classified as risks or opportunities.

**SDGs of relevance to the Wienerberger Group**

As we have seen, along Wienerberger’s entire value chain thirteen of the seventeen SDGs are more or less relevant to the Group, although in different lifecycle stages and product groups.

For detailed information on the SDGs relevant to the individual product groups and the respective contributions made in these product groups, please refer to pages 54-61 of the 2018 Sustainability Report.

*Relevant SDGs – Relating to the entire Wienerberger Group*



**Sustainability Reporting**

Non-Financial Group Reporting has been introduced as a central data management tool for the consolidation of all non-financial indicators, which serve as a basis for strategic decisions taken by the Business Units and at Group level.

Wienerberger’s Sustainability Report, published annually since 2010, constitutes a binding framework for our commitment to sustainable development. All Wienerberger Sustainability Reports meet the requirements of the Global Reporting Initiative (GRI). The reports focus on the ecological and social aspects of our activities and on measures to be taken in the future regarding employees, production and products as well as our engagement in social and societal affairs. In combination with the sustainability program (Sustainability Roadmap 2020), the Sustainability Report is an essential instrument supporting Wienerberger in the pursuit of its long-term goals and its efforts to assume its societal responsibility.

As in previous years, Wienerberger again plans to publish a Sustainability Report for 2019, in addition to this non-financial report. It will be prepared in accordance with the “core” option of the GRI Standards.

Sustainability reporting follows the scope of consolidation of the Wienerberger Group, which is described in detail on page 46 of the Notes to the 2019 Annual Report. In substantial terms, this report covers the fully consolidated subsidiaries operating in Wienerberger’s product groups, i.e. products for the wall, roof and façade segments, ceramic pipes, plastic pipes as well as concrete and clay pavers.

The two sites in the Netherlands that were acquired in 2018 but not yet included in non-financial reporting for 2018, because the structures required to compile the non-financial indicators were not yet in place, have been included in the 2019 report. Five sites newly acquired in 2019 have been excluded from the 2019 report, given that the structures required for the collection of non-financial indicators have yet to be implemented. Other deviations of individual indicators from the reporting scope are mentioned wherever they apply.

### ***Green Financing***

Wienerberger assumes responsibility for its entire value chain not only in its operational business, but also in corporate financing. Therefore, for the first time, Wienerberger opted for a sustainability-oriented form of finance. After the necessary preparatory steps in 2019, the decision was made to refinance the 4% corporate bond maturing in April 2020 with a € 170 million loan taken out at a rate of interest that is linked not only to the usual financial indicators, but also to the Company's sustainability rating. An improvement in the Wienerberger Group's sustainability performance therefore results in lower financing costs.

### **Voluntary commitment to comply with the ten principles of the UN Global Compact**

Wienerberger acceded to the UN Global Compact in 2003 and is a founding member of respACT, Austria's leading platform for Corporate Social Responsibility (CSR) and Sustainable Development. Thus, Wienerberger officially commits to the implementation of the ten principles regarding human rights, labor standards, environmental protection – including the precautionary principle – and the fight against corruption.

The Wienerberger Social Charter, which confirms the company's commitment to compliance with the relevant conventions and recommendations of the International Labor Organization (ILO – a specialized agency of the United Nations), was signed by the Managing Board of Wienerberger AG and the chairman of the European Forum, a social partnership body, in Strasbourg in 2001. Through the Wienerberger Social Charter, which is available on our website, the Company demonstrates its global commitment to respect for human rights, fair working conditions, payment of adequate remuneration, the avoidance of excessive working hours, permanent employment relationships and respect for the freedom of assembly and the right of employees to engage in collective bargaining. Within its sphere of influence, Wienerberger guarantees the protection of fundamental human rights. Thus, it goes without saying that Wienerberger tolerates neither child or forced labor nor any form of discrimination.

### ***Concepts and Due Diligence Processes***

The responsible management of the Wienerberger Group with a view to its long-term development is an essential prerequisite for sustainable corporate success.

The most important risks and impacts of the Wienerberger Group's operations relating to non-financial matters are outlined on page 11. Information on the underlying concepts and the due diligence processes applied by Wienerberger are summarized in the chapters "Employees", "Production", "Products" and "Social and Societal Commitment".

Information on Wienerberger's approach to the management of financial risks is contained in the Management Report on pages 34-36.

### **Supplier management**

Within the framework of our business relations, we strive to ensure that our suppliers also comply with social and ecological standards. In 2019, the scope of Wienerberger's procurement function was further extended at Group level, the objective being to utilize synergies in important areas, standardize and optimize existing processes, and, as in other areas, achieve a higher level of efficiency. Several new processes and tools were implemented to facilitate efficient supplier management in respect of non-financial matters.

### ***Supplier Code of Conduct***

In the course of 2019, a uniform, Group-wide Supplier Code of Conduct was elaborated in cooperation with internal and external experts and rolled out to almost all operating segments, replacing the previous segment-specific supplier codes of conduct. The implementation of the uniform, Group-wide Supplier Code of Conduct was substantially supported by the new Group-wide procurement structure managed by the Head of Corporate Procurement.

### ***Performance of supplier audits***

In 2018, a formal training program run by external certification bodies was introduced in order to train employees working in Corporate Procurement to perform supplier audits. In 2019, employees working in the procurement units of the country organizations were selected to receive the same type of training for the performance of supplier audits. Corporate Procurement nominated the employees on the basis of strategic considerations and will roll out the certified external training of employees step by step to all country organizations. The objective is to perform standardized supplier audits throughout the Group and to have at least one certified employee in each country organization qualified to perform supplier audits.

In 2019, Corporate Procurement also began to define uniform follow-up processes to be observed following the supplier audits on the basis of the audit results. Once the process has been fully defined, supplier audits are to be initiated in those areas of procurement and geographic locations where the biggest potential risks are assumed to exist.

These audits will cover essential non-financial matters, such as health and safety of employees, respect for human rights, the fight against corruption and bribery, and environmental protection. On the basis of the audit results, the suppliers will then be informed of corrective measures to be taken and deadlines will be set for the implementation of improvements.

### ***Rating of suppliers by a sustainability rating agency***

Since 2019, Wienerberger has had the sustainability performance and potential supplier risks in selected areas of procurement rated by EcoVadis, an international partner for sustainability ratings (environmental, social and governance – ESG rating). Within the framework of cooperation with EcoVadis, the sustainability ratings and risk analyses of suppliers in selected areas of procurement are being rolled out step by step. Moreover, an internal data platform (supplier relationship management tool), containing information on the general and financial terms and conditions of all of Wienerberger's suppliers, has been implemented.

The ratings of the suppliers' sustainability performance by EcoVadis are also stored on the data platform. This enables Wienerberger to evaluate suppliers on the basis of their sustainability and risk ratings together with their financial terms and conditions.

### ***Screening of all suppliers and customers against international sanction lists***

Another measure introduced in 2019 is the monthly screening of all of Wienerberger's suppliers and customers registered in the SAP system via an interactive data platform against international sanction lists (published by United Nations – UN, EU, Office of Foreign Asset Control – OFAC – US Department of the Treasury). The screening is performed centrally by a sanction management software, which runs monthly checks of all customer and supplier master data in the SAP system. Every "match" is transmitted to the management of the respective local entity for assessment and follow-up. The local entity's assessment regarding the continuation of business relations with the suppliers or customers concerned must be reported to Corporate Legal Services for consultation within two weeks. All related decisions are documented in the sanction management software.

### ***Occupational health and safety***

For Wienerberger, as an industrial producer, the health and safety of all its employees is a top priority. Every effort is made to avoid and/or minimize the exposure of our employees to potential health and safety hazards.

Our objective is to reduce the annual number of accidents throughout the Group to zero. We are consistently pursuing this target through structural, technical and organizational measures and by implementing Group-wide safety standards and individual safety programs for our Business Units. Moreover, we foster a culture of safety through training programs and incentive systems.

### Quality and environmental management

Wienerberger is striving for operational excellence in all its operations through the optimization of organizational and production processes and through networking along the value chain. Quality management systems (QMS) have been installed at all our plants, which are certified according to ISO 9001 at almost all production sites. Environmentally relevant aspects have also been integrated into these quality management systems. Where appropriate, production sites have also been certified according to ISO 14001. To further improve the Group's performance, a number of quantitative targets have been defined, such as reductions in specific energy consumption and CO<sub>2</sub> emissions, the reduction of water drawn from public networks, as well as the resource-efficient use of raw materials. In a voluntary effort, Wienerberger has for years been working intensively on the preparation of eco-balances, environmental product declarations (EDPs) and environmental certificates.

### Complaints management

Complaints regarding product quality or other issues are dealt with in various ways. At Pipelife, for instance, complaints management is dealt with locally by the individual country organizations. Steinzeug-Keramo has taken a different approach and introduced a centralized complaints management regime. Each complaint is entered into the system via an app and, at intervals of two weeks, the complaints received are assessed by a group comprising representatives of all departments concerned. Corrective measures, if necessary, can then be implemented in a targeted fashion.

In order to understand our customers' concerns even better and adapt our products to their needs as far as possible, it is essential for us to engage in continuous dialogue with them. We also inform our customers about the technological and ecological properties of our products.

### Data protection

The protection of personal data has always been a matter of high priority for Wienerberger in all the company's business relations. We treat personal data as confidential and process them in accordance with the data protection rules in effect. We continuously invest in data security measures in order to ensure the best possible protection of personal information. In order to meet all requirements arising in this context and continuously improve the privacy-related processes, an international team of data protection coordinators is operating at holding level at Wienerberger AG and in the country organizations. A quality standard for data protection was prepared in cooperation with external specialists and implemented throughout the Group. The quality standard and the data protection measures already implemented are reviewed and optimized regularly through internal assessments in all Business Units and country organizations.

### Corporate ethics and compliance

As a listed company with international operations, Wienerberger is committed to the strict principles of good governance and transparency as well as to the continuous development of an efficient corporate control system. In the pursuit of this target, we always act within the framework of Austrian law, the Austrian Corporate Governance Code, our Articles of Association, the rules of procedure of the Boards of the Company, and our internal policies.

Wienerberger is committed to the principle of free and fair competition, which includes a firm stance against any form of corruption. We have always pursued the target of "zero incidents of corruption" and expect all our employees to act accordingly.

In 2019, no charges were brought or sentences pronounced against Wienerberger for corruption and no penalty payments were due.



Commitment to compliance with all national and international legal standards is a central principle of the Wienerberger Group. Monitoring by the competent authorities did not result in any negative findings in 2019.

To prevent insider trading and the unlawful disclosure of inside information, the company has adopted a compliance policy, updated in 2018, which implements the provisions of European and Austrian stock exchange law. A compliance officer, assisted by a deputy, has been appointed to monitor compliance. Amongst others, training sessions on issuer compliance are held regularly at the Vienna headquarters for the top management of Wienerberger AG and the Business Units.

Pursuant to the Austrian Lobbying and Interest Representation Transparency Act, the basic principles governing lobbying activities have been laid down in a code of conduct for all board members and employees of Austrian companies in which Wienerberger AG holds a majority interest. This code of conduct can be downloaded from the Wienerberger website.

The consolidated Wienerberger Corporate Governance Report is available as a separate part of the Annual Report 2019 and on the Wienerberger website.

Additionally, Wienerberger has for years officially committed to the implementation of the ten principles of the UN Global Compact and, as stated in the Wienerberger Social Charter, undertakes to observe the relevant conventions and recommendations of the International Labor Organization (ILO). For detailed information, please refer to the Wienerberger website.

# Employees

## *Principles, Processes and Instruments*

Our employees are the basis of our success and a key factor for the successful development of our company. We consider it our responsibility to create the necessary basis and the best possible conditions for the safety, health and satisfaction of our employees.

The following principles of human resources management apply at Group level:

- › Safeguarding of health and safety at the workplace
- › Diversity and equal opportunities, regardless of age, sex, cultural background, religion, origin or other diversity features (for information on our diversity policy, please refer to pages 9-11 of the consolidated Corporate Governance Report.)
- › Advancement and support of the development of each individual employee and succession management
- › Open communication within the Company and consistent involvement of our employees
- › A motivating work environment to foster performance-oriented work ethics, individual responsibility, and entrepreneurial thinking and action
- › Fair and performance-based remuneration and flexible working-time models for optimal work-life balance

Our values provide the basis for our entrepreneurial activity. Responsibility, integrity and respect are the values we regard as particularly important in the relationship with our employees.

By signing the Social Charter in 2001, Wienerberger has committed itself to create employment and working conditions across the Group that meet or exceed the minimum standards laid down in national laws and/or collective bargaining agreements.

Thus, Wienerberger complies with the recommendations of the International Labor Organization (ILO – a specialized agency of the United Nations).

Wienerberger is fully aware of its responsibility for its employees. As an industrial producer, our top priority is to avoid and/or minimize the exposure of our employees to potential health and safety hazards, especially in our plants. We not only take the necessary structural, technical and organizational measures, but also make every effort to foster a culture of safety, for instance through training programs and incentive systems.

At the same time, the degree of employee satisfaction has a considerable impact on the performance of the Company. The general conditions at the workplace as well as the type and quality of the specific instruments available to employees for the performance of their tasks play an important role in this context. It is therefore our responsibility to create the prerequisites for dialogue and exchange across operating segments, promote the transfer of knowledge and support efficient cooperation.

Wienerberger is an international group with operations in 30 countries. Therefore, creating possibilities for all our employees to interact, exchange information and become involved in the life of the company are highly relevant factors that influence their well-being and their personal development.

The freedom of assembly of our employees and their right to engage in collective bargaining are other important principles upheld by us. In 2019, about 72% of all Wienerberger employees were covered by collective bargaining agreements.

Non-financial indicators - Employees <sup>1)</sup>		2018	2019	Chg. in %
Ø Employees	<i>in FTEs</i>	16,596	17,234	+4
Accident frequency	<i>Number of occupational accidents / number of hours worked x 1,000,000</i>	5.1	5.6	+10
Accident severity	<i>Accident-related sick-leave days / number of hours worked x 1,000,000</i>	155	158	+2
Fatal occupational accidents <sup>2)</sup>	<i>Number</i>	1	0	-100
Ø Sick-leave days / employee	<i>in days</i>	10.5	10.7	+2
Employee turnover	<i>in %</i>	12.2	11.3	-
Percentage of women	<i>in %, relative to headcount</i>	14.3	14.8	-
Percentage of women in senior management <sup>3)</sup>	<i>in %, relative to headcount</i>	11.0	12.2	-
Ø Hours spent in training / employee	<i>in hours</i>	16	16	+1

1) For two production sites in the Netherlands newly acquired in 2018, structures for the collection of non-financial indicators have been implemented. As of 2019, both sites are included in the indicators shown. Five sites newly acquired in 2019 are not included, as the necessary data collection structures have not yet been implemented. They will be included as of 2020. // 2) Indicator for 2018 exclusively from a company in which Wienerberger holds a 50% interest. Although not within the reporting scope of this non-financial report, the indicator is reported on account of its high relevance. // 3) The indicator for 2018 was adjusted on account of a correction received after the cut-off date. // For explanations of the abbreviations and indicators used, please refer to the Glossary at the end of this report. // Rates of change against previous years are calculated on the basis of non-rounded values for all non-financial indicators.

## Targets and Measures

### Occupational health and safety

Our long-term target is to reduce the number of accidents to zero across the Group. All normal capex and standard maintenance activities are carried out with the health and safety needs of our employees in mind. The Wienerberger Safety Initiative, launched in 2010, implemented Group-wide safety standards aimed at reducing the frequency and severity of occupational accidents. In 2014, the safety initiative was further developed and the activities undertaken within this framework were stepped up. As in previous years, the safety initiative was pursued consistently throughout 2019. Moreover, each operating segment implements its specific internal programs.

Despite all the measures taken and training programs organized in the field of occupational health and safety, the Wienerberger Building Solutions Business Unit regrets to report an increase in both the frequency and the severity of accidents in 2019. This had an impact on the development of indicators for the entire Wienerberger Group. The circumstances of the accidents were thoroughly analyzed and individual causes identified. Additional measures targeted at specific areas have been implemented and training sessions organized, the objective being to ensure a constantly high level of attention among our employees and, at the same time, reduce risk-taking behavior. We note with satisfaction that the intensive occupational

health and safety programs within the Wienerberger Piping Solutions Business Unit not only resulted in a reduction in accident frequency, but also had a positive impact on accident severity.

We continue to cooperate intensively with our employees across all management levels. Our primary focus is on sharpening their awareness of potential hazards and conveying the message that safety regulations and technical protection measures are binding and must be complied with under all circumstances. We are consistently pursuing our zero accident target.

Prevention is an important factor in promoting health. Therefore, apart from regular health screenings, company physicians are available to employees throughout the Group. Workplaces are analyzed for their ergonomic characteristics, and individual programs for fitness and health are offered. In certain countries, we provide supplementary insurance coverage for our employees either free of charge or at reduced premiums. In the North America Business Unit, for instance, all full-time employees are covered by additional health insurance, the scope of which goes beyond the Affordable Care Act (ACA) in some respects.

### Employee satisfaction

We are planning to implement measures targeted at increasing employee satisfaction. Between 2015 and 2018, a comprehensive employee survey was performed at all sites of the Wienerberger Group in cooperation with an experienced external partner. Based on a detailed set of criteria, the degree of satisfaction of our employees was ascertained. The results, broken down by department cluster, were communicated to all employees at the respective locations. In the course of 2019, we initiated and/or continued to implement the follow-up measures derived from the results of the survey. These include improvements to the work environment (renovation, organizational changes in production, working tools), measures regarding the leadership style, team-building efforts, and engaging in dialogue with external stakeholders. The package also comprises initial and further training measures and the optimization of work sequences and communication processes.

The next employee survey will take place in the autumn of 2020 and is to be conducted simultaneously among all employees of the Wienerberger Group. The primary purpose is to evaluate the efficiency of the measures taken. From then on, Group-wide employee surveys are to be conducted at regular intervals of two years.

### Communication with employees, involvement and development of employees

Our goal is to strengthen the shared values of our corporate culture through various communication measures and platforms and translate them into practice throughout the Group. In this context, we also inform our employees about corporate targets and strategies as well as current developments. Since 2016, we have increasingly emphasized dialogue-oriented communication, supported by tools suited for anonymous questions and/or feedback.

At Wienerberger, we believe in advancing and supporting our employees in a targeted fashion and in facilitating the cross-border exchange of knowledge.

For this purpose, we provide internal and external programs for initial and further training. All Wienerberger training programs are designed to promote networking and facilitate international knowledge transfer. They are aimed at providing training that is tailored to the employees' specific areas of work and, at the same time, serve the goal of long-term succession management. As in previous years, initiatives aimed at advancing and supporting employees in a targeted fashion and facilitating the cross-border exchange of knowledge were implemented in 2019. Here are some examples:

Within the framework of our initiatives promoting senior management training, 156 persons from different country organizations participated in programs and workshops on topics such as coaching, emotional intelligence, change management and team management in the reporting year.

94 employees participated in a 360° feedback process, receiving comprehensive and structured feedback on their own leadership behavior as perceived by superiors, team members and colleagues.

As in previous years, a comprehensive onboarding program for new senior managers constituted a special priority in 2019. To date, more than 125 colleagues have taken part in Ready4Excellence, our further-training program for young executives, and participated in subject-specific courses on topics such as project communication, performance indicators, process and conflict management, and intercultural skills. This program was restructured in 2019, the intention being to prepare the participants for upcoming challenges. Currently, 14 individuals from ten different organizations are taking part in this program.

Within the framework of the Wienerberger Engineering Academy organized by the Wienerberger Building Solutions Business Unit, courses are being run for employees working in production. In 2019, special emphasis was placed on the dissemination of knowledge and best practices in ceramic production and energy conservation. Well over 100 colleagues participated in these events.

# Production

## *Principles, Processes and Instruments*

Wienerberger strives to keep the impact of its entrepreneurial activities and the related risks for the environment along the entire value chain as low as possible. In particular, we focus on the responsible and efficient use of raw materials, energy and water. We contribute to the fight against climate change through enhanced energy efficiency and through measures to further reduce our CO<sub>2</sub> emissions. At the same time, every effort is being made to increase the use of secondary raw materials in all Business Units, wherever technically and economically feasible.

Research and development (R&D) are among the priorities of Wienerberger's strategic planning. One of the core activities of R&D is to optimize production processes and product development. In 2019, R&D expenditure amounted to € 17.5 million, which corresponds to 0.5% of the Group's revenues.

Effective technical controlling systems have been installed in all fields of production of the Wienerberger Group. These systems record all production-related data that are required for the management of the Company and enable internal benchmarking across production sites.

## **Quality and environmental management**

Quality management systems (QMS) have been established at all our plants, almost all of which are certified according to ISO 9001. Environmentally relevant aspects have been integrated into our existing quality management systems. Some production sites, where appropriate, have also been certified according to ISO 14001. All Steinzeug-Keramo production sites, as well as the Pipelife site in Germany, have already been certified according to DIN EN ISO 50001:2011 (Energy Management).

Ongoing optimization programs, such as the Plant Improvement Program (PIP) for the brick segment and the Production Excellence Program (PEP) in our concrete paver business, are aimed at sustainably reducing resource consumption and costs through improvements of production processes.

In the plastic pipe segment, we promote the Lean Six Sigma management approach in order to implement quality improvements and process optimization.

## **Supplier management**

Wienerberger attaches prime importance to the long-term security of supply and the sourcing of natural resources, materials and products in accordance with the criteria of sustainability. In our business relations, we want to do our utmost to ensure that our suppliers comply with our ecological and social standards, which we clearly communicate to them.

In cooperation with internal and external experts, a uniform, Group-wide Supplier Code of Conduct was elaborated and implemented in almost all operating segments in 2019.

Since 2019, Wienerberger has had the sustainability performance and potential supplier risks in selected areas of procurement rated by EcoVadis, an international partner for sustainability ratings (ESG ratings). An internal data platform (supplier relationship management tool), containing information on the general and financial terms and conditions of all of Wienerberger's suppliers, has been implemented. The ratings of the suppliers' sustainability performance by EcoVadis are also stored on the data platform. This enables Wienerberger to evaluate suppliers on the basis of their sustainability and risk ratings and their financial terms and conditions.

Moreover, employees working in the procurement units of the country organizations were selected to receive the same type of training for the performance of supplier audits. The objective is to perform standardized supplier audits throughout the Group and to have at least one certified employee in each country organization qualified to perform supplier audits. For detailed information on activities and tools for the integration of sustainability criteria into our supplier management system, please refer to the chapter "Management Approach", starting on page 13.

Non-financial indicators - Production <sup>1)</sup>		2018	2019	Chg. in % <sup>2)</sup>
Total energy consumption	<i>in GWh</i>	8,211	<b>8,194</b>	0
Specific energy consumption	<i>Index in % based on kWh/ton (2013 = 100%)</i>	98.7	<b>98.6</b>	0
CO <sub>2</sub> emissions from primary sources of energy	<i>in kilotons</i>	1,419	<b>1,417</b>	0
Specific direct CO <sub>2</sub> emissions from primary energy used in ceramic production	<i>Index in % based on kg CO<sub>2</sub>/ton (2013 = 100%)</i>	92.0	<b>92.0</b>	0
Specific indirect CO <sub>2</sub> emissions from electricity used in plastic pipe production	<i>Index in % based on kg CO<sub>2</sub>/ton (2010 = 100%)</i>	89.0	<b>92.3</b>	+4

1) For two production sites in the Netherlands newly acquired in 2018, structures for the collection of non-financial indicators have been implemented. As of 2019, both sites are included in the indicators shown. The energy and emission indicators of one of these sites (ceramic production) were already included in 2018; the respective 2018 indicators were therefore adjusted (except for indirect CO<sub>2</sub> emissions from electricity used in plastic pipe production). Five sites newly acquired in 2019 are not included, as the necessary data collection structures have not yet been implemented. They will be included as of 2020. // 2) Comparative figure shown as zero (except for specific indirect CO<sub>2</sub> emissions for electricity used in plastic pipe production), as the changes between 2018 and 2019 are in the low decimal point range. // For explanations of the abbreviations and indicators used, please refer to the Glossary at the end of this report. // Rates of change against previous years are calculated on the basis of non-rounded values for all non-financial indicators.

## Targets and Measures

### Energy efficiency and climate protection

Our ceramic production engineers are making continuous efforts to reduce energy input for the drying and firing processes, avoid or recover waste heat, and optimize our products and processes. To arrive at the best possible solutions, we run or own internal research facilities and cooperate with external research institutes. Our target is to reduce specific energy consumption and specific CO<sub>2</sub> emissions from production by 20% by 2020, as compared to 2010. By 2019, we succeeded in reducing gas consumption in our “demo plant” project by 30%. Plant operation is stable and the reduction corresponds to 2,000 tons of CO<sub>2</sub> emissions saved per year. Moreover, the rollout of selected technologies used in the demo plant to other plants was begun in 2019. By implementing additional improvements, we hope to bring down gas consumption even further and reduce it by a total of 50%.

In plastic pipe production in Europe, we aim to reduce specific energy consumption by at least 3% by 2020, as compared to 2010, while reducing specific indirect CO<sub>2</sub> emissions from electricity by 11% compared to 2010. In both product groups, the long-term trend towards lighter products and smaller pipe diameters, as well as changes in the product mix, have a substantial influence on our specific performance measured in tons of products produced. To reach all the aforementioned targets, Wienerberger is continuously optimizing its production processes with a view to enhancing energy efficiency and changing over to low-emission energy sources.

Currently, we are evaluating potential alternative units of measurement for the definition of future specific targets for each product group, measured by ton of products produced.

### Resource efficiency and waste management

Wienerberger's target is to increase resource efficiency in production and, at the same time, further improve the properties of its products. Reducing raw material consumption, using secondary raw materials in production wherever this is meaningful and feasible, continuously reducing the scrap rate, returning production waste into the production process, and using secondary raw materials from external sources in production – all these measures play an important role in this context. To minimize raw material consumption, we are making a constant effort to improve the properties of our products in terms of weight and design.

In concrete paver production, we succeeded in reducing the scrap rate by 45% between 2014 and 2017. We are now aiming at a further reduction by 23% by 2020, as compared to 2017. In plastic pipe production in Europe, the new target defined in 2018, i.e. to increase the percentage of secondary raw material to 85 kg per ton of products produced by 2020, was already attained in 2019. We have therefore set ourselves an even more ambitious target for the end of 2020, which is described in the following chapter “Products”.

### Responsible use of water

We are making every effort to use water sparingly, for instance by running it in closed circuits, and drawing primarily on our own wells. Water input is particularly relevant in plastic pipe production, as water is used for cooling in the production process. Our target in plastic pipe production in Europe is to reduce the volume of water drawn from public networks to 0.85 m<sup>3</sup> per ton of products produced by 2020.

### Availability of raw materials

Long-term availability of raw materials is a crucial aspect of responsible corporate performance. While we own two thirds of the required clay reserves, extraction contracts, most of them of a long-term nature, are concluded for the remaining third. We ensure the availability of raw material for the production of plastic pipes and concrete pavers by early identification of possible shortages and the diversification of supply sources.

### Avoidance of hazardous substances

Wienerberger meets all legal requirements at European, national and regional level regarding the avoidance and substitution of hazardous substances, especially in raw materials. Compliance is being monitored continuously, and corrective measures, if necessary, are taken without delay.

### Protection of local residents, nature conservation and the reuse of depleted extraction sites

In the vicinity of clay extraction sites, we undertake to safeguard the health and safety of employees and local residents, protect them against noise and dust pollution through appropriate protective measures, and engage in open dialogue with them.

For manufacturers of plastic products, the sustainable sourcing of raw materials comprises a range of issues, from nature conservation and the rights of regional stakeholders in crude oil extraction to energy efficiency in processing in the petrochemical industry.

Biodiversity, nature conservation and a meaningful reuse of depleted sites are significant sustainability criteria for the operation of clay pits. For Wienerberger, this includes non-interference with protected areas and efforts to make the company's own depleted sites available for their intended reuse.

In Europe, Wienerberger continuously monitors all its clay pits used for brick production. This includes information on their intended reuse. As a rule, the competent public authority defines the type of reuse of depleted clay pits at the time of approval of clay extraction. Environmental impact assessments and ecological studies are always part of the approval procedures.

Given the fact that clay pits are to be operated as long and as sustainably as possible, the issue of reuse usually arises only after several decades. Depleted clay pits can be reused for a variety of purposes: landfilling, agricultural use, conversion into recreational areas for leisure-time activities, or complete re-naturalization, which leads to an improvement in local biodiversity.

In principle, depleted clay pits, with enough open space and water gathering in ponds, have the potential to become an ideal habitat for rare plants and animals. In special cases, Wienerberger even takes measures to re-naturalize parts of the clay pit while extraction is still going on. In cooperation with experts, every effort is made to create the best possible living conditions for rare species. For example, we support the planting of vegetation likely to attract rare animals that are at risk of extinction.

# Products

## *Principles, Processes and Instruments*

A central principle of product and system development at Wienerberger is the creation of lasting value for our customers by supplying them with durable and innovative building material and infrastructure solutions.

Wienerberger brick products form an integral part of sustainable building concepts. They guarantee a high quality of life and contribute to climate protection, for example through their heat storage capacity. In the infrastructure segment, we offer system solutions for all present-day challenges, including the demands on water management resulting from climate change and increasing urbanization.

## **Research and development**

In view of what users and developers expect of a modern building, and considering the numerous regulatory requirements to be met, such as the Energy Performance of Buildings Directive (EPBD), the system-based approach to building construction is becoming more and more important. Integrated system solutions enable us to combine the outstanding properties of individual products of the Wienerberger product portfolio with products supplied by our partners in the field of building services and facilities in order to obtain the best possible results.

Wienerberger operates several research centers in Europe, each of them specializing in a different product group. Our product management specialists cooperate closely with the marketing and sales departments of the individual operating entities in order to align new developments with the needs of our customers. Market launches of new products across several countries are managed centrally, but the products are adjusted to local market conditions by our specialists on site. Thus, successful developments can be rolled out quickly and efficiently to the entire Group.

With our L.A.B. (Learn-Act-Build) facility, we provide space for projects and ideas focused on innovation, Industry 4.0 and digitalization outside the usual structures. Wienerberger's L.A.B supports projects by making available the necessary resources and the methodology for the development of ideas, such as the agile framework of "Design Thinking".

## **Environmental product declarations and certifications**

For many years, Wienerberger has been working intensively on the voluntary preparation of eco-balances and environmental product declarations (EDPs) for its entire product range. All ceramic pipes and fittings as well as selected product lines of the concrete paver segment have been certified according to the Cradle to Cradle® concept.

## **Service centers for and dialogue with customers**

Our customers and business partners – end users as well as building material dealers, developers, designers and building contractors – want high-quality, durable, and affordable products for a safe and comfortable residential environment. Our sales teams respond to the individual needs of the different customer groups and support them with a broad range of advisory and ancillary services from the planning phase to logistics right through to project execution.

As the technology and innovation leader of our industry, we are taking advantage of digitalization to optimize our production processes, intensify our customer relations and create more efficient sales and administrative structures. We are also exploring new fields of business and positioning ourselves as a one-stop-shop provider for the seamless digital design of building projects. In everything we do, we ensure the protection of personal data in our business relations. For detailed information on data protection, please refer to page 15 of this report.

## **Complaints management**

Complaints regarding product quality or other issues are dealt with in various ways, ranging from local service centers run by the country organizations to centralized complaint management regimes. In order to understand our customers' concerns even better and adapt our products to their needs as far as possible, it is essential to engage in continuous dialogue with them.



We also inform our customers about the technological and ecological properties of our products. Our trained and qualified employees as well as our service centers advise customers on how to use our products and system solutions best possible.

### ***Targets and Measures***

#### **Innovative and durable products**

Wienerberger aims to secure and further strengthen its market positions through cost and technology leadership and product innovations. Therefore, research and development are among the priorities of Wienerberger's strategic planning.

At Wienerberger, products, system solutions or processes that represent an improvement over earlier versions or add to the diversity of the product range qualify as innovative. In line with current market requirements, definitions of the innovative character of products have been elaborated for the individual product groups.

These definitions facilitate Group-wide comparisons. They refer, in particular, to properties identified by our stakeholders as being of material importance, depending on the type of product or system solution. Such properties include, for example, durability, recyclability, recycling and reuse, and contributions to energy efficiency, climate protection and the preservation of buildings as part of the cultural heritage, as well as cost efficiency and ease of installation.

In 2019, innovative products and system solutions accounted for about 31% of the Group's total revenues. The specific quantitative targets of the individual Business Units regarding the percentages of innovative products and system solutions in total revenues will be listed in our 2019 Sustainability Report.

#### **Recyclability, recycling and reuse of products**

From the viewpoint of resource efficiency, the use of secondary raw materials is an important topic for the future. However, the technological possibilities vary greatly, depending on the types of material and their applications. The use of secondary raw materials has become a well-established practice in plastic pipe production. In ceramic production, secondary raw materials are used as additives.

In its European brick production operations, Wienerberger gathers information on the percentage of external secondary raw materials used within the framework of its raw material monitoring regime. External secondary raw materials include saw dust, sunflower seed shells and rice husks.

Resource efficiency and the use of secondary raw materials are issues of special importance in plastic pipe production in Europe. We therefore set ourselves the target of increasing the proportion of secondary raw materials to 85 kg per ton of products produced by 2020. We already exceeded this target in 2019 and intend to further increase the proportion of secondary raw materials by the end of 2020 to 90 kg per ton of products produced. We will continue working on our research projects in order to establish the optimal ratio of primary to secondary raw materials in our products, analyze the technological feasibility of using secondary raw materials, and identify production sites suited for implementation of such projects.

# Social and Societal Commitment

## *Principles, Processes and Instruments*

Wienerberger takes its role as a responsible member of society very seriously. For us, this responsibility encompasses the observance of ethical principles in all our actions, honest communication, active involvement in the creation of a transparent economic environment, personal accountability for what we do, and acting as a reliable and useful member of society.

By acceding to the UN Global Compact in 2003, we officially committed to the implementation of its principles regarding human rights, labor standards, environmental protection – including the precautionary principle – and the fight against corruption. Every year, we publish the Communication on Progress (CoP) required by the UN Global Compact. The latest version of Wienerberger's Communication on Progress is contained in our current Sustainability Report and can also be viewed on our website.

In 2001, the Wienerberger Social Charter was signed in Strasbourg by the Managing Board of Wienerberger AG and the Chairman of the European Forum, a social partnership body. The document confirms Wienerberger's commitment to comply with the relevant conventions and recommendations of the International Labor Organization (ILO – a specialized agency of the United Nations).

## *Targets and Measures*

Wienerberger is committed to the principle of free and fair competition, which includes a firm stance against any form of corruption. Wienerberger has always pursued the target of zero incidents of corruption and expects all our employees to act accordingly.

In 2019, no charges were brought or sentences pronounced against Wienerberger for corruption and no penalty payments were due.

Compliance with all national and international legal standards in force is a fundamental principle strictly observed by the Wienerberger Group.

Monitoring by the competent authorities did not result in any negative findings in 2019. Further details relating to these issues are contained in the chapter "Management Approach", which also outlines the relevant measures taken by us.

## *Social Commitment and Donations*

Wienerberger regularly supports a large number of social projects and organizations in almost all the countries in which the Group operates. We are convinced that we can help best in our fields of core competence, i.e. through the provision of building material and infrastructure solutions and the transfer of sustainable building know-how.

In accordance with the Wienerberger Donations Policy, we support people in need in a targeted manner through product donations. In 2019 alone, we were able to help another 948 socially disadvantaged people, among them close to 90 families, within the framework of our long-standing partnership with Habitat for Humanity, an international non-profit organization. Big Build is an annual volunteer event at which hundreds of people voluntarily join forces to build homes for families in need. In October 2019, Habitat for Humanity in Romania, helped by partner families and over 240 volunteers, built ten houses for families at Vaideeni in just five days. Wienerberger Romania donated the building materials and provided the necessary know-how, while our employees were on site to offer hands-on assistance with house building.

Moreover, social projects were also implemented by our country organizations, for instance in cooperation with the ELIJAH Association in Romania founded by Father Georg Sporschill. In 2019, five residential buildings and three community centers were built within the framework of this cooperation.

# Confirmation by the Managing Board

We herewith confirm to the best of our knowledge that this Report was compiled in conformity with the provisions of the Sustainability and Diversity Improvement Act (NaDiVeG) and contains all the information available on material non-financial matters.

Vienna, March 19, 2020

The Managing Board of Wienerberger AG



**Heimo Scheuch**  
*Chairman of the Managing Board  
of Wienerberger AG, CEO*



**Carlo Crosetto**  
*Member of the Managing Board  
of Wienerberger AG, CFO*



**Solveig Menard-Galli**  
*Member of the Managing Board  
of Wienerberger AG, CPO*

# Audit Report

## Courtesy Translation of the Independent Assurance on Non-Financial Reporting

### Introduction

We performed procedures to obtain limited assurance, if the consolidated non-financial report as of December 31st, 2019 was prepared in accordance with the Austrian Commercial Code (UGB), particularly the reporting requirements of § 267a UGB (NaDiVeG).

### Responsibility of the management

The preparation of the report in accordance with the Austrian Commercial Code (UGB), particularly the reporting requirements of § 267a UGB (NaDiVeG) is the responsibility of the management of Wienerberger AG.

This responsibility includes the selection and application of appropriate methods for preparing the report as well as the usage of assumptions and estimates of individual non-financial disclosures that are appropriate under the given circumstances. The responsibility of the management includes further designing, implementing and maintaining internal controls which they have determined necessary for the preparation of a report that is free from material – intended or unintended – misrepresentations.

### Responsibility of the auditor

Our responsibility is to express an opinion with limited assurance on whether, based on our audit procedures, matters have come to our attention that cause us to believe that the consolidated non-financial report as of December 31st, 2019 has not been prepared, in all material respects, in accordance with the Austrian Commercial Code (UGB), particularly the reporting requirements of § 267a UGB (NaDiVeG).

We conducted our engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised), “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board (IAASB) in order to obtain limited assurance on the subject matters.

ISAE 3000 (Revised) requires us to plan and perform the engagement in a way that enables us to obtain limited assurance that nothing has come to our attention that causes us to believe that the consolidated non-financial report as of December 31st, 2019 has not, in any material aspect, been prepared in accordance with the with the Austrian Commercial Code (UGB), particularly the reporting requirements of § 267a UGB (NaDiVeG).

In a limited assurance engagement, the evidence-gathering procedures are more limited than in a reasonable assurance engagement and therefore, less assurance can be obtained. The choice of audit procedures lies in the due discretion of the auditor.

As part of our audit, we have performed, inter alia, the following audit procedures and other activities as far as they are relevant to the limited assurance engagement:

- › Interview of the employees named by Wienerberger AG regarding the sustainability strategy, the sustainability principles and the sustainability management
- › Interview of employees of Wienerberger AG to assess the methods of data collection, data processing and internal controls
- › Review the definitions of the key performance indicators regarding accuracy and clarity
- › Execution of a media analysis
- › Comparison of the non-financial disclosures shown in the (consolidated) non-financial report with the calculation documents provided

### Summarized Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the consolidated non-financial report as of December 31st, 2019 has not, in any material aspects, been prepared in accordance with the with the Austrian Commercial Code (UGB), particularly the reporting requirements of § 267a UGB (NaDiVeG).

### Engagement approach

The basis for this engagement are the „General Conditions of Contract for the Public Accounting Professions” („Allgemeine Auftragsbedingungen für Wirtschaftstreuhandberufe“, „AAB 2018“) as issued by the Austrian Chamber of Tax Advisers and Auditors on April 18th, 2018. In accordance with chapter 7 of the AAB 2018, our liability shall be limited to intent and gross negligence. In cases of gross negligence, our liability is limited to a maximum of five times the auditor’s fee. This amount constitutes a total maximum liability cap, which may only be utilized once up to this maximum amount, even if there is more than one claimant or more than one claim has been asserted.

Vienna, March 23<sup>rd</sup>, 2020

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer m.p.  
Certified Public Accountant

Mag. Christof Wolf m.p.  
Certified Public Accountant

# Glossary

## *Explanatory notes to non-financial indicators*

### **Employee turnover**

Excluding North America (figures not fully comparable due to special local legislation). Ratio of persons leaving the Wienerberger Group (termination by employee or employer as well as termination by mutual consent) to average number of employees in permanent employment; excluding temporary and agency workers as well as workers under term contracts; persons retiring or on leave do not count as persons leaving the company.

### **Average number of sick-leave days / employee**

Excluding North America (figures not fully comparable due to special local legislation)

### **Average training hours / employee**

Internal and external initial and further training measures per employee.

### **Percentage of women**

Calculation based on headcount.

### **Total energy consumption**

Total energy consumption comprises energy consumed in production, excluding administration.

### **Specific energy consumption**

For the calculation of specific energy consumption, absolute energy consumption in kWh is related to the volumes of production in tons. Specific energy consumption is represented as an index in % related to the defined reference year, the values of which are set at 100%. The index is based on the reference year 2013.

### **CO<sub>2</sub> emissions from primary energy sources**

CO<sub>2</sub> emissions refer to direct fuel emissions (Scope 1) from ceramic production.

### **Specific CO<sub>2</sub> emissions**

Specific CO<sub>2</sub> emissions refer to emissions from production caused by the sources of energy used and are calculated on the basis of the absolute volume of CO<sub>2</sub> emissions in kg of CO<sub>2</sub> relative to the production output in tons. This value is shown as an index in % relative to the defined reference year, with the values of the reference year set at 100%. The index for ceramic production refers to 2013 as the reference year, while the reference year for plastic pipe production is 2010.

## *Imprint*

### **Media owner (publisher)**

Wienerberger AG  
Wienerbergerplatz 1, A-1100 Vienna  
T +43 1 601 92 0  
F +43 1 601 92 10159

### **Inquiries may be addressed to**

Christine Vieira Paschoalique,  
Head of Corporate Sustainability

### **Scientific advice**

BZL Kommunikation und  
Projektsteuerung GmbH, Oyten (D)

### **Text pages**

Produced in-house using firesys

### **Translation**

Eva Fürthauer

### **Concept and Design**

Brains, Marken und Design GmbH

### **Photos**

KME Studios, Klaus Einwanger

### **Print Production**

Lindenau Productions;  
Print: Gerin Druck

### **Remark**

*The report on Non-financial Performance 2019 is part of the Wienerberger Annual Report 2019 and available in English and German.*

*Both documents are available online and can be downloaded under [www.wienerberger.com](http://www.wienerberger.com).*



