

SUSTAINABILITY REPORT . 2014







## Previous Sustainability Program since 2012

Results of materiality analysis

## New Sustainability Program "Wienerberger Sustainability Roadmap 2020"

Target definitions	Dead- lines set	Perfor 2013	mance 2014			Target definitions	Dead- lines set	Comments
WW Employees								
Reduction of accident frequency to < 10 accidents per million hours worked by 2015	2015	10	12	The "Zero accident" target has always been pursued and has now been explicitly included in the SR 2020.		Group level: Zero accidents	Every Year	
						HEALTH OF OUR EMPLOYEES		
Extension of respirable crystalline silica measurements to > 95% of ceramic plants by 2020	2020	97%	98%	Target definition remains valid in SR 2020.		<b>Group level:</b> Extension of respirable crystalline silica measurements to > 95% of ceramic plants by 2020	2020	The target is maintained, as Tondach Gleinstätten is not yet included in data collection.
				A new, more highly differentiated target on the "extension of respirable crystalline silica measure- ments" at business unit level has been defined.	+	North America <sup>1</sup> : Extension of respirable crystalline silica measurements to 100% of all plants, including non-ceramic plants, by 2015	2015	Data collection previously limited to ceramic plants, i.e. 80% of all plants.
Increase of the percentage of women in senior manage- ment to 20% by 2020	2020	7%	8%	Setting targets for the percentage of women in the functional areas has		$\neg \neg \vdash$		$H \vdash$
Increase of the percentage of women in administration to > 45% by 2020	2020	46.6%	45.9%	central instrument by the stakeholders. Even without a quantitative				
Increase of the percentage of women in sales to 30% by 2020	2020	24.0%	24.2%	target, Wienerberger will continue to give preference to women for new senior management and executi- ve appointments, provided qualifications are equal.				

Production

						ENERGY EFFICIENCY		
Reduction of specific energy consumption in ceramic production by 20% compared with 2010 by 2020	2020	-7%	-10%	New, more highly differen- tiated targets are defined at business unit level in the SR 2020.		<b>North America</b> <sup>1</sup> : Reduction of natural gas consumption at selected production sites by 5% each by 2016, compared with 2015	2016	Data collection for this indicator to be implemented in 2015.
						Clay Building Materials Europe: Reduction of specific energy consumption by 20% compared with 2010	2020	Change in specific energy consumption communi- cated as an index.
						<b>Pipelife<sup>2</sup>:</b> Reduction of speci- fic energy consumption in production by 20% compared with 2010	2020	Change in specific energy consumption communi- cated as an index.
						CLIMATE ACTION	•	
Reduction of specific $CO_2$ emissions in ceramic production by 20% compared with 2010 by 2020	2020	na	-4%	New, more highly differen- tiated targets are defined in the SR 2020 at business unit level. Following the transition to the third EU emission trading period, the 2013 indicators were defined as a basis.		North America <sup>1</sup> : Change- over of all main production sites from coal to natural gas	2016	Data collection for this indicator to be implemen- ted in 2015.
Legend:	targets	atoriality	( apalycic			$\label{eq:steinzeug-Keramo:} Compensation of 5% of annual CO_2 emissions generated in the respective plant through contribution to climate action projects$	2017	Data collection for this indicator to be implemented in 2015.
No quantitative target according to materiality analysis North America: excluding Pipelife production site Pipelife: including production site in North America na not available (data not collected)				Clay Building Materials Europe: Reduction of specific $CO_2$ emission from primary energy sources by 20% com- pared with 2010	2020	Change in specific CO <sub>2</sub> emissions communicated as an index.		
na not available (data not col SR 2020 Sustainability Road WISBA Wienerberger Sustain	llected) map 2020 aable Buildin	ıg Acadei	my		Ļ	energy sources by 20% com- pared with 2010		

Previous Sustainability	
Program since 2012	

Results of materiality analysis

## New Sustainability Program "Wienerberger Sustainability Roadmap 2020"

Target definitions	Dead- lines set	Perfor 2013	mance 2014			Target definitions	Dead- lines set	Comments
					4	<b>Pipelife<sup>2</sup>:</b> Reduction of specific CO <sub>2</sub> emissions from primary energy sources in production by 20% compared with 2010	2020	Data collection for this in- dicator to be implemented in 2015.
						WATER		
Reduction of water consumption from public networks to 40% by 2020	2020	38%	39%	The target has already been reached at Group level. A new target for Pipelife has been defined in the SR 2020.		<b>Pipelife</b> <sup>2</sup> : Reduction of water consumption from public networks to 0.55 m <sup>3</sup> per ton of product produced	2020	The base value in 2014 was 0.62 m³ per ton of product produced.
						RESOURCE EFFICIENCY AND	WASTE MAI	NAGEMENT
				New targets for "Resource efficiency and waste management" have been defined in the SR 2020 at business unit level.	+	Semmetrock: Reduction of scrap rate by 15% compared with 2014	2015	The base value in 2014 was 4.7%.
						Semmelrock: Reduction of scrap rate by 50% compared with 2014	2017	The base value in 2014 was 4.7%.

Products

						SUSTAINABLE PRODUCTS		
Increase of the share of innovative products in total revenues to 30% by 2015	2015	24%	25%	The target is maintained. New target definitions will be identified at business unit level in 2015.		Business-unit-specific targets for the share of innovative products in total revenues will be communicated from 2015 onwards	2015	
						RECYCLABILITY, RECYCLING A	ND RE-US	E
				A new target for "recycla-		Pipelife <sup>2</sup> : Increase of the	2020	The base value in 2014 was
				A new target for "recycla- bility, recycling and re-use" will be defined in	+	<b>Pipelife</b> <sup>2</sup> <b>:</b> Increase of the amount of recycling material used per ton of product pro-	2020	The base value in 2014 was 58.9 kg per ton of product produced.

## **Social responsibility**

					<b>BUSINESS ETHICS &amp; COMPLIA</b>	NCE	
			The "Zero incidents of cor- ruption" target has always been pursued and has now been explicitly included in the SR 2020.	+	Group level: Zero incidents of corruption	Every Year	Also during the past two years no incidents of cor- ruption were observed.
Rollout of WISBA to 12 par- ticipating countries by 2015	2015	3 6	Setting a quantitative target for countries participating in WISBA has not been identified as a central target by the stakeholders. WISBA will be continued, participation of six countries has proved to be ideal.	]			
Stakeholder Mana Introduction of stakeholder dialogue in 90% of ceramic plants by 2020	2020 25	5% na	A quantitative target has not been set in the SR 2020. Wienerberger wishes to engage in regular dialogue with its stakeholder, as need arises.	_	Legend: New or further No quantitative North America: exc Pipelife: including p na not available SB 2020	developed target acc cluding Pipe production s data not col	targets ording to materiality analysis life production site ite in North America llected)
					SR 2020 Sustaina WISBA Wienerbe	ıbility Road rger Sustain	map 2020 nable Building Academy

# Key figures

Wienerberger is the only multinational producer of clay blocks, facing bricks, clay roof tiles, pipe systems made of plastics and ceramics and of concrete and clay pavers.

## Key data on the Wienerberger Group

Corporate data		2012	2013	2014	Change in %
Revenues	in Mio.€	2,355.5	2,662.9	2,834.5	+6
Operating EBITDA	in Mio. €	245.5	266.5	317.2	+19
EBIT	in Mio.€	-21.7	64.7	-107.4	<-100
Profit after tax	in Mio.€	-40.5	-7.8	-170.0	<-100
Free cash flow	in Mio.€	163.6	92.9	130.6	+41
Net debt	in Mio. €	602.0	538.9	621.5	+15
Gearing	in %	25.5	23.9	30.4	-

A943					
Employees ₩		2012	2013	2014 <sup>1</sup>	Change in %
Ø Employees as at 31/12	Full-time equivalents	13,060	13,787	13,930	+1
Accident frequency	Number of occupational accidents / Number of hours worked x 1,000,000	12	10	12	+20
Accident severity	Accident-related sick-leave days / Number of hours worked x 1,000,000	308	301	340	+13
Sick-leave days <sup>2</sup>	in days	10.6	9.7	9.2	-5
Training hours / employee	in hours	13	13	14	+13
Ø Training costs / employee	in€	257	206	235	+14
Percentage of women, total	in %	14	14	14	-
Employee turnover <sup>2</sup>	in %	11	9	8	-
m		:			

Production		2012	2013	2014 <sup>1</sup>	Change in %
Total energy consumption <sup>3</sup>	MWh	6,764,606	6,716,106	6,579,287	-2
Specific energy consumption <sup>3, 4</sup>	Index in % based on kWh/ton (2010 = 100 %)	94	93	89	-4
Total CO <sub>2</sub> emissions <sup>5</sup>	in t	na	1,835,695	1,839,553	0
Specific CO <sub>2</sub> emissions <sup>4, 5, 6</sup>	Index in % based on kg CO <sub>2</sub> /ton (2013 = 100 %)	na	100	96	-4
Water consumption	in mil. m³	3.2	3.8	3.7	-3
Water from public supply networks	in %	45	38	39	-

Products		2012	2013	2014 <sup>1</sup>	Change in %
Revenues generated by innovative products	in %	23	24	25	-

<sup>1</sup> Tondach Gleinstätten not included.

<sup>2</sup> Excluding North America (figures not fully comparable due to special local regulations).

<sup>3</sup> Coal used as fuel in one brick plant is now shown as a three-year trend. For comparability, fuel oil used in a Steinzeug-Keramo plant was re-stated for 2012 and 2013 to show a three-year trend.

<sup>4</sup> For reasons of precision, the combined indices of the individual product groups were adjusted accordingly; the calculation is now

<sup>5</sup> Following the transition to the correction of the production volume of a single roof tile plant, the previous year's figures were re-stated.
 <sup>5</sup> Following the transition to the third EU emission trading period in 2013, Wienerberger's data from previous years are no longer comparable; therefore, CO<sub>2</sub> emission data from 2013 serve as the new reference base for future developments. The previous year's figures were adjusted retroactively, as data registration at the EU server (EUTL) had not been completed.

<sup>6</sup> Specific CO<sub>2</sub> emissions now exclusively refer to fuel emissions.

na ... not available (data not yet collected)

#### Explanatory notes:

- Rates of change against previous years calculated on the basis of non-rounded values
- Operating EBITDA adjusted for non-recurring income and expenses
- Free cash flow equals cash flow from operating activities minus cash flow from investing activities plus growth capex
- For calculation methods, see the corresponding chapters of the 2014 Sustainability Report; for the reporting scope, see section "Report Profile"
- The reference base for production volumes used in all business units is net additions to stock, except Steinzeug-Keramo, which uses kiln capacity
- Total energy consumption comprises energy consumed in production, but excludes administration
- Rounding difference may be due to automatic data processing





houses built

242,000 roofs covered

470,000 km pipes laid

12,700,000 m<sup>2</sup> surface paved

## Key data on product groups

Tiles and Bricks		2012	2013	2014 <sup>1</sup>	Change in %
Employees as at 31/12	Headcount	9,414	9,447	9,530	+1
Accident frequency	Number of occupational accidents / Number of hours worked x 1,000,000	13	11	13	+11
Employee turnover <sup>2</sup>	in %	10	9	8	-
Specific energy consumption 3, 4			*		
Clay blocks	Index in % based on kWh/ton (2010 = 100 %)	88	85	79	-7
Roof tiles	Index in % based on kWh/ton (2010 = 100 %)	100	98	94	-4
Facing bricks	Index in % based on kWh/ton (2010 = 100 %)	100	103	100	-3
Specific CO <sub>2</sub> emissions <sup>3, 5, 6</sup>					
Clay blocks	Index in % based on kg $CO_2$ /ton (2013 = 100 %)	na	100	92	-8
Roof tiles	Index in % based on kg CO <sub>2</sub> /ton (2013 = 100 %)	na	100	95	-5
Facing bricks	Index in % based on kg CO <sub>2</sub> /ton (2013 = 100 %)	na	100	98	-2
Specific water consumption <sup>3</sup>	<i>m</i> <sup>3</sup> / <i>t</i>	0.19	0.18	0.17	-4
		-	•		-

Ceramic pipes		2012	2013	2014	Change in %
Employees as at 31/12	Headcount	561	587	553	-6
Accident frequency	Number of occupational accidents / Number of hours worked x 1,000,000	36	14	45	+221
Employee turnover	in %	7	2	1	-
Specific energy consumption <sup>7</sup>	Index in % based on kWh/ton (2010 = 100 %)	88	85	84	-1
Specific CO <sub>2</sub> emissions <sup>5, 6</sup>	Index in % based on kg CO <sub>2</sub> /ton (2013 = 100 %)	na	100	100	0
Specific water consumption	m <sup>3</sup> /t	0.24	0.23	0.22	-4

Plastic pipes		2012	2013	2014	Change in %
Employees as at 31/12	Headcount	2,509	2,466	2,510	+2
Accident frequency	Number of occupational accidents / Number of hours worked x 1,000,000	4	4	6	+50
Employee turnover	in %	10	10	10	-
Specific energy consumption	Index in % based on kWh/ton (2010 = 100 %)	98	97	98	+1
Specific water consumption	<i>m<sup>3</sup>/t</i>	4.48	4.24	4.13	-2

Concrete pavers		2012	2013	2014	Change in %
Employees as at 31/12	Headcount	936	915	964	+5
Accident frequency	Number of occupational accidents / Number of hours worked x 1,000,000	17	15	9	-40
Employee turnover	in %	17	14	10	-
Specific energy consumption	Index in % based on kWh/ton (2010 = 100 %)	96	95	89	-6
Specific water consumption	m <sup>3</sup> /t	0.05	0.05	0.05	0

<sup>1</sup> Tondach Gleinstätten not included.

<sup>2</sup> Excluding North America (figures not fully comparable due to special local regulations).

<sup>3</sup> Due to the correction of the production volume of a single roof tile plant, the previous year's figures were re-stated.

<sup>4</sup> Coal used as fuel in one brick plant is now shown as a three-year trend.

<sup>5</sup> The previous year's figures were adjusted retroactively, as data registration at the EU server (EUTL) had not been completed at the reporting date.

 $^{6}$  Specific CO<sub>2</sub> emissions now exclusively refer to fuel emissions. Following the transition to the third EU emission trading period in 2013, Wienerberger's

data from previous years are no longer comparable; therefore, CO<sub>2</sub> emission data from 2013 serve as the new reference base for future developments.

<sup>7</sup> For comparability, fuel oil used in a Steinzeug-Keramo plant was re-stated for 2012 and 2013 to show a three-year trend.

*na* ... *not available (data not yet collected)* 

Explanatory notes:

- Rates of change against previous years calculated on the basis of non-rounded values

- For calculation methods, see the corresponding chapters of the 2014 Sustainability Report; for the reporting scope, see see section "Report Profile"

- The reference base for production volumes used in all business units is net additions to stock, except Steinzeug-Keramo, which uses kiln capacity

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## What we strive for

Supplying outstanding, sustainable building material and infrastructure solutions for a better quality of life.



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## What we work for

We develop energy-efficient, resource-efficient and sustainable building material and infrastructure solutions that set industry standards. We are committed to continuous improvement and technological leadership to create the highest added value for our customers.



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### OUR VALUES

## What we stand for

- Expertise
- Passion
- Integrity and Respect
- Customer OrientationEntrepreneurship
- Quality
- Quality
- Responsibility

We design the infrastructure

Wienerberger operates

worldwide

of the future

# Introduction by the **Chief Executive Officer**

## Ladies and Gentlemen,

Wienerberger is a modern company that looks back to a history of almost 200 years. Over the past five years, the company has evolved from a pure brick producer into a leading building materials supplier with worldwide operations. Our activities in the infrastructure sector have grown in scope and now include pipe systems supplied by Pipelife and Steinzeug-Keramo as well as pavers by Semmelrock. We have also expanded significantly in the roofing segment most recently through the takeover of Tondach Gleinstätten. Thus, we are now in a position to offer modern and innovative building material and infrastructure solutions for the construction of healthy and energy-efficient buildings for residential and commercial purposes, as well as the design of modern infrastructure.

The transformation of the Group from a supplier of building materials into a diversified infrastructure provider is also reflected in the internal development of the company. Today, we have a worldwide presence, with almost 14,000 employees working at 203 (2015) production sites in 30 countries. We have become more diverse, more international and more flexible. However, our fundamental values have remained the same - they include respect, integrity as well as transparency and sustainability.

In recent years, we have reported regularly with respect to our sustainability targets and our performance. We have achieved most of our targets, some of them even ahead of schedule. Other targets were revised or dropped within the framework of the materiality analysis performed with input from our stakeholders. Our new targets and the measures envisaged have been laid down in our Sustainability Roadmap 2020, which is being presented to the public for the first time in this report. The priority targets set in the Roadmap include the health and safety of our employees, energy efficiency and climate action, innovative products and business ethics.

#### Focus on our employees

Wienerberger plan of action:

Sustainability Roadmap 2020

#### Innovation in response to the challenges of the future

The safety and satisfaction of our 14,000 employees are top priorities for us. For years, we have been making every effort to increase the standard of safety in our plants. However, despite our full commitment and the numerous initiatives taken to avoid accidents, two fatal accidents occurred in 2014. We deeply regret these accidents. We have further intensified our safety training measures. Moreover, we are continuing our efforts in the areas of health care. For example, monitoring of employees potentially exposed to respirable crystalline silica now covers a satisfactory 95.6% of our workforce. Our employees benefit from a broad range of training programs. In 2014, the number of hours of training per employee increased by 12.5% compared with the previous year.

The requirements to be met by building materials and infrastructure solutions have changed profoundly in recent decades. There is high demand for innovative products in order to meet the challenges of the future: adjustment to climate change, efficient use of resources in an expanding urban space and, in particular, the provision of social housing. We saw these trends coming and focused on research and development at an early point in time. In 2014, innovative products accounted for almost 25% of Wienerberger's total revenues. This is not only to Wienerberger's own benefit, but also to the benefit of our customers and the environment. Our innovative infill bricks with thermal insulation material integrated into the clay block, for example, not only make the building envelope highly energy-efficient, but also help to reduce heating costs.

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Heimo Scheuch, Chief Executive Officer of Wienerberger AG

We want to take the lead in other areas as well. It is our goal to improve our performance organically through operational excellence. Apart from the aspect of cost savings, we strive for continuous improvements in all corporate processes and in our employees' working conditions. In doing so, we never lose sight of environmental protection. Tailor-made internal programs are designed to introduce uniform production management standards, streamline organizational structures, optimize all technical processes, improve working conditions and raise safety standards. By the end of 2014, 45 brick production sites were participating in the Plant Improvement Program; by 2016, the program is to be rolled out to a total of 110 sites. Increasing energy efficiency in production is a particularly important topic in this context. Wienerberger concentrates, above all, on innovative process technologies, the use of waste heat, and product optimization. By 2020, we intend to reduce specific energy consumption and  $CO_2$  emissions from primary energy sources in brick production in Europe and at Pipelife by 20%, compared with 2010. So far, our track record is good. Pipelife has implemented the Group-wide "Energy Treasure Hunt" project in order to reduce energy and electricity consumption at individual production sites. The success achieved confirms the value of the project: Pipelife Poland alone was able to reduce its energy consumption by about 7% in 2014.

As shown by numerous studies, a higher percentage of women in executive positions usually has a positive impact on the performance of a company. Having role models is particularly important in this context. Therefore, I am happy to report that at the 146<sup>th</sup> annual general meeting on 22 May 2015 the shareholders of Wienerberger AG not only reelected Regina Prehofer as chairwoman of the Supervisory Board, but also elected another two women, Caroline Grégoire Sainte-Marie and Myriam Meyer, to serve on the top-level supervisory body of our company. As a result, three out of eight members of the Supervisory Board are women, corresponding to a ratio of 37.5%. We explicitly commit ourselves to the goal of further increasing the percentage of women at senior management level and in executive positions. To reach this target, we not only provide appropriate career development paths for our female employees, but also create an environment that facilitates the reconciliation of work and family obligations. We have therefore set ourselves the goal of increasing diversity and becoming an even more family-friendly company for all our employees, regardless of gender, by the end of 2015.

When we signed the UN Global Compact in 2003, we officially acknowledged our responsibility as a corporate citizen. We actively promote business ethics and see to it that the ten principles of the UN Global Compact are consistently implemented throughout the Wienerberger Group. For further information on this topic, please refer to the UN Global Compact Communication on Progress and the GRI Content Table in this report as well as on our website.

We will continue working intensively on the implementation of our goals in the future and I invite you to join us on this course.

Yours Heimo Scheuch

Improving performance with protection of the environment

#### Diversity on the Supervisory Board

Endorsement of the ten principles of the UN Global Compact

# Wienerberger at a Glance

## **Company Profile**

Wienerberger AG is an international supplier of building material and infrastructure solutions with headquarters in Vienna. We are the only multinational producer of clay blocks, facing bricks, clay roof tiles, pipe systems made of plastics and ceramics, and concrete and clay pavers. Wienerberger is the worldwide market leader in the clay block segment and holds leading market positions also in its other fields of business. In 2014, we achieved record revenues of  $\notin$  2,834.5 million and an operating EBITDA of  $\notin$  317.2 million. In 2014, Wienerberger was represented in 30 countries with a total of 204 production sites and employed an average workforce of 14,836 people.

The Division Clay Building Materials Europe comprises the product groups of clay blocks, facing bricks and clay roof tiles. Wienerberger is the world's largest producer of clay blocks, number one in facing bricks in Europe and the USA, and the market leader in clay roof tiles in Europe. The Division Pipes & Pavers Europe covers our activities in the areas of plastic pipes, ceramic pipes and pavers made of concrete and clay. Wienerberger is among the leading suppliers of both plastic pipes and ceramic pipes in Europe and of concrete pavers in Central and Eastern Europe. In India, clay blocks are produced by a relatively small local company reporting to the Holding & Others Division.

## The History of Wienerberger

Wienerberger was founded in 1819 by Alois Miesbach in the Wienerberg district on the southern outskirts of Vienna. The Austrian brick manufacturer became one of the first companies to be listed on the Vienna Stock Exchange in 1869. Wienerberger is now a publicly traded company with a 100% free float of its shares. Details regarding the shareholder structure are outlined in the 2014 Annual Report. The company took its first step towards internationalization through the takeover of the Oltmanns Group in 1986, which was followed by a successful expansion into Eastern Europe, France and the Benelux countries during the 1990s. The establishment of Pipelife (plastic pipes) as a joint venture and the development of the Group's ceramic pipe and concrete paver activities also occurred during these years.

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 set in 2003 with the Group's entry into the roofing systems market through the acquisition of Koramic and the steady expansion of this business in the following years.

With the full takeover of Semmelrock (2010), Steinzeug-Keramo (2011), Pipelife (2012) and the clay roof tile producer Tondach Gleinstätten in 2014, Wienerberger completed its transformation into an international supplier of building material and infrastructure solutions comprising the Divisions Clay Building Materials Europe and Pipes & Pavers Europe.

Wienerberger: an international supplier of building material and infrastructure solutions ...

... with leading market positions in clay blocks, facing bricks, clay roof tiles, pipe systems and concrete pavers

From an Austrian brick manufacturer ...

... to a global player ...

... and an international supplier of building material and infrastructure solutions

## Strategy and Business Model

The foremost goal of our business activities is to achieve a sustainable increase in enterprise value in accordance with ecological, social and economic principles, and thereby to create added value for all our stakeholders.

Wienerberger has created a strong and healthy foundation for organic growth through extensive restructuring measures and targeted growth steps. In order to bring the corporate structure into line with market conditions, we cut our fixed costs by approx. € 250 million, significantly reduced our working capital and launched numerous efficiency improvement programs. Moreover, new fields of business have been opened up through value-creating acquisitions in the renovation and infrastructure markets, which are less sensitive to cyclical developments. Thus, our dependence on the highly cyclical sector of new residential construction has been significantly reduced, and the earnings and cash-flow profile of the Group have been strengthend. Today, Wienerberger has a network of modern and efficient production sites, a strong capital base, lean cost structures, durable and innovative products, and motivated, well trained employees.

Wienerberger's sustainability strategy supports the value creation of the company in a variety of ways: Numerous cost-cutting measures in the use of raw materials and energy result in higher efficiency. Health and safety initiatives and an emphasis on equal opportunities for all our staff strengthen productivity, commitment and employer branding. Sustainability is a source of innovation for new and optimized products. Medium-term supply risks are reduced through sustainable supply chain management.

Based on these success factors, we see an EBITDA potential of over  $\in 600$  million, assuming that our markets will return to normal at a sustainable level in the medium to long term. The high potential for growth based on our corporate structure is complemented by the Group's internal financing strength derived from high free cash flows. These are to be used, above all, to optimize our financing structure, to share our corporate success with our owners, and to implement value-creating growth investments.

Wienerberger is a market-oriented company with a clear focus on growth. Our customers are the focal point of our actions - we want to create added value by offering them innovative, high-quality and user-oriented system solutions. Comprehensive advisory and support services, starting with the project planning phase, are an important part of our intensified sales activities. In this way, we develop long-standing customer relationships and take advantage of our profound understanding of customer needs in the development of new products and services. Based on our close customer contacts and our innovative strength, we aim to maintain or expand our leading positions in all the markets we operate in, and to grow faster than the market.

Sustainable creation of added value is our top corporate goal

Extensive structural adjustments and repositioning completed

Commitment to sustainability strengthens the basis of the company

Wienerberger Group: EBITDA potential of € 600 million

**Clear focus on** organic growth



## Wienerberger Markets in Europe and India





## Market position

- 1 Clay blocks and/or facing bricks
- Clay roof tiles
- 1 Clay roof tiles Tondach Gleinstätten
- Export markets
- Markets with production sites



## Wienerberger Markets in North America



#### Market position

**1** Facing bricks

Markets with production sites

Note : Strategic decisions taken by Pipelife also cover the North American production sites of the Pipelife Division.



Wienerberger at a Glance Strategy and Business Model, Corporate Governance at Wienerberger, The Year 2014 in Review



We pursue the strategic goal of reducing our dependence on new residential construction and broadening the range of our activities in the fields of renovation and infrastructure through the implementation of value-creating growth investments. These include acquisitions, capacity extensions and the exploration of new product segments or regional markets. Strategic resource allocation is based on clearly defined decision-making processes and subject to strictly observed yield targets, the objective being to ensure that growth steps directly contribute to the achievement of the Group-wide CFROI target of 11.5%. Given that we already have a modern and comprehensive network of production sites, sufficient capacity reserves and strong market positions in the ceramics business, acquisitions in the plastic pipe business are of particular interest on account of this segment's sustainable growth potential and the lower capital intensity. The acquisitions of Pipelife (plastic pipes), Tondach Gleinstätten (clay roof tiles, which are also strongly used in renovation) and Steinzeug-Keramo (ceramic pipes) testify to the consistent implementation of our strategic goals. Through these growth steps, we have strengthened our position as an international provider of building material and infrastructure solutions and reduced our dependence on the cyclically sensitive sector of new residential construction from 70% to about 60% of our revenues. In 2014, the three new business units generated a CFROI of well above 11.5%.

## **Corporate Governance at Wienerberger**

Strict principles of good governance and transparency as well as the continuous development of an efficient corporate control system form the basis of corporate governance at Wienerberger. In 2002, we were one of the first companies to commit to the Austrian Corporate Governance Code, a voluntary framework for corporate management and control that goes beyond the legal requirements. Wienerberger complied with all rules and recommendations of the Code in 2014. Moreover, a compliance code to prevent insider trading and a code of conduct for lobbying activities provide a framework for all the Group's operations. For a detailed presentation of activities relating to corporate governance at Wienerberger in the year under review, please refer to the 2014 Annual Report. Our corporate governance principles are communicated in detail on the Wienerberger website.

## The Year 2014 in Review

In 2014, the development of residential construction in Europe was stable to slightly positive, but characterized by major regional and seasonal differences. Despite a significant slowdown of activities in some European core markets, Wienerberger reported substantial increases in revenues and results thanks to volume growth in all product groups and the improvement of average prices. In the European pipe business, better results at Steinzeug-Keramo and Semmelrock compensated for a slight decline at Pipelife, the latter largely due to fewer orders received for international project business, compared with the record year of 2013. In North America, lower prices in the brick business on an annual average as well as negative changes in the product mix in the plastic pipe business were reflected in a slight decrease in results.

Implementation of strict principles of good corporate governance and transparency

Significant improvement of brick business results and stable development of European pipe business In this market environment, Wienerberger generated record revenues of € 2,834.5 million and an operating EBITDA of € 317.2 million. Besides substantial organic growth, the Tondach Gleinstätten Group, which has been fully consolidated since 1 July 2014, and the completion of the cost-cutting program were the main factors contributing to the improved results. The value-creating takeover of Tondach Gleinstätten represents an important growth step for Wienerberger in the clay roof tile segment, which will allow the company to benefit from the above-average growth potential in Eastern Europe. Non-cash impairment charges in the amount of € 207.6 million prevented the Group from returning to the profit zone. The after-tax loss for the year in the amount of € 170.0 million was booked against a steep increase of 41% in the free cash flow to € 130.6 million. This resulted in an improvement of the net debt to EBITDA ratio to 1.9 years, which we regard as yet another confirmation of the strength of our business model. In 2015, the Managing Board therefore proposed to the annual general meeting that a dividend of € 0.15 per share is paid out, an increase of 25% compared with the previous year. The company's equity totaled € 2,046.8 million in 2014; its net debt amounted to € 621.5 million.

The average number of employees of the Wienerberger Group in 2014 amounted to 14,836, up by 8% from 2013. The increase was mainly due to the takeover of the remaining shares in the Tondach Gleinstätten Group in July 2014. Excluding the employees of Tondach Gleinstätten, Wienerberger's average headcount in 2014 was 13,930, 1% higher than in the previous year. Due to the fact that the sustainability data gathering processes have not yet been fully implemented at Tondach Gleinstätten, the sustainability parameters of Tondach Gleinstätten have not been integrated into this Sustainability Report.

In 2014 a dividend of  $\notin$  0.12 per share, corresponding to a total of  $\notin$  13.8 million, was paid out from the Group's 2013 net profit. In September 2014, Wienerberger successfully completed the exchange of  $\notin$  272 million of the hybrid bond 2007 into a new hybrid bond 2014. The hybrid coupon paid out during the year includes not only the annual coupon of  $\notin$  32.5 million, but also the prepaid coupon of the hybrid bonds exchanged in the amount of  $\notin$  11.6 million. Payments to public bodies, comprising taxes on income and other taxes (excluding deferred taxes), rose to  $\notin$  40.5 million due to the improvement in earnings and the resulting increase of the tax burden in 2014.

#### Financial flows to stakeholders

in € million	2012	2013	2014 <sup>1</sup>	Change in %
Corporate revenues <sup>2</sup>	2,407.3	2,706.4	2,871.5	+6
Operating expenses <sup>3</sup>	-1,518.7	-1,779.6	-1,852.0	+4
Wages, salaries and benefits <sup>4</sup>	-592.5	-637.4	-679.1	+7
Payments to providers of equity <sup>5</sup>	-46.3	-46.3	-57.9	+25
Payments to providers of borrowed capital	-52.1	-53.5	-60.1	+12
Payments to public bodies <sup>6</sup>	-33.7	-38.7	-40.5	+5

<sup>1</sup> Tondach Gleinstätten included as of July 2014.

<sup>2</sup> Revenues and other operating income

<sup>3</sup> Production costs, cost of sales, administrative costs and other operating expenses; excluding wages, salaries, benefits, depreciation and taxes other than taxes on income

<sup>4</sup> Excluding temporary workers and company cars; including employee-related restructuring costs

<sup>5</sup> Hybrid coupon and dividend recognized in the year of payment.

<sup>6</sup> Excluding deferred taxes

Record revenues and a strong operating performance in 2014

Headcount increase mainly due to takeover of Tondach Gleinstätten

# Wienerberger's Sustainability Management

## Wienerberger's Principles of Sustainability

Sustainability at Wienerberger is embedded in the corporate strategy and constitutes an integral component of the living corporate culture. Important milestones were the signing of the Social Charter in 2001, the commitment to the Austrian Corporate Governance Code in 2002, the accession to the UN Global Compact in 2003, and Wienerberger's participation in the foundation of respACT Austria, the Austrian UN Global Compact Network, in 2006.

Today, Wienerberger produces and sells a great variety of product and system solutions in the fields of clay bricks and roof tiles, ceramic pipes, plastic pipes and concrete pavers. Our self-imposed commitment to sustainability extends to all phases of the value chain of the Wienerberger Group. The principles relating to the individual fields are described in the chapters on employees, production, products and corporate social responsibility.

# The Materiality Analysis 2014 and the Wienerberger Sustainability Roadmap 2020

For many years, Wienerberger has submitted clear, transparent and informative reports on its sustainability performance. Wienerberger's sustainability reports have always met the standard of the Global Reporting Initiative (GRI). The revised guidelines according to GRI G4 require that the reporting companies focus particularly on topics of material importance for the organization and its stakeholders.

In 2014 Wienerberger performed a materiality analysis involving the company's stakeholders. The process of identifying the issues and/or aspects to be covered, the involvement of the stakeholders in this process, and the selection of relevant aspects meet the requirements of GRI G4 Core. Thus, this Sustainability Report meets the GRI G4 standard.

The materiality analysis project was completed in April 2015. Already at the end of 2014, first results provided input for the Wienerberger sustainability strategy and the Sustainability Roadmap 2020, i.e. the new Wienerberger sustainability program.

Sustainability embedded in the corporate strategy

Focus on sustainable building material and infrastructure solutions

Material sustainability issues result in a new sustainability strategy

## Process of materiality analysis 2014



## Step 1: Description of the value chains

The first step in a GRI-based materiality analysis is to establish the sustainability context. The impact of the company's activities on the entire value chain is taken into consideration, ranging from raw material extraction to the entire supply chain, the production and use of products, and finally to the product's transformation into waste at the end of its service life. The limits to the scope of the analysis are to be determined separately for each essential aspect, depending on the impact of the company's activities along the value chain.

Wienerberger's corporate structure is based on business units, which focus on different products and operate along the following fundamental value chains:

- Bricks: Clay blocks, facing bricks, clay roof tiles and clay pavers (Clay Building Materials Europe, General Shale within the North America Division)
- Concrete pavers and concrete wall cladding products (Semmelrock, Arriscraft within the North America Division)
- Ceramic pipes (Steinzeug-Keramo)
- Plastic pipes (Pipelife, including Pipelife production site within the North America Division)

Impact of the company's activities on the entire value chain

Four Business Units – Four value chains Material aspects of the value chains

Almost 500 stakeholders invited to take part in the survey, 80% of them external stakeholders

Online survey with excellent return rate

Stakeholders acknowledge Wienerberger's commitment in many areas

Materiality analyses for all product-group-specific value chains

## Step 2: Establishment of materiality from the stakeholder point of view

To establish the materiality of the individual steps of the value chain, potential ecological, social, ethical, regional and economical issues as well as security of supply issues were allocated to them. Subsequently, the stakeholders' view of materiality was established by means of a survey. Some of the questions of the survey also referred to the perception of Wienerberger's current commitment in respect of the individual aspects.

Close to 500 stakeholders were invited to take part in the survey – 80% of them external stakeholders. Among them were many customers and users, such as building material dealers, building contractors, architects and landscape designers, real-estate developers and final customers, as well as suppliers, representatives of public authorities, the research sector and academia. Media representatives, policy-makers, trade unionists, shareholders and analysts were also invited to take part in the survey. Among the internal stakeholders – almost 100 in total – management representatives accounted for the largest group, followed by representatives of production, the works council, sales and human resources. Employees working in controlling, marketing, communication and research and development were also contacted.

The stakeholders selected received an online questionnaire in which they were asked to classify the Wienerberger sustainability issues by materiality and Wienerberger's existing commitment. A total of 232 persons responded to the online survey, which corresponds to a return rate of well above 45% - an excellent value for a survey of this type.

The evaluation of the results covered the materiality of the issue for Wienerberger and Wienerberger's perceived commitment to that specific issue. A strong and consistent correlation between these two aspects was found: Both internal and external stakeholders acknowledged that Wienerberger had already been working intensively on those sustainability issues which they regarded as particularly important, and had reached a high level of development.

Based on the stakeholders' responses, the essential issues for the four business units (Clay Building Materials Europe, Semmelrock, Steinzeug-Keramo and Pipelife) along their respective value chains were established. The significance (medium to high) of individual aspects, as perceived by internal and external stakeholders, was entered into a matrix. The essential issues of the four value chains are described on the following pages.

It turned out that the stakeholders perceived certain aspects as being of similarly high significance across all business units. In the supply chain, the avoidance of hazardous substances and long-term security of raw material supply were mentioned frequently as material aspects. As regards environmental protection in production, the stakeholders ranked energy efficiency and measures to combat climate change, as well as resource efficiency and waste management, as high priorities. Among the social aspects of production, the safety and health of employees, business ethics and compliance scored high in all business units. Throughout the Wienerberger Group, the sustainability of products was found to be determined, in particular, by their long service life and their innovative strength.

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## Step 3: Translation into the Wienerberger Sustainability Roadmap 2020

On the basis of the materiality matrix, targets and measures for the new Wienerberger sustainability program – the Wienerberger Sustainability Roadmap 2020 – were proposed. The Roadmap was released by the Sustainability Steering Committee at the beginning of 2015.

## The Wienerberger Sustainability Roadmap 2020

The Wienerberger Sustainability Roadmap 2020 describes the sustainability targets that will be pursued by the Wienerberger Group up to 2020. It includes Group-wide targets as well as targets for the individual business units and defines specific, binding measures. The targets are based on the results of the materiality analysis. The Roadmap represents a conscious, self-imposed commitment to continuously improve Wienerberger's ecological, social, societal and economic performance.

For clarity's sake, the same color code is used for the representation of the value chain, the materiality analysis and the Sustainability Roadmap:

- blue: Supply chain / raw materials
- green: Environmental aspects in production
- red: Social aspects in production and social responsibility
- yellow-orange: Service life and end-of-life

The measures to be taken in 2015 and 2016 as well as the quantitative targets of the business units are described in the corresponding chapters of this report. The following diagram provides an overview of the targets and measures of the business units regarding the individual sustainability aspects.

Binding targets and measures defined for the period up to 2020

Definition of quantitative targets and measures at Group level and for each business unit

Color code for the four areas of the value chain, the sustainability analysis and the Sustainability Roadmap 2020



# Wienerberger Sustainability Roadmap 2020 CBME\* - Tondach Gleinstätten not included

	MATERIALITY TOPICS	START HO		NG	CBM	CBME*		LIFE
	SUSTAINABILITY IN SUPPLY CHAIN		I	MEASURES		MEASURES		MEASURES
	Availability of raw materials.	2015				٠	Target	•
		2017						•
		2020						
	Use of recycled material.	2015					Target	•
		2017				•		•
		2020						
	Avoidance of hazardous substances.	2015						
		2017						•
		2020		•				
	Protection of local residents and employees, nature	2015						
	protection and reasonable follow-up use at clay pits.	2017						
		2020						
Δ,	ENVIRONMENTAL ASPECTS IN PRODUCTION							
	Energy efficiency.	2015			Target	•	Target	•
		2017						•
		2020			Target	•	Target	•
	Climate protection.	2015			Target	•		
		2017				٠		
		2020			Target	٠		
	Resource efficiency and waste management.	2015				٠		
		2017				٠		
		2020				٠		
	Water Saving.	2015					Target	٠
		2017						
		2020						
Ň	SOCIAL ASPECTS IN PRODUCTION							
J	Safety of employees.	2015	Group Target	•	Group Target	•	Group Target	•
		2017		•	Target	•		•
		2020						
	Health of employees	2015	Group Target		Group Target			

Health of employees.	2015	Group Target	•	Group Target	•		
	2017	Target	٠	Target			
	2020		•		٠		
Business ethics and compliance.	2015	Group Target	•	Group Target		Group Target	•
	2017				Group Initiative		Initiative
	2020		•				
Employee satisfaction.	2015						-
	2017		Group Initiative		Group Initiative		Group Initiative
	2020						

SUSTAINABLE PRODUCTS 

Innovative and sustainable products.	2015	Target	•	Target	•	Target	•
	2017					Target	•
	2020					Target	•
Recyclability, recycling and re-use of products.	2015				•	Target	•
Recyclability, recycling and re-use of products. Sustainability during construction and dismantling. Ease of installation. Renewable energy for buildings.	2017						•
	2020						
Sustainability during construction and dismantling.	2015						
	2017						
	2020						•
Ease of installation.	2015						•
	2017						
Sustainability during construction and dismantling. Ease of installation. Renewable energy for buildings.	2020						•
Renewable energy for buildings.	2015			Target       Target	•		
	2017						
	2020				•		
Contribution to energy efficiency of buildings.	2015						•
	2017						
	2020						
SOCIAL RESPONSIBILITY	2015	GROUP TARGET		GROUP TARGET		GROUP TARGET	



START	SEMME	LROCK	STEINZEUG	G-KERAMO	NORTH A	MERICA
		MEASURES		MEASURES		MEASURE
2015						
2017			Target			•
2020						•
2015		•		•		•
2017		•	Target	•		
2017			larget			
2020						
2015		-		-		
2017		•		•		•
2020		•		•		•
2015		•		•		•
2017		•		•		•
2020						
2015					Target	
2017		•	Target		Target	•
2020				•	-	•
2015			Target		Target	
2013			ימושפו	-	laryet	
2017				-		
2020	_			•		
2015	Target	•		-		•
2017		•		•		•
2020		•		•		
2015		•		•		
2017		•		•		
2020						
2015	Group Target		Group Target		Group Target	
2017						
2020		•		•	Group Target + Target	•
2015		•	Group Target	•		•
2015			Tarrat			
2017			Target		One Transl	
2020				•	Group Target	
2015	Group Target	Group	Group Target	Group		•
2017		Initiative		Initiative		
2020						•
2015		Creation		Group		•
2017		Initiative		Initiative		
2020						
2015	Target		Target		Target	
2017		•	Target	•		
2020				•		
2015						
2017			Tarnet			
2017			larget			
2020						
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2020 2015		•				
2020 2015 2017		•				
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2020 2015 2017 2020 2015 2017 2020 2015 2017 2020 2015 2015 2017 2020						•
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2015         •         Target           2020         •         •           2015         •         Target           2015         •         •           2017         •         Target           2015         •         Target           2015         •         Target           2017         •         Target           2015         •         Target           2017         •         •           2017         •         •           2015         •         •           2017         •         •           2015         •&lt;</td> <td>START         SEMMELROCK         STEINZEUG-KERAMO           MEASURES         MEASURES         MEASURES           2015         •         •           2017         Target         •           2018         •         •           2019         •         •           2017         •         Target         •           2017         •         Target         •           2017         •         Target         •           2020         •         •         •           2017         •         •      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## The Value Chain for the Clay Bricks and Roof Tiles Segment

The most important steps in the value chain of the clay block, facing brick and roof tile segments, but not of the clay paver segment, are described in the following. The description applies to the Clay Building Materials Europe business unit and relevant products of General Shale within the North America Division.



## VALUE CHAIN: CLAY BRICKS AND ROOF TILES

## Sustainability in the supply chain and in raw material sourcing

Clay and loam are the most important raw materials for brick production. They are either extracted in Wienerberger's own clay pits or obtained from suppliers. Numerous issues relating to safety and protection arise in the operation of an extraction site. Besides ensuring the safety and health of employees, minimizing noise and dust pollution for local residents is another important aspect. Raw material extraction always constitutes an interference with nature, which is kept as low as possible during operation. Depleted extraction sites have to be re-cultivated, renaturalized or re-used for other purposes. The availability of adequate regional extraction sites is very important for a long-term supply strategy. To obtain the desired product quality, aggregates, such as sand, grit and gravel, as well as additives, such as straw, paper fibers or polystyrene, are added to the base material for the production of clay blocks. Some types of clay blocks are filled with mineral wool or perlite to increase their thermal insulation capacity. For facing bricks various production methods lead to a large range of colors, surface textures and shapes. Special texturing, for example, can be created through sanding, milling, engobing, glazing or brushing. Roof tiles are glazed or engobed to prolong their service life and/or to obtain a variety of surface finishes. The materials used should be free of hazardous substances. Renewable or mineral-based fillers, such as mineral wool or perlite, have ecological advantages. Organic and

carbonaceous components in clay (e.g. bitumen) and in additives result in the release of climate-relevant  $CO_2$  emissions to the atmosphere during production. While this can hardly be avoided in clay and loam,  $CO_2$  emissions from additives and fillers can be reduced through the use of biogenic substances that are considered to be climate-neutral.

## **Environmental aspects in production**

Energy consumption for the energy-intensive processes in ceramic brick production, such as firing and drying, is a major environmental aspect. Climate-relevant emissions are generated either in the production plant itself or by the (remote) electricity generating plant. Emissions can be reduced, above all, through an increase in energy efficiency in the brick plant. At the same time, the use of renewable sources of energy contributes towards reducing  $CO_2$  emissions. Direct climate-relevant emissions also have an impact on costs, as ceramic production is subject to the European  $CO_2$  emissions trading system (ETS). Resource efficiency is defined as the sparing use of natural resources, such as raw materials or environmental goods. Efforts are made in the production process to avoid scrap and breakage, and most of the remaining production waste is recycled internally. Water consumption in ceramic production can be further reduced through efficiency measures and the introduction of closed-cycle systems.

## Social aspects in production

The safety and health of employees as well as business ethics and compliance are important social aspects in production. Protecting employees from exposure to respirable crystalline silica, a substance released primarily during brick grinding and cutting, is a major health issue in the brick segment. Technical and organizational measures as well as the use of personal protective equipment help to reduce the exposure of employees to this hazard. Dust monitoring, health checks and training programs also serve to reduce exposure and, thus, diminish the risk of disease. These and other aspects are described in the chapters "Employees" and "Social Responsibility".

## Sustainability in period of use and at end-of-life

Bricks are durable and strong. They offer protection in the event of fire, earthquakes or floods. During their service life, bricks provide thermal insulation and thereby help to reduce the energy consumption of buildings, which in turn results in lower  $CO_2$  emissions. Moreover, the energy efficiency of buildings can be optimized through smart building concepts. Clay blocks contribute towards a healthy indoor climate and ensure good indoor air quality. Facing bricks and roof tiles are essential elements determining the appearance of a building; they are weather-proof, require little care and are easy to clean. In many regions, brick façades, pitched brick roofs or brick pavings are part of the cultural heritage.

There is also a growing interest in the re-use of historical bricks. When buildings are demolished, ceramic material can be separated from other building debris and re-used. Wienerberger has little influence on the erection and demolition of buildings. Thorough planning of the construction process helps to avoid scrap and reduces the amount of products to be returned. The use of recycled raw materials from construction debris in brick production is technically feasible, but an economic balance cannot yet be drawn up. Nevertheless, with a view to "urban mining", Wienerberger always keeps the recyclability of its brick products in mind.

## The Materiality Analysis: Clay Bricks and Roof Tiles Segment

#### Previous targets in the Clay Bricks and Roof Tiles Segment

Even before the materiality analysis performed in 2014, Wienerberger had set quantitative sustainability targets for brick production. CMBE had set itself the goal of reducing specific energy consumption and the volume of specific CO<sub>2</sub> emissions by 20% each by 2020, compared with 2010. In clay block production the energy consumption target was already reached in 2014 (-21%); in roof tile production we are on track (-6%); in facing brick production an improvement has been achieved over the previous year's level, but there have been no efficiency gains yet compared with 2010 (0%). As regards specific CO<sub>2</sub> emissions, savings of between 2% and 8% were achieved in all three product groups in 2014 compared with 2013. The Group-wide target of reducing the amount of water drawn from public networks to 40% of total water consumption was reached ahead of schedule. As regards the safety and health of our employees, the target of reducing the frequency of accidents has been pursued consistently. Nevertheless, a slight increase in accident frequency was reported in 2014, compared with 2013. The corrective measures taken are described in the chapter "Employees". The percentage of potentially exposed employees covered by dust exposure monitoring has been increased to 95.6%; the percentage of employees receiving training has gone up to 93.8%. Moreover, additional technical and organizational measures have been taken to reduce the generation and release of respirable crystalline silica in an effort to protect our employees even more effectively against this hazard.

#### Material sustainability issues for the Clay Bricks and Roof Tiles Segment

"Avoidance of hazardous substances", "Security of supply" and the "Protection of local residents and employees at extraction sites" were classified as material issues in raw material sourcing. As regards environmental protection in production, the main focus was on energy efficiency and climate protection. Specific water consumption was not perceived to be a material issue. Employee issues – with few exceptions – were generally regarded as matters of high priority. The results of the materiality analysis have been translated into the Sustainability Roadmap.

The aspects "long service life and long-term value" and "safety and health impact of buildings" were classified as material. However, given the fact that these are core qualities of brick products, no specific targets were set for the Roadmap. Clay blocks and facing bricks are an essential innovation driver for the energy efficiency of buildings. Therefore, the issue "energy efficiency of buildings" is an integral part of the target of increasing the share of innovative products in total revenues. Maintaining good relations with local stakeholders is one of the tasks of the operational management at production sites; training of employees is covered by human resources management; therefore, specific targets for these issues have not been set in the Sustainability Roadmap 2020.



## Material sustainability issues for the Clay Bricks and Roof Tiles Segment

## The Sustainability Roadmap 2020 for the Clay Bricks and Roof Tiles Segment

#### 1 Avoidance of hazardous substances

Analysis of and research on the substitution of potentially hazardous substances (North America)

#### 2 Availability of clay and loam

- Analysis of all clay pits within the framework of the Raw Material Risk Management System (CBME)
- Development of a Raw Material Availability Map (North America)

#### 3 Protection of local residents and employees at extraction sites

 Continuous monitoring of dust exposure and water quality, communication with local residents at all sites through newsletters, increased focus on safety standards and training (North America)

#### 1 Energy efficiency

- Reduction of natural gas consumption at selected production sites by 5% each by 2016, compared with 2015 (North America)
- Reduction of specific energy consumption by 20% by 2020, compared with 2010 (CBME)

### 2 Climate protection

- Conversion of all main production sites from coal to natural gas by 2016
   (North America)
- Reduction of specific CO\_2 emissions from primary sources of energy by 20% by 2020, compared with 2010 (CBME)

#### 3 Resource efficiency and waste management

- Resource efficiency and waste management as part of strategic development (CBME)
- Optimization of closed cycles and recyclable packaging material (North America)

#### 1 Safety and health of employees

- Group level: Zero accidents
- Strategy for the reduction of respirable crystalline silica (CBME)
  Group level: Extension of respirable crystalline silica measurements
- to >95% of all ceramic plants by 2020

#### 2 Business ethics and compliance

Group level: Zero incidents of corruption

#### Active involvement of employees, Employee satisfaction,

#### 6 Diversity/equal opportunities

4

7

CBME and North America participate in all Group-wide initiatives

#### 1 Innovative and sustainable products

Group level: Increase of the share of innovative products in total revenues
Expansion of market share of "Endurance Brick", new product launch in 2015 (North America)

## Recyclability, recycling and re-use of products, Use of recycling material

- Use of recycling material

  Development of strategies and research projects aimed at the recycling of ceramic products (CBME)
- Research projects for recycling and re-use (CBME)
- Increased focus on internal recycling of ceramic production waste
   (North America)
- Research on the use of recycling materials as additives

## The Value Chain for the Ceramic Pipes Segment

The most important steps in the value chain for the ceramic pipe segment are described in the following. The statements made apply to the Steinzeug-Keramo business unit.



## **VALUE CHAIN: CERAMIC PIPES**

## Sustainability in the supply chain and in raw material sourcing

Ceramic pipes, like bricks, are made of clay, which Steinzeug-Keramo obtains from its own clay pit and from suppliers. Aggregates and additives are added to the base material in order to obtain the optimal material mix. The sustainability issues arising in the supply chain for ceramic pipes are similar to those of the brick segment. They include the security of regional clay supply, nature conservation and re-use concepts for depleted sites, protection of local residents from noise and dust, and ensuring the safety and health of employees; organic and carbonaceous components in the clay resulting in  $CO_2$  emissions in the downstream production process; and the avoidance of hazardous substances in aggregates and additives and in glazing material. Steinzeug-Keramo uses recycling material from its own plants and secondary raw materials from external sources in its production. All production plants recycle their internal ceramic waste and use recycled refractory material.

## **Environmental aspects in production**

Ceramic pipes are first shaped, then dried, glazed (in an immersion bath) and fired. These processes are based on the use of energy from renewable sources and from natural gas. Given the  $CO_2$  emissions thus generated, Steinzeug-Keramo plants are subject to the European emissions trading system. The volume of  $CO_2$  emissions can be reduced through a further increase in the use of energy from renewable sources and further efficiency increases. Electricity demand can also be met from renewable sources. Raw material consumption can be reduced by minimizing scrap, recycling own ceramic waste, and designing products with a view to a sparing use of

resources. Steinzeug-Keramo minimizes the consumption of raw materials by re-introducing all production waste into the production cycle. Water consumption in production can be lowered by means of close-cycle systems.

## Social aspects in production

As in the brick segment, protecting employees against respirable crystalline silica is a major issue in the production of ceramic pipes as well. Other issues, such as safety and health of employees, business ethics and compliance, rank at a similar level of relevance for the entire Wienerberger Group and are described in the chapters "Employees" and "Social Responsibility".

## Sustainability in period of use and at end-of-life

A long service life and high resistance are the technical requirements to be met by ceramic sewage pipes. Steinzeug-Keramo products are characterized, above all, by high abrasion resistance, bending tensile strength, frost resistance and high resistance against biological and chemical influences. Sewage pipes should require little maintenance and be easy to repair. Products by Steinzeug-Keramo meet these requirements on account of their sturdiness and their vitrified surface. Their high-quality design ensures a long service life and helps to avoid repairs. Steinzeug-Keramo supports planning engineers and contractors through expert advice, online tools and visits to construction sites.

The range of innovative pipe products includes pipes certified by environmental product declarations and climate-neutral products. Accessories, such as talcum, lubricants, two-component adhesives, flanges and seals should not contain any potentially harmful chemical sub-stances. Easy and complete recyclability at the end of the product's service life is another property to be mentioned in this context. Products should be easy to separate from other construction debris in order to be recycled into the production process or to be re-used for other purposes. Waste water solutions for developing countries or heat recovery from waste water are potential issues for the future.



## The Materiality Analysis: Ceramic Pipes Segment

### **Previous targets in the Ceramic Pipes Segment**

The materiality analysis has shown that our stakeholders regard energy efficiency, climate protection and the safety and health of our employees as priority issues in the ceramic pipe segment. Steinzeug-Keramo was following the targets to reduce its specific energy consumption (reference year: 2010) and its specific  $CO_2$  emissions (reference year: 2013) by 20% each by 2020. While energy consumption was down by 14% already in 2014, specific  $CO_2$  emissions from fuel remained unchanged. The Group-wide target of reducing the amount of water drawn from public networks to 40% of total water consumption was reached ahead of schedule. As regards "Social aspects in production", the main focus was on the safety and health of employees. Regrettably, the accident rate in 2014 was significantly higher than in 2013. Consistent measures were therefore taken to reduce the frequency of accidents. With a view to improved health protection for our employees, respirable crystalline silica measurements were rolled out to additional plants step by step.

### Material sustainability issues for the Ceramic Pipes Segment

From the stakeholders' point of view, "Avoidance of hazardous substances" and "Security of supply" are priority issues in raw material sourcing, as in the brick segment. "Nature conservation and the re-use of extraction sites" are other important aspects. Priority issues in production are energy efficiency and climate protection, as in the brick segment. Additionally, "Resource efficiency and waste management" were classified as essential. Employee issues were generally regarded as priorities. Products should be durable, recyclable and innovative; transport to the customer should be environment-friendly. Waste water solutions for developing countries were identified as yet another issue. The results of the materiality analysis have been translated into the Sustainability Roadmap.

A long service life and long-term value – two aspects ranked as very important in the analysis – are core qualities of ceramic pipes; therefore, no specific target has been set in the Sustainability Roadmap. Environment-friendly transport is an integral part of efficient logistics and, therefore, has not been considered as a separate issue in the Sustainability Roadmap. Employee development and training are covered by human resources management, with the establishment of the "Steinzeug-Keramo Academy" being particularly noteworthy in this context. Considering the interests of local stakeholders is a matter for production site management.



## Material sustainability issues for the Ceramic Pipes Segment

MEDIUM

RELEVANCE FROM INTERNAL STAKEHOLDER POINT OF VIEW

HIGH

## The Sustainability Roadmap 2020 for the Ceramic Pipes Segment

#### 1 Avoidance of hazardous substances

- Analysis of all products for potentially hazardous substances and their impact on human health and nature
- 2 Availability of clay and loam Risk analysis regarding the availability of raw materials from own clay pits and suppliers
  - Diversification of sources of supply

#### 3 Nature conservation and re-use of depleted extraction sites

 Development of a standard for own and supplier-operated clay pits · Verification of compliance with standards at own clay pits and performance of supplier audits

#### 4 Use of recycling material

- Evaluation of the current percentage of recycling material used
- Definition of an indicator to monitor the use of recycling material
- Evaluation of the increase in the percentage of recycling material used and definition of a quantitative target

#### 1 Energy efficiency

- Introduction of a new indicator for the measurement of specific energy consumption
- Definition of a quantitative target for the reduction of specific energy consumption (2016)
- · Establishment of an energy management system in accordance with ISO 50001 (2016)

#### 2 Climate protection

Compensation of 5% of the annual CO<sub>2</sub> emissions generated by the respective plant through climate action projects by 2017

#### 3 Resource efficiency and waste management

- Definition of a waste intensity indicator
  - Optimization of the use of ceramic secondary materials

#### 1 Safety and health of employees

- · Group level: Zero accidents
- · Analysis of all occupational accidents
- Identification of core issues for occupational safety and definition of initiatives on an annual basis
- Benchmarking of safety measures
- Risk analysis of workplaces in production (2016) Monthly/quarterly internal audits of all departments (2016)

#### Business ethics and compliance

- · Group level: Zero incidents of corruption Definition of indicators, e.g. regarding the percentage of corporate units audited or ethics training measures
- Establishment of a compliance management system

#### 4 Employee satisfaction, Active involvement of employees,

#### **Diversity/equal opportunities** 6

· Steinzeug-Keramo participates in all Group-wide initiatives 7

#### Recyclability, recycling and re-use of products 2

- Development of criteria for the recyclability of products;
- step-by-step screening of products · Development of an end-of-use scenario; Cradle to Cradle® re-certification

#### 3 Innovative and sustainable products

Group level: Increase of the share of innovative products in total revenues



## The Value Chain for the Plastic Pipes Segment

The description of the most important steps of the value chain for plastic pipes and fittings applies to the Pipelife business unit, including the Pipelife production site within the North America Division.



## Sustainability in the supply chain and in raw material sourcing

Pipelife pipes and fittings are made primarily of mineral-oil-based PVC powder and polyolefin granulates. Relevant sustainability aspects include environmental protection and the respect of human rights in oil extraction as well as energy efficiency and climate protection in oil processing. The plastic materials obtained from suppliers (PVC, PP and PE) should be free of potentially hazardous substances. These issues are covered by legislation, i.e. REACH (Registration, Evaluation, Authorization und Restriction of Chemicals) applicable within the EU and TSCA (Toxic Substances Control Act) applicable in the USA.

Recycled plastic materials can be used for the production of numerous Pipelife products, provided all requirements in terms of product quality and product properties as well as the relevant standards are met. The use of recycled plastic materials is one way of improving the ecological aspects of the value chain for Pipelife products.

## **Environmental aspects in production**

The most important form of energy used in the production of plastic pipes and fittings is electricity. The primary focus, therefore, is on energy efficiency. Using electricity from renewable sources helps to reduce indirect  $CO_2$  emissions. As hardly any direct  $CO_2$  emissions are generated in production, Pipelife is not subject to the European  $CO_2$  emissions trading

system. The consumption of water from public networks for cooling purposes is very low. Larger quantities are drawn from wells or bodies of surface water, which are subsequently discharged into the environment, free of pollution and therefore do not count as water consumed. The consumption of resources can be reduced through product design and by reducing scrap and waste to a minimum.

## Social aspects in production

As in the other Divisions, safety and health of employees as well as business ethics and compliance are important social aspects in production. These and other aspects are described in the chapters "Employees" and "Social Responsibility".

### Sustainability in period of use and at end-of-life

Sustainability aspects during the products' service life are as varied as the Pipelife product range. There is, however, a common denominator: high product quality, which is crucial for a long service life and the avoidance of leakages, and the innovative strength of new products. Public infrastructure is a sector with high demand for such products. As a consequence of climate change, weather conditions are becoming more extreme in many parts of the world. Heavy flooding occurs more frequently, and public sewer networks and water management systems are no longer able to cope with excessive quantities of rain water. Pipelife offers solutions for heavy rain events. Rain water can be efficiently captured even on smaller surfaces, stored and re-used. Water retained for subsequent re-use should be as clean as possible. Pipelife's advanced filtering and cleaning systems include heavy-metal and oil separators. Moreover, Pipelife offers solutions for small-scale water treatment plants for decentralized applications. Technologies of this type are well-suited for use in developing countries.

Plastic pipes contribute to the sustainable management of green spaces in a variety of ways. Irrigation systems serve to increase agricultural output for a growing world population and ensure a more efficient use of scarce water resources. Drainage systems prevent landslides caused by heavy rain. Plastic pipes installed in buildings have a beneficial climate effect, as heat losses can be minimized through insulated heating and hot-water pipes. Geothermal and solar collectors made of plastic pipes open up renewable or alternative sources of energy. Moreover, special plastic pipes for electric installations offer improved protection from electro-magnetic fields. Ease of assembly is an important consideration for Pipelife. Thanks to a design effort aimed at reducing product weight while maintaining product quality and safety, Pipelife products are easy to install.

Plastic pipes can be re-used at the end of their life cycle. Pipelife is for example a member of the Austrian Working Group on Plastic Pipe Recycling (ÖAKR), which operates a collection system for end-of-life pipes, fittings and pipe scrap left over after installation throughout Austria. Pipelife uses recycled material from used PVC pipes for the production of cable ductings. Modern waste management aims at a high recycling rate, efficient heat recovery and the avoidance of landfilling. Pipelife does not operate in markets in which inadequate disposal practices, such as irregular incineration of PVC-containing plastic pipes, are common.

## The Materiality Analysis: Plastic Pipes Segment

## **Previous targets in the Plastic Pipes Segment**

The Group-wide target of reducing the amount of water drawn from public networks to 40% of total consumption was reached ahead of schedule. Among the "Social aspects in production", the main focus was on the safety and health of employees. In this respect, the target of reducing the frequency of accidents was pursued consistently. Nevertheless, an increase in accident frequency over the previous year's level was observed in 2014. Measures aimed at reducing accident frequency are being pursued consistently.

## Material sustainability issues for the Plastic Pipes Segment

From the stakeholders' point of view, the avoidance of hazardous substances and the use of recycled plastic materials are material supply chain issues. In production, energy and resource efficiency as well as sustainability-oriented waste management have been identified as essential topics. As regards Pipelife's employees, health and safety, ethical behavior, employee satisfaction and employee involvement have been identified as priority issues. The essential product issues are a long service life, the avoidance of leakages and innovative strength. Solutions for periods of drought and heavy rain events as well as sustainable energy systems for buildings have been emphasized as future issues. The results of the materiality analysis have been translated into the Sustainability Roadmap 2020.

The issue "Long service life and avoidance of leakages" was given a high score in the materiality analysis. However, these being core product qualities that are subject to continuous improvement, no specific target has been set. As regards the aspect "Sewage systems: solutions for periods of drought and for heavy rain events", Pipelife's Raineo® system is already available and successfully marketed (see chapter "Products" – paragraph on "Energy efficiency and climate action"). The issue will be further pursued within the framework of research and development of innovative products. Resource efficiency and waste management are being continuously optimized through measures taken at the production sites.



## Material sustainability issues for the Plastic Pipes Segment

## The Sustainability Roadmap 2020 for the Plastic Pipes Segment

#### 1 Avoidance of hazardous substances

- Continuous substitution of potentially hazardous substances
- Anticipation of regulatory developments (e.g. REACH or CEN/TC 351)

#### 2 Use of recycling material

- Increasing the amount of recycling material per ton of product produced to 70 kg by 2020
- Research projects aimed at optimizing the mix of primary and secondary raw materials
- Analysis of the technical feasibility of using recycling material

#### 3 Sustainability in the plastics industry

 Commitment to human and environmental concerns in accordance with the "Pipelife Supplier Code of Conduct"

#### 1 Energy efficiency including climate protection

- Reduction of specific energy consumption in production by 20% by 2020, compared with 2010
- Reduction of specific  $CO_2$  emissions from primary sources of energy in production by 20% by 2020, compared with 2010
- "Energy Treasure Hunts" Projects aimed at reducing energy consumption at various production sites
- Various local electricity saving initiatives

#### 4 Sparing use of water

- Reduction of water consumption from public networks to 0.55 m<sup>3</sup> per ton of products produced by 2020
- Various projects aimed at avoiding water losses

#### 1 Safety and health of employees

Group level: Zero accidents

#### 2 Business ethics and compliance

- Group level: Zero incidents of corruption
  - Definition of indicators, e.g. regarding the percentage of corporate units audited
     and ethics training events
  - Establishment of a compliance management system

#### Employee satisfaction, Active involvement of employees,

- Diversity/equal opportunities
   Pipelife participates in all Group-wide initiatives
- 8 Tipeline particip

3

- 3 Innovative and sustainable products
  - Group level: Increase of the share of innovative products in total revenues

#### 4 Energy efficiency of buildings

- Expansion of product portfolio for alternative heating and cooling
  Upgrading of planning tools for the design of efficient heating systems
- 4 Easy installation and low product weight
  - Research and development aimed at ease of installation

## The Value Chain for the Concrete Pavers Segment

The most important steps in the value chain for the concrete pavers segment described in the following apply to the Semmelrock business unit.



## **VALUE CHAIN: CONCRETE PAVERS**

## Sustainability in the supply chain and in raw material sourcing

Concrete pavers consist primarily of sand, grit, gravel and cement; the essential raw materials for cement production are limestone and clay and/or marl. The main focus in the extraction of these mineral raw materials is on the safety and health of employees, the protection of local residents against noise and dust pollution, the protection of the natural environment and the re-use of depleted extraction sites. The production of cement is a highly energy-intensive process requiring firing temperatures of about 1,450 °C. High-calorific fuels, such as coal and fuel oil, are used to reach such high temperatures. To a growing extent, however, these are being replaced by other fuels of fossil origin, such as used tires, processed plastic materials and waste oil. Over the entire life cycle, from raw material extraction to end-of-life disposal, cement production accounts for a major part of the  $CO_2$  emissions caused by Semmelrock's concrete products. The use of recycled concrete helps to minimize the carbon footprint and, at the same time, diminishes the burden on extraction sites.

The fact that heavy-weight aggregates, such as sand, grit and gravel, are transported only over short distances helps to minimize transport-related  $CO_2$  emissions. Therefore, the availability of sufficient extraction sites in the vicinity of production plants is essential.
#### **Environmental aspects in production**

Compared with other processes within the Wienerberger Group, concrete paver production consumes relatively little energy. In the process of drying concrete products, thermal energy is even released and can be recovered. The use of renewable sources of energy helps to reduce direct  $CO_2$  emissions. Raw material efficiency can be increased through the avoidance of breakage and scrap and the re-introduction of production waste into the production process. Intelligent product design results in raw material savings and, at the same time, maintains a high level of product quality. Water, an important raw material for cement-bound products, is drawn mainly from the company's own wells. Water consumption is reduced through various efficiency-enhancing measures or through closed-cycle systems. As regards packaging material, the main focus is on avoidance, the use of ecologically safe materials and recovery within the framework of sustainable construction site management.

#### Social aspects in production

The main issues relating to social responsibility in production in this business unit, as well as in all others, are the safety and health of employees, business ethics and compliance. Additional aspects are described in the chapters "Employees" and "Social Responsibility".

#### Sustainability in period of use and at end-of-life

In the case of concrete pavers, sustainability means a long service life, a high level of resistance, easy repairs and easy cleaning. These requirements are met through high quality, a protective surface finish and the possibility of exchanging individual pavers even after the finishing layer has been applied. The products should help to prevent user accidents. For pedestrians, Semmelrock products should be slip-proof. Solutions for people with special needs, such as guiding systems for the blind, are possible. Semmelrock pavers and slabs have a soilsealing effect and an influence on acoustics and on the micro-climate. Soil sealing can be reduced by making the products water-permeable. Negative acoustic effects, such as road traffic noise and echo effects in an urban environment, can be reduced through appropriate product design. Climate change results in higher summer temperatures in towns. Concrete surfaces tend to store heat and contribute to this effect. These aspects represent considerable challenges to be addressed through product innovation. Near-natural materials should also be used for accessories, such as paver joints, adhesive mortar or joint sand stabilizers. For design elements, such as pavers with integrated LED lighting, relevant eco-design principles apply.

Semmelrock has hardly any influence on the construction and demolition phase in the life cycle of its products. During demolition, care should be taken that concrete is properly separated from other materials and free of contamination. If these requirements are met, re-use as subgrade material in road construction is possible. Fine-grained, processed recycling concrete can also be used as a secondary raw material for new concrete products. However, maintaining the desired level of product quality is a considerable challenge. For the time being, the amounts of recycled material from construction debris re-introduced into the Semmelrock production process are insignificant.

#### The Materiality Analysis: Concrete Pavers Segment

#### Previous targets for the Concrete Pavers Segment

The Group-wide target of reducing the amount of water drawn from public networks to 40% of total water consumption was reached ahead of schedule. Among employee issues, the main focus was on safety and health. In this respect, the target of reducing the frequency of accidents was pursued consistently. Compared with the year before, accident frequency dropped significantly in 2014.

#### Material sustainability issues for the Concrete Pavers Segment

Material sustainability issues in the supply chain include security of supply, nature conservation at and around extraction sites, and the use of recycled concrete. As regards environmental protection in production, the main focus is on resource efficiency and waste management as well as water conservation. Safety and health are perceived as priority issues for human resources. A long service life and innovative strength are classified as product priorities. At the same time, sustainable transport, recyclability, the avoidance of accidents and help for people with special needs score high on the stakeholders' list of priorities. The results of the materiality analysis have been translated into the Sustainability Roadmap 2020.

The "Long service life" aspect, which scored high in the stakeholders' assessment, is a core quality of Semmelrock products and subject to continuous improvement. Therefore, no specific target has been set for the Sustainability Roadmap. Avoiding accidents and designing solutions for people with special needs are part of the company's product innovation management. Sustainable transport is integrated into continuous efforts to increase the efficiency of logistics. Maintaining good relations with local stakeholders is part of operational management at the production sites; therefore, a specific target has not been included in the Sustainability Roadmap 2020.



#### Material sustainability issues for the Concrete Pavers Segment

MEDIUM

RELEVANCE FROM INTERNAL STAKEHOLDER POINT OF VIEW

2

7

HIGH

#### The Sustainability Roadmap 2020 for the Concrete Pavers Segment <sup>1</sup>

#### 1 Availability of raw materials

- Assessment of raw material supply risks
- Development of a raw material sourcing strategy

#### 2 Nature conservation at extraction sites

Increase in the share of regional suppliers of additives

#### 3 Use of recycled concrete

- Analysis of the feasibility of using recycled concrete in the various fields of production
- Pilot projects and studies aimed at increasing the percentage of recycling material

#### 4 CO<sub>2</sub> emissions from cement production

- Optimization of product formulation to reduce the percentage of cement used
- Pilot project to promote the use of less energy-intensive cement

#### 5 Natural aggregates

Classification of raw materials by potential hazard, setting of substitution targets, if applicable

#### 1 Resource efficiency and waste management

Reduction of scrap rate by 15% by 2015 and by 50% by 2017, both compared with 2014

#### 2 Sparing use of water

- Improvement of water consumption monitoring
- · Pilot project to introduce closed water cycle (2016)

#### 3 Energy efficiency

- · Performance of energy audits and pilot project aimed at energy optimization (by 2017)
- For concrete pavers, an assessment by internal stakeholders was performed in 2014.
- An assessment by external stakeholders is being prepared. Target applies to Arriscraft, North America. All other targets apply to Semmelrock.

#### 1 Safety and health of employees

- Group level: Zero accidents Rollout of respirable crystalline silica measurements to 100% of plants, including non-ceramic plants (North America)<sup>2</sup>
- Program "Safety@Semmelrock"
- Optimization of production through technical safety measures
- Introduction of "Accident Investigation Report Semmelrock (AIRS)"
- Establishment of an internal communication platform
- Development of a safety guideline (2016)

#### Business ethics and compliance

- Group level: Zero incidents of corruption Definition of indicators, e.g. percentage of corporate units audited or ethics training events
- · Establishment of a compliance management system

#### Employee satisfaction, Active involvement of employees, 3

- **Diversity/equal opportunities**
- 4 Establishment of a knowledge base and introduction of training tools to improve 5 know-how and competencies

#### Training of employees

Semmelrock participates in all Group-wide initiatives Initiatives regarding diversity management and a family-friendly corporate culture by 2020

#### Innovative and sustainable products 2

Group level: Increase of the share of innovative products in total revenues

#### 8 Sustainability in construction and demolition

Development of solutions for unsealed surfaces: offer of assistance in paver setting



#### Structures of Sustainable Corporate Governance

In an effort to further optimize its sustainability commitment, Wienerberger has introduced clearly defined structures and processes for sustainability management. In 2014, a Sustainability Management Department, reporting directly to the CEO and headed by a Corporate Sustainability Officer (CSO), was established. The CSO is responsible for monitoring the operational implementation of the targets defined by the Sustainability Steering Committee (SSC) and reports regularly to the latter.

The SSC, comprising the enlarged Managing Board of the Wienerberger Group (CEO and CFO of the Wienerberger Group, CEOs of the business units), is the top-level body responsible for sustainability management. It is chaired by the CEO. The CEOs of the business units are responsible for implementing the sustainability targets in their respective business units. They are supported by their sustainability officers. The Group CFO is responsible for the correct compilation and presentation of the sustainability data; at business unit level, this responsibility lies with the CFOs of the business units.

#### STRUCTURE OF WIENERBERGER SUSTAINABILITY MANAGEMENT





BU CEO, CFO Clay Building Materials Europe	BU CEO, CFO Steinzeug-Keramo	BU CEO, CFO Pipelife	BU CEO, CFO Semmelrock	BU CEO, CFO North America
BU Sustainability	BU Sustainability	BU Sustainability	BU Sustainability	BU Sustainability
Officer	Officer	Officer	Officer	Officer
(BU SO)	(BU SO)	(BU SO)	(BU SO)	(BU SO)
Local	Local	Local	Local	Local
companies	companies	companies	companies	companies

Actors of Wienerberger's sustainability commitment

The Sustainability Steering Committee

#### Instruments of Sustainable Corporate Governance

The sustainability program, as laid down in the Sustainability Roadmap 2020, and the Sustainability Report are essential instruments with which Wienerberger intends to reach its long-term sustainability targets.

#### The Wienerberger Sustainability Roadmap 2020

The Wienerberger Sustainability Roadmap 2020 sets out specific targets for the Group as a whole and for the individual business units for the period from 2015 to 2020; it defines quantitative targets and spells out concrete measures to be taken. The Roadmap represents a conscious commitment to continuously improve the ecological, social, societal and economic performance of Wienerberger. For an overview of the Wienerberger Sustainability Roadmap, please refer to page 15–17.

#### Management of essential non-financial key performance indicators (KPIs)

Essential non-financial performance indicators are collected and monitored. In 2007, for example, safety, health & education (SHE) reporting was introduced throughout the Group. Environmental indicators have also been collected systematically for many years. In 2014, the processes for the collection of key environmental indicators were harmonized and laid down in a Group-wide manual on the reporting of environmental indicators.

#### **Responsibilities and monitoring of success**

The main responsibility for implementation and target achievement lies with the operational management and the individual business units. The success of the measures taken is verified through regular monitoring. Definition of quantitative targets and measures at Group level and for each business unit

Continuous monitoring of essential non-financial indicators

Regular monitoring of success



- Health and safety
- Training
- Employee satisfaction
- Involvement of employees

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WIENERBERGER HOLDING

# Healthy and fit at work

More exercise and a healthier diet: this was the motto of a very successful health and fitness event offered by our works council free of charge to staff working at the holding company. The services provided on this occasion included a fitness check and individual nutritional counseling at our headquarters. Regular health screenings and vaccinations as well as tests to identify food intolerance were also organized by the works council in the course of this year.



## On the way to Number One with the black belt

What do judo and Lean Six Sigma, the world-famous management tool for process optimization in day-to-day business, have in common? In both, you can succeed and earn your black belt through hard work and dedication! Pipelife has practiced the Lean Six Sigma program since 2012 and rolled it out successfully to all its local companies. As a result, numerous products and processes have been optimized. Currently, 16 of our highly motivated colleagues at Pipelife proudly wear their black belts, 88 have earned green belts and over 170 have reached champion level. A recent project in Sweden confirms the success of the Lean Six Sigma program: on-schedule deliveries have increased from 82% to 95%, and delivery performance has been improved significantly.



#### **Kristian Andreasson**

Pipelife employee from Sweden, underlines the merits of Lean Six Sigma

"It helps us structure our work. After each milestone, we analyze what we have achieved as a team. Being really frank and open in this process, we quickly identify areas with room for improvement, where Lean Six Sigma should be implemented."

#### CLAY BUILDING MATERIALS EUROPE (CBME)

## Safety Alert and Safety Award

Wienerberger expects all its managers to do their utmost in matters relating to the occupational safety of their employees. The main focus is on awareness building, so that sources of danger will be more easily identified and eliminated. Unfortunately, a negative trend was nevertheless observed in the Clay Building Materials Europe business unit in 2014, with two fatal accidents, which we deeply regret. To counteract this trend, CBME implemented a number of instruments, such as the Safety Alert, a well-developed, standardized process for dealing with occupational accidents at all CBME production sites. After every accident, the head of engineering of the plant documents the cause of the accident, explains how it happened and which measures were taken and communicates the information to the health and safety officer of the CBME business unit. The Safety Alert records are then transmitted to all other local companies, which enables them to take specific measures in order to avoid similar accidents in their plants. As an additional incentive, the CBME Safety Award was created in 2014 to reward employees for outstanding achievements in the field of occupational safety. 28 production sites in 11 countries participated in the first round.





WIENERBERGER HOLDING

## Cycling to work at Wienerberger

Wienerberger wants to promote cycling as a meaningful way of getting to work and therefore supported the Austrian "Cycling to Work" campaign in 2014. In a first step, a colleague from the Wienerberger holding company, himself a passionate cyclist, put together several teams of four people each to collect mileage. Over the month of May 2014, our Vienna-based colleagues together covered the impressive distance of 1,800 km on their bicycles. The idea was taken up by Corporate Human Resources, "Cycling to Work" was communicated throughout the holding company, bicycle service checks were offered free of charge, and many more employees joined the cycling enthusiasts.

SEMMELROCK POLAND

## Semmelrock invests in occupational health and safety

For our colleagues at Semmelrock Poland the strategic objective of increasing occupational health and safety at their plants is an issue of high priority. They not only invest a great deal in technical safety measures, but also make an effort to build awareness among employees for their own and their colleagues' safety. The plant at Kolbiel, which has been operated by Semmelrock Poland for many years, was brought up to the highest possible standard of safety in 2014, and all employees working at the production site underwent intensive safety training. Moreover, occupational safety has been included in the individual target agreements with our employees and counts as a factor determining premium payments. In 2014, our colleagues at Semmelrock Poland succeeded in significantly reducing the accident rate and the number of sick-leave days in their plants.



#### GENERAL SHALE GEORGIA

## 10 years without a single day lost through an accident

Our American colleagues have been running the plant in Georgia for ten years without the loss of a single working day through an occupational accident. Two other production sites have been accident-free for more than five years. These outstanding results are due to various initiatives taken to promote safety at the workplace. For example, all people working at these plants, regardless of their employment status, are involved in the monthly safety checks. This means that our staff members contribute significantly to the early identification and elimination of potential hazards at the workplace. We are proud of having achieved such a high level of occupational safety together.



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Employees Principles of Sustainable Human Resources Management



#### **Principles of Sustainable Human Resources Management**

Our employees are the basis of our success and a key factor for the successful development of our company. Wienerberger is aware of its responsibility to its employees and fully committed to sustainable human resources management. Specifically, it is our task to create the necessary basis and the best possible conditions for the safety, health and satisfaction of our employees. To this end, we are making every effort to achieve continuous improvements in the fields of occupational safety and health, diversity and equal opportunities, and initial and further training. A culture of open communication in our company, the consistent involvement of our employees and a motivating working environment are essential in this context. Our human resources management is based on the following sustainability principles, which apply throughout the entire Group:

- Safe and healthy workplaces
- Equal opportunities regardless of age, gender, culture, religion, origin or political orientation
- Advancement and development of each employee
- Willingness to pursue demanding targets and to assume personal responsibility
- Entrepreneurial spirit and action

With the signing of the Social Charter in 2001, Wienerberger committed itself to creating Group-wide employment and working conditions that meet national legal provisions or collective bargaining agreements as a minimum standard. Thus, Wienerberger undertook to comply with the recommendations of the International Labour Organization (ILO). At Wienerberger it goes without saying that, in compliance with the ILO recommendations, child labor and discrimination are not tolerated. We pay special attention to adequate and safe working conditions, fair remuneration, freedom of association and the right to engage in collective bargaining. Approx. 80% of all Wienerberger employees are covered by a collective bargaining agreement.

The general principles of Wienerberger's sustainable human resources management are presented on the Wienerberger website. This report also contains a brief description of the essential aspects. The employee-related targets and measures of the business units are summarized at the end of this chapter under "Targets and Future Measures Relating to Employees". Creating the necessary framework for sustainable human resources management

The Social Charter: a basis for fair working conditions

Principles of human resources management



Employee development and counseling: a central responsibility of HR

HR instruments for sustainable personnel management

All figures including Pipelife as of June 2012 and excluding Tondach

1% headcount increase

#### **Processes and Instruments of Sustainable Human Resources Management**

The counseling and development of all our employees in line with the Group's strategic goals is the top priority of human resources management. The responsibilities of human resources (HR) include the recruitment of new employees, the promotion of cross-border know how transfer, occupational safety, employee communication, talent management and succession planning. The organization of training and learning platforms, appropriate compensation and bonus systems, industrial relations, and socially responsible headcount reduction measures within the framework of restructuring programs are among the core tasks of HR management.

The following HR instruments are employed to support human resources management at Wienerberger:

- *Management Review*: Annual appraisal of senior management and succession planning for senior management positions to ensure well-structured and transparent career and succession planning. In 2014, the management database included approx. 130 employees.
- Safety, Health and Education (SHE) Reporting: Data on developments in the fields of occupational safety and health as well as initial and further training are gathered every four months and used as a basis for targeted management measures.
- *Wienerberger Safety Initiative*: Mandatory safety standards and continuous activities to ensure maximum occupational safety at all plants of the Wienerberger Group. For years, Pipelife has been working with the STOP<sup>TM</sup> Program (Safety Training Observation Program), which is described in detail in the section on occupational safety and health.

The following key figures include Pipelife for the whole year of 2012. Regarding the number of employees, Pipelife is only included as of June 2012. This variation is clearly stated at the respective table. Tondach Gleinstätten has been fully consolidated as of July 2014, but is not yet included in the 2014 Sustainability Report. The necessary structures for the collection of sustainability data are not yet in place at Tondach Gleinstätten, but are currently being implemented.

#### **Employment Trends**

#### Number of employees

In 2014, Wienerberger employed an average workforce of 13,930 people, 1% more than in the previous year. The figure does not include the employees of Tondach Gleinstätten. The headcount of the Clay Building Materials Europe Division remained almost constant, with a slight increase reported for Clay Building Materials Eastern Europe. In the Pipes & Pavers Europe Division the number of employees increased by 2% in the year under review, mainly due to a strong performance and market share gains in Eastern Europe. The Western Europe segment of the Pipes & Pavers Division and the Holding & Others Division reported minimal reductions. Due to continued positive developments in all its fields of business, the North America Division reported a 3% headcount increase.

#### Ø Employees by operating segment

Full-time equivalents	2012 <sup>1</sup>	2013	2014 <sup>2</sup>	Change in %
Clay Building Materials Western Europe	6,227	5,940	5,950	0
Clay Building Materials Eastern Europe	2,516	2,383	2,397	+1
Clay Building Materials Europe	8,743	8,323	8,347	0
Pipes & Pavers Western Europe	1,604	1,780	1,768	-1
Pipes & Pavers Eastern Europe	1,440	2,267	2,368	+4
Pipes & Pavers Europe	3,044	4,047	4,136	+2
North America	1,064	1,213	1,246	+3
Holding & Others	209	204	201	-1
Wienerberger Group	13,060	13,787	13,930	+1

<sup>1</sup> Pipelife included as of June 2012.

<sup>2</sup> Tondach Gleinstätten not included

The start-up of temporarily closed production lines in the Clay Building Materials Europe Division and North America as well as the expansion of production in the Pipes & Pavers Europe Division led to an increase in the number of employees working in production by 2%.

#### **Headcount increase** primarily in production

#### Ø Employees by functional area

Full-time equivalents	2012 <sup>1</sup>	2013	2014 <sup>2</sup>	Change in %
Production	8,673	9,185	9,337	+2
Administration	1,142	1,241	1,245	0
Sales <sup>3</sup>	3,245	3,361	3,348	0
Total	13,060	13,787	13,930	+1

<sup>1</sup> Pipelife included as of June 2012.

<sup>2</sup> Tondach Gleinstätten not included.

<sup>3</sup> Employees in sales, marketing, warehousing

Of the total workforce employed by the Wienerberger Group as at 31 December 2014, 93% worked full-time and 3% part-time. Temporary and agency workers as well as employees under term contracts accounted for 4% of the total workforce. An insignificantly small part of activities at Wienerberger is performed by staff legally defined as self-employed. Altogether, the breakdown of employees by type of employment contract has remained unchanged from 2013.

#### **Employee turnover**

The rate of employee turnover in the Wienerberger Group continued to decline from 9.1% in 2013 to 8.4% in 2014. As in previous years, due to specific local legal frameworks, the figures of the North America Division are not fully comparable and therefore have not been included.

We are happy to report that employee turnover decreased in almost all operating segments. One of the few exceptions was the Western Europe segment of the Pipes & Pavers Division, where a restructuring measure at Steinzeug-Keramo led to an increase in employee turnover from 5.6% in 2013 to 8.5% in 2014. In the Holding & Others Division with its lean structures, even a single person joining or leaving the company has a major impact on the turnover rate. The average length of service remains high at 13 years. We regard this as a strong vote of confidence by our employees for the Wienerberger Group.

## Employees by type of



Decrease in group-wide turnover rate

Lower employee turnover in almost all operating segments



**2014**<sup>2</sup>

7.7

7.6 8.5

10.8 9.8

111

**8.4** 

#### Employee turnover by operating segment <sup>1</sup>

	in %	2012	2013
,295	Clay Building Materials Western Europe	7.8	8.6
-	Clay Building Materials Eastern Europe	16.3	9.4
,087	Clay Building Materials Europe	10.3	8.8
000	Pipes & Pavers Western Europe	7.5	5.6
992	Pipes & Pavers Eastern Europe	14.5	13.2
	Pipes & Pavers Europe	11.4	9.8
3 in	Holding & Others	9.3	8.5
	Total excluding North America	10.6	9.1
	North America <sup>3</sup>	26.1	21.6

<sup>1</sup> Turnover rate: ratio of persons leaving the Wienerberger Group (termination by employee or employer as well as mutually agreed termination) to average number of employees in permanent employment during the year under review, 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.

<sup>2</sup> Excluding Tondach Gleinstätten.

<sup>3</sup> Figures not fully comparable due to special local legislation.

A total of 992 employees left the company in the year under review (excl. the North America Division). Restructuring measures led to the elimination of 255 jobs in 2014. Of the remaining 737 employees who left the Wienerberger Group for other reasons, 631 were male and 106 female. A breakdown by age shows the following results: 164 of these employees were under 30 years of age; the largest number (407) was recorded in the age group of 30 to 49; 166 employees who left the company were over 50 years old.

#### **Employee satisfaction**

Employee satisfaction is an important aspect of human resources management at the Wienerberger Group. We are aware of the fact that many, highly diverse factors may have a strong impact on employee satisfaction. Our employees' perception of their working environment, in turn, has a direct influence on their motivation. We plan to carry out an employee survey that goes into a high level of detail in order to learn more about how our employees feel in their working environment; the results will then be followed up with appropriate measures to further increase employee satisfaction. We intend to cooperate with external experts and have already evaluated potential cooperation partners and the evaluation criteria to be applied in 2014. The employee survey is to be carried out in the course of 2015.

## Employee turnover excl. North America



 Number of employees leaving the company in headcounts

 Number of employees leaving the company due to restructuring

 Employee turnover rate in %

#### 992 employees left the company in 2014

#### Employee satisfaction: a crucial aspect of human resources management

Wienerberger takes responsibility for providing safe working conditions and protecting the health of its employees. This focus was confirmed by the materiality analysis performed in the year under review as an aspect of special relevance. All normal capex and standard maintenance activities in our plants are always carried out in line with the health and safety needs of our employees.

The Wienerberger safety initiative was launched in 2010 to implement Group-wide safety standards and thereby reduce the number of accidents. In 2014, the existing standards were further developed for the entire Wienerberger Group and activities undertaken within the framework of the safety initiative were stepped up. Measures were taken to strengthen employee and management involvement and greater emphasis was placed on direct accountability of the business units. Among other measures, specific targets were defined for each business unit. Based on the safety targets defined, e.g. reduction of accident frequency, specific targets and time schedules are agreed upon with each plant manager in the individual regions. Developments in the field of safety also have an influence on the variable salary components, especially for employees in executive positions.

The Wienerberger safety standards call for the installation of occupational safety committees, the assignment of responsibilities and the introduction of comprehensive training. Moreover, every accident is documented in detail and communicated within the Division to ensure that the causes of the accident are understood and lessons learned. A toolbox of best practice examples is available to help plant managers select the corrective measures best suited to reaching their goals. Investments in protective equipment were the first step in the implementation of the safety initiative and continue to be an important part of ongoing production optimization processes. However, based on the evaluation of accidents in the past, the focus remains on building awareness for safety among all employees as a means of preventing accidents by making changes in working habits on a long-term basis.

#### **Accident frequency**

The Safety, Health and Education reporting records all accidents that lead to a loss of at least one working day for the person concerned. We regret to note that the frequency of accidents increased in almost all operating segments in 2014. Despite comprehensive, Group-wide activities aimed at building awareness and changing behavioral patterns, carelessness continued to be the most frequent cause of accidents. We therefore will cooperate even more intensively with our employees at all management levels to draw their attention to potential sources of danger and to drive home the binding nature of safety rules and the importance of protective equipment.

intensified to achieve even higher safety standards

Group-wide safety initiative

Focus on safe and healthy working conditions

Diverse initiatives within the framework of the Group's safety standards

Accident frequency in the Wienerberger Group increased from 10 to 12





#### Accident frequency by operating segment <sup>1</sup>

	2012	2013	2014 <sup>2</sup>
Clay Building Materials Western Europe	17	14	17
Clay Building Materials Eastern Europe	8	8	9
Clay Building Materials Europe	14	13	15
Pipes & Pavers Western Europe	17	8	21
Pipes & Pavers Eastern Europe	7	8	5
Pipes & Pavers Europe	10	8	12
North America	3	4	2
Holding & Others	4	13	7
Wienerberger Group	12	10	12

<sup>1</sup> Number of occupational accidents/ number of hours worked x 1,000,000;

incl. agency and temporary workers and employees under term contracts

<sup>2</sup> Tondach Gleinstätten not included.

#### Increase of accident frequency in Pipes & Pavers Western Europe

Increase in accident severity throughout the entire Wienerberger Group

Steep drop in accident severity in Pipes & Pavers Eastern Europe Within the Clay Building Materials Western Europe segment, France, Germany and Finland reported a significant increase in accident frequency, whereas the frequency of accidents declined in Denmark, Great Britain and Switzerland. In the Clay Building Materials Eastern Europe segment, accident frequency increased in the Czech Republic, Poland and Croatia, whereas the number of accidents decreased in Hungary and dropped to zero in Slovakia. In the Pipes & Pavers Western Europe segment the accident frequency increased in the year under review. The positive trend of the previous year did not continue for Steinzeug-Keramo. Besides continuous training in the individual plants, this development resulted in the introduction of supplementary reports describing the causes of the accident in greater detail and the inclusion of safety parameters as a factor of the variable salary component of all executives. A reduction in accident frequency was achieved in the Pipes & Pavers Eastern Europe segment, the Holding & Others Division and the North America Division. Pipelife production sites in Greece, Ireland, Austria, Poland, Russia and Sweden proudly reported zero accidents in the year under review.

#### **Accident severity**

The severity of accidents, measured as the number of accident-related sick leave days per million hours worked, increased from 301 in 2013 to 340 in 2014 for the entire Wienerberger Group. The Clay Building Materials Western Europe countries of France, Germany, Great Britain (brick production) and Finland reported an increase in accident severity. In Switzerland the severity of accidents increased despite a reduction in accident frequency. In Belgium, Great Britain (roof tiles), the Netherlands and Denmark accident severity in the Clay Building Materials Western Europe segment declined, as it did in the Clay Building Materials Eastern Europe countries of Austria, Hungary, Poland and Slovakia.

Developments at Steinzeug-Keramo and at Pipelife in France, Germany, Belgium and Norway led to an increase in accident severity in the Pipes & Pavers Western Europe segment in 2014, while accident severity dropped steeply in the Pipes & Pavers Eastern Europe segment at Pipelife in Poland, Greece and Austria as well as at Semmelrock in Croatia, Hungary, Poland and Slovakia.

#### Accident severity by operating segment <sup>1</sup>

	2012	2013	<b>2014</b> <sup>2</sup>
Clay Building Materials Western Europe	396	406	536
Clay Building Materials Eastern Europe	385	374	258
Clay Building Materials Europe	393	396	450
Pipes & Pavers Western Europe	402	107	362
Pipes & Pavers Eastern Europe	148	272	148
Pipes & Pavers Europe	240	202	237
North America	100	91	41
Holding & Others	4	92	199
Wienerberger Group	308	301	340

 $^{\scriptscriptstyle 1}$  Accident-related sick leave days / number of hours worked x 1,000,000;

incl. agency and temporary workers and employees under term contracts

<sup>2</sup> Tondach Gleinstätten not included.

Despite our intensive efforts and numerous initiatives within the entire Wienerberger Group, it saddens us to report that two fatal accidents occurred in the Clay Building Materials Eastern Europe segment in 2014. Two employees, one in Hungary and one in Romania, were killed in production accidents, which we deeply regret. Under the impact of these accidents, we even further intensified our safety training measures. The initiatives taken in the individual business units are described in the following. We uphold our zero accident target for the entire Group.

*Clay Building Materias Europe (CBME)* implemented the Safety Alert as a standardized process of dealing with occupational accidents at all CBME production sites. The plant manager has to document the cause of the accident, how it happened and which measures were taken as a result, and communicate the report to the occupational safety officer of the business unit. The Safety Alert records are transmitted to all other local companies, so that targeted measures to prevent similar accidents can immediately be taken at all other locations. Moreover, the accident reduction targets serve as input factors for establishing the variable salary components of managing directors and plant managers. The Safety Award, which was launched in 2014, is a prize awarded for outstanding performance in the field of safety.

*Pipelife* has followed a zero accident strategy for many years. One of the most important tools for reaching this goal is the STOP<sup>™</sup> Program (Safety Training Observation Program) of accident prevention. Employees use STOP cards to identify hazards and report occupational safety issues to the managers in charge. Thus, the entire workforce is actively involved in eliminating potential dangers. This initiative is intended to sustainably improve working conditions and reduce the frequency of accidents, while creating a better awareness for safe behavior among employees.

*Semmelrock* launched its new safety program "Safety@Semmelrock" in 2013. It uses the so-called AIRS document ("Accident Investigation Report Semmelrock") to centrally record, analyze and communicate all accidents and/or incidents. The main objective is to sensitize employees to safety issues through the documentation and communication of the measures taken, such as the Safety Day organized in 2014 in cooperation with plant and engineering managers.

Two fatal occupational accidents in the Wienerberger Group

Safety Alert and Safety Award of CBME

Safety Training Observation Program at Pipelife

"Safety@Semmelrock" to record and analyze accidents Targeted, workplace-specific safety instructions at

Average of 9.2 sick-leave days per employee

Steinzeug-Keramo



Poland implemented its "safety culture" through the use of mission statements, premiums and visual aids. Production sites were subject to safety optimization and risk analyses.

*Steinzeug-Keramo* continued to focus on occupational safety and health. Besides plant optimization measures, the company organized initial and further training sessions on occupational safety and hazard prevention, including specific safety instructions targeted at each individual workplace.

#### Sick-leave days

We are happy to note that the average number of sick-leave days declined slightly in almost all operating segments and therefore dropped at Group level (excl. North America) from 9.7 to 9.2.

#### Sick-leave days per employee by operating segment <sup>1</sup>

	2012	2013	2014 <sup>2</sup>
Clay Building Materials Western Europe	11.2	11.2	10.8
Clay Building Materials Eastern Europe	9.2	8.4	7.3
Clay Building Materials Europe	10.6	10.4	9.8
Pipes & Pavers Western Europe	10.0	9.7	10.2
Pipes & Pavers Eastern Europe	11.9	7.4	6.3
Pipes & Pavers Europe	11.0	8.4	8.0
Holding & Others	3.6	2.9	4.1
Total excl. North America	10.6	9.7	9.2
North America <sup>3</sup>	3.0	2.8	2.9

<sup>1</sup> Including agency and temporary workers and employees under term contracts

<sup>2</sup> Tondach Gleinstätten not included.

<sup>3</sup> Figures not fully comparable due to special local legislation (regarding sick leave of employees).

Besides regular health screenings and vaccination campaigns, company physicians are available for consultation by employees and workplaces are analyzed for their ergonomic characteristics. Employees are encouraged to participate in health and fitness activities organized by the company, some of them free of charge, which are adjusted to regional needs and seasonal possibilities.

#### Protection against respirable crystalline silica

Since 2008, the European Union has collected comprehensive data on respirable crystalline silica from all industries concerned. This survey is conducted every two years via NEPSI, a shared online platform (Negotiation Platform on Silica). The NEPSI system collects data, inter alia, on potential hazards for employees, health checks, training, the distribution and use of personal protective equipment, and technical measures, such as the enclosure of production lines concerned. There was no NEPSI survey in 2014; the most recent one was conducted in 2013.

Wienerberger nevertheless continued to collect data from across the Group and conducted its internal survey via the standardized Wienerberger survey system. The main purpose of the annual evaluation of all Wienerberger companies is to increase transparency at Group level.

## Preventive health care and fitness as part of everyday working life

Internal Wienerberger survey in 2014

#### Standardized internal survey system of the Wienerberger Group



employees

Stricter criteria applied to identify potentially exposed

The development of the core indicators of respirable crystalline silica for the Clay Building Materials Europe business unit shows that the percentage of employees potentially exposed to respirable crystalline silica has increased. This can be explained by the higher level of granularity applied in data collection at the sites surveyed. The higher level of differentiation of the survey also resulted in a reduction in the number of potentially exposed employees undergoing health screening. It is satisfactory to note that the share of potentially exposed employees covered by monitoring of respirable crystalline silica has increased to 95.6%. The share of potentially exposed employees who have received training has risen to 93.8%. Moreover, additional technical and organizational measures were taken to reduce the volume of respirable crystalline silica released in order to diminish the danger to employees.

#### Core indicators on respirable crystalline silica for CBME<sup>1</sup>

in %	2009 <sup>2</sup>	2013 <sup>3</sup>	<b>2014</b> <sup>4</sup>
Number of locations reported	100.0	97.7	97.5
Employees potentially exposed to respirable crystalline silica	72.5	80.2	87.8
Employees potentially exposed to respirable crystalline silica who are covered by monitoring of respirable crystalline silica	87.6	91.2	95.6
Employees potentially exposed to respirable crystalline silica who have undergone health screening	98.4	96.4	93.6
Employees potentially exposed to respirable crystalline silica who have received training	92.1	93.0	93.8
Locations with technical measures to reduce the generation/dispersion of respirable crystalline silica	87.6	98.4	92.4
Locations with organizational measures to reduce the generation of respirable crystalline silica	89.1	100.0	82.2
Locations with distribution and use of personal protective equipment	94.2	100.0	100.0
Employees potentially exposed to respirable crystalline silica who are covered by silicosis surveillance protocol <sup>5</sup>	-	-	28.3

<sup>1</sup> Clay Building Materials Europe business unit (including Russia and India)

<sup>2</sup> In 2009, plant data were collected exclusively within the framework of NEPSI:

therefore, Russia, India, Switzerland and Norway were not included.

<sup>3</sup> Data for Norway and Switzerland included for the first time in 2013.

<sup>4</sup> Tondach Gleinstätten not included.

<sup>5</sup> Indicator included for the first time in 2014.

In 2014, data for CBME, Steinzeug-Keramo and North America (except Pipelife) were collected for the second time. As this first comparison with the figures of the previous year shows, the percentage of potentially exposed employees has increased and the percentage of potentially exposed employees covered by health screening has gone down at Group level as well. As stated above, this is due to a higher level of granularity in data collection. The share of potentially exposed employees covered by respirable crystalline silica monitoring has increased to 91% for the Group as a whole; the share of potentially exposed employees who have received training has reached 92.9%.

Comparison with 2013 for CBME. Steinzeug-Keramo and North America





#### Core indicators on respirable crystalline silica at Group Level <sup>1</sup>

in % 2013 <sup>2</sup>	2014 <sup>3</sup>
Number of locations reported 97.9	97.8
Employees potentially exposed to respirable crystalline silica 75.5	83.2
Employees potentially exposed to respirable crystalline silica 89.4	91.0
Employees potentially exposed to respirable crystalline silica 92.6	89.1
Employees potentially exposed to respirable crystalline silica 89.8	92.9
Locations with technical measures to reduce generation/dispersion 98.4	93.2
Locations with organizational measures to reduce generation 100.0	84.2
Locations with distribution and use of personal protective equipment 100.0	100.0
Employees potentially exposed to respirable crystalline silica who are covered by silicosis surveillance protocol <sup>4</sup>	28.5

<sup>1</sup> CBME (including Russia and India), North America, Steinzeug-Keramo

<sup>2</sup> Data for North America and Steinzeug-Keramo included for the first time in 2013.

<sup>3</sup> Tondach Gleinstätten not included.

<sup>4</sup> Indicator included for the first time in 2014.

#### Health, safety and human rights at our own raw material extraction sites

In the context of our supply chain, we first look at clay as our most important raw material and at our own clay pits. Protecting workers from dust emissions and noise as well as avoiding occupational accidents are our top priorities. Compliance with all rules regarding protection against health hazards and ensuring occupational safety is an absolute must at Wienerberger. Occupational health and safety in our own clay pits are issues of foremost importance and will therefore be given even greater attention in sustainability reporting in the future.

#### **Communication and Employee Involvement**

Corporate culture plays an important role at Wienerberger. It is the visible expression of our shared values and constitutes the central foundation of our organization. We intend to further strengthen these values across the Group and translate them into everyday reality through continuous communication measures and practical examples. We are firmly committed to the principles of sustainability, respect for other cultures and opinions, and entrepreneurial spirit and action. These principles guide our human resources management. The selection and development of employees on the basis of our shared values – expertise, passion, integrity and respect, customer orientation, entrepreneurship, quality, responsibility – is an essential goal for us, which we continued to pursue in 2014 through various support and networking measures. To strengthen awareness of the importance of our corporate culture, we made sure that our values were at the focus of attention at all company levels.

We use a variety of communication channels and platforms to inform our employees about corporate targets and strategies as well as current developments. Moreover, we take a variety of measures to ensure the active involvement of our employees:

#### • Social media:

Our employer branding profile on XING and LinkedIn was professionalized in 2014. News postings informing about events and success stories as well as corporate strategies and career options are published regularly. An increase in reach has been observed since the launch of the employer branding initiative. The large number of interactions and reactions to news mainly come from our employees. To make our social media presence even more attractive and to respond more effectively to the needs of our target groups, an employer branding strategy was developed in the second half of 2014 for implementation at the beginning of 2015. The strategy comprises, for example, a professional presence on the employer evaluation platform Kununu, which features authentic and honest reports and serves as an important source of information for potential applicants.

#### • Group-wide newsletters and video messages:

Monthly newsletters are produced in Vienna and sent to all business unit headquarters, which then transmit relevant information and news to their local companies. We also inform our employees about all organizational changes. Quarterly video messages, in which our CEO addresses all employees to explain current changes and provide background information on the operating results achieved, are disseminated throughout the Group.

#### • ideas & more:

Via the information platform "ideas & more", a simple and transparent online idea management tool, our employees can contribute their own ideas which, if implemented, are also rewarded. This tool was originally introduced by Pipelife and subsequently rolled out. It encourages the creativity and the entrepreneurial spirit of our employees and significantly increases the rate of interaction at Wienerberger. A total of 944 ideas were posted by our employees in 2014, about a third of which were implemented during the same year. Strengthening awareness for the importance of our corporate culture

Use of various communication channels and platforms



• Specific communication instruments of the business units and their local companies:

Our business units and their local companies operate in a variety of production areas and therefore have to address completely different issues. Therefore, the business units and their local companies use their own internal communication tools. These include, for instance, specialized newsletters, multilingual knowledge bases on a variety of topics or, in the case of Pipelife, an app store for optimized information exchange.

• Events:

Various events are organized to promote the Wienerberger corporate culture, to encourage communication and networking between individual teams, departments and business units, and to facilitate the exchange of knowledge within the business units. These range from international marketing meetings, product management meetings and online meetings to networking events and arrangements for the clear distribution of tasks. Regular presentations by the Managing Board on developments within the company serve to keep everyone up to date on what is happening in the company. Moreover, the Managing Board regularly hosts the so-called CEO breakfast, where employees have a chance to meet the CEO and to engage in a personal exchange.

• Best Practice Poster:

Within the framework of the "Inside – Focus on our Employees" initiative, best-practice examples of employees and projects relating to our corporate values were presented via several communication channels.

• Intranet:

The Intranet in its current form, called iComm, is a simple, static platform on which the departments can present themselves and provide relevant information for downloading. Moreover, news items are published regularly on the Intranet. Besides Wienerberger AG, the CBME countries of Austria, Germany, the Netherlands, France and Great Britain are already actively represented on iComm. In order to intensify the level of interaction and communication among the employees of all business units and countries, the Managing Board initiated a project in 2014 to relaunch the Intranet. The underlying idea is to develop a technical solution for the Intranet as a central point of access for efficient working and for Group-wide dialogue, networking and interaction. The project vision is: "iComm is my gateway to the Wienerberger world, where I can network and communicate with colleagues to cooperate more efficiently and to share knowledge." This vision will be implemented in 2015 and 2016.

#### **Industrial Relations**

The Wienerberger Social Charter was signed in 2001 by the Managing Board of Wienerberger AG and the chairman of the European Forum, a social partnership body and precursor of the European Works Council in Strasbourg, to formally confirm the company's engagement to comply with the relevant agreements and recommendations of the International Labour Organization (ILO). With this charter, Wienerberger demonstrates its global commitment to human rights, fair working conditions, payment of adequate remuneration, avoidance of excessive working hours, permanent employment relationships and respect for the freedom of employees to join the union of their choice and the right to participate in free collective bargaining negotiations.

The European Works Council (EWC) was established in 2011 as the successor to the European Forum. It addresses issues of European interest, such as strategy, investments, reorganization and streamlining measures. The goals of the European Works Council are to engage in constructive social dialogue and to facilitate networking among local bodies representing employee interests. Currently, 11 countries are represented by 32 delegates. The steering committee of the European Works Council, chaired by Gerhard Seban, includes five elected delegates from Austria, the Netherlands, Germany and Poland. The EWC meets twice a year and the steering committee holds at least two meetings a year. Following the takeover of Tondach Gleinstätten, the composition of the EWC is to be adjusted accordingly.

The most important objectives of the European Works Council are to improve workplace conditions (protection of employees against hazards and implementation of safety standards) and to protect the employees' health. Another concern is to reduce the physical burden for older workers resulting from the higher retirement age by assigning them to jobs that require less physical labor. The European Works Council also strives to ensure fair and just remuneration.

In Austria, employees at all locations are represented by works councils. A Group works council, comprising employee representatives from all Wienerberger companies, was established in Austria in November 2013. Currently, it has ten members and is chaired by Gerhard Seban. The Group works council meets at least four times a year, or more often, if required. Similar structures also exist in other European countries. As required by Austrian law, several employee representatives are members of the Supervisory Board of Wienerberger and, as such, closely involved in the strategic development of the Wienerberger Group.

Employees in Europe are covered by a broad range of provisions, such as collective bargaining agreements, wage agreements, laws and regulations, trade-union agreements, plant agreements or individual agreements. All sites operated by Wienerberger AG are located in countries in which employees can exercise their freedom of association and their right to collective bargaining negotiations. Wienerberger Social Charter signed in 2001

European Works Council since 2011

Improvement of workplaces and health protection as central goals

National works councils: the Austrian example

Plant agreements, collective bargaining agreements, or at least legal provisions



Average number of hours spent on training increased from 12.8 to 14.4 throughout the Group

### Average training expenses per employee



#### Hours of training per employee increased in all operating segments

Average training costs per employee increased slightly to € 235

Targeted programs to advance and support our employees

Ready4Excellence, a cross- divisional further training program

#### **Training and Personnel Development**

At Wienerberger, we believe in advancing and supporting our employees in a targeted fashion and in facilitating the cross-border exchange of knowledge. The average number of hours per employee spent on training increased from 12.8 in 2013 to 14.4 in 2014. These figures include internal and external initial and further training measures, but exclude international training events and on-the-job training.

#### Training hours per employee by operating segment <sup>1</sup>

	2012	2013	2014 <sup>2</sup>
Clay Building Materials Western Europe	17.6	15.2	16.0
Clay Building Materials Eastern Europe	14.4	12.0	15.2
Clay Building Materials Europe	16.8	14.4	16.0
Pipes & Pavers Western Europe	8.0	13.6	11.2
Pipes & Pavers Eastern Europe	4.8	8.8	12.8
Pipes & Pavers Europe	6.4	11.2	12.0
North America	11.2	12.0	12.0
Holding & Others	14.4	8.8	15.2
Wienerberger Group	12.8	12.8	14.4

<sup>1</sup> Internal and external initial and further training measures, per employee

<sup>2</sup> Tondach Gleinstätten not included.

The number of training hours per employee increased in the Clay Building Materials Europe Division, as well as in the Pipes & Pavers Europe Division. Compared with 2013, the number of hours spent on training in the Holding & Others Division almost doubled, from the very low number of last year of 8.8 to 15.2. This was due to follow-up workshops for the participants of the 2014 Management Conference, some of them open to a larger group of participants, and several concurrent rounds of the cross-divisional Ready4Excellence program. The training hours are therefore in line with the average of the Group.

Along with the number of training days, the average training expenses per employee also increased from  $\notin$  206 in 2013 to  $\notin$  235 in 2014. We are convinced that the investment in the development of our employees will bring long term as well as short term added value for Wienerberger.

In 2014, a number of initiatives were carried out within the Wienerberger Group to advance and support our employees and to encourage a cross-border exchange of knowledge:

*Ready4Excellence:* This cross-divisional further training program consisting of four modules is aimed at international key employees. Its contents and tools are designed to promote professionalization and the targeted implementation of the Wienerberger strategy across all countries. Intended to support personality development and the continuous development of our corporate culture, the program also focuses on communication and the importance of a feedback culture.

*Follow-up workshops for senior management:* The workshops were organized primarily for the participants of the 2014 Management Conference, although some of them were open to a larger group of participants, and addressed situations in everyday working life. The topics included the "MBTI Individual Profile" (Myers-Briggs type indicator), "Being in the Grip" and the "Key Leadership Challenge".

*Pipelife University, Lean Six Sigma and the Pipeschool:* The Pipelife University is a training facility for all Pipelife employees, aimed at the implementation of Lean Six Sigma. As in the previous year, this well-known management system was at the focus of attention in 2014. The objective of Lean Six Sigma is to deliver qualitatively faultless products and services that completely and profitably meet customers' needs. Employees trained in this method have successfully carried out over 80 optimization projects according to the principles of Lean Six Sigma. The Pipeschool is an online learning platform that offers lessons on Pipelife in general, Pipelife products, 5S (methodology for creating safe, clean and well-arranged workplaces) and visual management (organizational and communication concept).

All Wienerberger training programs are designed to support networking and an international transfer of knowledge. The programs provide tailor-made training for specific areas and support long-term succession management.

#### **Diversity and Equal Opportunities**

The principles of sustainable human resources management at Wienerberger ensure that all employees, regardless of age, gender, culture, religion, origin or political orientation, have the same rights and opportunities. Based on these principles, Wienerberger does not tolerate any form of discrimination. Since the beginning of data collection on possible cases of discrimination, no such incidents have been reported.

As an internationally operating corporate group, Wienerberger respects local cultures and promotes diversity. We regard regionally recruited teams as a crucial factor of success. In our human resources planning, we therefore make every effort to employ local staff, plant managers and managing directors, which enables us to gain a better understanding of the local market and to consider the specificities of the region in decisions taken at Group level. The international character of the company is strengthened through a system of job rotation, which enables people to gain new insights in various fields of work. Wienerberger's corporate and cultural identity is characterized by cultural diversity and decentralized structures.

#### Gender

As a company in the building materials industry, Wienerberger traditionally has a high percentage of male employees. Up to the reporting year, quantitative goals have therefore been defined to increase the percentage of women, above all in administration, sales and management. Workshops on MBTI profiles and leadership qualities for senior management

Pipelife University, Lean Six Sigma (L6S) and the Pipeschool

Focus on networking and international knowledge transfer

Not a single case of discrimination since the beginning of data collection

Corporate and cultural identity reinforced through regional recruitment





#### Share of women by function <sup>1</sup>

in %	31/12/2012	31/12/2013	31/12/2014 <sup>2</sup>
Production	4.3	4.5	4.3
Administration	44.3	46.6	45.9
Sales <sup>3</sup>	24.3	24.0	24.2
Total	13.7	13.6	13.5

<sup>1</sup> Agency and temporary workers and employees under term contracts not included.

<sup>2</sup> Tondach Gleinstätten not included.

<sup>3</sup> Employees in sales, marketing and warehousing

In the reporting year the percentage of women declined slightly. As at 31 December 2014, 13.5% of the Group's employees were women, compared to 13.6% in 2013. In sales, marketing and warehousing the percentage rose slightly from 24.0% to 24.2%. In the other functional areas the percentage of women decreased slightly.

We continue to adhere to our policy of giving preference to women for new appointments to senior management and executive positions, provided the candidates' qualifications are equal. One specific measure to increase the number of women in senior management and executive positions at Wienerberger is to enable women to embark on suitable career paths from an early time on. In the nomination process for Ready4Excellence, our cross-divisional further training program for international key employees, we focus especially on the potential of female employees and select them on a preferential basis, provided all qualifications are equal.

The materiality analysis performed in 2014 showed that, from our stakeholders' point of view, focusing merely on the percentage of women in the functional areas is not a decisive factor of sustainable human resources management. Moreover, North America has to be excluded from the definition of target figures, as US law does not allow such targets to be set for the percentage of women. We therefore decided to abandon our former quantitative targets and to concentrate on the issue of reconciling work and family for all our employees, regardless of gender.

We have adjusted our indicators accordingly and, starting from 2014, now gather data not only on the percentage of women in the functional areas, but also the number of newly recruited women and the percentage of women working part-time. On the basis of these indicators, we can take a more differentiated approach in human resources management in order to position ourselves as a family-friendly company and to define appropriate quantitative targets for the future.

#### Number of new entrants by gender and functional area <sup>1</sup>

as at 31/12/2014	Women	Women in %	Men	Men in %
Production	30	3	932	97
Administration	62	42	85	58
Sales <sup>2</sup>	92	24	288	76
Total	184	12	1,305	88

<sup>1</sup> Agency and temporary workers and employees under term contracts not included.

Tondach Gleinstätten not included.

<sup>2</sup> Employees in sales, marketing and warehousing

Slight decline in the percentage of women across the Group

Measures to advance women in senior management and in leadership positions

## HR management focus on reconciling work and family

Indicators adjusted accordingly



Besides the reconciliation of work and family life, human resources management at Wienerberger also attempts to be as flexible as possible with regards to re-entry after maternity leave. As a matter of principle, we want to offer our female employees the same opportunities as their male colleagues and provide an attractive working environment for them. At the same time, we also want to make sure that the same individual solutions are open to our male employees.

#### Numbers and share of women and men working part-time 1

Headcount as at 31/12/2014	Total	of which part-time	Part-time in %
Women	1,735	298	17.2
Men	11,352	113	1.0
Total	13,087	411	3

<sup>1</sup> Tondach Gleinstätten not included.

#### Age

The long average length of service with the company is also reflected in the age structure of our workforce. In 2014, as in the previous year, 55% of our employees were between 30 and 49 years of age. 10% were younger than 30 and 34% were older than 50. In this context, we pay special attention to Group-wide training and development measures for young employees as well as to long-term succession management. In order to ensure continuity in positions that are critical for Wienerberger's success, we defined key positions for which succession plans are to be prepared in all business units in 2014. At the same time, we identified internal talents and high-potential employees, who are to be gradually prepared for succession to key positions through targeted training measures over the coming years. Through this process, we are ensuring that critical key positions can be filled with the right people at the right time and in line with our corporate culture.

after maternity leave

Wienerberger's flexibility ensures adequate re-entry

55% of employees are between 30 and 49 years of age





#### **Targets and Future Measures Relating to our Employees**

The quantitative targets and future measures described in the following were defined by the Managing Board of Wienerberger AG and the business unit CEOs. The decisions were taken on the basis of the materiality matrix developed in 2014 for the individual business units and at Group level. The measures foreseen are part of the Wienerberger Sustainability Roadmap 2020.

#### Safety of our employees

At Group level, our long-term target is zero accidents. Every single occupational accident is analyzed at Group level; core issues and possible Group-wide initiatives are evaluated once a year. In 2015, a specific target for investments in research and development and the development of additional safety measures will be defined. To reach the Group target, the business units have taken and/or planned a variety of measures.

*Clay Building Materials Europe (CBME)* will implement the safety alert, developed in 2014, in the course of 2015. Exemplary behavior will again be rewarded with the Safety Award. Another innovation planned for 2015 is the installation of a safety manager, who will be responsible exclusively for the safety issues of the entire Division and coordinate all safety measures and safety standards.

*North America* will introduce monthly meetings on safety issues and reporting lines between the top management and the local management. Additionally, a person responsible for safety will be nominated at each production site; their mandates will include the aforementioned measures as well as communication on safety matters. To advance the development process, each production site will define its safety targets for the coming two years.

*Pipelife* plans to implement safety calls, a measure introduced in 2014, on the basis of past experience. Every time an accident occurs, a safety call is organized with the managing directors of all local companies of the business unit to analyze the cause of the accident, to share experience and to initiate the necessary improvement steps.

*Semmelrock* will continue its "Safety@Semmelrock" program in 2015, introduce technical measures to optimize its production processes, and use the "Accident Investigation Report Semmelrock" (AIRS) as well as an internal communication platform. From 2016, there will be a new safety guideline, and corresponding agreements will be made with the management.

*Steinzeug-Keramo* will define business-unit-specific benchmarks for safety measures, on the basis of the initiatives taken by the Wienerberger Group. By 2016, the business unit will continuously invest in safety and health measures and analyze its production workplaces for potential risks. The measures taken will be subject to regular internal audits.

#### Health of our employees

At Group level, our quantitative target of rolling out the collection of data on respirable crystalline silica to at least 95% of all Wienerberger ceramic production sites by 2020 was already achieved in 2013. This target will be maintained, as Tondach Gleinstätten is not yet included in the indicators. The next step is aimed at reducing the generation and release of respirable crystalline silica in our ceramic plants. This process is to be supported through a targeted exchange of information within the framework of working groups set up at Group level and including representatives from all business units. Potential core indicators and Group-wide initiatives are evaluated annually.

Clay Building Materials Europe (CBME) will develop a strategy for the reduction of respirable crystalline silica in 2015, which will serve as a basis for the definition of a quantitative reduction target. The exchange of information with the other business units and the annual evaluation of core issues and initiatives will support the process at Group level.

North America will extend its respirable crystalline silica measurements to its non-ceramic plants in 2015 (excluding Pipelife production site). Based on these measurements, protective measures are taken for potentially exposed employees. Programs already introduced are being continued and standards for reduction measures developed. In addition, all full-time employees of North America will be covered by health insurance, the scope of which goes beyond the provisions of the Affordable Care Act (ACA).

Semmelrock will evaluate the relevance of respirable crystalline silica to its employees. Its health-promoting measures within the framework of Safety@Semmelrock will be continued.

Steinzeug-Keramo will participate in the subject-specific working groups organized centrally for an exchange of experience and evaluate potential core issues once a year. In 2016, at the latest, Steinzeug-Keramo will define further quantitative targets for the reduction of respirable crystalline silica.

#### **Communication and Employee Involvement**

At Group level, further measures will be taken to improve communication with our employees and to encourage their active involvement in the coming years. The Employer Branding Strategy initiated in 2014 will be continued in 2015. Our corporate values will be firmly embedded in our everyday working routine as a source of guidance and orientation. By 2017, the Intranet will be rolled out to all business units and their local companies in an effort to improve communication and interaction among our employees.

#### **Employee satisfaction**

At Group level, Corporate HR will evaluate employee satisfaction through an employee survey to be performed in 2015 and develop appropriate measures. The evaluation will be performed in Austria first and subsequently rolled out to other countries on the basis of the experience gained.

# Production

- Energy efficiency and climate action
- Resource efficiency and waste management
- Water saving
- Availability of raw materials
- Nature conservation at and around clay pits
- Avoidance of hazardous substances
- Use of recycling material

#### CLAY BUILDING MATERIALS EUROPE (CBME)

## ... and the Award goes to ...

Resource conservation and sustainability in production are issues high on the agenda of our colleagues from Clay Building Materials Europe. The "CBME Energy Award", a prize awarded for improvements in specific energy consumption (gas and electricity) and specific  $CO_2$  emissions of our brick plants, has been created to highlight the contributions made by our staff to resource conservation in their plants. Once a year, the most efficient brick plant of the respective product group (roof tiles, facing bricks and clay blocks) is honored with an award that comes with a monetary prize for all the plant's employees to celebrate their success. All plants automatically participate in the contest on the basis of their monthly energy monitoring data, which indicate their gas and electricity consumption as well as their annual  $CO_2$  emissions. The "CBME Energy Award" is yet another step towards a corporate culture of even greater openness, which inspires and encourages employees to submit their suggestions for improvements to the management.

#### PIPELIFE

## **Energy Treasure Hunt**

Electricity is the main source of energy for the production of plastic pipe systems. The Energy Treasure Hunt (ETH) is a new project initiated by our colleagues at Pipelife, designed to reduce energy consumption in production. In the first phase of this Group-wide initiative, the main causes of excessive energy consumption are identified. Subsequently, measures targeted at reducing electricity consumption are elaborated and implemented at the plants. The success of the project is convincing: Pipelife Poland alone has been able to achieve energy savings of approximately 7%. Roy Sibbald

Pipelife manufacturing excellence officer about reducing energy and water consumption:

"Decreasing our impact on the environment is one of the goals we are committed to in all our production facilities. In order to achieve this, we run various improvement projects throughout the whole group with the focus on decreasing energy and water consumption."

#### CBME FRANCE

## Heat exchangers to reduce thermal energy consumption

At our Wienerberger brick production site in Achenheim, France, thermal energy consumption has been reduced by 13.5% through the use of heat exchangers in production. Waste heat, which has a temperature of over 200 °C, is used as a source of energy and recycled into the production process. Thus, both natural gas consumption and  $CO_2$  emissions are significantly reduced. Currently, heat exchangers are being installed in another 15 Wienerberger production sites

#### CLAY BUILDING MATERIALS EUROPE (CBME)

## Plant Improvement Plan

Within the framework of a joint initiative, our colleagues from Clay Building Materials Europe are continuously optimizing our brick production sites. The "Plant Improvement Program" was implemented in 36 plants in 2014 and has already produced convincing results. Our production site in Hennersdorf in Austria, for instance, not only has achieved considerable financial savings, but also reports an improvement of the working climate and a 50% reduction of the scrap rate. Moreover, gas consumption has been reduced by 7% through the Plant Improvement Program. This corresponds to the annual consumption of about 140 single-family homes.



#### Sandra Wirkner

Head of the International Central Laboratory of the Semmelrock Group and sustainability data manager

"Open communication and the exchange of knowledge between the countries of the Semmelrock Group are of special importance to me, as this is the only way to achieve an even higher level of quality for all and to make the most efficient use of resources."

#### SEMMELROCK GROUP

## Central Laboratory for Semmelrock

The International Central Laboratory of the Semmelrock Group was opened in Klagenfurt in October 2014. Given the demanding requirements of new concrete and coating technologies, this centrally managed laboratory was designed with a special focus on sustainability. Sandra Wirkner, Head of the International Central Laboratory, coordinates quality management at Group level and ensures an exchange of knowledge. Moreover, the Central Laboratory provides technical advice for the R&D projects of the local business units of the Semmelrock Group and facilitates the exchange of information on mix formulations and raw materials. Currently, our colleagues are working on new, sustainable coating technologies for concrete blocks and on ways and means of reducing scrap in production.



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#### **Principles of Sustainable Production**

Our goal is to minimize the environmental impact of our production processes and our use of raw materials. A responsible way of operating our clay extraction sites, the best possible conservation of resources, and an increase in the percentage of recycled materials used: these are the central principles governing our production activity. We are well aware that industrial production processes always involve a certain degree of interference with the natural environment. Therefore, production in harmony with the environment is a matter of great importance to us.

Conservation of resources in production is a key aspect in both the ceramic production as well as the production of plastic pipes and concrete pavers. We focus on the responsible use of our raw materials and other resources, such as energy and water. In addition, we constantly work on contributing to the fight against climate change through greater energy efficiency and the reduction of our  $CO_2$  emissions from production. In all business units we strive to increase the amount of recycled material used in production, considering the technical and economic possibilities.

A presentation of the general principles of production, updated on the basis of the materiality analysis performed, can be found on the Wienerberger website. The Sustainability Report 2014 briefly outlines the essential aspects of these principles. The detailed targets and measures of the individual divisions and business units in the area of production are summarized at the end of this chapter under "Targets and Future Measures Relating to Production". Production in harmony with the environment

Focus on key aspects in sustainable production

Principles of environmental management in production R&D: one of Wienerberger's strategic priorities

Environmentally relevant aspects in QMS

Production-related data are recorded in the technical controlling system

Group-wide manual for the collection of key data by the business units

Indicators adjusted on the basis of new findings

#### **Processes and Instruments of Sustainable Production**

#### **Research and development**

Research and development (R&D) belong to the priorities of Wienerberger's strategic planning and play a key role in our company. One of the core activities of R&D is to optimize production processes and product development. R&D activities are managed across all business units, but most of the results are implemented locally through the close cooperation of the various R&D departments with the local managers and engineers on site. Thus, successful developments can be rolled out quickly and efficiently to the entire Group. R&D expenditure increased from  $\notin$  11.4 million in 2013 to  $\notin$  17.0 million in 2014, which corresponds to 0.6% of the company's revenues.

#### **Environmental management**

Environmentally relevant aspects, e.g. the management of waste and residual substances or the avoidance of noise and dust emissions, have been integrated into the company's quality management systems (QMS), which are certified according to ISO 9001 at almost all production sites. The criteria laid down in the QMS provide the basis for the requirements to be met in production and its processes. Environment officers have been appointed to ensure the implementation of environmentally relevant standards. A number of production sites have already been certified according to ISO 14001. There are no plans for Group-wide certification according to ISO 14001 or EMAS, as Wienerberger considers the current QMS to be sufficient for the control and management of production processes and their environmental impacts.

#### Technical controlling system

A technical controlling system has been installed in all production areas of the Wienerberger Group. This system collects all production-related data required for the management of the company and for the internal benchmarking of production sites against one another. The data collected include statistics on production volumes as well as information on product quality, the efficiency of the machinery used, and energy consumption. On the basis of such data, the effectiveness of the measures taken to reduce the environmental impact of our production processes can be analyzed.

#### **Collection of Key Production Data**

The processes for the collection of essential sustainability indicators, such as energy,  $CO_2$  emissions, water, waste and electricity from renewable and non-renewable sources, were harmonized for all business units, which now take a greater share of the responsibility for collecting the data and checking them for plausibility. Workshops have been organized for the employees responsible for data collection and the CFOs of the business units. Considering the specific conditions of the individual business units, a Group-wide procedure was defined and finally adopted by all business unit CFOs. Clear responsibilities were assigned, data collection processes and key indicators were defined, and a firm time schedule for the individual process steps was laid down in a Group-wide manual on the reporting of sustainability indicators.

As a result of this step, new experience was gained with regard to data collection in production. Based on these findings, the indicators in the individual areas were adjusted accordingly. In the interest of maximum transparency and comparability of developments in sustainable production, the figures for the two previous years were restated in order to show a three-year trend. All adjustments and/or restatements are described in the following and added as footnotes to the respective tables. Steinzeug-Keramo previously used kiln capacity as a reference base for production volumes, whereas the other business units calculated their production volumes on the basis of net additions to stocks. Steinzeug-Keramo changed its data collection method in 2014 and will state its three-year trend accordingly from 2016 onward.

The data for Pipelife have been included since June 2012. Tondach Gleinstätten has been fully consolidated in the Wienerberger Group since July 2014, but is not yet included in the 2014 Sustainability Report. The necessary structures for the collection of sustainability data are not yet in place at Tondach Gleinstätten, but are currently being implemented.

#### **Re-Statements**

*Index calculation in general, combined product group indices*: For a more precise presentation of index developments, the indices of individual areas were combined and calculated in absolute figures; in the past, the calculation was based on weighted production tonnages of the individual product groups. The index data of the previous years were adjusted accordingly to show a three-year trend.

Index of specific  $CO_2$  emissions for 2013, Clay Building Materials Europe (CBME): The previous year's figures were adjusted retroactively, as data registration on the EU server (EUTL) had not yet been completed at the time of publication of the 2013 Sustainability Update.

*Production volumes of a single roof tile plant, Clay Building Materials Europe*: The management of master data relating to the production volumes of a single roof tile plant of the CBME Division was corrected in 2014; for reasons of comparability, the data for 2012 and 2013 were restated to show a three-year trend.

*Coal as fuel, Clay Building Materials Europe*: The degree of granularity of data collected on the use of coal as fuel in a single production site has been increased; for reasons of comparability, the data for 2012 and 2013 have been restated to show a three-year trend.

*Fuel oil, Steinzeug-Keramo*: The degree of granularity of data collected on the use of fuel oil at a single production site of Steinzeug-Keramo has been increased; for reasons of comparability, the data for 2012 and 2013 have been restated to show a three-year trend.

Production volumes at Steinzeug-Keramo still recorded on the basis of kiln capacity



#### **Energy consumption**

## More detailed data from all business units

The following figures cover the entire Wienerberger Group (excluding Tondach Gleinstätten). Data from plastic pipe production have been included since June 2012.

#### Energy consumption <sup>1</sup>

in MWh	2012	2013	2014 <sup>2</sup>	Change in %
Natural gas	5,541,640	5,424,752	5,351,766	-1
Coal <sup>3</sup>	204,790	224,372	210,332	-6
Fuel oil <sup>4</sup>	92,466	54,757	17,623	-68
Liquefied natural gas	62,338	45,123	26,028	-42
Electricity	863,372	967,101	973,537	+1
Wienerberger Group	6,764,606	6,716,106	6,579,287	-2

<sup>1</sup> Total energy consumption includes energy consumed in production, but excludes administration.

<sup>2</sup> Tondach Gleinstätten not included.

<sup>3</sup> Coal used as fuel in a brick plant now included in the three-year trend.

<sup>4</sup> For comparability, the use of fuel oil in a Steinzeug-Keramo

plant was restated for 2012 and 2013 to show a three-year trend.

In 2014, the total energy consumption of the Wienerberger Group declined by 2% from the previous year's level. The most significant savings were achieved in the consumption of natural gas. This development is due to continuous, Group-wide efforts to optimize production.

Efforts are being made throughout the Wienerberger Group to change over to lowemission energy sources. In particular, fuel oil and coal are to be replaced by other sources of energy in order to reduce  $CO_2$  emissions and save costs. The percentage of fuel oil used declined by 68% in 2014. The consumption of liquefied natural gas, which is used mainly in India, was reduced by more than 40%. In Italy and Germany we use electricity generated by our own photovoltaic systems. The consumption of coal was reduced by 6% in 2014. Coal is the most important fuel in North America, but the production sites of the North America Division are gradually being converted to natural gas. A biogas plant fired with local biomass was set up near a Steinzeug- Keramo production site. The biogas fuels a co-generation plant, the waste heat of which is used to dry the ceramic pipes.

Electricity consumption increased by 1% The 1% increase in electricity consumption as compared to the previous year's level is primarily due to the higher volume of production and changes in the product mix of the Pipelife Group, as the plastic pipe production plants run almost exclusively on electricity. In 2014, electricity from renewable sources of energy accounted for 27% of total electricity consumption. Steinzeug-Keramo converted its ceramic pipe production plants completely to electricity from renewable sources in 2014.

Total energy consumption of the Wienerberger Group dropped by 2%

Group-wide conversion to low-emission energy sources

in % based on kWh/ton (2010 = 100 %)	2012	2013	2014 <sup>2</sup>	Change from 2013 in %	Change from 2010 in %
Clay blocks <sup>3</sup>	88	85	79	-7	-21
Roof tiles <sup>4</sup>	100	98	94	-4	-6
Facing bricks	100	103	100	-3	0
Ceramic pipes <sup>5</sup>	88	85	84	-1	-16
Ceramic production	96	93	90	-3	-10
Plastic pipes	98	97	98	+1	-2
Concrete pavers	96	95	89	-6	-11
Wienerberger Group	94	93	89	-4	-11

#### Index of specific energy consumption <sup>1</sup>

<sup>1</sup> For reasons of precision, the combined indices of the individual product groups were adjusted accordingly; the calculation is now based on absolute figures. Total energy consumption comprises energy consumed in production, but excludes administration.

<sup>2</sup> Tondach Gleinstätten not included.

 $^{3}$  Coal used as a fuel in one brick plant is now shown in a three-year trend.

<sup>4</sup> Due to the correction of the production volume of a single roof tile plant, the previous year's figures were restated.

<sup>5</sup> The reference base used by all business units is net additions to stocks, except for Steinzeug-Keramo, which uses kiln capacity as a reference base for production volumes.

The table on specific energy consumption shows the development of the individual product groups over time. In this report, the index of specific energy consumption (based on kWh/ton) refers to 2010 as the base year for the definition of our targets to be achieved by 2020. The Wienerberger Group continued to make good progress in 2014: specific energy consumption was reduced by 11% against the reference year 2010 and by 4% compared with 2013.

The significantly increased energy efficiency of the Wienerberger Group resulted in a further reduction of specific energy consumption in almost all product groups. The greatest success was achieved in clay block production, where specific energy consumption was reduced by 21% compared with the reference year 2010 and by 7% compared with 2013. Thus, the 2020 target for clay blocks was already achieved in 2014. In facing brick production, specific energy consumption dropped by 3% compared with 2013, which is due, inter alia, to investments in the optimization of production processes. In ceramic production as a whole, specific energy consumption was reduced by 10% compared with the reference year 2010 and by 3% compared with the reference year 2010 and by 3% compared with the reference year 2010 and by 3% compared with the reference year 2010 and by 3% compared with the reference year 2010 and by 3% compared with 2013. Satisfactory development has also been seen in concrete paver production, with specific energy consumption reduced by 11% from the reference year 2010 and by 6% from 2013.

The Clay Building Materials Europe Division is currently working on the development of new roof tile and facing brick products, one of the objectives being to increase resource efficiency and to further improve the product properties. Material input in production is being reduced at the same time. To date, the index of specific energy consumption has been calculated as the energy consumed per ton produced. In order to record the energy efficiency increases and the reduction of material input in the production of roof tiles and facing bricks, the index of specific energy consumption for these two product groups is now also shown per square meter of product surface. 11% reduction of specific energy consumption compared with reference year 2010

Reduction of specific energy consumption in almost all product groups

Index of specific energy consumption also reported per m<sup>2</sup> for roof tiles and facing bricks



#### Index of specific energy consumption CBME <sup>1</sup>

in % based on kWh/m² (2013 = 100 %)	2013	2014 <sup>2</sup>	Change from 2013 in %
Roof tiles	100	95	-5
Facing bricks	100	93	-7

<sup>1</sup> Clay Building Materials Europe

Total energy consumption comprises energy consumed in production, but excludes administration.

<sup>2</sup> Tondach Gleinstätten not included.

The index of specific energy consumption per square meter of surface produced shows reductions of 5% in roof tile production and 7% in facing brick production, compared with 2013.

#### CO<sub>2</sub> Emissions

In the collection of  $CO_2$  emission data, we apply the method of the European Union Emissions Trading Scheme (ETS system), which records direct  $CO_2$  emissions, excluding indirect  $CO_2$  emissions resulting from the use of electricity. Accordingly, the only relevant data are  $CO_2$  emissions from our ceramic production (bricks and ceramic pipes).  $CO_2$  emissions from primary energy sources vary in line with energy consumption, whereas so-called process emissions result from the raw material and, in clay block production, from the use of poreforming agents. Electrical energy is used in the production of plastic pipes and concrete pavers, with the related  $CO_2$  emissions being attributed to the electricity producer.

The changes brought about by the transition to the third trading period of the European Union Emissions Trading Scheme and the resulting decision taken by the Wienerberger Sustainability Steering Committee were described in the 2013 Sustainability Update. On account of the transition to the third trading period, emission data collected in 2013 now provide the new reference base for future developments.

in tons	2013 <sup>2</sup>	<b>2014</b> <sup>3</sup>	Change in %
From primary energy sources	1,002,751	979,996	-2
From processes	645,355	668,298	+4
Total – covered by ETS <sup>4</sup>	1,648,106	1,648,295	0
Plants not covered by ETS 5	187,589	191,259	+2
From biogenic materials <sup>6</sup>	257,986	228,694	-11

#### CO<sub>2</sub> emissions <sup>1</sup>

<sup>1</sup> Following the transition to the third EU emission trading period in 2013, Wienerberger's data from previous years are no longer comparable; therefore, CO<sub>2</sub> emission data from 2013 serve as the new reference base for future developments.

<sup>2</sup> The previous years' figures were adjusted retroactively, as data registration at the EU server (EUTL) had not been completed at the time of publication of the report.

<sup>3</sup> Tondach Gleinstätten not included

<sup>4</sup> Source: Community Independent Transaction Log (CITL).

<sup>5</sup> Calculated in accordance with national rules (Switzerland) or EU standard emission factors. Only CO<sub>2</sub> emissions from the combustion of primary energy sources are included for production sites in the USA; from 2015 onward, CO<sub>2</sub> emissions from processes will also be included.

<sup>6</sup> Figures from Wienerberger CO<sub>2</sub> monitoring are based on national rules.

CO<sub>2</sub> emission data collected according to the method applied by the European Emissions Trading System

2013 as the new reference year for future developments
Despite higher production volumes, total  $CO_2$  emissions from the ceramic plants of the Wienerberger Group covered by ETS remained at the previous year's level. Plants not covered by ETS reported an increase in total  $CO_2$  emissions by 2% due to increasing production volumes. The 4% increase in process-related emissions compared to the previous year's level is due to the same reason. However, despite increasing production,  $CO_2$  emissions from primary energy sources dropped by 2% as a result of the consistent optimization of fuel use.

The results of the materiality analysis have shown that, from the stakeholder point of view, our measures in the field of climate action are relevant only in connection with energy consumption. Therefore, only fuel-related  $CO_2$  emissions that can be directly influenced by Wienerberger have been classified as a material aspect of climate action for Wienerberger. For this reason, the updated quantitative target definition exclusively refers to the reduction of specific  $CO_2$  emissions from primary sources of energy. The calculation of the index of specific  $CO_2$  emissions was adjusted accordingly, with only fuel-derived  $CO_2$  emissions included in the index. On account of the transition to the third emission trading period of the European Union Emissions Trading Scheme, the index of specific  $CO_2$  emissions was reset to 100% in 2013.

CO<sub>2</sub> emissions from primary energy sources reduced by 2%

CO<sub>2</sub> emissions from primary energy sources: an essential aspect for Wienerberger

#### Index of specific CO<sub>2</sub> emissions <sup>1</sup>

in % based on kg $CO_2$ /ton (2013 = 100 %)	2013	2014 <sup>2</sup>	Change from 2013 in %
Clay blocks	100	92	-8
Roof tiles <sup>3</sup>	100	95	-5
Facing bricks	100	98	-2
Ceramic pipes	100	100	0
Ceramic production	100	96	-4

 $^{\rm 1}$  Specific CO  $_{\rm 2}$  emissions now refer exclusively to fuel emissions.

Following the transition to the third EU emission trading period in 2013, Wienerberger's data from previous years are no longer

comparable; therefore, CO<sub>2</sub> emission data from 2013 serve as the new reference base for future developments.

<sup>2</sup> Tondach Gleinstätten not included.

<sup>3</sup> The previous year's figures were restated due to correction of the tonnage produced by one roof tile plant.

As regards the index of specific  $CO_2$  emissions from primary energy sources, we also achieved significant reductions, compared with 2013, in almost all production areas. Our efforts were particularly successful in clay block production, where specific  $CO_2$  emissions were reduced by 8% from the previous year's level. Taken together, specific  $CO_2$  emissions from all ceramic production plants of the Wienerberger Group were 4% lower than in 2013. The development of specific  $CO_2$  emissions from primary energy sources shows that there is a linear correlation with energy efficiency; the change-over to low-emission fuels adds to this positive development. Calculated on this basis, specific  $CO_2$  emissions from primary energy sources in ceramic production were 10% lower in 2014 than in 2010.

Efforts made within the Clay Building Materials Europe Division to reduce raw material input in production serve the goal of increasing energy efficiency and, at the same time, further improving the product properties. We have therefore decided to report the index of specific  $CO_2$  emissions from primary energy sources not only per ton produced, but also per square meter of product surface.

Group-wide reduction of specific CO<sub>2</sub> emissions by 4% compared with 2013

Index of specific CO<sub>2</sub> emissions also reported per m<sup>2</sup> of surface for roof tiles and facing bricks



#### Index of specific CO<sub>2</sub> emissions CBME <sup>1</sup>

in % based on kg CO <sub>2</sub> /m <sup>2</sup> (2013 = 100 %)	2013	<b>2014</b> <sup>2</sup>	Change from 2013 in $\%$
Roof tiles	100	94	-6
Facing bricks	100	92	-8

<sup>1</sup> Clay Building Materials Europe

Specific CO<sub>2</sub> emissions now refer exclusively to fuel emissions.

<sup>2</sup> Tondach Gleinstätten not included.

The reduction in specific  $CO_2$  emissions from primary energy sources is clearly noticeable in these two product groups. A 6% reduction was achieved in roof tile production and an 8% reduction in facing brick production.

A major part of the carbon footprint of Semmelrock's concrete products is generated upstream in raw material production. Cement production is particularly energy-intensive and, consequently,  $CO_2$ -intensive. Within the framework of the Sustainability Roadmap 2020, Semmelrock has undertaken to reduce these emissions, e.g. by implementing pilot projects investigating the use of recycled concrete and concrete produced by climate-friendly methods.

Other types of indirect  $CO_2$  emissions, such as those caused by the transport of raw materials and finished products, are not covered in this report. According to the assessment of our stakeholders, such emissions only account for a relatively small part of the total carbon footprint of our products, compared with direct emissions from ceramic production and/or the  $CO_2$  intensity of the raw materials used in the production of plastic and concrete products. Nevertheless, within the framework of the Sustainability Roadmap 2020, Semmelrock is exploring the possibility of using more local suppliers in order to reduce transport-related  $CO_2$  emissions.

#### Water Consumption

The Wienerberger Group succeeded in further reducing its total water consumption in 2014 by 3%, whereas the volume of water drawn from public networks increased by 3%. We attempt to use water that comes primarily from closed systems and from our own wells.

#### Water consumption

		2012	2013	2014 <sup>1</sup>	Change in %
Wienerberger Group	in million m <sup>3</sup>	3.2	3.8	3.7	-3
of which from public networks	in %	45	38	39	+3

<sup>1</sup> Tondach Gleinstätten not included.

In the year under review, specific water consumption was again reduced significantly in almost all operating segments. Water plays a secondary role in ceramic production. In contrast, plastic pipe production requires comparatively large volumes of water to cool the extruded pipes. Pipelife therefore uses water from own sources (wells), from ponds (rainwater) or rivers. Investments in the optimization of water management continued in 2014, particularly in the plastic pipe segment, where they resulted in a further 2% drop in specific water consumption by Pipelife. The water consumption in paver production resulted from the percentage of premium products with special protective surface finishing (Semmelrock Premium Protect) produced in 2014, which greatly facilitates cleaning even of heavily soiled surfaces.

CO<sub>2</sub> emissions in cement production

### CO<sub>2</sub> emissions from transport of raw materials

Wienerberger Group further reduced its water consumption

#### Specific water consumption further reduced in almost all operating segments

#### Specific water consumption

in m <sup>3</sup> /t	2012	2013	2014 <sup>1</sup>	Change in %
Brick products <sup>2</sup>	0.186	0.178	0.170	-4
Ceramic pipes	0.242	0.227	0.219	-4
Plastic pipes	4.476	4.238	4.133	-2
Concrete pavers	0.047	0.050	0.050	0

<sup>1</sup> Tondach Gleinstätten not included.

<sup>2</sup> The previous year's figures were restated due to correction of the tonnage produced by one roof tile plant.

### Sustainable Raw Material Supply and Extraction

Long-term availability of raw materials is a crucial aspect of sustainability for Wienerberger. To mitigate the risk of potential shortages, Wienerberger pursues various strategies, such as an increase in raw material efficiency (reduction of losses and waste), increased recycling, early identification of possible shortages, and the diversification of sources of supply. In 2013, for example, Clay Building Materials Europe developed a plan of action to secure strategic raw material supplies for the coming 20 years. In 2014, a risk analysis covering all clay extraction sites was begun, from which further steps are to be derived. Within the framework of the Sustainability Roadmap 2020, similar measures will be taken by Steinzeug-Keramo, North America and Semmelrock. At Pipelife, the diversification of the supplier structure contributes towards securing the availability of raw materials on a long-term basis.

Nature conservation and a meaningful use of extraction sites that have reached the end of their service life are the guiding principles of sustainability in the operation of any extraction site. This includes non-interference with protected areas and the re-cultivation or re-naturalization of spent extraction sites or their use for other purposes. As regards Wienerberger's own clay pits, nature conservation and a meaningful use of exhausted sites are guaranteed. Extraction site operators in our supply chain are not yet subject to detailed scrutiny in ecological and social terms.

Local residents in the vicinity of clay extraction sites are an important stakeholder group for Wienerberger. New extraction sites have to undergo intensive processes of approval and authorization by public authorities, which are strictly observed by Wienerberger. Moreover, Wienerberger engages in open dialogue with the local residents concerned because their health and safety are important concerns for the company.

Health and safety of our employees are matters of special importance at our own clay extraction sites. Avoiding occupational accidents and protecting workers from dust emissions and noise are our top priorities. Compliance with all rules regarding protection against health hazards and ensuring occupational safety is an absolute must at Wienerberger. Occupational health and safety in our own clay pits are issues of foremost importance and will therefore be given even greater attention in future sustainability reports.

For manufacturers of plastic products, sustainable sourcing of raw materials comprises a number of critical issues, ranging from nature conservation and the rights of regional stakeholders in crude oil extraction to energy efficiency in processing in the petrochemical industry. For the time being, Pipelife's plastic suppliers are not yet subjected to a sustainability assessment, as sustainability certificates or labels are not yet available in this industry. However, Pipelife expects its suppliers to observe the principles of sustainability – see "Pipelife Supplier Code of Conduc". Continuous monitoring of long-term availability of raw materials

Nature conservation and re-naturalization of extraction sites

Protection of local residents at our own extraction sites

Health and safety at our own extraction sites

Sustainability in plastic production: The Pipelife Supplier Code of Conduct Production Sustainable Raw Material Supply and Extraction, Resource Efficiency and Waste Management, Targets and Future Measures Relating to Production

### Use of biogenic and secondary raw materials

From the viewpoint of resource efficiency, the use of secondary raw materials is an important topic for the future. However, technical feasibility depends on the types of materials and the applications concerned. The use of secondary raw materials has become common practice in plastic production. In ceramic production, secondary raw materials are used as additives. Substances such as ash, slag, EPS, paper fibers, saw dust or straw are added to ceramic products to obtain the desired product qualities. Using secondary raw materials as a substitute for primary raw materials is a greater challenge. While residual material from our own plants can be recycled into production on account of its high degree of purity, the use of secondary ceramic material from external sources is hardly possible, at least for the time being. Ceramic material can be separated from other construction debris and re-used in the production of building materials, but is not yet available in sufficient quantities. In particular, material from the façade or the roof of a demolished building can be recycled directly into brick production. Generally speaking, most of our business units regard the use of recycled materials as a promising and future-oriented approach, but – with the exception of Pipelife – consolidated recycling rates are not yet reported.

#### **Resource Efficiency and Waste Management**

Wienerberger is making a continuous effort to optimize the use of its resources. Our particular focus is on reducing raw material consumption. The Clay Building Materials Europe business unit, for example, is devoting special attention to the optimization and further development of roof tiles. The finite element method (FEM) is used to increase resource efficiency in production and further improve product properties at the same time. Thus, the high transverse breaking strength and the frost resistance of our roof tiles have been further improved and material input in production has been reduced. Figures on the total amount of raw materials used in the Wienerberger Group cannot be disclosed for reasons of the company's intellectual property rights in product and production technologies.

#### Waste and packaging efficiency

A total of 151,357 tons of waste was generated by Wienerberger in 2014 with hazardous waste, such as oily rags and waste substances collected in oil separators (at gas stations), accounting for less than 1%. Almost 100% of the waste generated by the Wienerberger Group is non-hazardous waste, which is collected and recycled at a rate of 85%.

### **Targets and Future Measures Relating to Production**

The following targets and future measures were defined by the Managing Board of Wienerberger AG and the business unit CEOs. The decisions were taken on the basis of the materiality matrix developed in 2014 for the individual business units and at Group level. The measures foreseen are part of the Wienerberger Sustainability Roadmap 2020.

#### Availability of raw materials

*Clay Building Materials Europe (CBME)* will secure the availability of raw materials for a period of 20 years. In the course of 2015, CBME will establish a raw material risk management system that identifies all clay pits with short-term availabilities at an early point in time.

#### Increasing resource efficiency and reducing material input

*North America* checks the availability of raw material from its own clay pits by means of a "raw material availability map". The system triggers an alarm as soon as the availability of raw material from the clay pit drops below the amount required for ten years of operation. North America will intensify its monitoring of the raw material availability map in the coming years.

*Pipelife* will draw up a list of all products and their suppliers for all essential product groups by 2017 and implement a strategy for the avoidance of supply shortages on that basis.

*Semmelrock* will perform a risk assessment regarding raw material supply in 2015 and subsequently develop a raw material procurement strategy, which is to be implemented step by step by 2016.

*Steinzeug-Keramo* will carry out a survey of the availability of raw materials from its own clay pits and from supplier-operated extraction sites in 2015 and identify potential risks.

#### Use of secondary raw materials

*Clay Building Materials Europe,* working on the basis of its strategy for the use of recycled materials, will define quantitative targets and decide on further measures to be taken.

*North America* operates a production system based on a closed resource cycle. This process is continuously monitored with a view to possible improvements. By 2016, a pilot plant for the targeted use of recycled material in production is to be put into operation.

*Pipelife* intends to increase the amount of recycled material per ton of products produced to 70 kg by 2020. To this end, Pipelife will carry out research projects in 2015 in order to optimize the composition of primary and secondary raw materials in its products. Moreover, the technical feasibility of the use of recycled material will be further explored.

*Semmelrock* will analyze the recycling potential in various fields of production and evaluate the possibilities of substituting recycled material for primary raw material in its product mix. Another goal being pursued by Semmelrock is to reduce the amount of cement used.

*Steinzeug-Keramo* has already increased the percentage of secondary raw materials used to very high levels, depending on economic and technical feasibility, and will evaluate the percentages of internal and external secondary raw materials in its products in 2015.

#### Avoidance/substitution of hazardous substances

At Group level and at business unit level, it goes without saying that Wienerberger meets all national, regional and European legal requirements regarding the avoidance and substitution of hazardous substances. Compliance with all legal provisions is continuously monitored and the necessary measures are taken whenever need arises.

#### Protection of local residents, nature conservation and re-use of clay pits

At Group level Wienerberger has undertaken to draft a code of conduct for suppliers by the end of 2015.

*North America* guarantees that its production sites will be checked regularly for dust emissions and water quality. Open and transparent communication with local residents and local authorities is a matter of special concern for General Shale.

*Pipelife* wants to make sure that its suppliers commit to a responsible way of interacting with people and the environment in accordance with the "Pipelife Supplier Code of Conduct".

*Semmelrock* will increase the number of local suppliers of additives in 2015, depending on conditions at the respective production sites.

*Steinzeug-Keramo* will develop its own standard for nature conservation and the meaningful re-use of spent clay pit. Ultimately, this standard is to be applied to suppliers as well. The business unit will perform a supplier audit in 2016.

#### **Energy efficiency**

*Clay Building Materials Europe* is committed to the goal of reducing specific energy consumption in ceramic production by 20% by 2020, compared with the 2010 level.

*North America* will optimize electricity consumption at additional selected production sites by 2016. The business unit commits to the quantitative target of reducing natural gas consumption at selected production sites by 5% each by 2016, compared with 2015. Further quantitative reduction targets will be evaluated in 2016.

*Pipelife* commits to reducing specific energy consumption in production by 20% by 2020, compared with 2010. "Energy treasure hunts" (projects aimed at reducing energy consumption in production) are being performed at various locations. In addition, local electricity saving initiatives are being implemented.

*Steinzeug-Keramo* will set a quantitative target for the reduction of specific energy consumption by 2016 and implement an energy management system in accordance with ISO 50001.

#### **Climate action**

*Clay Building Materials Europe* intends to reduce specific  $CO_2$  emissions from primary energy sources in production by 20% from the 2010 level.

*North America* will change over all its main production sites from coal to natural gas by 2016. The corresponding emission-reducing measures will be implemented at the main production sites.

*Pipelife* intends to reduce specific  $CO_2$  emissions from primary sources of energy in production by 20% by 2020, compared with 2010.

*Semmelrock* will further reduce the percentage of cement in its products, thus reducing CO<sub>2</sub> emission from cement production in the upstream supply chain.

*Steinzeug-Keramo* intends to offset 5% of the annual  $CO_2$  emissions of the respective plant by contributing to climate action projects. In addition, efforts will be made to use more renewable sources of energy.

#### Resource efficiency and waste management

*Clay Building Materials Europe* will optimize the business-unit-specific strategy on resource efficiency and waste management in 2015.

*North America* will further optimize its closed resource cycle in 2015 and 2016 and try out new possibilities of using recycled additives. Moreover, the recycling of packaging materials is to be extended and the sale of products in "bulk bags" (stable, re-usable containers) instead of paper bags is to be rolled out.

*Semmelrock* will reduce its scrap rate in production by 15% compared with 2014; the target for 2017 is a 50% reduction compared with 2014.

#### Water

*Pipelife* has set itself the target of reducing its water consumption from public networks by 2020 to  $0.55 \text{ m}^3$  per ton produced.

*Semmelrock* will optimize the water cycles in production and implement a pilot project by 2016.





- Long service life
- Innovative product features
- Recyclability
- Easy maintenance
- User safety
- Sustainable transport



#### Products Best Practice Examples

#### ARRISCRAFT

### Product innovation ARRIS.stack

For the past two years, our American colleagues at Arriscraft have been working on the look and feel of the ARRIS.stack product line. These thin-clad products are extremely resource-efficient, not least on account of the high percentage of recycled material used in production. Moreover, the products have a long service life, are easy to transport and have a favorable influence on indoor air quality. Architects appreciate ARRIS.stack for its great variety of design options, both in renovation and in new construction, for outdoor and indoor applications.

#### CLAY BUILDING MATERIALS EUROPE (CBME)

# Resource efficiency as an innovation driver

Wienerberger is confident to meet the ever more demanding requirements to be fulfilled by building materials through the development of innovative system solutions. Product development and optimization plays an important role in this context. Last year, our colleagues from Clay Building Materials Europe (CBME) put a great deal of effort into an innovation project focused on roof tiles. It is our goal to achieve a higher degree of resource efficiency and, at the same time, to further improve the properties of our products. By means of the finite element method (FEM), the fracture toughness and frost resistance of our roof tiles was further improved and raw material input was reduced. Since 2014, the finite element method has been rolled out in several local companies of CBME.

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PIPELIFE NETHERLANDS

# A pipe for 20,000 trees

Since 2011, Pipelife's innovative NatuDrain pipes have been used with over 20,000 newly planted trees in the Netherlands. The product comes as a sustainable alternative to conventional drip pipes for tree nurseries and landscape gardeners. Once the young trees have developed enough roots, the pipe dissolves. Made from secondary raw materials from the food industry, such as potato starch, the pipes are completely compostable and 100% biodegradable.



#### CBME BELGIUM

# Logistic innovations for the benefit of the environment

In an effort to minimize the environmental impact of product transport, Wienerberger Belgium developed a transport strategy based on river navigation. Since 2013, not only primary raw materials, but also fired bricks have been delivered by boat. One boat shipment saves approximately 20 trips by truck. To increase the range of river transport even further, our colleagues in Belgium use special catamarans, which can navigate also through narrow rivers. Shipments from the Wienerberger production site are loaded onto sea-going ships that can also travel on canals. Thus, deliveries of bricks to Great Britain are now made exclusively by water. A ship of this type replaces about 75 truck trips over a distance of up to 200 km. Thanks to this transport strategy, our colleagues in Belgium have significantly reduced their  $CO_2$  emissions and their environmental impact.





#### **Dr.-Ing. Ulrich Bohle**

Head of Product Development and Sustainability Officer of Steinzeug-Keramo

"For principals and contractors, sustainability criteria are continuously gaining in importance in the selection of products. We take their reactions as confirmation of our success: Carbon-neutral production of vitrified clay pipes at Bad Schmiedeberg and Cradle to Cradle® certification are clear indicators of the course we intend to take in the future."

#### STEINZEUG-KERAMO

### Carbon neutrality for the benefit of future generations

Steinzeug-Keramo's KeraBase and KeraPro vitrified clay pipes are entirely climate neutral – from raw material extraction to delivery to the construction site. They are manufactured in Germany by means of the future-oriented fast-firing technology in one of the world's most advanced production facilities for vitrified clay pipes. The process has been supported and certified by the energy and environment experts of the TÜV Rheinland. After the successful Cradle to Cradle® certification, our colleagues from Steinzeug-Keramo are reasserting their commitment to climate action as well as environmental protection and accountability.





### **Principles of Sustainable Product Management**

A central principle of product development at Wienerberger is the creation of lasting value for our customers by supplying them with durable and innovative building material and infrastructure solutions. We view sustainability as a function of a product's service life as well as of its impact on the environment during raw material extraction, production, transport, installation, use and disposal. Wienerberger brick products are an integral part of sustainable building concepts. They guarantee a high quality of life and make an active contribution to the fight against climate change. In the field of pipes and pavers, we offer system solutions for present-day challenges, including the demands on water management resulting from climate change and increasing urbanization.

In view of what users and principals expect of a modern building, and considering the numerous regulatory requirements to be met, such as the Energy Performance of Buildings Directive (EPBD), system-based approaches to building construction are getting 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.

The general principles of Wienerberger's sustainable product management are presented on the Wienerberger website. The 2014 Sustainability Report contains a brief description of the essential aspects of these general principles. The quantitative targets and measures are summarized at the end of this chapter under "Targets and Future Measures Relating to Products". Creation of lasting values through high-quality building material and infrastructure solutions

Meeting modern building requirements through a system-based approach

Principles of sustainable product management



Market-oriented product development within the framework of R&D

R&D: managed centrally but implemented locally

Process optimization makes our ceramic products sustainable

Continuous optimization of production and surface treatment for plastic pipes and concrete pavers

### Processes and Instruments of Sustainable Product Management

Research and Development (R&D) are among the priorities of Wienerberger's strategic planning and at the focus of the company's attention. The core tasks of R&D include the optimization of production processes and the continuous further development and improvement of products and system solutions in all areas of applications – from energy-efficient construction projects to environment-friendly pavings to water supply and sewage systems. Wienerberger aims to secure and further strengthen its market positions through cost and technology leadership and product innovations.

R&D at Wienerberger is managed centrally, but most of the results achieved are implemented locally. 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 segments in order to adapt new developments to the needs of our customers. The market launch of new products across several countries is 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. R&D expenditure increased from  $\in 11.4$  million in 2013 to  $\in 17.0$  million in 2014, which corresponds to 0.6% of our revenues.

In pursuit of our sustainability goals, we are continuously improving our production processes. In the energy-intensive field of ceramic production (bricks and ceramic pipes), our engineers focus, above all, on the reduction of energy consumption in the drying and firing process and on the optimization of product properties as regards fire safety, sound and thermal insulation, and structural strength. This is essential in order to meet the continuously increasing requirements in residential and commercial construction. Other research priorities concern a sparing use of resources in production and environmentally responsible raw materials processing. As a pioneer in the use of waste products in our raw material mix, we have succeeded in using up to 60% recycled ceramic material in the production of certain vitrified clay pipes. Moreover, our vitrified clay pipes are made 100% of natural and recyclable raw materials and therefore meet the demanding criteria of Cradle to Cradle® certification.

Besides the optimization of production processes, R&D efforts concerning our current product range in the plastic pipe segment are focused mainly on savings in raw material consumption by reducing product weight and on increasing the percentage of recycled materials in production. In the development of new products, we take the ever-increasing technical requirements to be met by plastic pipes and fittings into account and develop solutions that permit environmentally compatible, fast and easy installation of the products at construction sites. In the case of concrete pavers, our efforts are aimed at improving the raw material mix and optimizing our processes of production and surface treatment. Another priority relates to new surface textures and innovative product solutions for high-quality design of public spaces.



Products Environmental Product Declarations and Certifications

#### **Environmental Product Declarations and Certifications**

For many years, Wienerberger has been working intensively on the voluntary preparation of eco-balances and environmental product declarations (EPDs) for its entire product range. Based on the European Construction Products Regulation (CPR) and the work of the European standardization body CEN TC 350, such declarations will become mandatory for all building material producers in the coming years. In Belgium, this obligation has been in effect since 1 January 2014.

EPDs of brick products have already been published in a number of countries in recent years. In countries such as France, Germany, Belgium or Great Britain, most of the EPDs were published by the respective industry associations. In Austria, the first industry EPDs were finalized in the fall of 2014. Within the framework of these measures, environmental product declarations have been issued for the majority of Wienerberger's brick products either individually or within the framework of industry solutions. Wienerberger played a leading role in all the aforementioned countries and actively participates in the design of eco-balances and EPDs and in the harmonization of national provisions at European level within the framework of Tiles and Bricks Europe (TBE), the European umbrella organization of the brick industry. The documents made available by TBE as a basis for the preparation of EPDs for bricks (product category rules, CPR) support the objective of harmonizing EPDs in Europe.

In the plastic pipes industry, most of the environmental product declarations are published by the producers' association. The European Plastic Pipes and Fittings Association (TEPPFA), drawing on the results of lifecycle analyses (LCAs), publishes environmental product declarations for the various functional areas on the basis of ISO 14025. For heating applications, for example, a functional area is defined as all the plastic pipes and fittings required to heat a residential unit with a surface of 100 m<sup>2</sup>. The members of the organization have the right to refer to the EPDs for these functional areas. TEPPFA has already prepared 20 environmental product declarations.

All ceramic pipes and fittings produced by Steinzeug-Keramo have been successfully certified according to the Cradle to Cradle® product standard. This means that our products are not disposed of as waste at the end of their service life, but are returned into the production cycle as feedstock for new products. Other essential prerequisites for certification are the use of renewable energy and a commitment to biodiversity. Regular recertification ensures continuous development in all essential aspects. Among the outcomes of these developments are Steinzeug-Keramo's climate-neutral pipes, which are produced in the modern fast-firing facility at Bad Schmiedeberg and already account for over 10% of revenues.

#### **Essential Product Qualities**

In the course of the materiality analysis, the product qualities outlined below were identified as essential for the Wienerberger Group. We take this as confirmation of our efforts undertaken in the area of innovative product management. Wienerberger prepares eco-balances and EPDs on a voluntary basis

Most of Wienerberger's brick products are covered by EPDs

Plastic pipe producers' association takes the lead in the preparation of EPDs

All Steinzeug-Keramo products have Cradle to Cradle® certification Wienerberger products help to preserve cultural heritage

"Trophées Aléonard" for the preservation of historical heritage

Energy efficiency and climate action as core tasks

Pipelife contributes to sustainable energy generation

KeraBase and KeraPro vitrified clay pipes are climate-neutral

# Long service life, cost-effectiveness and contribution to the preservation of cultural heritage

Wienerberger products are durable, strong and easy to maintain in good condition. This helps to increase their service life, preserve natural resources, and reduce the carbon footprint of the products. Wienerberger products offer the advantage of easy maintenance.

Moreover, our products actively contribute to the preservation of historical monuments and classified buildings. Roofs are integral parts of buildings and testify to the design preferences, architectural styles and engineering methods characteristic of individual periods in history. Wienerberger roof tiles, which have a service life of over 100 years, help to preserve the original appearance of buildings of historical interest.

Our Aléonard roof tiles, for example, can be adjusted to regional traditions through their various sizes and colors; they are well suited for new construction, for the renovation of historical buildings such as palaces, old villas or monasteries, and for entire roofscapes in towns. Since 1872, this roof tile has contributed to the preservation of cultural heritage. To promote the use of Aléonard roof tiles and support the preservation of historical buildings, our Wienerberger colleagues in France created the "Trophées Aléonard", a prize awarded since 2004. The award honors roof-setters for their skilled use of Aléonard roof tiles. In 2014, a total of 35 projects were entered for the award in five categories: historical buildings, renovation, first-time use of the product, new buildings, and the special prize of the jury.

#### Energy efficiency and climate action

Anthropogenic climate change is a central challenge for the future. Wienerberger has set itself the goal of promoting the transition to a competitive, resource-efficient and energyefficient economy. We support the transition to a "low-carbon economy" with our energy-saving building material and infrastructure solutions and our energy-efficient building design concepts. In our opinion, the building materials of the future must contribute to the goal of slowing down climate change and to support climate change adaptation.

In order to promote alternative and sustainable forms of energy generation, Pipelife invested in the improvement of its geothermal energy system and launched its own probing system in 2014. Ground probe systems and collectors for almost all applications are sold under the brand names of DUETA and GEOLIFE. In combination with Pipelife's underfloor, wall and ceiling heating and cooling systems, energy generation from the earth is an important component in the sustainable and environment-friendly development of heating systems.

Steinzeug-Keramo's climate-neutral pipes are an excellent illustration of the company's commitment to climate and environmental protection. KeraBase and KeraPro vitrified clay pipes, produced by means of the future-oriented fast-firing process, are completely climate-neutral – from the extraction of raw materials to delivery to the construction site. The total emissions caused throughout the process are calculated and compensated through climate action projects audited and registered on the basis of internationally recognized standards and guidelines. The importance attributed to sustainability and environmental protection at Steinzeug-Keramo is also reflected in the technology of trenchless installation by means of jacking pipes, and the company's Cradle to Cradle® certification.



Clay blocks help to combat

climate change

The energy consumption of buildings also plays an important role in the fight against climate change. The European Union has therefore adopted a Directive requiring that, from 1 January 2021, all new buildings meet the standard of a "nearly zero-energy building". The Clay Building Materials Europe Division offers building material solutions to meet these future requirements, such as special bricks for external walls with a particularly high thermal insulation value. A clay block filled with insulating material is an innovative combination of a brick with high-quality insulating material in the perforations, which ensures excellent thermal insulation. Clay blocks without infill material also have excellent thermal insulation properties, as their heat conductivity is extremely low on account of the special ceramic material used and the design of the block geometry. When external walls are made of such innovative products, the façade does not require an additional insulating layer.

As a result of global climate change, extreme weather events are occurring more and more frequently in many parts of the world: we are experiencing excessive rainfall, long periods of drought, extreme heat and floods. Raineo®, Pipelife's innovative rain water management system, helps to avoid flooding and water pollution, above all in urban areas. The Stormbox is a sophisticated modular system of plastic containers that serves as an underground water reservoir. It holds large quantities of rain water, which can later be used in the household or for irrigation purposes.

One of the crucial challenges for a growing world population in times of climate change is to increase agricultural yield. Irrigation is one way of addressing this challenge. However, in order to maintain the quality of the soil, measures must be taken to prevent soil salination, e.g. through drainage. Moreover, the quantity of water drawn for irrigation must not exceed the natural recharge. Pipelife offers solutions for irrigation and drainage in agriculture. Drainage systems also help to prevent landslides, which tend to occur more frequently under the impact of heavy rainfall.

Through the introduction of upon-rafter insulation systems for thermal rehabilitation, Wienerberger is positioning itself as a full-range supplier in the roof segment. Due to extreme wind and weather conditions, roofs have to meet more demanding requirements in terms of storm resistance. With this in mind, Wienerberger launched its patented Sturmfix system. Roof tiles fastened by means of special storm hooks resist even the worst storm.

#### Tightness and avoidance of leakage

Our plastic and vitrified clay pipes have excellent mechanical properties, such as high compressive strength, abrasion resistance, bending tensile strength, resistance to biological and chemical substances, and frost resistance, and meet the most demanding tightness requirements. Moreover, products by Pipelife and Steinzeug-Keramo are absolutely corrosion-proof and guaranteed to be leak-free. Thanks to these properties, plastic pipe systems by Pipelife and vitrified clay pipe systems by Steinzeug-Keramo are suited for a broad range of applications, such as rain and waste water disposal, sanitary and heating installations, sewage systems, and gas and drinking water supply systems.

The ceramic coupling, an accessory manufactured by Steinzeug-Keramo, ensures the perfect connection of vitrified clay pipes, regardless of whether a building is newly erected or retrofitted. Steinzeug-Keramo's new KERAPORT manholes supplement the range of ceramic system solutions in the vertical dimension and set new standards of tightness and corrosion resistance. The manholes are available in nominal widths from DN 600 to DN 1200 and are lined with a tailor-made channel. Raineo® helps to avoid flooding and water pollution

Pipelife products for irrigation and drainage in agriculture

Sturmfix makes roof tiles storm-proof

Infrastructure solutions for a variety of applications

KERAPORT sets new standards of tightness and corrosion resistance Soluforce products are extremely resistant to chemicals and corrosion

Healthy indoor climate: an essential quality feature for Wienerberger

Bricks create excellent conditions for a healthy and comfortable indoor atmosphere

Brick products for safety in the event of natural disasters

Pipelife's Gas-Stop device makes gas supply networks safe

Compliance with all legal provisions

All products of Pipelife's Soluforce family come with a plastic inner layer, which makes them extremely resistant to aggressive chemicals and corrosion, a major advantage compared to conventional steel pipes. Soluforce Heavy, a steel-mesh-reinforced pipe of extremely high compressive strength, was developed for high-pressure applications in the oil and gas industry. Pipelife has continuously enlarged the Soluforce product range in recent years.

#### Health and safety

Creating a healthy indoor environment is one of the most important issues for the future of modern residential construction. In western industrialized countries, people spend about 90% of their time indoors. Usually, indoor air quality leaves a lot to be desired: pollutants, dry air, dust and mold have a negative impact on the indoor climate and constitute a health risk. It is for good reasons that bricks have been in use as a building material for thousands of years – brick buildings have excellent properties and guarantee a good quality of life for their inhabitants.

Bricks qualify as a particularly healthy building material. Bricks are open to vapor diffusion, which means that air humidity in the room is ideally balanced and the indoor climate is both healthy and comfortable. Due to their high accumulation capacity, brick walls keep rooms pleasantly cool in summer and warm in winter. Thus, our bricks score high in terms of indoor air quality and indoor climate.<sup>1</sup>

As regards safety, our brick products offer a high level of protection in the event of a fire or an earthquake. Wienerberger's Sturmfix system, for example, enables our roof tiles to resist extreme windstorms and prevents them from being blown off and hitting people. Our pipes, which are used for high-quality water supply and disposal systems, also have a positive impact on human health. Used for water supply systems, they ensure access to clean water. In sewage systems they improve urban hygiene, as they ensure safe waste water disposal.

Damage to gas supply lines in the course of civil-engineering work, incorrect installation of gas pipes in buildings, and natural disasters are the most frequent causes of gas leaks. Gas-Stop by Pipelife, a self-actuated, fast-closing valve for gas supply lines, makes gas supply lines safer.

In order to avoid pollution by hazardous substances, each business unit takes responsibility for compliance with the legal provisions in effect, such as REACH, the EU Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals. Having observed all national and international legal provisions, we are not aware of any incidents of infringements of health-related rules in 2014.

#### **Recycling of near-natural materials**

All Wienerberger products can be recycled to a certain extent, but the percentage of recycled materials used in production depends on the material and the technical maturity of the re-use process. Therefore, the actual rate of recycling depends on the business unit concerned.





Products Essential Product Qualities, Targets and Future Measures Relating to Products

Clay, a recyclable raw material, is the most important input material in ceramic production (clay blocks, facing bricks, roof tiles and ceramic pipes). This results in a high rate of recyclability of our ceramic products. Internal production residues, such as broken products or scrap, are returned into the production process after the necessary preparation. This holds, in particular, for Steinzeug-Keramo's pipes and fittings, which are certified according to the Cradle to Cradle® standard. For certain product groups, recycled materials from external sources are used as additives to the raw material mix in the preparation process. Typical recycling materials from biogenic sources used as pore-forming agents in clay blocks are saw dust, straw, sunflower husks and paper fiber. In the production of ceramic pipes we also use stone meal from gravel production as well as ceramic residues from the production of clay pavers, roof tiles, sanitary tiles and other ceramic products which cannot be re-used there.

As a prerequisite for the use of recycled materials from external sources, clearly defined separation of materials from demolished buildings is essential. Wienerberger therefore makes a special effort to build awareness for the issue of recycling in the construction industry. Moreover, we advocate the adoption of legal provisions and standards designed to make the use of recycled building materials easier and more economical in the future. We thoroughly study the possibility of re-using ceramic residues from building construction either in brick production or other applications (e.g. in landscaping).

Polyvinyl chloride (PVC), polypropylene (PP) and polyethylene (PE) granulates are the most important raw materials used in the production of plastic pipes. Increasing the percentage of secondary raw materials in the raw material mix and, at the same time, maintaining the high level of product quality are among our research priorities. The percentage of secondary raw materials used depends on the production mix. In 2014, Pipelife used 58.9 kg of secondary raw materials per ton of products produced. This is to be increased to 70 kg/t by 2020.

Recycled materials from external sources have to be collected and processed. Through its membership in the Austrian Working Group on Plastic Pipe Recycling (Österreichischer Arbeitskreis Kunststoffrohr Recycling, ÖAKR), Pipelife actively supports awareness building. Moreover, Pipelife production sites in Austria serve as collection centers for used plastic pipes and fittings.

#### Sustainability during construction

Various environmental aspects have to be taken into account during the construction phase. A high quality of construction work increases the durability of the product, minimizes the need for repairs, and helps to save natural resources. For example, trenchless methods of installing Steinzeug-Keramo products avoid excavation work.

The consumption of natural resources and the carbon footprint over the entire life cycle are reduced. Thorough planning of construction work also reduces the volume of scrap and the quantity of products to be returned, which in turn diminishes the need for transport. Accident prevention, safety and health are other important aspects to be considered during the construction phase. Ceramic production: recycled materials are added to the raw material mix

Prerequisites for recycling: clearly defined separation of materials and awareness building in the construction industry

Percentage of recycled material to be increased at Pipelife

Pipelife acts as collection center for used pipes and fittings in Austria

Environmental aspects need to be taken into account during the construction phase ...

... in order to increase service life and avoid repairs

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Innovative products and system solutions account for 24.9% of total revenues

Further development of system solutions in building materials and infrastructure

### **Targets and Future Measures Relating to Products**

The quantitative targets and future measures described in the following were defined by the Managing Board of Wienerberger AG and the business unit CEOs as well as CFOs. The decisions were taken on the basis of the materiality matrix developed in 2014 for the individual business units and at Group level. The measures foreseen are part of the Wienerberger Sustainability Roadmap 2020.

#### **Innovative Products**

In 2014, innovative products and system solutions accounted for about 25% of total revenues, compared with 24% in 2013. So far, however, there has been no Group-wide definition of the term. Based on current market requirements, a definition will be agreed upon in 2015. Business-unit-specific targets for innovative products will therefore be communicated only in the reporting year 2015.

Other measures will focus on the further development of building material and infrastructure system solutions and the related improvement in cost-effectiveness. Our efforts include the efficient organization of construction work and the development of solutions for modern, energy-efficient building in urban areas. Sustainability during the construction phase and during demolition has been identified as an essential aspect for the Wienerberger Group. In 2015, Semmelrock, for example, will continue to work on the development of paving systems that allow water to seep into the ground.

#### Recyclability, recycling and re-use

*At Group level* we commit to the use of secondary raw material, provided it is technically feasible. The availability of such material, production processes to ensure a uniform level of quality, possibilities of transport, and adequate processing will have to be evaluated.

*Clay Building Materials Europe (CBME)* will perform a feasibility study in 2015, to be followed by an evaluation of potential roll-out to other local companies.

*North America* has already introduced a production system based on a closed resource cycle. This means that scrap or waste is re-introduced into the production cycle. A pilot line for the use of fly ash in production is to be installed by 2016. Top priority will always be given to the quality of the finished product.

*Pipelife* intends to increase the amount of recycling material per ton of product produced from 58.9 kg in 2014 to 70 kg in 2020.

*Semmelrock* will analyze the recycling potential in its various fields of production in 2015 and subsequently evaluate the possibilities of substitution in the production process.

*Steinzeug-Keramo* will undergo the periodic process of Cradle to Cradle® re-certification in 2015.

#### Ease of installation

Ease of installation has been identified as an essential aspect for *Pipelife*. For years, Pipelife has been working on solutions that facilitate the installation and use of plastic pipe systems. This issue will remain at the focus of Pipelife's research and development activities.



#### Renewable energy for buildings

Renewable energy for buildings has been identified as an important topic for *Pipelife*. Sales of Pipelife's range of geothermal products are to be increased in 2015.

#### Contribution to the energy efficiency of buildings

*North America* plans to develop new products that facilitate compliance with the new energy standards and offer a higher degree of energy efficiency.

*Pipelife* will enlarge its product portfolio for heating and cooling systems for buildings in 2015. Moreover, Pipelife is continuously optimizing and enlarging the range of planning tools that can be used to measure the heat loss and the heat requirements of individual residential units and entire buildings as a basis for the design of an efficient heating system.





- Business ethics and compliance
- Good relations with local stakeholders
- Involvement in social projects



#### CLAY BUILDING MATERIALS EUROPE (CBME)

# Successful roll-out of WISBA

Round two of the Wienerberger Sustainable Building Academy (WISBA) was successfully completed in 2014. Wienerberger has organized and financed this international training program for students of architecture and construction engineering since 2013. The program is carried out in cooperation with the most renowned universities of technology in Europe and provides additional, practice-related training in the field of sustainable building. As planned, the geographic coverage of WISBA was extended to six countries in 2014, which meant that 24 students from Austria, Belgium, Germany, Poland, Hungary and Switzerland had a chance to participate in the program. The second round of the WISBA training program focused on a wide range of highly topical subjects, such as resource-efficient wall systems, environmental indicators, overheating of buildings in summer, sustainable use of natural resources, certification of buildings, and brick-based architecture.



Aranzazu Ceron

Student of architecture, University of Hannover:

"To participate in this program was an incredible opportunity for me and, at the same time, an amazing challenge through which I had a chance to learn a lot about sustainability. It made me realize that this is the path I want to take in my future career."



#### CLAY BUILDING MATERIALS EUROPE (CBME)

# Wienerberger Brick Award for modern and innovative brick architecture

In 2014 the internationally renowned "Wienerberger Brick Award" was awarded in Vienna for the sixth time. Established in 2004 and given out every two years, this architecture award honors outstanding examples of modern and innovative brick architecture. Through this award, Wienerberger AG wishes to demonstrate the extremely varied and innovative ways in which bricks are used in modern architecture. Altogether, over 300 architectural projects from 26 countries were entered for the "Wienerberger Brick Award 2014". A jury of experts evaluates the projects on the basis of different criteria, such as the innovative look of the building, craftsmanship in the use of bricks, functionality, sustainability and energy efficiency. The winner in 2014 was the Kantana Film and Animation Institute in Nakhon Pathom in Thailand. The building designed by the Bangkok Project Studio consists of over 600,000 soft-mud bricks manufactured in Thailand's last village-based brick-making plant. Jobless people from the region were trained to help with construction work, giving the project a special, social dimension.

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#### GENERAL SHALE

# A special family home in North America

In Johnson City, Tennessee, Habitat for Humanity built the first brick house in the region. Our colleagues from North America supported the project not only by donating bricks, but also by providing the necessary construction know-how. The house was built with Endurance RS4 brick, a clay block with high structural strength and excellent thermal insulation properties. In June 2014, a family in need of support was able to move into a safe, energy-efficient and sustainable home.



#### CLAY BUILDING MATERIALS EUROPE (CBME)

# Wienerberger provides housing for flood victims

Large parts of South-Eastern Europe were devastated by an extreme flood in the spring of 2014. When over three million people in Serbia, Bosnia-Herzegovina, and Croatia were hit by the flood and lost all their possessions, the Wienerberger Group launched a large-scale relief project in cooperation with local NGOs (non-governmental organizations). Packages of building materials, consisting of clay blocks from CBME and pipes for in-house installation from Pipelife, were provided for the reconstruction of 50 houses. In addition, Tondach Gleinstätten supplied clay roof tiles for 100 houses. The products donated all came from local Wienerberger plants. Distributing the donations was a considerable logistic challenge.



#### CBME AUSTRIA

# A wild bee hotel made of bricks

In the early summer of 2014, our colleagues from the Wienerberger plant in Hennersdorf in Austria enthusiastically supported the construction of Austria's first wild bee hotel made entirely of bricks. Wild bees play a particularly important role in the pollination of fruit trees. The project was carried out in cooperation with the environmental engineering section of the Mödling Technical College and the Vienna Association of Urban Beekeepers. Under the guidance of their teacher, the students designed a brick bee hotel which, thanks to the hollow spaces in the bricks, ideally meets the requirements of bees. The Vienna Urban Beekeepers helped with the furnishing of the hotel and introduced bee larvae into the structure. Before long, other species of wild bees also moved into this cozy accommodation.



STEINZEUG-KERAMO

# Fifty years of vitrified clay products from Bad Schmiedeberg

In June 2014, our colleagues at Steinzeug-Keramo celebrated the fifty-year jubilee of their production site at Bad Schmiedeberg in Germany. In the course of this event, active and retired employees as well as guests gained an interesting insight into Europe's most advanced vitrified clay production site. While the anniversary celebration was intended to pay tribute to past achievements, product development and production at Bad Schmiedeberg are perfectly future-oriented, in keeping with the fifty-year tradition of the plant.





**Bistra Keteva** Building owner in Kostinbrod, Bulgaria:

"My family and I are very grateful for our new home. The partnership of Habitat for Humanity Bulgaria and Wienerberger Bulgaria has helped my family, as well as others, to have a safe house at a time when it was very difficult to afford one's own four walls."

#### WIENERBERGER GROUP

# Creating social housing

Wienerberger has cooperated with Habitat for Humanity since 2012. Together with this humanitarian organization, we have built about 100 houses in Romania and Bulgaria. Besides the necessary building material and cash donations, valuable support was provided by our colleagues, who volunteered to help build the houses and shared their know-how with other volunteers on site. Following the integration of Tondach Gleinstätten into the Wienerberger Group last year, donations of clay roof tiles for socially disadvantaged families increased significantly. Wienerberger not only built private homes, but also contributed to the completion of the Casa Sperantei Hospice in Bucharest. Opened in the autumn of 2014, the institution provides an adequate and dignified environment for terminally ill children and adults, as well as their relatives, in the most difficult time of their life.



Our responsibility as a member of society

### Principles of our Social Responsibility

Wienerberger views the economy as an integral part of society that has the obligation to serve people and create value for all. Wienerberger takes its role as a responsible member of society 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 signing a social charter, Wienerberger committed to compliance with the recommendations of the International Labour Organization. We pay special attention to safe and adequate working conditions, fair remuneration, and the right of our employees to freedom of association and collective bargaining. Approximately 80% of all Wienerberger employees are covered by a collective bargaining agreement.

The general principles of Wienerberger's social responsibility are presented on the Wienerberger website. The 2014 Sustainability Report therefore only contains a brief description of the essential aspects of these principles. The corresponding targets and measures in this domain are summarized at the end of this chapter under "Targets and Future Measures Relating to Social Responsibility".

### **Business Ethics**

In the course of the materiality analysis, our stakeholders identified business ethics as an essential aspect for Wienerberger. This includes the topics outlined in the following, i.e. compliance, prevention of corruption, observance of anti-trust legislation, observance of national guidelines and regulations, and the guideline regarding compliance with sanction laws.

#### Compliance

The term "compliance" covers all measures taken to ensure that a company and its employees comply with the laws and regulations in force and observe all legal restrictions and prohibitions. The commitment to observe all national and international legal standards is a central principle in the Wienerberger Group. In view of the overriding importance of certain areas of law, Wienerberger decided to adopt its own guidelines and to ensure their stringent enforcement. For this reason, training sessions on issuer compliance are organized regularly in Vienna for the top management of the Wienerberger Holding and the top management of each business unit. Wienerberger's Corporate Governance Report is contained in the 2014 Annual Report and published on the company's website.

#### **Prevention of corruption**

Wienerberger is committed to upholding 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 corruption incidents.

A Group-wide guideline on business gifts informs our employees on what is considered to be lawful behavior. It provides orientation regarding the circumstances under which giving or accepting gifts constitutes a criminal offence. The guideline defines the term 'business gift' and explains the difference between a business gift and other forms of expression of appreciation. Moreover, it distinguishes between gift-giving in the public and the private domains and speci-

Compliance measures to ensure lawful behavior fies the corresponding rules of conduct. Finally, the guideline requires reports to be submitted to the Managing Board and/or the local management if a business gift has been either given or received. Anti-corruption training for employees of the local companies has to be provided by the local management and is subject to regular review by the holding company.

The Wienerberger guideline on business gifts, which has been in force since 2010, is to be revised in the course of this year. The revision has become necessary on account of the transition to a division-based corporate structure and the associated shift of responsibilities to the business units.

Monitoring compliance with legal provisions and internal guidelines is one of the functions of the internal audit unit. In 2014, audits were performed in 20 companies, with a special focus on organization, purchasing, materials management, sales, human resources, corruption and anti-trust legislation. This corresponds to about one third of all operating companies of the Wienerberger Group. In the course of these audits it was found that all internal guidelines had been implemented in the countries audited and the employees concerned had been informed accordingly. Deviations from the guidelines, if any, were reported to the Managing Board and the Audit Committee, and the necessary measures, such as improvements in documentation, were agreed upon with the respective local management.

The application of the four-eyes principle in business transactions with third parties is another important instrument for the prevention of corruption. For each transaction establishing, modifying or terminating rights and obligations, two signatures of authorized signatories of the local unit are required. This requirement is laid down in international Group guidelines and helps to prevent corruption at international level.

We expect all employees of the Wienerberger Group to act in conformity of the law. Any infringement constitutes a breach of official duty. Confirmation of a suspected infringement entails labor law or civil law consequences, depending on the extent of damage caused. In the period under review, no charges were brought against Wienerberger for suspected corruption, and no penalty payments were due.

#### Compliance with anti-trust legislation

Anti-trust legislation serves to ensure free and effective competition. The management of the company is convinced that a business policy based on fair competition is best suited to serve the interests of the company as well as the interests of its shareholders and employees.

For this reason, some years ago Wienerberger already introduced an anti-trust compliance program. Through the provisions of the anti-trust guideline, our employees are made aware of problems that may arise in the field of anti-trust law. The rules of conduct laid down in the guide-line provide orientation on sensitive issues of competition law and are to be strictly observed. Among other issues, the guideline contains strict rules regarding contacts with competitors, especially with regard to market behavior, information exchange, prices and delivery conditions,

Monitoring by the internal audit unit prevents corruption

Four-eyes principle in business transactions

Sanctions in the event of unlawful conduct

Fair competition as a basis of our business policy

Anti-trust compliance program

and other forms of cooperation. As regards contacts with customers, distributors and suppliers, there are rules governing the determination of selling price ranges and other restrictions for distributors as well as exclusivity agreements.

The guideline also includes provisions on intellectual property rights and mergers.

Within the framework of the anti-trust compliance program, all local companies of the Wienerberger Group are obliged to organize regular training sessions. As a rule, anti-trust training events are organized once a year and conducted by a national anti-trust expert or our inhouse legal counsel. The local management is responsible for the organization of the training event and the selection of employees to be trained. The internal audit unit verifies that training programs have been held and monitors compliance with the guideline.

On account of the market position held by the Wienerberger Group in individual markets, the price policies of our subsidiaries are followed attentively by the anti-trust authorities. There were no negative findings by the authorities in charge in 2014. This confirms the effectiveness of our compliance regime. We wish to point out that price agreements are not part of Wienerberger's business practice; our internal guidelines explicitly prohibit such agreements and provide for severe sanctions in the event of violations.

#### Compliance with national guidelines and rules

In many countries, Wienerberger has to meet extensive and increasingly stringent requirements in the areas of environmental protection, health and safety. Compliance with such provisions, which may require investments in optimization measures, is a matter of course for Wienerberger.

In accordance with Wienerberger's decentralized structure, responsibility for the enforcement of national rules and regulations and for compliance monitoring lies with the respective local management bodies. In line with national legal provisions, compliance officers have been appointed at country level, who evaluate legal compliance and report to the local authorities and the Wienerberger Managing Board. The internal audit unit regularly verifies compliance with this process and reports its findings to the Managing Board and the Supervisory Board.

#### Guideline on compliance with sanction laws

A new guideline on compliance with economic and financial sanction laws, applicable to Wienerberger AG and all companies of the Wienerberger Group, was issued by the Managing Board in December 2014. The objective of this guideline is to ensure compliance with sanctions imposed on certain countries and/or their nationals within the Wienerberger Group by 1 January 2015. Deliveries to and business contracts with individuals and/or organizations under sanctions are prohibited.

#### Internal audit unit monitors anti-trust compliance

Price-fixing is prohibited and entails sanctions

Environmental, health and safety rules

### Responsibility lies with local management

New: Guideline on compliance with sanction laws

### Principles of our Stakeholder Management

Communication with all our stakeholders is a central priority and an important tool of Wienerberger's stakeholder management. We want to inform our stakeholders in a targeted manner and, at the same time, engage in open, proactive, continuous and transparent dialogue, the objective being to improve mutual understanding of each other's interests, needs and concerns.

The general principles of our stakeholder management are presented on the Wienerberger website. The 2014 Sustainability Report contains a brief description of the essential aspects of these principles. The targets and measures in this domain are summarized at the end of this chapter under "Targets and Future Measures Relating to Social Responsibility".

### Instruments of Stakeholder Management

#### Interaction with our stakeholders

Our stakeholders include numerous groups, such as employees, customers, shareholders, local residents and local authorities, suppliers, local, regional, national and European politicians and regulators, media and NGOs. These groups are extremely diverse and have different needs, interests and questions. Therefore, different stakeholder groups are addressed by different departments or organizational units within Wienerberger, and our communication instruments vary accordingly: In addition to personal meetings, we communicate and provide information through regular newsletters and information brochures, Internet-based information platforms and information events.

We adjust our contacts with neighbors, local politicians and associations to local traditions – sometimes opting for strictly formalized stakeholder committees as a framework for structured exchanges, sometimes choosing a more informal setting. Regardless of the specific mode of contact, the most important point for Wienerberger is to present itself as a company that is open and transparent in its relations with stakeholders and takes their concerns seriously.

*Our employees* are kept informed of corporate targets and strategies as well as current developments and measures in a timely and comprehensive fashion, the aim being to provide a motivating working environment and stimulate personal initiative. To this end, we use various internal media, such as the regular letter from the CEO, our iComm Intranet platform, local employee magazines and internal departmental newsletters, such as Engineering or Marketing. Via our innovation platform "ideas & more", our employees can contribute their own ideas which, if implemented, will be rewarded. For further internal communication measures and measures taken to actively involve our employees, please refer to the chapter on "Employees".

*Our customers* – final customers as well as building material dealers, developers, designers and contractors – are all interested in high-quality, durable and affordable products for buildings that ensure a safe, healthy and comfortable environment. In order to even better understand our customers' concerns and to adapt our products to their needs, engaging in continuous dialogue with them is very important for us. We also inform our customers about the technical,

Open dialogue with our stakeholders to foster mutual understanding

Different communication tools for different stakeholder groups

Communication with our employees

Communication with final customers, distributers, developers, designers and contractors ecological and economic properties of our products through information brochures, through our presence at trade fairs and training events, and via the Internet. Training programs and advice provided by our service centers enable our customers to make the most of our products and system solutions.

*Capital market participants – shareholders, analysts and banks –* are interested primarily in a sustainable performance of the company. Comprehensive and transparent reporting as well as timely communication and a regular exchange of information with the Managing Board are of crucial importance for them. These requirements are met through our annual and quarterly reports, presentations, and press releases on current developments. Roadshows, participation in investor conferences, personal talks, and the annual Capital Markets Day are instruments well suited to ensure a continuous and active dialogue with all capital market participants.

*Suppliers* are particularly interested in fair business relations. Wienerberger's interest lies in the long-term and sustainable supply of the required natural resources, materials and products in accordance with the principles of sustainability. Within the framework of our business relations, we make sure that our suppliers comply with our ecological and social standards, which we clearly communicate to them. Pipelife, for instance, has laid down these standards in the "Pipelife Code of Conduct" to be signed by suppliers upon conclusion of a contract.

*The media* expect targeted and timely information on strategic and current issues. We, for our part, expect to be given fair media coverage. With a view to satisfactory cooperation, we try to keep the media informed through press releases and press conferences, answer journalists' questions as quickly as possible, and allow enough time for a meaningful exchange of ideas in personal interviews.

*Policy-makers* determine the legal framework and thereby exert a major influence on the entrepreneurial environment for Wienerberger. To a growing extent, we have been publicly advocating the provision of affordable and social housing in Europe. Moreover, we are trying to convince policy-makers of the need for state aid to renovation measures and the construction of (water) supply and disposal networks in Western and Eastern Europe. Wienerberger therefore participates in the work of various international organizations (see below). The members of the Managing Board regularly meet with high-ranking politicians and representatives of the public administration.

*Local residents, local authorities and NGOs* are also among our important stakeholders. Every production site is a neighbor, a local employer and a taxpayer. Good and trusting relationships not only with neighbors, but also with local government authorities, associations and citizen initiatives are essential for a stable production environment. With this in mind, Wienerberger wants to be a good neighbor because we regard ourselves as a valuable member of each community in which we operate.

#### Membership in associations

Wienerberger acceded to the UN Global Compact in 2003. Moreover, Wienerberger is a founding member of respACT, the Austrian UN Global Compact Network and, as such, fully committed to the ten principles of the UN Global Compact on human rights, labor standards, environmental protection – including the precautionary principle – and the fight against corruption. The current progress report (CoP – Communication on Progress) for 2014, please refer to page 103 et seq. and the Wienerberger website.

# Communication with shareholders, analysts and banks

Communication with the media

Communication with suppliers

# Communication with policy-makers

Communication with neighbors, communities, local authorities and NGOs

Founding member of the Austrian UN Global Compact Network



Moreover, Wienerberger is a member of various European and national representative bodies, platforms and technical committees and thereby actively contributes to the process of political opinion-shaping. We address the developments in the individual markets, such as the growing trend towards urbanization, and wish to offer decision-makers practical, sustainable and, above all, affordable solutions for new residential construction, infrastructure and renovation.

In the brick sector, Wienerberger's local companies are members in national brick industry associations, which in turn are organized within the framework of Tiles and Bricks Europe (TBE), the Brussels-based European umbrella organization of brick and roof tile producers. 2014 CEO Heimo Scheuch served as vice president of TBE and participated regularly in the Executive Committee meetings. TBE is an active member of Cerame-Unie, the European umbrella organization of the European ceramics industry, where CEO Heimo Scheuch holds the position of the vice president. In cooperation with members of the European Parliament, Cerame-Unie organizes the annual European Parliament Ceramics Forum, which takes place in the European Parliament and provides a platform for the exchange of information and communication between industry representatives, the European Commission and policy-makers on topical economic-policy issues. From 2015 CEO Heimo Scheuch also serves as president of Construction Products Europe (CPE), an organization representing the interests of the European building material producers vis-à-vis various institutions and social groups.

In the segment of ceramic waste-water systems, we are represented by Steinzeug-Keramo in the German Trade Association of the Vitrified Clay Industry, which in turn is a member of Feugres, the European Association of the Vitrified Clay Pipe Industry, and Cerame-Unie, the European Ceramic Industry Association. Through these associations, Steinzeug-Keramo participates in discussions on technical, ecological and economic issues in Europe. Moreover, as a member of the German Trade Association of the Vitrified Clay Industry, Steinzeug-Keramo is actively involved in the field of standardization and contributes its expertise in waste-water systems to the elaboration of waste-water industry standards at European (CEN) and national level (GRIS in Austria, VLARIO in Belgium, DIN and DWA in Germany). In its national markets, Steinzeug-Keramo participates in the work of numerous technical bodies and is therefore in a position to identify and influence trends and market developments at an early point in time.

Wienerberger's plastic pipe business is represented in the European Plastic Pipes and Fitting Association (TEPPFA) through Pipelife. Niels Rune Solgaard-Nielsen, CEO of Pipelife, is President of TEPPFA since 2013. Through our membership, we actively participate in the process of political opinion-shaping at European level, and support key issues such as recycling, the elaboration of product standards for plastic pipes, and the preparation of environmental product declarations. The Pipelife Group also plays an active role in a number of international associations, such as VinylPlus and PVC4PIPES. At country level, Pipelife is represented in national associations and other bodies. In Austria, for example, Pipelife participates in standardization committees and other technical bodies as a specialist in plastic pipe systems, thus making important contributions to the further development of the high quality standards applicable in Austria.

In the field of concrete pavers, Semmelrock represents the Wienerberger Group in the Association of Precast Concrete Plants (VÖB). Robert F. Holzer, CEO of Semmelrock, currently holds the position of vice president of VÖB. The association represents the interests of all precast concrete producers in Austria, serving as a knowledge platform and an advocate of the sector's interests. VÖB is a member of the Bureau International du Béton Manufacturé (BIBM), which represents its membership at European level. Wienerberger actively participates in political opinion-shaping

Membership in national and European ceramics associations

Steinzeug-Keramo is a member of national and international associations

Pipelife is a member of TEPPFA

Semmelrock is a member of VÖB



Wienerberger donations guideline as a basis for targeted help for the needy

Successful cooperation with Habitat for Humanity

Support for construction of Casa Sperantei Hospice in Bucharest

Aid for Western Balkan flood victims in cooperation with charity organizations

Round two of WISBA training program successfully completed

### Activities Relating to our Social Responsibility

As a supplier of building material and infrastructure solutions, we want to use our products and our know-how to the greatest possible benefit of society. We continuously support a large number of social projects and organizations in almost all the countries we operate in. In accordance with the Wienerberger donations guideline, we support people in need in a targeted manner through product donations. We are convinced that we can help best in our fields of core competence, i.e. the provision of solutions in the fields of building materials and infrastructure and the transfer of sustainable construction know-how.

We regard affordable housing as a fundamental human right. In 2012, Wienerberger therefore began to cooperate with Habitat for Humanity, an international non-profit organization focusing on the provision of housing for families in need on the basis of the principles of selfhelp, self-awareness and individual responsibility. The objective of the current cooperation is to build 155 houses for socially underprivileged families in Bulgaria and Romania. As an expert in building material solutions, Wienerberger contributes to the improvement of living conditions for people with insufficient means through donations in kind. Building materials for a total of 47 houses were donated. For two days, the participants of Ready4Excellence, a training program for young employees to be prepared for international key positions in Wienerberger AG, provided hands-on support for the construction of houses for poor families in Bulgaria.

Wienerberger also supported the construction of the Casa Sperantei Hospice in Romania with donations in kind and by assuming logistics costs. The hospice, which was opened in the fall of 2014, provides an adequate and dignified environment for terminally ill children and adults, as well as their relatives, in the most difficult time of their life.

Besides planning and implementing non-profit projects in cooperation with humanitarian organizations, we also want to render instant and non-bureaucratic assistance in the event of natural disasters. When large parts of South-Eastern Europe were devastated by a disastrous flood in the spring of 2015, the Pipelife and Clay Building Materials Europe (CBME) business units, together with Tondach Gleinstätten, decided to help the flood victims rebuild their homes. In cooperation with Caritas Switzerland, a humanitarian organization with many years of experience in the construction of homes for victims of the civil war in the region, Wienerberger erected for example about 30 houses in Bosnia-Herzegovina. Clay blocks from CBME, clay roof tiles from Tondach Gleinstätten and installation pipes from Pipelife were donated for this purpose. Distributing the donations was a considerable logistic challenge, but further projects are already being prepared within the framework of this aid campaign.

In addition to a range of charitable projects, in-kind donations and aid campaigns, Wienerberger has organized and financed the Wienerberger Sustainable Building Academy (WISBA) since 2013. Round two of this international training program was successfully completed in 2014 with 24 participants from Austria, Belgium, Germany, Poland, Hungary and Switzerland. The objective of the program is to support students of architecture and construction engineering through additional, practice-relating training in sustainable building. Architects and construction engineers who have internalized the principles of sustainability and bear them in mind throughout the construction phase, are an essential prerequisite if a building is to meet the most advanced standards of sustainability and remain functional over a long period of time. The 2014 training program focused on a wide range of subjects, such as resource-efficient wall systems, prevention of overheating of buildings in summer, and environmental certification of buildings.

Social Responsibility Targets and Future Measures Relating to Social Responsibility

### **Targets and Future Measures Relating to Social Responsibility**

The targets and future measures described below were defined by the Managing Board of Wienerberger AG and the business unit CEOs. The decisions were taken on the basis of the materiality matrix elaborated in 2014, which was subsequently evaluated at business unit level and at Group level. They form part of the Wienerberger Sustainability Roadmap 2020.

At Group level, we strictly pursue the target of "zero incidents of corruption" and expect all our employees to act accordingly. Relevant indicators, such as the number of departments audited, the number of incidents or the number of hours spent in ethics training, are to be defined and subsequently evaluated in the course of 2015.

Moreover, quantitative investments in social projects will be defined in 2015.



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# About this Report

### **Report Profile**

Wienerberger reports once a year on the Group's sustainable development indicators. So far, every other year we published the essential facts and figures in the form of a compact update. The 2013 Sustainability Update was published in June 2014.

This Sustainability Report covers Wienerberger's activities in 2014, but also includes figures for 2012 and 2013 to present a three-year trend. The report focuses primarily on the ecological and social aspects of Wienerberger's activities. For more detailed information on Wienerberger's economic performance, its organizational profile and its corporate governance structure, please refer to the 2014 Annual Report (*www.annualreport.wienerberger.com*).

This report covers the fully consolidated subsidiaries of the Group with operations in the wall, roof, façade, ceramic pipe, plastic pipe and concrete paver product groups. A list of all companies covered by the consolidated financial statements is contained in the 2014 Annual Report. Sustainability reporting follows the scope of consolidation of the Wienerberger Group and has included our pipe business since 2012 (Pipelife plastic pipes and Steinzeug-Keramo ceramic pipes). Data on Pipelife are included in the chapter "Production" from June 2012 (i.e. for seven months of 2012) and in the chapter "Employees" for the full year 2012. In July 2014, the majority of Tondach Gleinstätten, the leading producer of clay roof tiles in Central-East Europe, was taken over and is now part of the Clay Building Materials Europe (CBME) Division of the Wienerberger Group. The structures required for the collection of sustainability indicator data are in the process of being integrated; therefore, the activities of Tondach Gleinstätten are not yet included in this Sustainability Report. Deviations from the reporting scope, if any, are indicated in the respective sections. The data presented in the chapter "Production" only refer to our own production sites, whereas all other data include all sites of the Wienerberger Group. For details on the scope of consolidation and the segmentation of the Wienerberger Group, please refer to the Annual Report.

The core topics and key indicators presented in the report were elaborated by subjectspecific working groups in cooperation with the Corporate Sustainability Officer. The decisions were taken by the Wienerberger Sustainability Steering Committee (SSC). This Sustainability Report was prepared in accordance with the current G4 core guidelines of the Global Reporting Initiative (GRI).

The data presented in this report are based primarily on internal statistics. Important topics were validated by an independent external auditor. In the year under review, the audit focused on facts and figures regarding energy consumption and emissions as well as occupational safety and health. The audit also covered the underlying sustainability management system and the processes used to collect data and to implement the sustainability strategy.

Annual sustainability reporting

Sustainability Report on activities in 2014 with three-year statistical trend

Reporting scope: only fully consolidated subsidiaries of the Group

Core topics and key indicators defined by the SSC

External validation by an independent auditor

# GRI G4 Content Table

### **General Standard Disclosures**

	Indicator	Page in Sustainability report AR= Annual report	Part of exter- nal assu- rance	UN Global Compact Principles
Strategy	& Analysis			•
1	Statement from the most senior decision-maker of the organization	4-5		
Ormania				
Organiza			÷	Ī
3-9	Name, headquarter, scale, legal form, brands and products, locations and markets	6, 8-9		
10-11	Total number of employees by employment contract, gender, supervised employees, regions and any significant variations in employment numbers	39-42, 53-55		
12	Description of supply chain	18-19, 22-23, 26-27, 30-31		
13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	10-11		
14	Handling of precautionary approach or principle addressed by the organization	106, AR 114 et seq.		UNGC7
15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes	10		
16	Memberships of associations (such as industry associations)	94-95		
Identifie	Material Aspects and Boundaries			
17	List of all entities included in the organization's consolidated financial statements	98. AR 191		7
	Process for defining the report content.			
18-21	material aspects, aspect boundaries inside and outside of the organization	12-15, 20-21, 24-25, 28-29, 32-33	yes	
22-23	Restatements of information provided in previous reports, and the reasons for such restatements	98 and mentioned in the footnotes of respective indicators		
Stakeho	der Engagement			
24 - 27	List of stakeholder groups engaged, basis for identification of stakeholders, organi- zation's approach to stakeholder engagement and topics, that came up during the stakeholder process	14,93-94		
Report P	rofile			
28-30	Reporting period, date of most recent previous report and reporting cycle	98		
31	Contact point for questions regarding the report or its contents	107,109		
32	Report of the "in-accordance"-option, GRI-index of the selected option, reference to the external audit report	98, 108		
33	Policies of the organization regarding external audit of the report, scope of audit and relationship to audit company	98, 108		
Governa	nce			
3/	Governance structure of the organization, including committees responsible for	34-35,	Voc	
34	decisions regarding the economic, ecological and social impact	AR 58 et seq.	yes	
Ethics ar	nd Integrity			

56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	90-92	ſ	-

### **Specific Standard Disclosures**

	Indicator	Page in Sustainability report AR= Annual report	Part of external assurance	UN Global Compact Principles
Econor	nic Performance			
	Aspect: Economic Performance			
DMA	Disclosure on management approach	7		
EC1	Direct economic value generated and distributed	11		
EC3	Coverage of the organization's defined benefit plan obligations	AR 71, 87		
	Aspect: Indirect Economic Impacts			
EC7	Development and impact of infrastructure investments and services supported	87-89,96-97		
Environ	ment			
	Aspect: Materials			UNGC 7, 8, 9
DMA	Disclosure on management approach	59-63, 69-71		
EN2	Percentage of materials used that are recycled input materials	70-71		
	Aspect: Energy			UNGC 7, 8, 9
DMA	Disclosure on management approach	59-64	yes	
EN3	Energy consumption within the organization	64	yes	
EN5	Energy intensity	65-66	yes	
EN6	Reduction of energy consumption	64-66		
	Aspect: Water			UNGC 7, 8, 9
DMA	Disclosure on management approach	68-69		
EN8	Total water withdrawal by source	68		
	Aspect: Biodiversity			UNGC 7,
DMA	Disclosure on management approach	69, 71-72		
EN13	Habitats protected or restored	69 Quantitative data on restored habitats is not available, regulatory requirements are met throughout the company.		
	Aspect: Emissions			UNGC 7, 8, 9
DMA	Disclosure on management approach	59-63, 66-67	yes	
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	66-67	yes	
EN18	Greenhouse gas (GHG) emissions intensity	67-68	yes	
EN19	Reduction of greenhouse gas (GHG) emissions	66-68		
	Aspect: Products and Services			UNGC 9
DMA	Disclosure on management approach	79 et seq.		
EN27	Extent of impact mitigation of environmental impacts of products and services	79 et seq.		
•••••	Aspect: Supplier Environmental Assessment			UNGC 7, 8
DMA	Disclosure on management approach	71-72, 94		
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	71-72, 94		

	Indicator	Page in Sustainability report AR= Annual report	Part of external assurance	UN Global Compact Principles
Labor p	ractices and decent work			
	Aspect: Employment			UNGC 3, 4, 5, 6
DMA	Disclosure on management approach	39-40		
LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	40 et seq. Diversity has not been identified as a significant aspect in the materiality matrix for the Wienerberger Group. Therefore, comprehensive informa- tion concerning gender or age group is not included in this report.		
	Aspect: Occupational Health and Safety			
DMA	Disclosure on management approach	37-40, 43	yes	
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absen- teeism, and total number of work-related fatalities, by region and by gender	43-46 Diversity has not been identified as a significant aspect in the materiality matrix for the Wienerberger Group. Therefore, comprehensive informa- tion concerning gender or age group is not included in this report.	yes	
LA7	Workers with high incidence or high risk of diseases related to their occupation	47-48	yes	
LA8	Health and safety topics covered in formal agreements with trade unions	43		
	Aspect: Training and Education			
DMA	Disclosure on management approach	39-40, 52		
LA9	Average hours of training per year per employee by gender, and by employee category	52 Diversity has not been identified as a significant aspect in the materiality matrix for the Wienerberger Group. Therefore, comprehensive informa- tion concerning gender or age group is not included in this report.		
	Aspect: Diversity and Equal Opportunity			UNGC 6
DMA	Disclosure on management approach	53		
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	54, AR 62		

#### Human rights

	Aspect: Non-discrimination		UNGC 6
DMA	Disclosure on management approach	39, 51	
HR3	Total number of incidents of discrimination and corrective actions taken	53	
	Aspect: Assessment		UNGC 1, 2
DMA	Disclosure on management approach	69	
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Reporting in line with GRI requirements is currently not possible. An internal screening of human rights aspects is considered as part of the internal audit.	

	Indicator	Page in Sustainability report AR= Annual report	Part of external assurance	UN Global Compact Principles
Society				
	Aspect: Local Communities			
DMA	Disclosure on management approach	69	-	
SO2	Operations with significant actual or potential negative impacts on local communities	69, 94		
	Aspect: Anti-corruption			UNGC 10
DMA	Disclosure on management approach	90-91		
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	91		
SO5	Confirmed incidents of corruption and actions taken	91		
	Aspect: Anti-competitive Behavior			
DMA	Disclosure on management approach	91-92		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	92		
	Aspect: Compliance			
DMA	Disclosure on management approach	90		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	91		
	Aspect: Supplier Assessment for Impacts on Society			UNGC 1,2
DMA	Disclosure on management approach	71-72, 94		
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Reporting in line with GRI requi- rements is currently not possible. A Code of Conduct for suppliers is already implemented in some business units and will be developed by other business units in the upcoming years.		

#### Product responsibility

	Aspect: Customer Health and Safety		
DMA	Disclosure on management approach	82	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	82	
# UN Global Compact: Communication on Progress 2014

The activities of big industrial companies, such as Wienerberger AG, have a strong impact on society and the environment. Such companies therefore bear a special responsibility and should act in an exemplary manner. The minimum standards to be complied with include, above all, the principles of the UN Global Compact regarding human rights, labor, environmental protection and the fight against corruption<sup>1</sup>. Through its accession to the UN Global Compact in 2003, Wienerberger officially committed to the ten principles and undertook to foster their implementation within the framework of the company's possibilities. Once a year, we report on progress achieved in this respect.

The 2014 Communication on Progress in respect of the Global Compact forms part of our 2014 Sustainability Report. In order to ensure maximum transparency and to make it easier for our readers to find the individual examples, we have aggregated the most important statements on the ten principles and, in addition, marked the corresponding indicators of the GRI Index and added references to the pages concerned.

## **Global Compact Principles – Human Rights**

*Principles 1 and 2:* Businesses should support and respect the protection of internationally proclaimed human rights, and make sure that they are not complicit in human rights abuses.

## Commitment

Within its sphere of influence, Wienerberger guarantees the protection of basic human rights. By adopting the Wienerberger Social Charter, Wienerberger committed itself to comply with the conventions and recommendations of the International Labour Organization (ILO). This includes providing safe and healthy working conditions. The safety of its employees is a matter of top priority for Wienerberger.

## Progress in 2014

Through the Group-wide Wienerberger Safety Initiative, uniform safety standards were implemented in 2010 in order to minimize the frequency and severity of accidents. For example, our American colleagues at General Share in Georgia (belonging to the North America Division) have not lost a single working day in production through occupational accidents for ten consecutive years. Two other production sites of General Shale have been accident-free for more than five years. The Pipelife production sites in Greece, Ireland, Austria, Poland, Russia and Sweden also reported a track record of zero accidents in the year under review. In 2014, the "zero accident" target was incorporated into the Sustainability Roadmap as a Group-wide target. Moreover, the existing health and safety standards were further developed for the entire Wienerberger Group; the scope of activities within the framework of the Safety Initiative was broadened, in particular through intensified safety training measures. In the year under review, the Clay Building Materials Europe (CBME) Business Unit implemented the Safety Alert, a standardized process of dealing with occupational accidents, at all CBME production sites;

moreover, the Business Unit honored outstanding achievements in the field of safety through the Safety Award introduced in 2014. For years, Pipelife has made special efforts in accident prevention with its STOP<sup>TM</sup> Program (Safety Training Observation Program). In addition, Pipelife introduced the Safety Call measure in 2014, which is to be implemented in 2015 on the basis of experience gained to date. Semmelrock has been working with its new safety program "Safety@Semmelrock" since 2013. The program is based, in particular, on the so-called AIRS document ("Accident Investigation Report Semmelrock"), which is used to centrally record, analyze and communicate all accidents and/or incidents. The main purpose is to build awareness among employees by documenting and communicating the measures taken, for instance on the occasion of the Safety Day, which was organized in 2014 with all plant managers and heads of engineering in attendance. In Poland, a "safety culture" was implemented through the display of guiding principles, the introduction of a bonus system, and visualization techniques. Steinzeug-Keramo, having optimized its production facilities, now focuses on training and awareness-building in the areas of safety and avoidance of occupational hazards by issuing targeted safety instructions for each individual workplace.

Health is a human right. Wienerberger therefore ensures safe and healthy working conditions at all its production sites. In 2014, the average number of sick leave days per employee declined slightly in almost all segments; a reduction from 9.7 to 9.2 days was achieved at Group level (excluding the North America Division). Moreover, Wienerberger is making every effort to reduce the exposure of its employees to potentially hazardous substances. In our core business, i.e. the production of ceramic building materials, attention is focused, above all, on the exposure of employees to respirable crystalline silica. At Group level, the target of rolling out respirable crystalline silica measurements to at least 95% of all Wienerberger ceramic plants by 2020 was reached already in 2013. The CBME Business Unit increased the percentage of potentially exposed employees subject to dust exposure monitoring to 95.6% and the percentage of potentially exposed employees having received training to 93.8% in 2014. Given the fact that Tondach Gleinstätten, the producer of roof tiles which was taken over fully by Wienerberger in 2014 but is not yet included in the above indicators, we continue to pursue this target. North America (excluding the Pipelife production site) will roll out measurements of exposure to respirable crystalline silica to its non-ceramic plants in 2015. Additionally, in 2015 all full-time employees of North America will be covered by a health insurance regime which in certain respects is broader in scope than the Affordable Care Act (ACA). Wienerberger has also begun to monitor observance of the principles of the Global Compact along its supply chains and will further step up its efforts in this respect. Today already, Pipelife suppliers, for example, have to comply with the "Pipelife Suplier Code of Conduct".1

## **Global Compact Principles – Labor Standards**

*Principles 3, 4, 5 and 6:* Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

## Commitment

Zero tolerance of child labor and discrimination is an absolute must for Wienerberger. Even before its accession to the UN Global Compact in 2003, Wienerberger committed itself, by signing the 2001 Social Charter, to ensure that employment and working conditions throughout the Group comply with national legislation and/or are based on collective bargaining agreements as a minimum standard. Thus, Wienerberger operates in accordance with the recommendations of the International Labour Organization (ILO). Besides adequate and safe working conditions, fair remuneration and the right of assembly and collective bargaining are high priorities for us. In our effort to combat discrimination in recruitment and employment, we consider it essential to offer our female employees an attractive working environment and the same opportunities as their male colleagues. At the same time, we want to make sure that our male employees benefit from the same flexible solutions that enable them to reconcile work and family obligations as their female colleagues.

## Progress in 2014

Approximately 80% of all Wienerberger employees are covered by collective bargaining agreements. Agency and temporary workers as well as employees under limited employment contracts accounted for 4% of the total workforce in 2014.

Companies with a primary focus on the production of building materials traditionally have a high percentage of male employees. In 2013 already, Wienerberger reached its target of 45% female employees in administration. In sales, marketing and warehousing, Wienerberger was able to increase the percentage of women by 0.2% to 24.2% in 2014. In production, the percentage of women decreased by 0.2% to 4.3%. At senior management level, Wienerberger succeeded in increasing the percentage of women from 7% in 2013 to 8% in 2014.



# **Global Compact Principles – Environmental Protection**

*Principles 7, 8 and 9:* Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

#### Commitment

Our goal is to minimize the environmental impact of our production processes and our use of raw materials. A responsible way of operating our clay extraction sites, the best possible conservation of resources, and an increase in the percentage of recycled materials used: these are the central principles governing our production activity. We are well aware that industrial production processes always involve a certain degree of interference with the natural environment. Therefore, production in harmony with the environment is a matter of great importance to us.

#### Progress in 2014

Specific energy consumption and specific CO2 emissions are two of the essential indicators of environmentally friendly production technologies. Wienerberger has set itself the target to reduce these parameters by 20% each in ceramic production by 2020, as compared with 2010. At Group level, Wienerberger succeeded in lowering its specific energy consumption in 2014 by 4% from the previous year's level and by 11% as compared with the reference year 2010. CMBE, for example, reached the reduction target for specific energy consumption in clay block production already in 2014 (-21%) and is well on track in roof tile production (-6%). In facing brick production, a 3% reduction from the previous year's level was achieved. As regards specific  $CO_2$  emissions, reductions of between 2% and 8% were reported by the three product groups. Steinzeug-Keramo was able to lower its specific energy consumption by 1% in 2014, whereas specific  $CO_2$  emissions from fuel remained at the previous year's level. A highly satisfactory development was reported by Semmelrock, where specific energy consumption in concrete paver production declined by 11% as compared with the reference year 2010 and by 6% as compared with 2013. The Group-wide target of reducing the volume of water drawn from public networks to 40% of total water consumption was reached ahead of schedule in 2013, and reduction efforts continued throughout 2014. Pipelife, the production segment with the highest specific water consumption, redefined its target in 2014 and now aims at lowering its water consumption from public networks to 0.55m<sup>3</sup> per ton of product produced.

In support of the precautionary approach to environmental challenges, Wienerberger has, for many years, worked intensively on the drafting of eco-balances and the preparation of environmental product declarations (EDPs) for its entire product range on a voluntary basis. Moreover, all ceramic pipes and fittings produced by Steinzeug-Keramo have been successfully certified according to the Cradle to Cradle® concept.

Our initiatives aimed at developing a higher level of awareness for environmental issues include, in particular, the Wienerberger Sustainable Building Academy (WISBA). This international training program for students of architecture and construction engineering was launched by Wienerberger in 2013 and rolled out to six countries in 2014; 24 students from Austria, Belgium, Germany, Poland, Hungary and Switzerland participated in the program.

**UN Global Compact:** Communication on Progress 2014 Global Compact Principles -Fight against corruption

## **Global Compact Principles – Fight against corruption**

*Principle 10:* Businesses should work against corruption in all its forms, including extortion and bribery.

#### Commitment

Wienerberger is committed to fair and free competition; this implies 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.

#### Progress in 2014

No charges for suspected corruption were brought against Wienerberger in 2014, nor were any penalty payments imposed.

Wienerberger expects all employees of the Wienerberger Group to act in full compliance with the law. Any infringement constitutes a breach of duty. Should a suspicion of unlawful behavior be confirmed, the employee concerned will be sanctioned under labor law or civil law, depending on the extent of damage caused.

In the course of 2014, the internal audit unit audited 20 companies with a special emphasis on organizational structures, purchasing, materials management, sales and human resources as well as corruption and anti-trust legislation. In all, the audit covered approximately one third of the operational companies of the Group. The audit showed that all internal guidelines have been implemented in the countries audited and brought to the knowledge of the employees concerned. Deviations from the guidelines, if any, were reported to the Managing Board and the Audit Committee, and appropriate measures, such as improvements of documentation processes, were taken in cooperation with the management of the company concerned.

## For further information:

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# Report on the independent limited assurance engagement in accordance with KFS/PG 13

#### To Wienerberger AG, Austria

In accordance with our agreed terms of engagement, we performed procedures to obtain limited assurance on selected information of the Sustainability Report 2014 of Wienerberger AG. This engagement is subject to the "General Conditions of Contract for the Public Accounting Professions" (AAB 2011) as amended February 21, 2011, issued by the Austrian Chamber of Public Accountants and Tax Advisors. Our liability towards the Company and also towards third parties is limited in accordance with Section 8 of the AAB 2011.

#### Responsibility of the management

The preparation of the Sustainability Report 2014 in accordance with the criteria set out in the Sustainability Reporting Guidelines Vol. 4 of the Global Reporting Initiative ("GRI criteria")

- Stakeholder inclusiveness
  Comparability
  - Accuracy
- Materiality
- Completeness
- Balance

Sustainability context

TimelinessClarity

Reliability

is the responsibility of the management of Wienerberger AG. This responsibility includes the selection and application of appropriate methods for preparing the Sustainability Report 2014, making assumptions and estimates of individual sustainability disclosures that are plausible under the given circumstances as well as designing, implementing and maintaining systems and processes, where relevant for the preparation of the Sustainability Report 2014.

#### Limitation of the scope of the engagement

Our responsibility is to give an assessment, based on our work, on whether anything has come to our attention that causes us to believe that the quantitative disclosures in chapter "Employees" on the GRI aspect of "Occupational Health and Safety" (page 43 to 48, GRI LA6, LA7) as well as in chapter "Environmental Protection in Production" on the GRI aspects of "Energy" (page 64 to 66, GRI EN3, EN5) and "Emissions" (page 66 to 68, GRI EN15, EN18) of the Sustainability Report 2014 have not been prepared in accordance with the GRI criteria as set out in the Sustainability Reporting Guidelines Vol. 4. Our review was limited to the headquarters in Vienna.

#### Responsibility of the independent auditor

We have performed our engagement in accordance with Expert Opinion KFS/PG 13 for assurance engagements. This standard requires us to comply with our professional standards and to plan and perform the engagement in a way that enables us to draw conclusions in accordance with KFS/PG 13.

#### **Engagement approach**

In a limited assurance engagement, the work performed is less extensive than in a reasonable assurance engagement and, therefore, less assurance is obtained. We performed our work, using appropriate random samples, based on our due judgment and to the extent required to obtain limited assurance. In the course of our engagement, we therefore obtained relevant evidence based on risk and materiality assessments in order to obtain this limited assurance on the compliance of the disclosures according to the scope of the engagement with the GRI criteria mentioned above. In doing so, our work performed at the headquarters of Wienerberger AG in Vienna, Austria, particularly included the following:

- Inspection of relevant documentation of the process for preparing the Sustainability Report 2014 as well as of existing documents and systems on the sustainability management and their sample testing.
- Interviewing employees materially involved in the preparation of the contents of the report from the departments of Corporate Sustainability Management (CSO), Corporate Reporting, Controlling, Corporate Public Affairs, Corporate Engineering and Corpoarte Human Resources of Wienerberger AG in Vienna.
- Telephone calls with data providers for Occupational Health and Safety from CBME country organizations in France and Poland.
- Sample comparison for a selection of disclosures included in the Sustainability Report 2014 according to the scope of the engagement with centrally provided records by country organizations as well as any side calculations.

#### Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the quantitative disclosures in chapter "Employees" on the GRI aspect of "Occupational Health and Safety" (page 43 to 48, GRI LA6, LA7) as well as in chapter "Environmental Protection in Production" on the GRI aspects of "Energy" (page 64 to 66, GRI EN3, EN5) and "Emissions" (page 66 to 68, GRI EN15, EN18) of the Sustainability Report 2014 have not, in any material aspects, been prepared in accordance with the criteria of stakeholder inclusiveness, sustainability context, materiality, completeness, balance, comparability, accuracy, timeliness, clarity, and reliability of the Sustainability Reporting Guidelines Vol. 4 of GRI.

PwC Wirtschaftsprüfung GmbH

Vienna, 30 September 2015

Dr. Aslan Milla Austrian Certified Public Accountant

# Imprint

#### Note

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