



GOVERNANCE ROADSHOW

Wienerberger AG | January 2020

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Group Strategy

Sustainability

Corporate Governance

Remuneration Scheme envisaged

Cultural change

In the early 2000s Wienerberger was characterized by ...

**AGGRESSIVE
FINANCIAL
POLICY**

**HIGH
SHARE OF
COMMODITY
PRODUCTS**

**CAPACITY
EXPANSION**

**EXTENSIVE
M&A**

**LIMITED
MARKET
FOCUS**

Group Strategy

Since then we have fundamentally reshaped our group



Group Strategy

Clear Group strategy focused on value creation

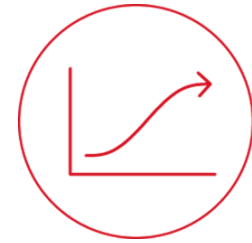
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Organic growth



**Operational
Excellence**



**Growth projects &
Portfolio optimization**



**Strong track record of consistently
improving performance confirms success of
our growth strategy**



Group Strategy

We focus on customer proximity and value creation

**DIGITAL
CUSTOMER
ENGAGEMENT**

**FOCUS ON
INNOVATION**

**OPERATIONAL
EXCELLENCE**

**EXTENDING
OUR SHARE OF
THE VALUE
CHAIN**

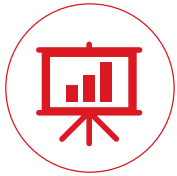
**ECOLOGICAL
PERFORMANCE**

**BROAD
PORTFOLIO OF
UNIQUE
PRODUCTS**

Group Strategy

Executive Summary

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Further successful execution of value creating growth strategy



Strong track record of growing profitability through the transformation of our business model



We are leading the digital transformation of our industry

Digital Business Models | Digital Customer Engagement | Process Improvement



2019 EBITDA guidance and Fast Forward improvement goals confirmed

Group Strategy

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Sustainability

Sustainability has always been an integral part of our strategy

**LASTING
COMMITMENT:
PRODUCT
LIFETIME > 100
YEARS**

**ECOLOGICAL
AND SOCIAL
RESPONSIBILITY**

**BUILDING FOR
PEOPLE FOR
GENERATIONS**

**COMMITMENT
TO
SUSTAINABILITY
ROADMAP 2020
SINCE 2014**












**CONTINUOUS
EFFORTS
TO INCREASE
RESOURCE
EFFICIENCY**

Sustainability Roadmap 2020

- › **Enhancing our sustainable business model** is an integral part of our culture
- › Our Sustainability Roadmap 2020 is a **self-imposed commitment** to continuously improve our **ecological, social, societal** and **economic performance**
- › Specifies **quantitative targets** for **all areas** identified as material by our stakeholders
- › Strategic considerations take into account the **interests of our organization** as well as those of **our stakeholders**



Commitment to firm targets

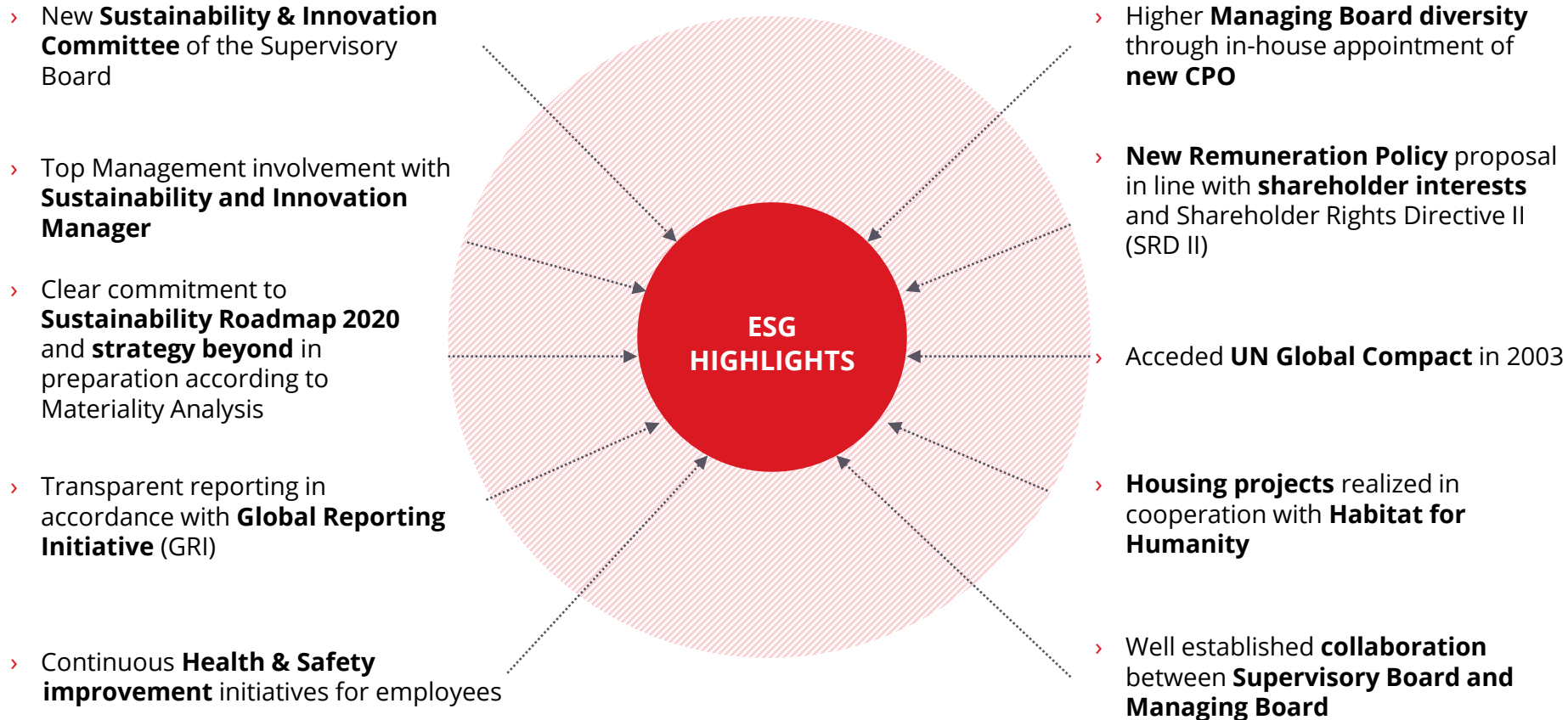
	AREA		TARGET		ACHIEVEMENT
	EMPLOYEES	»	Zero accidents		- 6% ¹⁾
	PRODUCTS	»	Achieve more than 25% of Group revenues from innovative products		Achieved in 2018
	PRODUCTION	»	Reduce energy consumption and CO ₂ emissions in WBS ceramic production by 20% until 2020	 	For clay blocks 13% by end 2018
	RECYCLABILITY	»	Increase the share of recycled material per ton of plastic pipes produced		Initial target achieved 2 years in advance
	SOCIAL RESPONSIBILITY	»	Zero incidents of corruption		Achieved in 2018

1) Accident frequency rate 2018 vs. 2017 measured in number of occupational accidents/number of hours worked x 1,000,000

ESG Highlights

Effective management of environmental, social and governance matters

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Clear commitment to sustainability focus areas beyond 2020

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Preserve biodiversity

Wienerberger commits to and actively preserves biodiversity and will undertake all actions to contribute positively in order to increase biodiversity in the regions where Wienerberger is active

Encourage circular economy

Wienerberger commits to resource efficiency as well as to the implementation of circular economy and will take all necessary steps to ensure that all products produced by Wienerberger are fully recyclable

Decarbonization of our product portfolio

Wienerberger will make sure that all of its products during their lifecycle will positively contribute to decarbonization and decrease the Group's carbon footprint

**We are fully committed to support European Green Deal and we will
set ourselves measurable targets following the update of our
Materiality Analysis**



Clear commitment to our targets for our sustainability roadmap 2020



Strong sustainability commitments beyond 2020 in preparation according to Materiality Analysis



High involvement of top management and Supervisory Board due to establishment of new Sustainability & Innovation Committee and responsible Manager

Group Strategy

Sustainability

Corporate Governance

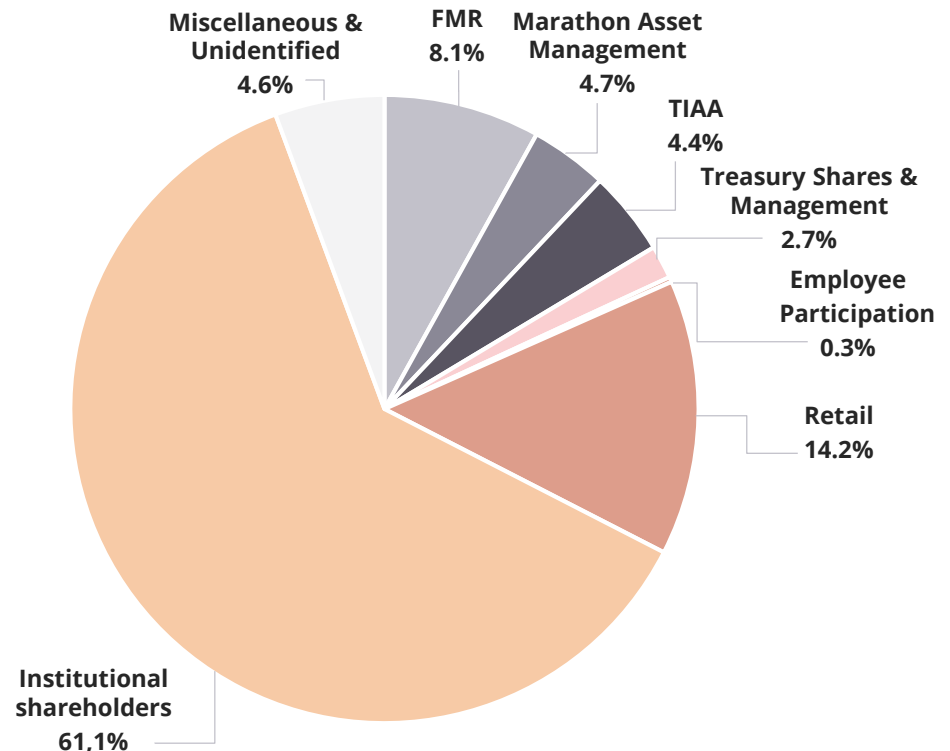
Remuneration Scheme envisaged

Commitment to International Governance Standards

➤ As a **100% free float company** our commitment to **highest governance standards** comes natural to us

- ✓ No preferred shares
- ✓ No restrictions to common shares
- ✓ One share – one vote principle
- ✓ Independent, diverse and international Supervisory Board
- ✓ Experienced management team with strong track-record
- ✓ Open and transparent communication with all stakeholders
- ✓ New employee participation scheme being rolled out

Shareholder Structure¹⁾



Two new Managing Board nominations in 2019

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As of June 1st 2019

As of March 1st 2020



Solveig Menard-Galli
Appointed as Chief
Performance Officer

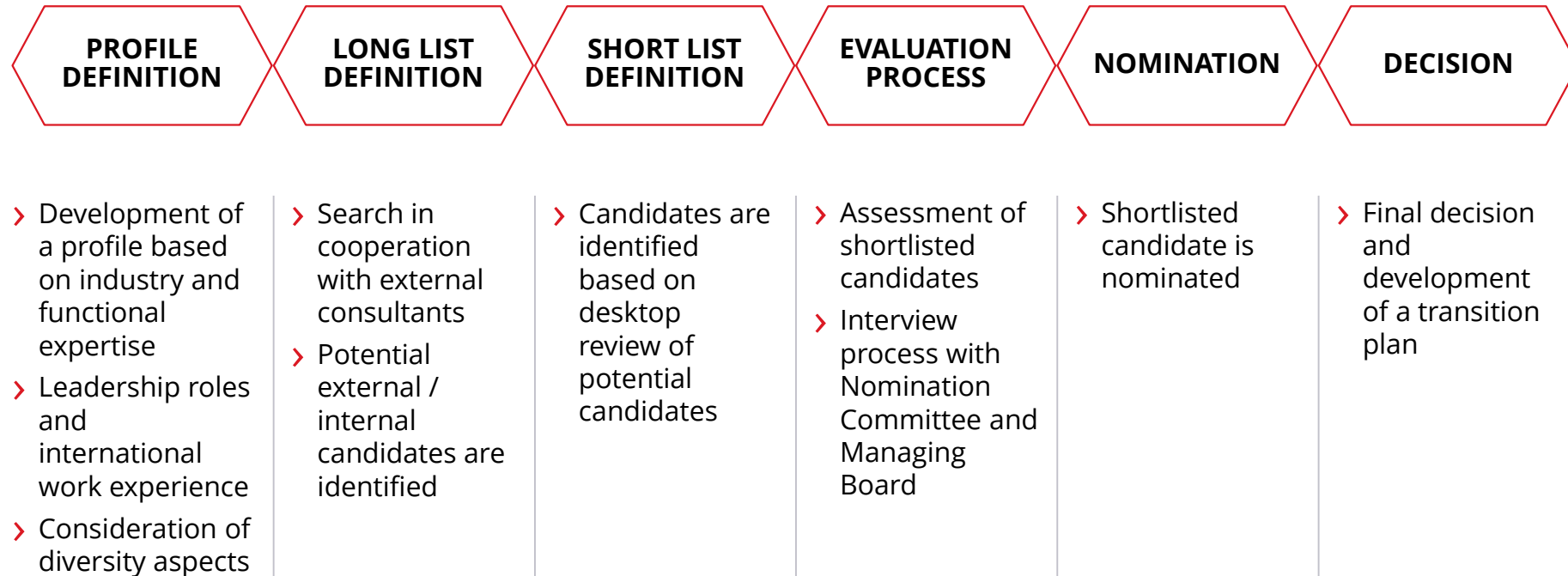


Carlo Crosetto
To succeed Willy
Van Riet as Chief
Financial Officer

**Active and forward looking succession management
by the Supervisory Board**

Structured Managing Board nomination process driven by the Supervisory Board

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Changes in the Managing Board were preceded within the framework of a professional and structured succession planning process

Supervisory Board

Structure increases commitment to Int. Governance Standards and development of strategy

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Presidium Supervisory Board



Peter
Johnson (C)



Peter
Steiner (1st VC)



Caroline
Grégoire Sainte
Marie (2nd VC)

Audit & Risk Committee



David
Davies (C)



Caroline
Grégoire Sainte
Marie



Regina
Prehofer



Oswald
Schmid

Nomination Committee



Peter
Johnson (C)



Caroline
Grégoire Sainte
Marie



Peter
Steiner



Christian
Jourquin



David
Davies

Remuneration Committee



Peter
Steiner (C)



Regina
Prehofer



Myriam
Meyer



Peter
Johnson

Sustainability & Innovation Committee



Caroline
Grégoire Sainte
Marie (C)



Myriam
Meyer



Christian
Jourquin



Oswald
Schmid

Supervisory Board

Board skills matrix

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	Peter Johnson (C)	Peter Steiner (1 st VC)	Caroline Grégoire Sainte Marie (2 nd VC)	Regina Prehofer	David Davies	Christian Jourquin	Myriam Meyer	Oswald Schmid
Building materials & construction	✓	✓	✓			✓		✓
CEO Experience	✓	✓	✓	✓		✓	✓	✓
CFO Experience		✓	✓	✓	✓			
M&A	✓	✓	✓	✓	✓	✓	✓	✓
Capital Markets/IR	✓	✓	✓	✓	✓	✓		✓
Senior HR							✓	
Sales & Marketing	✓	✓		✓				✓
Manufacturing	✓		✓			✓	✓	✓
Innovation			✓			✓	✓	✓
Supply Chain & Logistics	✓		✓			✓	✓	✓
Digital	✓	✓					✓	✓
Austrian context				✓	✓			✓
European markets	✓	✓	✓	✓	✓	✓	✓	✓
North America markets	✓	✓	✓		✓	✓	✓	✓
	Not Independent ¹⁾	Independent	Independent	Independent	Independent	Independent	Independent	Independent

Peter Johnson was elected as Chairman of the Supervisory Board as of October 2019 based on his experience of chairing international companies

1) Not independent according to Austrian Governance Codex - Member of the Supervisory Board for 15 years as of May 2020

Priorities of Supervisory Board and Committees Overview

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Audit & Risk Committee

- › Reviews the adequacy and effectiveness of the Group's accounting, internal controls, internal audit and risk management
- › Monitors the auditing process in preparatory capacity for the Board
- › **David Davies** chairs the Committee

Nomination Committee

- › Reviews the required structure of the Supervisory Board according to national and international legal requirements
- › Evaluates qualified candidates for Supervisory and Managing Board
- › Reviews key talent
- › Is responsible for the development of succession and contingency plans
- › **Peter Johnson** chairs the Committee

Remuneration Committee

- › Deals with all matters relating to the remuneration of Managing Board and Supervisory Board members
- › Monitors remuneration practices and the related incentive structures
- › Proposes Remuneration Policy to Supervisory Board
- › Implements agreed Remuneration Policy
- › **Peter Steiner** chairs the Committee

Sustainability & Innovation Committee

- › Supports management in the review and development of the Group's sustainability and innovation strategy
- › Discusses new regulations and global trends for the management of these matters
- › Leads Supervisory discussion on these matters
- › **Caroline Grégoire Sainte Marie** chairs the Committee



Supervisory Board

Experienced, diverse, independent

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Supervisory Board overview including employee representatives

Board Members

8

Shareholder
Representatives

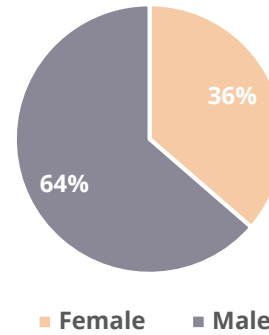
Elected by the Annual General
Meeting for a fixed term

3

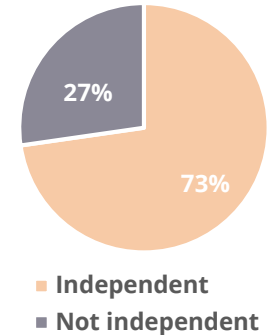
Employee
Representatives

Delegated by the Works Council
for an unlimited period of time

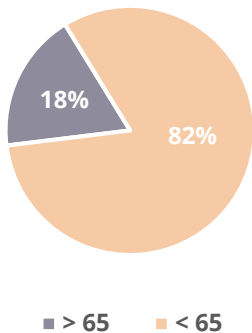
Gender Diversity



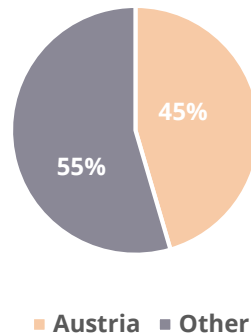
Independence¹⁾



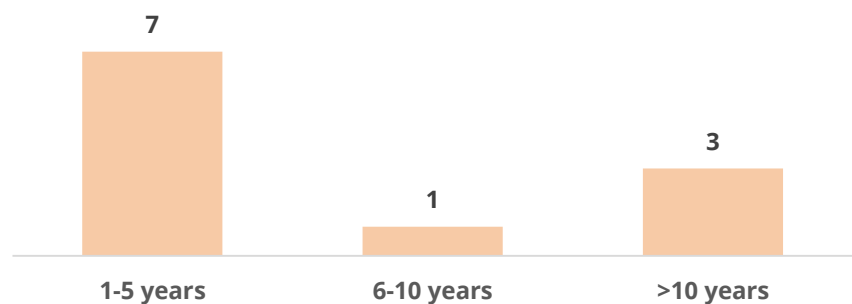
Age: avg. 60



Place of Birth



Tenure of Board Members²⁾



1) 7/8 of all shareholder representatives are independent as of May 2020 // 2) According to Austrian law, employee representatives are delegated by the Works Council, and their membership is not subject to a time limit. The three employee representatives have been members of the Supervisory Board for 0,5, 13 and 17 years, respectively

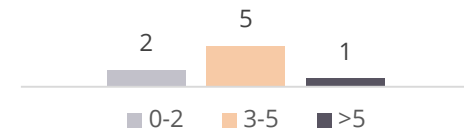
Supervisory Board

Increased Board workload and full commitment

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Attendance 2019	Supervisory Board	Committees
Peter Johnson Peter Steiner Caroline Grégoire Sainte Marie Regina Prehofer David Davies Christian Jourquin Myriam Meyer Wilhelm Rasinger ¹⁾ Oswald Schmid ²⁾	100%	100%
Gerhard Seban (Employee representative)	100%	100%
Claudia Schiroky (Employee representative) ³⁾	7/8	n/a ⁴⁾
Gernot Weber (Employee representative) ¹⁾	100%	
Wolfgang Wallner (Employee representative) ^{2), 3)}	5/6	

Executive and Non-executive positions in other companies



24 board meetings in 2019

- 8** Supervisory Board
- 2** Personnel and Nomination Committee⁵⁾
- 5** Audit & Risk Committee
- 5** Nomination Committee
- 4** Remuneration Committee

1) Member of the Supervisory Board until May 6, 2019 // 2) Member of the Supervisory Board since May 6, 2019 // 3) 1/9 meetings was held in the framework of a Supervisory Board trip // 4) Schiroky, Weber and Wallner are not members of any committees // 5) Personnel- and Nomination Committee was active in this constellation until the Annual General Meeting in May 2019. The committee has split its duties in Nomination Committee and Remuneration Committee

Corporate Governance

Executive Summary

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The Supervisory Board aims to deliver best standards of governance by international as well as Austrian standards



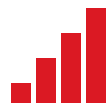
It holds management to account for developing and implementing a stretching but achievable strategy



The experience of this diverse Board is used through the work of the Board and its Committees



Wienerberger is led by a reinvigorated top team with a wealth of experience



Both management and the Supervisory Board are committed to delivering value-creating growth

Group Strategy

Sustainability

Corporate Governance

Remuneration Scheme envisaged

Remuneration Scheme envisaged – Supervisory Board



- › The **current remuneration system** for the Supervisory Board was approved **by the 142nd Annual General Meeting in 2011** and has remained unchanged since then
- › Besides the **index adaptation**¹⁾ **in 2014 and 2018** no further adjustments have been made to the remuneration of the Supervisory Board
- › Over the last years, the demands on Supervisory Board work have **increased in terms of work** intensity such as:
 - › The ongoing **strategic transformation** of the Group from a mere producer to a system provider for the entire building envelope and smart infrastructure solutions
 - › **Succession management** for both Supervisory Board and Managing Board
 - › Increasing **focus on ESG matters**

1) Index adaptation according to the Austrian consumer price index published by Statistik Austria

Proposed changes of Supervisory Board remuneration

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- In 2019 Wienerberger engaged Mercer to **support** the Supervisory Board with the **creation** of a **new remuneration policy**
- A peer comparison revealed that the current remuneration system **falls short of international market standards**. Therefore, the following two measures were taken:

1 Withdrawal of meeting fees

2 Redistribution of meeting fees to basic fee and committee remuneration

Components	2018	Average values in the peer group ¹⁾	2020
Chairman	EUR	EUR	EUR
Basic fee	33,140	237,469	170,000
Committee remuneration	16,570	24,370	30,000
Meeting fees	66,280	Only 2/12 pay fees	No meeting fees
Total	115,990	261,839	200,000
Vice Chairman of the SB and Committee Chairman	EUR	EUR	EUR
Basic fee	24,855	109,065	105,000
Committee remuneration	16,570	42,741	30,000 ²⁾
Meeting fees	66,280	Only 2/12 pay fees	No meeting fees
Total	107,705	151,806	135,000
Members of the SB	EUR	EUR	EUR
Basic fee	16,570	73,631	80,000
Committee remuneration	7,598 ³⁾	22,005	20,000
Meeting fees	57,074 ³⁾	Only 2/12 pay fees	No meeting fees
Total	81,242	95,636	100,000

1) 12 selected companies of similar size to Wienerberger in the construction industry and present in the Wienerberger's markets – Uponor Oyj, CRH plc, Compagnie de Saint-Gobain S.A., Boral Limited, LafargeHolcim Ltd, Kingspan Group plc, ROCKWOOL International A/S, HeidelbergCement plc, Ibstock plc, Forterra Inc., Sto Corp., Sika plc.// 2) David Davies receives 40 TEUR for his function as Chairman of the Audit and Risk Committee // 3) Average values according to the annual report 2018

New remuneration policy based on shareholder input and international best practice

1

- › The **withdrawal of meeting fees** is a shift from a meeting-based to a more **balanced remuneration structure**
- › Strong track record of high participation rate shows great commitment of the Supervisory Board members

2

- › Total Supervisory Board remuneration increases due to **higher demands and expectations** with regards to the **Board Members qualifications**
- › Policy is considering the core principles:
Independence | Top international expertise | Full commitment | Uniform payment

Changes shall remain stable over the upcoming years

New policy will be submitted to a non-binding shareholder vote at the Company's 151st Annual General Meeting in May 2020 according to the requirements of the Austrian Stock Exchange Act (*Aktiengesetz – AktG*)

Remuneration Scheme envisaged – Managing Board

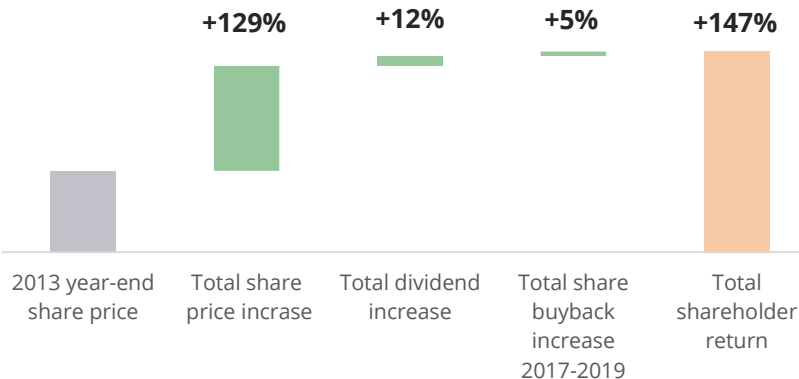
Principles for Managing Board Remuneration

New proposal for Managing Board remuneration to set up appropriate incentives and consider requirements of relevant stakeholders

VALUE CREATION

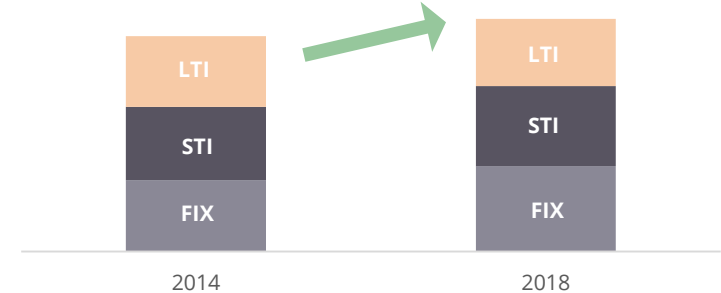
Excellent TSR 2014-2019:

+147%



CEO REMUNERATION DEVELOPMENT

Total remuneration entitlements: **+8%**



Rationale

- Managing Board remuneration consists of **three pillars** and it is based on **sustainable value creation for all stakeholders**:
 - The **fixed remuneration** component reflects the **scope of responsibility** of the Managing Board members
 - **Short and long-term incentive plans** to **motivate** the Managing Board and are **capped**
 - **Long-term incentive plan** designed to align compensation and shareholder value creation and is in line with Wienerberger's sustainability strategy

Managing Board Fixed Remuneration

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- Fixed remuneration is divided into fourteen installments and paid at the end of each month

Managing Board member	Base salary FY 2019	Base Salary FY 2020
Heimo Scheuch (CEO)	EUR 879,705	2019 salaries adjusted based on AT consumer price index
Solveig Menard-Galli (CPO)	EUR 425,000	
Carlo Crosetto (CFO)	n/a	EUR 510,000



**Amounts are consistent with the respective
Board members responsibilities**

Short-term incentive focuses on operational performance and Fast Forward program

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Parameter	Current short-term incentive 2019	Changes	Proposed short-term incentive 2020
Plan type	› Annual Bonus		-
Performance period	› 1 year		-
Performance measure	› EBITDA LFL (50%) › Profit after Tax (50%)		Allocation ¹⁾ based on: › EBITDA › Free Cash Flow › Fast Forward program
Cap	› 100% of base salary		-
Target achievement	› Clearly defined values for 0%, 100% and 150% target achievement › Linear pay-out		-
Vesting	› Cliff vesting (paid in one installment)		-
Settlement	› Cash		-

New policy will be submitted to a non-binding shareholder vote at the Company's 151st Annual General Meeting in May 2020 according to the requirements of the Austrian Stock Exchange Act (*Aktiengesetz – AktG*)

Long-term incentive focuses on long-term profitability and shareholder value creation

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Parameter	Current long-term incentive 2019	Changes	Proposed long-term incentive 2020
Plan type	› Performance Share Units		-
Performance period	› 3 years		-
Performance measure	› Cash Flow Return on Investment (CFROI)		› 2020 – no change › As of 2021: › Relative TSR › ROCE › ESG Targets
Cap	› CEO cap 150% › CFO cap 150% › CPO cap 50% ¹⁾		› Up to 175%
Target achievement	› Clearly defined values for 0%, 100% and 150% target achievement › CFROI in FY 2 and FY 3 has to exceed CFROI in FY 1		-
Vesting	› Ratable vesting (1/3) over three years		› Cliff vesting (paid on one installment)
Settlement	› Cash		-

New policy will be submitted to a non-binding shareholder vote at the Company's 151st Annual General Meeting in May 2020 according to the requirements of the Austrian Stock Exchange Act (*Aktiengesetz – AktG*)

1) Incoming member of the Managing Board has a transitional contract. CPO was internally recruited in the course of 2019

Managing Board Termination and Awards

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› Post-mandate vesting (LTI-plan)

Awards at the time of a beneficiary's termination (for good leavers¹⁾):

- › All awards remain conditional upon the achievement of the initial performance conditions
- › Final award is prorated for time

› Severance Compensation

- › Regulated according to the Austrian law, capped with one fixed annual salary

› Change of Control Clauses


- › Total entitlements depending on remaining term period:
 - › >3 years → 3 total annual remuneration payments
 - › 2-3 years → 2 total annual remuneration payments
 - › <2 years → 1 total annual remuneration payment

› Claw-Back Clause

- › Applicable where the underlying information for remuneration calculation is found to be inaccurate or erroneous
- › Or where mandatory internal corporate rules or applicable law are subsequently proven to have been breached

Pro-rating for time example: "How does it work?"

With the current LTI structure, a maximum of 3 plans can run at the same time. As a result, this is how the pro-rating for time would be calculated for a termination on June 30 of year 3 in our example



	Performance period					Pro rata
PSU FY1	Year 1	Year 2	Year 3	Year 4	Year 5	2.5/3 : 83.3%
PSU FY2	Year 1	Year 2	Year 3	Year 4	Year 5	1.5/3 : 50.0%
PSU FY3	Year 1	Year 2	Year 3	Year 4	Year 5	0.5/3 : 16.6%
Termination	June 30 of year 3					-

¹⁾ The decision to classify a leaver as good leaver will be disclosed under the ex post vote at the time the mandate is terminated

Remuneration Policy

Executive Summary

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Managing Board

- › New Managing Board remuneration **increases the weight of long-term component**
- › **Short-term incentives** for Managing Board focus **on operational performance** improvement and shall be measured with three KPIs (*EBITDA, Free cashflow and Fast Forward program*)
- › This structure offers **long-term alignment** between the Managing Board and shareholders
- › The **envisaged remuneration model** provides a high degree of transparency by linking targets to:
 - › clearly defined indicators of earnings
 - › value creation
 - › sustainable development

Supervisory Board

- › **Simplified** Supervisory Board remuneration due to **withdrawal of meeting fees**
- › Envisaged remuneration policy is **in line with international standards**
- › Competitive compensation ensures **commitment of highly qualified and internationally experienced** Supervisory Board members

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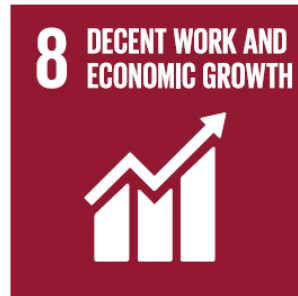
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Sustainable development and value creation in line with UN-Sustainable Development Goals

Most relevant SDGs¹⁾ for the brick segment across all life cycle stages²⁾



- > Clay building solutions contribute towards enhancing energy efficiency of buildings
- > We continuously strive for increasing the energy efficiency in production



- > New product developments reduce the consumption of raw materials
- > Secondary raw materials are used in our production processes to increase resource efficiency



- > Principles of HR policy ensure equal rights and opportunities for all employees
- > Developments regarding diversity and equal opportunities are recorded since 2009



- > Innovative system solutions facilitate compliance with new energy standards
- > Internal guideline for use of recycled materials and avoidance of hazardous substances has been applied since 2017



- > Innovative products strengthen resilience to climate-related hazards and natural disasters in all countries where Wienerberger is active

1) Sustainable Development Goals = SDGs II 2) Detailed list of SDGs per life cycle stage can be found in the Sustainability Report 2018 on page 54 ff

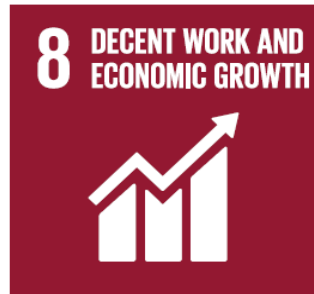
Sustainable development and value creation in line with UN-Sustainable Development Goals

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Most relevant SDGs for the plastic pipe segment across all life cycle stages¹⁾



- › Pipes are used for the construction of drinking-water supply and wastewater disposal systems in developing countries
- › Positive effect on hygienic conditions and health of the population



- › Clear target to increase share of innovative products
- › Strong commitment to increase recycled material in the production process
- › New Supplier Code of Conduct to pay attention to the observance of ecological and social standards by our suppliers



- › Raineo Smart Meter as one example for monitoring water throughput in pipes and be able to predict floods



- › Contribution towards reducing waste through use of secondary raw materials in production
- › Clear target to increase share of recycled material in production process

¹⁾ Detailed list of SDGs per life cycle stage can be found in the Sustainability Report 2018 on page 58 ff