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Heimo Scheuch
Chief Executive Officer of the Wienerberger AG

Introduction

by the Chief Executive Officer

Ladies and Gentlemen:

In 2019, we generated record revenues and delivered the best result ever in the 200-year history of our company thanks to our forward-looking approach and our well-thought-out corporate strategy. In recent years, we have consistently realigned our mix of products and system solutions, focusing intensively on innovation, the digitalization of processes, new forms of digital interaction with our customers, and the development of new business models. In the course of our transformation from a supplier of building materials into a system provider for innovative building and infrastructure solutions for the future, we have always remained true to our mission, which is to improve people's quality of life by providing intelligent and sustainable building material and infrastructure solutions.

2019 was a record year for Wienerberger.

From the early days of our history, searching for and finding new solutions to meet old and new needs of our customers has been part of our DNA. Innovation has always been

the decisive factor of success in the long-term development of our Group. To this very day, this approach has enabled us repeatedly not only to overcome crises, but to emerge even stronger than before. The COVID-19 crisis still has the world firmly in its grip. We at Wienerberger, too, are feeling the full impact of this crisis. However, we have a crucial advantage: Thanks to the portfolio optimization measures taken in recent years, the enhancement of our cost and resource efficiency, our innovative strength, and our highly motivated employees, we find ourselves in a very strong position.

In 2019, innovative products accounted for more than 30% of our total revenues.

As in previous years, we generated about one third of our revenues with innovative products; in two of our Business Units, such products accounted for a full half of their revenues. With our innovative and sustainable products for residential construction, renovation and infrastructure, we are well positioned to further improve our ecological performance by contributing to the fight against climate change and

making the necessary adjustments to its consequences; at the same time, we are setting the pace for the building industry's future development through innovation.

Innovation and digitalization have been the greatest opportunities for the building industry in the past 30 years. As a leading provider of smart building material and infrastructure solutions, we are advancing digitalization in all areas of the company and giving our employees the chance to actively contribute to the future of building construction. We are pursuing our Digital Agenda on three levels: optimization and automation of our production and back-office processes, new forms of digital interaction with our customers, and the development of new digital business models. There are numerous examples, such as digital product information for prefabrication on the basis of 3D models, digital planning tools for crafts businesses, such as our All4Roof platform, and smart products, such as smart pumping stations that will supply households with relevant additional information for water and wastewater management, from meteorological data to reminders of upcoming maintenance dates.

From the early days of our 200-year history, searching for and finding new solutions to meet old and new needs of our customers has been part of our DNA.

Recent months have shown that, thanks to our investment in digitalization and the commitment and discipline of our employees, we are able to reliably supply our customers with building materials and tailor-made infrastructure solutions, even in difficult times like the COVID-19 crisis. It goes without saying that minimizing health risks in order to keep our employees, customers, partners and all other stakeholders safe is our top priority in everything we do.

During the past ten years, we succeeded in reducing the accident frequency rate by almost 80%.

Nothing matters more to us than our over 17,000 employees. Their safety and health are at the top of our agenda. In recent years, all normal capex and standard activities for the maintenance and modernization of our plants have been carried out with the safety and health needs of our

employees in mind. The Wienerberger Safety Initiative, launched ten years ago, implemented uniform, group-wide safety standards aimed at reducing the frequency and severity of occupational accidents. Despite a slight increase in 2019, we succeeded in reducing the accident frequency rate by almost 80% over the past ten years. However, we continue to pursue our zero-accident target.

As co-owners, our employees, as well as all our shareholders, will benefit in the long run.

In accordance with our mission statement, we share not only our values, our expertise and our experience with our employees, but also our success. In 2019, we created an opportunity for our employees to invest in the company via a private foundation managing an Employee Participation Program. The second round of the Employee Participation Program was launched at the beginning of 2020. Over 4,400 employees in Austria, Great Britain, the Netherlands and the Czech Republic were eligible for participation. The high rate of participation of up to one quarter of all eligible employees clearly reflects the strength of Wienerberger, especially in difficult times like these. It shows that our employees believe in Wienerberger's future. This impressive success encourages us to roll out the Employee Participation Program to additional countries in the years to come.

We are approaching the finish line of our Sustainability Roadmap 2020.

During the past five years, we have been working hard to achieve the targets we set ourselves in our Sustainability Roadmap 2020. While we again reached our target of zero incidents of corruption in 2019, we are still striving to achieve our goal of zero accidents.

As regards our environment-related targets, the results also show a mixed picture. In the production of bricks and tiles, Wienerberger Building Solutions (WBS) reported a decrease in specific energy consumption of more than 13% overall and more than 22% in clay block production. Across the Group, the volume of specific CO₂ emissions from primary energy sources used in ceramic production dropped by almost 8% compared to 2013. Regrettably, we did not reach our reduction targets in plastic pipe production by Wienerberger Piping Solutions (WPS). Conversely, our target of increasing the amount of secondary raw materials to 85 kg per ton of products produced by 2020 was already reached in 2019, which motivated us to increase the target for 2020 to 90 kg/t.

We rely on good relations with local residents in the vicinity of our plants and clay pits.

Our production activities have a direct impact on local residents and the environment in the vicinity of our plants and raw material extraction sites. We are making every effort to minimize this impact through the use of state-of-the-art technologies in our plants, efficient emission-reducing measures, and optimized logistics. In the case of our lighthouse project in Belgium, a six-meter earth dam, embedded in the landscape, not only shields the local residents from the brick plant, but also forms part of an eco-corridor connecting the nature reserve on the Belgian side of the Albert Canal with the Dutch nature reserve along the River Meuse. Together with the neighboring renatured clay pit, the entire area, which is crossed by a public cycle path, now extends over 12 hectares.

We are committed to the ten principles of the UN Global Compact.

Respect for human rights and zero tolerance of child and forced labor and any form of discrimination has always been an absolute must for Wienerberger. This is in line with our values and one of the reasons why we acceded to the UN Global Compact in 2003. Through this move, we

officially committed to the ten principles regarding human rights, labor standards, environmental protection, including the precautionary principle, and the fight against corruption, and undertook to implement them within the framework of our own possibilities. For our Communication on Progress on the UN Global Compact for 2019.

We hold our suppliers to account.

We also expect our suppliers to act responsibly with regard to people and the environment. In 2019, we replaced the previous, business-specific supplier codes of conduct with a uniform, group-wide Supplier Code of Conduct. To ensure compliance with minimum ESG (environmental, social, governance) standards along the entire supply chain, we have our suppliers in selected areas of procurement assessed by a specialized rating agency. Additionally, we contracted an external institute to train some of our employees in the performance of supplier audits. In 2020, we will start to conduct our own supplier audits.

We fully support the “European Green Deal”.

Climate change and the progressive destruction of the natural environment constitute an existential threat for Europe and the entire world. To counteract this trend, the new European Commission intends to advance the transition to a zero-emission economy in the EU with its “European Green Deal”. By 2050, greenhouse gas emissions are to be reduced to net-zero (climate neutrality), economic growth is to be decoupled from resource use, and measures are to be taken to restore biodiversity and to fight against environmental pollution. We fully support the “European Green Deal”, as it demands and promotes what we have been working on for years in our core business: innovative, resource-efficient, intelligent products and system solutions for the construction sector.

Our Sustainability Strategy 2020+ focuses on decarbonization, the circular economy, and biodiversity.

Our Sustainability Strategy 2020+ will focus on decarbonization, the circular economy, and biodiversity. The Sustainability Program 2020+, which comprises measures in these

thematic areas and replaces our Sustainability Roadmap 2020, will enter into force at the beginning of 2021. Thereby, we are not only renewing our self-imposed commitment to continuous improvement of our ecological, social, societal and economic performance, but also have undertaken to make a contribution to the “European Green Deal”.

The Wienerberger portfolio will make a positive contribution to decarbonization.

Decarbonization of the energy sector is only the first step. We are also planning substantial future investments in the decarbonization of our portfolio. In doing so, we want to ensure that Wienerberger products and system solutions make a positive contribution to decarbonization of buildings and infrastructure throughout their entire life cycles.

To this end, we will employ novel production technologies, such as the first industrial heat pump for high-temperature operation. This technology, developed in cooperation with a partner within the framework of the EU DryFiciency project, can be used to convert industrial waste heat from the brick dryer into usable energy for the kiln.

At the same time, innovative products, such as energy-efficient bricks, which save more greenhouse gases during their service life than are emitted during production, also contribute to decarbonization of the building sector. During the phase of transition to climate-friendly technologies we will offset our remaining greenhouse gas emissions through a variety of measures, the objective being to significantly reduce the carbon footprint of the Wienerberger Group.

Our aim is to make Wienerberger products completely recyclable.

The circular economy is the only meaningful alternative to the so-called linear economy. It is one of the crucial pillars of resource efficiency. We have already made good progress with the use of secondary raw materials in the production of plastic pipes by Wienerberger Piping Solutions (WPS). Going beyond that, we intend to foster the circular economy throughout the Wienerberger Group. We are committed to resource efficiency and conversion to the circular economy and will take all the steps necessary to ensure that all Wienerberger products are fully recyclable.

Wienerberger will make a positive contribution to restoring biodiversity.

Wienerberger is firmly committed to respecting nature reserves and minimizing the environmental impact of its production activities and the extraction of raw materials. It goes without saying that Wienerberger complies with all legal and regulatory requirements as well as nature conservation guidelines. These regulations are an essential part of any approval process preceding the issue of an official permit for a new clay pit. The permit issued specifies in detail how plant and animal life is to be protected and how biodiversity is to be preserved when a clay pit is opened, operated and closed down. Once a clay pit is depleted, Wienerberger will of course make the abandoned clay pit available for the intended subsequent use or restore it to the agreed condition.

In the future, Wienerberger will go one step further and proactively support the preservation of biodiversity as well as the protection and restoration of ecosystems. We will take all the measures necessary to make a positive contribution to the increase of biodiversity and the

preservation or restoration of ecosystems in the regions in which Wienerberger operates.

Health-preserving, affordable housing is a basic human right.

Housing must be both health-preserving and affordable. For a long time, Wienerberger has therefore advocated the provision of affordable housing. At the beginning of the 20th century, Wienerberger was actively involved in the pioneering social housing movement in Vienna. Our interest in this issue has continued to this day, as our long-term partnership with Habitat for Humanity shows. Together with this international non-profit organization, we are not only helping to build public awareness of the need for affordable housing. Since the inception of our cooperation with Habitat for Humanity, we have also contributed to the provision of healthy living space for far more than a thousand socially underprivileged people in seven countries.

In the years to come, we will of course continue to report openly and transparently on what we have done to reach our goals and whatever success we have achieved. You may look forward with interest to our

next Sustainability Report, which will be our first publication outlining our Sustainability Strategy 2020+ with a special focus on decarbonization, the circular economy and biodiversity. We will be describing how we plan to contribute to the goal of making Europe climate-neutral by 2050.

I will be greatly pleased to see you, our esteemed readers, accompany us on this path.

Yours


UN Global Compact: 2019 – Communication on Progress

The activities of large 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 standards, environmental protection and the fight against corruption. Through its accession to the UN Global Compact in 2003, Wienerberger officially committed to its ten principles and undertook to advance their implementation within the framework of the company's possibilities.

In the course of its 200-year history, Wienerberger has always assumed responsibility for present and future generations. Once a year, we report on progress achieved in respect of our self-imposed obligations, especially in the context of our sustainability program (Sustainability Roadmap 2020) and our commitment to the UN Global Compact.

The 2019 Communication on Progress in respect of the UN Global Compact forms part of our 2019 Sustainability Update. 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 in 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 fundamental human rights. By adopting the Wienerberger Social Charter in 2001, Wienerberger committed to complying with the conventions and recommendations of the International Labor

Organization (ILO). This includes providing safe and healthy working conditions. Respecting human rights has always been a matter of course for Wienerberger. Safety and health is a topic of particular importance to us. We are doing our utmost to make the workplaces of our employees safe, healthy and fit for the future and to reach the Wienerberger Group's target of zero accidents. We also expect our suppliers to respect human rights in their operations and to act accordingly.

Progress in 2019

In 2014, the group-wide safety standards implemented in 2010 were upgraded for the entire Wienerberger Group and activities within the framework of the Safety Initiative were stepped up.

Additionally, each Business Unit implements its specific internal occupational safety programs, which are described in detail on pages 77 and 78 of the 2018 Sustainability Report. As in the previous year, targeted measures were taken by each Business Unit in 2019 to further increase safety at the workplace for our employees. Every occupational accident is analyzed by the operating segment concerned; core aspects of occupational safety and individual initiatives are evaluated annually. In 2019, the frequency of accidents within the Wienerberger Group increased from 5.1 to 5.6 occupational accidents per million hours worked, which corresponds to an increase by 9.9%. Despite the increase recorded in 2019, Wienerberger succeeded in substantially reducing group-wide accident frequency over the past five years and halving it between 2014 and 2019. Accident severity, expressed in accident-related sick-leave days per million hours worked, also increased from 155 in 2018 to 158 in 2019 (+2.4%). The circumstances of every accident were thoroughly analyzed and the individual causes were identified. Specifically targeted measures continue to be implemented and tailor-made training is being provided to ensure a constant attention curve among our employees and, at the same time, minimize risk-taking behavior. We are happy to report that not a single fatal accident occurred throughout the Wienerberger Group in 2019.

We will not tire in our efforts to draw our employees' attention to potential sources of hazards and strengthen their awareness of the binding nature of safety rules and the obligatory use of personal protective equipment. Health is a human right. This is why Wienerberger ensures that working conditions at all its production sites are safe and healthy. The average number of non-accident-related sick-leave days per employee of the Wienerberger Group increased only negligibly from 10.2 in 2018 to 10.3 in 2019. The North America Business Unit is not included in this indicator, as the numbers and percentages of sick-leave days are not comparable with the figures for the rest of the Wienerberger Group on account of local legal regulations. Our focus is on a management style committed to leading our employees responsibly and bearing their needs in mind. Improving the working conditions in our plants is equally important to us, as the satisfaction of our employees is a crucial key to sustainable success.

In view of the increasing numbers of long-term sick-leave periods, prevention is a particularly important health-promoting factor. Besides regular health screenings, company physicians are available across the Group, workplaces are analyzed for their ergonomic characteristics, and individual fitness and health programs are organized.

In the USA all full-time employees of the North America Business Unit are covered by supplementary health insurance, the scope of which exceeds that of the Affordable Care Act (ACA).

Being aware of its responsibility for the health and well-being of its employees, Wienerberger for years has been making every effort to minimize their exposure to potentially hazardous substances. Since 2008, Wienerberger has voluntarily reported extensively on its measures to protect employees from exposure to respirable crystalline silica. The survey is conducted every two years within the framework of the NEPSI social partnership agreement between employees and employers (Negotiation Platform on Silica, <https://www.nepsi.eu>).

Our target at Group level is to ensure that at least 95% of all ceramic production sites report on measures taken to protect employees from respirable crystalline silica. The periodic survey conducted via the joint online NEPSI platform in 2019 showed that the percentage of reporting ceramic production sites across the Group now stands at almost 98%.

Irrespective of the NEPSI social partnership agreement, Wienerberger is making every effort to protect its employees against respirable crystalline silica. In 2019, a new standard on the protection of employees from exposure to respirable crystalline silica was elaborated, which will be finalized and implemented in 2020. The standard sets out mandatory minimum requirements regarding exposure monitoring and monitoring frequency, health screenings, workplace checks, training and personal protective equipment (PEE).

To a growing extent, Wienerberger is also monitoring compliance with the principles of the UN Global Compact along its supply chains. In 2019, a uniform, group-wide Supplier Code of Conduct was elaborated and implemented, which replaces the previously applied, segment-specific supplier codes of conduct. The new code demands that the ten principles of the UN Global Compact regarding human rights, occupational safety, environmental protection and the fight against corruption be observed also along the supply chain. For details on implementation, see the section "Global Compact Principles – Implementation in the Supply Chain" at the end of this Communication on Progress.

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 and forced labor and any form of 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 creating employment and working conditions throughout the Group that comply with national legislation and/or are based on collective bargaining agreements as a minimum standard. Thus, Wienerberger acts in accordance with the recommendations of the International Labor Organization (ILO).

Besides safe and healthy working conditions, fair remuneration and our employees' right of assembly and collective bargaining are high priorities for us. In our effort to rule out 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 2019

In 2019, close to 72% of all Wienerberger employees were covered by a collective bargaining agreement. Being aware of the great diversity of talents in our society, Wienerberger is making every effort to identify, address and tap this talent pool for the benefit of our company. We therefore want to bring together people of any gender and with a variety of talents, personality features, career histories and cultural backgrounds. As at 31/12/2019, women accounted for 14.8% of the Wienerberger Group's employees, which represents yet another slight increase over the previous year (14.3%). The percentages in the individual functional areas have remained almost the same as in 2018. We are convinced that a higher percentage of women in executive positions has a positive impact on a company's success. We are therefore determined to increase the number of women in senior management and

executive positions at Wienerberger. By nominating an above-average number of women for internal training and talent development programs for future executives, we ensure that high-potential women candidates are guided toward senior management positions and have the chance to embark on a suitable career path. In 2019, the percentage of women in senior management positions across the Group increased to 12% compared to 11% in the previous year, which corresponds to an 11.6% increase.

In 2019, the number of new entrants was 2,331, i.e. 98 less than in 2018. The number of women among the new entrants continued to rise from 390 to 412 in 2019, while the number of men dropped from 2,039 to 1,919. The percentage of women among the new entrants increased further from 16.1% to 17.7%, while the percentage of men declined accordingly from 83.9% to 82.3%. We continue to give preference to women in new appointments to senior management and executive positions, provided their qualifications are equivalent to those of male candidates, as we are firmly convinced that diversity adds value to our company. As of 1 June 2019, an internal female candidate was appointed to the newly created position of Chief Performance Officer on the three-member Wienerberger Managing Board, which brought the percentage of women on the Managing Board up to 33.3%.

The reconciliation of work and family life is an issue of special concern to Wienerberger. We therefore offer our employees the possibility of working part-time. This offer is being taken up by a growing number of women as well as men employed by Wienerberger. In 2019, the percentage of Wienerberger employees in permanent employment working part-time increased slightly to 3.8% over the previous year's level (+0.2 percentage points). The percentage of permanently employed women working part-time increased by 0.2 percentage point to 15.4%. The percentage of men in permanent employment working part-time also increased slightly to 1.8% in 2019 (+0.1 percentage points). Nevertheless, the percentage of women working part-time remains comparatively high.

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 and procurement processes. A responsible way of operating our clay extraction sites, the best possible conservation of resources, and an increase in the percentage of secondary raw materials used are central principles observed in our production.

Progress in 2019

Specific energy consumption and specific CO₂ emissions are two of the essential indicators of environmentally friendly production technologies. Wienerberger's target is to reduce these indicators by 20% each in the largest ceramic production segment by 2020 compared to 2010. Compared to the previous year, the Wienerberger Group's total energy consumption decreased slightly (-0.2%) in 2019. The main reason is the somewhat lower consumption of natural gas in ceramic production, which accounts for the major part of the Wienerberger Group's consumption of energy.

Specific energy consumption (calculated as an index in % based on kWh/ton of products) reflects the development over time, with the values reported for a specific reference year serving as the basis for index calculation. In 2019, the Wienerberger Group's specific energy consumption, relative to 2013 as the base year, was reduced by 1.4% overall and even by 4.3% in ceramic production. However, compared with the previous year's value, the change overall was in the decimal range.

Within the framework of the Sustainability Roadmap 2020, our target for plastic pipe production in Europe is to reduce specific energy consumption from electricity in production by 3% compared to 2010. In 2019, specific total energy consumption was above the reference value, equaling 107.3% of the value reported in 2010. This is primarily attributable to lower utilization of production capacities and higher energy consumption than in the previous year, the latter being mainly due to demand-related changes of the product mix (reduced production of large-diameter pipes, production of which requires less specific energy) and the operation of more energy-intensive machinery.

Wienerberger is consistently pursuing the target of converting to low-emission energy sources wherever possible. Nevertheless, the consumption of coal, fuel oil and liquefied natural gas increased over the previous year's level. Although these sources of energy account for less than 1% each of total energy consumption, Wienerberger is making every effort toward the substitution of coal and liquefied natural gas. Compared to the previous year, the share of renewable energy sources in electricity consumption, based on kWh per ton, was increased by two percentage points.

In 2019, specific CO₂ emissions from primary energy sources in ceramic production were 8% below the value reported in 2013, while specific energy consumption decreased by only 4.3%. This is attributable to the gradual substitution of CO₂-intensive sources of energy, such as coal, with natural gas. However, 2019 was special in that specific energy consumption decreased by 0.2% from the previous year's level, whereas specific CO₂ emissions from primary energy sources remained unchanged during the same period. This is due to the temporarily higher consumption of CO₂-intensive energy sources, such as coal, LNG and fuel oil, and the declining percentage of natural gas in 2019. Wienerberger is consistently pursuing the target of converting to low-emission energy sources wherever possible. In 2020, for instance, the production process at the site in India will be converted from coal to natural gas.

In roof tile production, optimized utilization of production capacities, a reduced scrap rate and investments in new production machinery in 2019 brought the volume of specific CO₂ emissions down by 1.5% from the previous year's level. In facing brick production, specific CO₂ emission from primary energy sources, compared to the previous year, increased by 1.9% in 2019, partly due to changes in the product mix and partly as a result of acquisitions, but were 8.1% below the value of 2013. The fact that our "demo plant" project at Uttendorf succeeded in reducing natural gas consumption by 30% also led to a corresponding reduction in absolute and specific CO₂ emissions.

In the field of ceramic pipes, specific CO₂ emissions declined significantly in 2019 (-10.4%) as a result of a plant closure. This led to higher capacity utilization at the other sites remaining in operation. Moreover, the resultant change in the product mix led to lower specific CO₂ emissions in production. However, specific CO₂ emissions of this product segment were 0.1% above the value reported in 2013.

Wienerberger is making a continuous effort to enhance resource efficiency in production and, at the same time, to further improve the properties of its products. Essential aspects are savings in raw material consumption and the use of secondary raw materials in those areas of production where it is economically and technically feasible, as well as a steady reduction of scrap rates and the recycling of production waste and residual materials into production. In concrete paver production, we reduced the scrap rate by 45% between 2014 and 2017, and we intend to achieve a further reduction by 23%, compared to 2017, by 2020. On the basis of improved technologies, tools and processes as well as a growing awareness in our plants for the importance of resource efficiency, we are working on further reducing the scrap rate.

Our target set for plastic pipe production in Europe, i.e. to increase the amount of secondary raw material to 85 kg per ton of products produced by 2020, was already surpassed in 2019. We therefore set ourselves a new and more ambitious target: By 2020, we want to increase the amount of secondary raw material per ton to 90 kg, with at least 50 kg coming from external sources.

A total of 158,626 tons of waste was generated by the Wienerberger Group in 2019, 99% of which was non-hazardous waste, as in previous years. Over four fifths of the total amount of waste (81%) was recyclable. Less than 1% of the total waste volume was hazardous waste.

Specific water usage is another indicator of environment-friendly technologies. Specific water usage, based on net additions to inventories, decreased in 2019 in almost all product segments. Apart from the Wienerberger Group's commitment to a sparing use of water, wherever possible in closed circuits, changes in the product mix of ceramic pipes as well as concrete and calcium silicate products in North America also resulted in lower specific water demand. Despite the hot summer of 2019, specific water usage in plastic pipe production was reduced (-1.2%), which was partly due to changes in the product mix. Water drawn from public networks accounted for 16.6% of total specific water usage for this product segment. Water from sources other than public networks (e.g. water from rivers, lakes and, in Scandinavia, the sea) is returned to the environment after the cooling process in conformity with the legal provisions in effect.

In line with the precautionary principle applied in dealing with environmental problems, Wienerberger has for many years been working intensively on the voluntary preparation of eco-balances and environmental product declarations (EPDs) for its entire product range. Moreover, all ceramic pipes and fittings produced by Wienerberger Piping Solutions, as well as certain pavers produced by Wienerberger Building Solutions, Concrete Pavers, have been certified according to the Cradle to Cradle® concept.

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 includes a firm stance against any form of corruption. We have always pursued the target of zero incidents of corruption and expect all our employees to act accordingly.

Progress in 2019

In 2019, 27 companies (listed in the Management Report, published as a separate part of the 2019 Annual Report, on page 122, “Group Companies”), were audited by Internal Audit with a special focus on organization, purchasing, materials management, sales, human resources, and corruption and anti-trust legislation. Other focus areas of the audits included compliance with the group-wide health and safety standards for our employees.

Another important instrument for the prevention of corruption is the four-eyes principle applicable to the signing of business transactions with third parties. Whenever rights and obligations are established, modified or terminated, the signatures of two competent authorized persons from the local entity are required. This instruction is laid down in international Group policies and supports the prevention of corruption at international level, as does the group-wide policy on business gifts, which was updated in 2016 and continued to apply in 2019.

As in previous years, no charges were brought against Wienerberger for suspected corruption in 2019; no court judgment was pronounced and no penalty payments were due. This confirms the effectiveness of our compliance measures.

Global Compact Principles – Implementation in the Supply Chain

To a growing extent, Wienerberger is also monitoring compliance with the principles of the UN Global Compact along its supply chains and therefore obliges its suppliers to observe social and ecological minimum standards.

In 2019, the scope of Wienerberger’s procurement function (Corporate Procurement) was further extended at Group level, the objective being to utilize synergies in important areas, standardize and optimize existing processes, and, as in other areas, achieve a higher level of efficiency. Several new processes and tools were implemented to facilitate efficient supplier management in respect of non-financial matters.

Code of Conduct for suppliers

In 2019, a uniform, group-wide Supplier Code of Conduct was elaborated and implemented in almost all operating segments, which replaces the previously applied, segment-specific supplier codes of conduct. The new code demands that the ten principles of the UN Global Compact regarding human rights, occupational safety, environmental protection and the fight against corruption be observed also along the supply chain.

Performance of supplier audits

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

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

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

Rating of suppliers by a rating agency on the basis of sustainability criteria

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

Screening of suppliers and customers against international sanctions lists

Another measure introduced in 2019 is the monthly screening of all of Wienerberger's suppliers and customers registered in the SAP system via an interactive data platform against international sanctions lists (published by the UN (United Nations), the EU and the Office of Foreign Asset Control (OFAC) of the US Department of the Treasury). The screening is performed centrally by a sanctions management software, which runs monthly checks of all customer and supplier master data in the SAP system. Every "match" is transmitted to the local management in charge for assessment and follow-up. The local decision whether to continue doing business with the supplier or customer concerned must be communicated to Corporate Legal Services for further coordination. All decisions taken in this context are documented in the sanctions management software.

GRI Content Index

GRI 102 (2016): General Disclosures

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102-5	Ownership and legal form	16, Management Report and Consolidated Financial Statements 32–33			
102-6	Markets served	16–17, 20–25			
102-7	Scale of the organization	16, 18–19, 24–25			
102-8	Information on employees and other workers	62–64			
102-9	Supply Chain	39–41			
102-10	Significant changes to the organization and its supply chain	18, Management Report and Consolidated Financial Statements 46			
102-11	Precautionary Principle or approach	28, 159–162			UNGC 7
102-12	External initiatives	31, 37			
102-13	Membership of association	37			
Strategy					
102-14	Statement from senior decision-maker	7–11			
102-15	Key impacts, risks, and opportunities	50–51			
Ethics an integrity					
102-16	Values, principles, standards, and norms of behavior	28–32, 146–147			
Governance					
102-18	Governance structure	38, Consolidated Corporate Governance Report		CG-Report reviewed by Deloitte	
Stakeholder engagement					
102-40	List of stakeholder groups	33–34			
102-41	Collective bargaining agreements	31–32			
102-42	Identifying and selecting stakeholders	42			
102-43	Approach to stakeholder engagement	33–34, 42			
102-44	Key topics and concerns raised	33–34, 42–44, Materiality Analysis 2014			

Note: The Annual Report as well as the Sustainability Analysis 2014 can be found on the Wienerberger Website (www.wienerberger.com)

GRI 102 (2016): General Disclosures

<i>Disclosure</i>	<i>Page in Sustainability Report</i>	<i>Omission, Explanation</i>	<i>Part of external assurance</i>	<i>UN Global Compact Principles</i>
Reporting practice				
102-45	Entities included in the consolidated financial statements	148, Management Report and Consolidated Financial Statements 122–125		
102-46 - 102-47	Defining report content and topic boundaries, list of material topics	42–44	2014 by PwC	
102-48	Restatements of information	62, 97 and in the respective footnotes to the individual indicators		
102-49	Changes in reporting	none		
102-50 - 102-52	Reporting period, date of most recent report	148		
102-53	Contact point for questions regarding the report	162		
102-54	Claims of reporting in accordance with the GRI Standards	148		
102-55	GRI content index	149–155		
102-56	External assurance	148, 163–164		

Topic-specific Standards – Economic

Disclosure	Page in Sustainability Report	Omission, Explanation	Part of external assurance	UN Global Compact Principles
GRI 201 (2016): Economic performance				
103-1 - 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	17–19, 28, 28–57		
201-1	Direct economic value generated and distributed	Management Report and Consolidated Financial Statement, Financial Review		
201-3	Defined benefit plan obligations and other retirement plans	Management Report and Consolidated Financial Statements 85–88		
GRI 203 (2016): Indirect economic impacts				
103-1 - 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	17, 28–57, 146		
203-1	Infrastructure investments and services supported	146–147		
GRI 205 (2016): Anti-corruption				
103-1 - 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	28–31, 28–57		UNGC 10
205-1	Operations assessed for risks related to corruption	31, 36		UNGC 10
205-3	Confirmed incidents of corruption and actions taken	31, 36		UNGC 10
GRI 206 (2016): Anti-competitive behavior				
103-1 - 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	28–31, 28–57		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	29–30		

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Topic-specific Standards – Environmental

Disclosure	Page in Sustainability Report	Omission, Explanation	Part of external assurance	UN Global Compact Principles
GRI 301 (2016): Materials				
103-1 - 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	28, 38, 43–57, 130–131		UNGC 7, 8, 9
301-2	Recycled input materials used	134–135, 139–141	For the time being, the input of recycled raw material can only be indicated as a percentage for brick production in Europe and in kg/ton for plastic pipes. Data collection in other operating segments is being evaluated.	UNGC 7, 8, 9
GRI 302 (2016): Energy				
103-1 - 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	28, 32, 36, 43–57, 94–97	yes	UNGC 7, 8, 9
302-1	Energy consumption within the organization	97–99	yes	UNGC 7, 8, 9
302-3	Energy intensity	97, 101–103	yes	UNGC 7, 8, 9
302-4	Reduction of energy consumption	97, 99–103		UNGC 7, 8, 9
GRI 303 (2016): Water				
103-1 - 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	28, 32, 36, 43–57, 94–96		UNGC 7, 8, 9
303-1	Water withdrawal by source	108–109		UNGC 7, 8, 9

<i>Disclosure</i>	<i>Page in Sustainability Report</i>	<i>Omission, Explanation</i>	<i>Part of external assurance</i>	<i>UN Global Compact Principles</i>
GRI 304 (2016): Biodiversity				
103-1 - 103-3	<i>Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach</i>	28, 32, 36, 43–57, 94–96		
304-3	<i>Habitats protected or restored</i>	111, 125		
				<i>Quantitative information on the size and location of the protected or restored areas at depleted clay pits and the status of these areas is not available. The subsequent use of clay pits is determined in the course of the approval procedure and depleted clay pits are made available accordingly by Wienerberger.</i>
GRI 305 (2016): Emissions				
103-1 - 103-3	<i>Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach</i>	28, 32, 36, 43–57, 94–97	yes	UNGC 7, 8, 9
305-1	<i>Disclosure 305-1 Direct (Scope 1) GHG emissions</i>	96–97, 103–105	yes	UNGC 7, 8, 9
305-4	<i>GHG emissions intensity</i>	96–97, 105–108	yes	UNGC 7, 8, 9
305-5	<i>Reduction of GHG emissions</i>	96–97, 103–108		UNGC 7, 8, 9
GRI 308 (2016): Supplier environmental assessment				
103-1 - 103-3	<i>Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach</i>	28, 35–37, 43–57, 110		UNGC 7, 8
308-2	<i>Negative environmental impacts in the supply chain and actions taken</i>	36–37, 110, 121		UNGC 7, 8
				<i>Information on supplier audits is currently not available; supplier audits are conducted as of 2019.</i>

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Topic-specific Standards – Social

Disclosure	Page in Sustainability Report	Omission, Explanation	Part of external assurance	UN Global Compact Principles
GRI 401 (2016): Employment				
103-1 - 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	28, 31–32, 43–57, 60–62	yes	UNGC 3, 4, 5, 6
401-1	New employee hires and employee turnover	63–67, 81–82, 85	yes	UNGC 3, 4, 5, 6
GRI 403 (2016): Occupational health and safety				
103-1 - 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	28, 31–32, 43–57, 60–62, 68–69	yes	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	68–76	yes	Occupational diseases: Complete and detailed data are not yet available. A GRI-compliant presentation is being evaluated.
403-3	Workers with high incidence or high risk of diseases related to their occupation	74–76		
403-4	Health and safety topics covered in formal agreements with trade unions	74		
GRI 404 (2016): Training and Education				
103-1 - 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	28, 31–32, 43–57, 60–62, 78–79		
404-1	Average hours of training per year per employee	78–79		Training programs broken down by functional area and diversity feature: Complete and detailed data are not yet available. Additional detailed reporting, in order to gradually achieve GRI-compliant presentation, is being planned for the next report.
GRI 405 (2016): Diversity and equal opportunity				
103-1 - 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	28, 31–32, 43–57, 60–62		UNGC 6
405-1	Diversity of governance bodies and employees	80–85		Employees under term contracts, broken down by age group: Complete and detailed data are not yet available. GRI-compliant presentation is being evaluated.

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<i>Disclosure</i>	<i>Page in Sustainability Report</i>	<i>Omission, Explanation</i>	<i>Part of external assurance</i>	<i>UN Global Compact Principles</i>
GRI 406 (2016): Non-discrimination				
103-1 - 103-3	<i>Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach</i>	28, 31–32, 37, 43–57		UNGC 6
406-1	<i>Incidents of discrimination and corrective actions taken</i>	79		UNGC 6
GRI 412 (2016): Human rights assessment				
103-1 - 103-3	<i>Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach</i>	28, 31–32, 35–36, 43–57, 76		
412-1	<i>Operations that have been subject to human rights reviews or impact assessments</i>	35–36, 76	<i>In 2018 an impact and risk analysis was performed at Group level.</i>	
GRI 413 (2016): Local Communities				
103-1 - 103-3	<i>Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach</i>	28, 33–34, 43–57		
413-2	<i>Operations with significant actual and potential negative impacts on local communities</i>	110–111, 124–125		
GRI 414 (2016): Supplier social assessment				
103-1 - 103-3	<i>Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach</i>	28, 36, 43–57, 110		
414-2	<i>Negative social impacts in the supply chain and actions taken</i>	35–37	<i>For the time being, GRI-compliant presentation is not possible, as the information is not yet available. Supplier audits are performed as of 2019.</i>	UNGC 1, 2
GRI 416 (2016): Customer health and safety				
103-1 - 103-3	<i>Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach</i>	28, 32, 43–57, 128–130		
416-2	<i>Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</i>	135		
GRI 419 (2016): Socioeconomic compliance				
103-1 - 103-3	<i>Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach</i>	28–30, 43–57		
419-1	<i>Non-compliance with laws and regulations in the social and economic area</i>	30		

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to provide solutions that make the world
a better place*

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