

2020 | UN Global Compact Communication on Progress

Now

wienerberger



# INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER

## *Ladies and Gentlemen:*

2020 was a year that confronted us with numerous challenges, a year we will never forget. The corona pandemic clearly showed us all that we cannot go back to the “old normal”. The climate crisis, too, is here to stay, a central fact we can only counteract by pursuing ambitious sustainability targets in order to secure a livable future.

It is thanks to the extraordinary effort made by our roughly 17,000 colleagues that Wienerberger can nevertheless look back with pride. Together with our employees, customers, suppliers, and partners, we navigated the company safely through the past year. For that, I extend my heartfelt thanks to all of you! Despite the corona pandemic, we achieved the second-best result in the history of our company. At the same time, we were able to further strengthen our pioneering role as a leading provider of systems for innovative building and infrastructure solutions for the entire building envelope. This was possible thanks to the further development of our portfolio through innovation and the

expansion of our end markets. With our durable and sustainable products for new build, renovation, and infrastructure, we are improving people’s quality of life around the globe. We will continue on our value-creating growth path in the years to come. Our focus will remain on operational excellence, organic growth through innovation, and external growth through acquisitions. All our corporate activities are in line with our sustainability targets and subject to strict ESG (environment, social, governance) criteria. We are acting responsibly to ensure that future generations will have the same opportunities as we have today.

*“All our corporate activities are in line with our sustainability targets and subject to strict ESG criteria.”*

With the Wienerberger Sustainability Program 2023 – enriched through experience gained from the program

that expired in 2020 – we have responded to changing ecological, economic and social requirements. We analyzed our value chains and identified five core topics for Wienerberger: climate and energy, the circular economy, biodiversity and the environment, our employees, and business ethics and social impacts. In the course of our subsequent materiality analysis, we also involved our stakeholders, including our employees, customers, partners, and investors, as well as decision makers from the world of research and politics. On this basis, we designed the new Sustainability Program 2023, the successor to the Sustainability Roadmap 2020.

Based on three environmental pillars, the Wienerberger Sustainability Program 2023 is intended to translate the goals of the European Green Deal into practice. We have set ourselves ambitious targets in terms of decarbonization, the circular economy, and biodiversity. Even though we are already improving people’s quality of life and promoting environmental protection with energy-efficient brick solutions and innovative pipe systems, we can do a great deal more

by expanding our know-how and making additional investments.

Decarbonization continues to be an important goal pursued by Wienerberger. We have committed ourselves to achieving zero net greenhouse gas emissions by 2050. On the way to this target, we will reduce our CO<sub>2</sub> emissions by 15% by 2023, as compared to 2020. We are optimizing our production processes and using green electricity at all our sites. We are advancing the decarbonization of our product portfolio through a variety of innovations. In 2020, innovative products already accounted for one third of our total revenues.

Climate change entails new requirements to be met by residential buildings and infrastructure. Our response consists in holistic, sustainable, and smart products and system solutions that generate added value for the environment and for society. This includes climate-resilient building solutions, green surfaces in cities, or water-permeable paver systems for infiltration.

The circular economy is another pillar of our sustainability program. For Wienerberger as a producing company, natural raw materials are indispensable. When resources are re-used or recycled, raw materials are saved and CO<sub>2</sub> emissions avoided. From 2023 onward, all new products will be designed so as to be re-usable or recyclable. This underlines our strong commitment to resource efficiency and closed value-creation cycles.

*“Wienerberger's Sustainability Program 2023 translates the goals of the European Green Deal into practice. We have set ourselves ambitious targets in terms of decarbonization, the circular economy, and biodiversity.”*

Biodiversity is another essential topic for Wienerberger. We feel duty-bound to protect and preserve the environment: We respect nature reserves, use resources sparingly, and foster biodiversity at our sites. The loss of biodiversity on our planet over the past 40 years has been unprecedented, and we are determined to counteract this development. By fostering biodiversity, we improve land use and provide valuable habitats for flora and fauna. By 2023, we will roll out our biodiversity program to all our sites. Our employees will be fully involved in the implementation of the local biodiversity action plans.

This report describes how we are implementing our sustainability targets in practice. Specific stories provide insights into current projects and developments. Examples include our biodiversity program for the Orchard Farm clay mining site in south-eastern England, plastic recycling at Wienerberger Piping Solutions, and the extra-slim eco-brick designed by Wienerberger Building Solutions.

Our actions are subject to clear ethical principles and follow the most demanding compliance and anti-corruption guidelines. For us, this means acting ethically, communi-

cating openly, creating a transparent economic framework, being personally accountable for everything we do, and acting as a reliable and useful member of society.

We will continue our efforts to translate this credo into reality. We create lasting values and help to shape the future of building construction with our sustainable innovations. Let us embark on a new course together – for a livable planet for generations to come!

Yours

# UN Global Compact: Communication on Progress 2020

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 including the precautionary principle, 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.

Since the beginning of its history of over 200 years, 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 and our commitment to the UN Global Compact.

The Wienerberger Managing Board and the Sustainability and Innovation Committee of the Supervisory Board, established in 2020, have been working on the development of the Wienerberger strategy, which sets out Wienerberger's visions and its medium- and long-term targets, including core ESG topics. The strategy is based on our corporate mission and our value proposition: acting responsibly, minimizing our environmental impact, improving people's quality of life, and ensuring that future generations have the same opportunities as we have today.

Within the framework of our work on strategy development, we also elaborated the Sustainability Program 2023, which replaces the Sustainability Roadmap 2020 in effect since 2015. In the Wienerberger Sustainability Program 2023, which differentiates between environment, social, and governance topics, we have set ourselves targets in terms of climate action, the circular economy, biodiversity, diversity, initial & further training, and CSR projects. Moreover, we undertake to comply with the most demanding national and international governance standards.

## *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**

Respect for human rights has always been a matter of course for Wienerberger. Hence, we expect our suppliers to take the same attitude. By adopting the Wienerberger Social Charter in 2001, Wienerberger committed to complying with the conventions and recommendations of the International Labor Organization (ILO). We are doing our utmost to make the workplaces of our employees safe, healthy, and fit for the future, and we continuously strive to achieve the Wienerberger Group's target of zero accidents.

We also expect our suppliers to respect human rights in their operations and to act accordingly. The Wienerberger Supplier Code of Conduct obliges all operators doing business with Wienerberger to meet specific requirements in terms of occupational safety. Moreover, our suppliers are regularly audited for compliance with ESG criteria which, as a matter of course, include respect for human rights.

### **Progress in 2020**

The Wienerberger Safety Initiative sets out obligatory requirements and demands continuous efforts to ensure the highest possible level of occupational safety in all plants of the Wienerberger Group. In 2014, the groupwide safety standards implemented in 2010 were upgraded for the entire Wienerberger Group and activities within the framework of the Safety Initiative were stepped up.

The implementation of this mandatory, group-wide initiative was consistently pursued in 2020. No further provisions on occupational safety and health have been laid down in collective bargaining agreements. In addition to the Wienerberger Safety Initiative, each operating segment implements specific internal programs based on sector-specific standards and requirements as well as local laws in order to protect the safety and health of our employees at the workplace. For example, 15% of all Wienerberger Building Solutions production sites and

12.5% of Wienerberger Piping Solutions production sites have already been certified according to ISO 45001 Occupational Health and Safety Management Systems. Certification is to be rolled out step by step to all countries in the coming years.

In 2020, accident frequency, defined as the number of occupational accidents per million hours worked, was reduced to 5.4 across the Group, which corresponds to a reduction by 2.7% from the previous year's level (2019: 5.6). Compared to 2010, the accidents frequency in 2020 was reduced by as much as 73% across the Group.

Despite all the measures taken and training in occupational safety provided, accident severity increased at Group level by 12% in 2020 (178 vs. 158 sick-leave days in 2019), which was attributable to accidents resulting in longer sick-leave periods. We are saddened to report that one fatal accident occurred within the Wienerberger Group in 2020. We deeply regret this accident and will not tire in our efforts to provide the highest possible level of safety for our employees.

The circumstances of all accidents were thoroughly investigated and appropriate steps were taken. We continued to draw our employees' attention to potential sources of danger and strengthened their awareness of the binding nature of safety rules and the obligatory use of personal protective equipment (PPE). 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.

Health is a human right. Wienerberger therefore ensures safe and healthy working conditions at all its sites. In 2020, the average number of non-accident-related sick-leave days per employee of the Wienerberger Group increased slightly to 10.5 vs. 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 to those of the remaining Wienerberger Group due to local legal provisions. 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. For more than ten years, Wienerberger has participated in the biannual survey regarding exposure to respirable crystalline silica performed within the framework of the NEPSI social partnership agreement (Negotiation Platform on Silica [www.nepsi.eu/nepsi](http://www.nepsi.eu/nepsi)). According to the most recent survey performed via the NEPSI online platform, almost 98% of the Group's ceramic production plants participated in the collection of indicators in 2019. Apart from the NEPSI social partnership agreement, Wienerberger is making every effort to provide the best possible protection against respirable crystalline silica for its employees. In 2020, a new standard for the protection of employees from exposure to respirable crystalline silica was elaborated, which will be finalized and implemented in 2021. The standard sets out obligatory minimum requirements regarding the frequency of exposure monitoring, health monitoring, workplace inspections, training, and personal protection equipment.

It goes without saying that minimizing health risks and protecting our employees was Wienerberger's foremost concern during the COVID-19 pandemic. As a producing company, we also take the protection of our external partners and customers very seriously and are making every effort to support them. When the pandemic broke out in early 2020, we therefore immediately set up an internal business resilience team so that we were able to react swiftly and sustainably to the current requirements and provide the entire organization with transparent, regular, and timely information on the internal measures taken. Strict health and safety measures were implemented along the entire value chain and a work-from-home regime was implemented without delay. As

we care not only about the physical safety of our employees, but also their mental health, a psychological support hotline was installed and regular management and team talks were introduced.

To a growing extent, Wienerberger is also monitoring compliance with the principles of the UN Global Compact along its supply chains. In 2020, Corporate Procurement developed and implemented additional instruments and tools for the successful integration of ESG criteria in supplier management. The Wienerberger Supplier Code of Conduct demands that the ten principles of the UN Global Compact regarding human rights, occupational safety, environmental protection, and the fight against corruption be observed along the supply chain. In the course of supplier assessments or audits, compliance with essential ESG criteria, such as the safety and health of employees, respect for human rights, the fight against corruption and bribery, as well as environmental protection, is monitored. Based on the audit results, the suppliers concerned are requested to take corrective measures and implement improvements within a specified deadline. For details, see the section “Global Compact Principles – Implementation in the Supply Chain” on page 12 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. We expect the same attitude on the part of our suppliers. 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 recommenda-

tions of the International Labor Organization (ILO), a specialized agency of the United Nations.

Fair remuneration and our employees' right of assembly and collective bargaining are absolute priorities for us and a basis for our human resources management.

Wienerberger is convinced that sustainable economic success is based on the diversity, the skills, and the commitment of our employees, as well as our corporate culture. For Wienerberger, this means bringing together people of any gender, with diverse talents, personality features, career histories, and cultural backgrounds. (For information on our diversity policy, please refer to the 2020 Corporate Governance Report on pages 69–72.)

Within the framework of our new Sustainability Program 2023, we have set ourselves the following targets regarding diversity and the development and advancement of our employees across the Wienerberger Group:



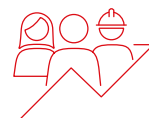
#### **Diversity**

**≥15%**

*female employees in Senior Management*

**≥30%**

*female employees in white-collar positions*



#### **Training and Development**

**10%**

*more training hours per employee*

Our recruiting strategy, our HR development policy, and our succession planning, as well as our talent management, have been adjusted to these ambitious targets. All target definitions refer to 2020 as the base year.

## Progress in 2020

In 2020, approximately 69.5% of all Wienerberger employees were covered by a collective bargaining agreement.

In terms of headcount as at 31/12/2020, the number of employees of the Wienerberger Group was 16,446, i.e. nearly 1% above the previous year's figure (16,311). As at 31/12/2020, 93% of the total workforce (headcount) employed by the Wienerberger Group was working full-time and 4% part-time. Employees under term contract accounted for the remaining 3%. A very small part of the work at Wienerberger is performed by staff legally defined as self-employed.

Our values include integrity and respect. The principles of human resources management at Wienerberger ensure that all employees, regardless of age, gender, culture, religion, origin or other diversity features, have the same rights and opportunities. Since 2009, we have been collecting data on diversity and equal opportunities within the framework of our sustainability reporting. Since the beginning of data collection, no incidents of discrimination have been reported.

Wienerberger is aware of the fact that the percentage of women in specific positions is but one of many important aspects of diversity and regards these targets as a first step. In pursuing our targets regarding the percentage of women in specific positions, we do not aim to define quotas, but want to build positive awareness for gender equality.

In 2020, the total number of women employed by the Wienerberger Group was 2,479 (headcount), up by 3% from 2019. Compared to 2019, the percentage of women employed by the Wienerberger Group increased by 2%. Compared to 2019, the percentages in the individual functional areas remained almost constant.

In 2020, the percentage of women in executive positions across the Group further increased to 13%, as compared to 12% in the previous year. The percentage of women working in white-collar jobs came to 32.1%, almost unchanged from the previous year (32.2%). The Wienerberger Managing Board, comprising three members

in 2019, was enlarged in 2020 through the appointment of a male internal candidate holding the position of COO (Chief Operating Officer) of Wienerberger Piping Solutions. With one female member of the Managing Board integrated in 2019 and holding the function of COO of Wienerberger Building Solutions since 2020, the percentage of women on the four-member Managing Board has since been 25%. As regards the Supervisory Board, 30% of its members were women in 2020.

In 2020, the percentage of women in permanent employment working full-time was 82.7% (2019: 81.9%), compared to 95.1% of men (2019: 94.8%). The percentage of permanently employed women working part-time was 14.3% in 2020, i.e. slightly below the previous year's value of 14.9%. The relative percentage of permanently employed men working part-time increased slightly from 1.7% in 2019 to 1.8% in 2020. Of all employees working part-time, the percentage of women remains comparatively high.

The percentage of women directly employed by Wienerberger under term contracts was 3% in 2020, i.e. slightly lower than the corresponding percentage of men directly employed by Wienerberger under term contracts (3.2%).

As in previous years, the long average length of service of 12 years with the Wienerberger Group was reflected in the age structure of our permanently employed workforce in 2020, which hardly changed in comparison to 2019. In 2020, 50% of our employees were between 30 and 49 years old. As in the previous year, 12% were younger than 30 and 38% were older than 50 years. Thus, the age structure of our employees under permanent employment contracts was the same in 2020 as in 2019.

## **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

All our entrepreneurial activities are subject to clearly defined and ambitious ESG (environment, social, governance) criteria. Our primary focus is on decarbonization, the circular economy, and biodiversity.

Wienerberger supports the European Green Deal of the European Commission and the related targets and measures aimed at promoting decarbonization, a circular economy and biodiversity.<sup>1</sup>

Within the framework of our new Sustainability Program 2023, the Wienerberger Group is pursuing the following targets relating to decarbonization, the circular economy, and biodiversity:



### Decarbonization

**15%**

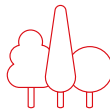
less CO<sub>2</sub> emissions



### Circular Economy

**100%**

of new products will be designed in a way that they are re-usable or recyclable



### Biodiversity

**100%**

biodiversity program for all our sites in place

## Progress in 2020

Wienerberger is making a continuous effort to minimize the impact of its entrepreneurial activities on the environment and the associated risks along the entire value chain. At the same time, we are developing solutions in response to the challenges of global megatrends, such as climate change and its consequences, in coordination with our customers.

Decarbonization, i.e. the reduction of CO<sub>2</sub> emissions<sup>2</sup> along our value chain, with climate neutrality as the ultimate goal, and adaptation to climate change are topics of special importance to Wienerberger.

CO<sub>2</sub> emissions in Wienerberger's sourcing activities originate from the production of the raw materials we need for our products, such as plastic granulate for our plastic pipes or cement for our concrete products, but also from the transport of raw materials and finished products. We are driving decarbonization through an increasing use of secondary raw materials in production, which reduces the volume of CO<sub>2</sub> emissions generated in the production of primary raw materials. Optimized transport management helps us to transport raw materials, products and system solutions efficiently and in the most climate-friendly way possible.

Wienerberger's objective is to minimize the impact of its production activities on climate change. Through a continuous increase in energy efficiency, the careful selection of the raw materials for our ceramic production, and the conversion of energy consumption to climate-neutral electricity and low-emission thermal sources of energy, in combination with the development of new technologies for the reduction of CO<sub>2</sub> emissions, we are contributing to climate protection.

Note: All goals are set vs. the reference year 2020. // The absolute CO<sub>2</sub> emissions or the corresponding CO<sub>2</sub> indicators communicated on our climate management always refer to emissions of carbon dioxide equivalents (CO<sub>2</sub>e) // 1) <https://www.europarl.europa.eu/news/en/headlines/economy/20151201STO05603/circular-economy-definition-importance-and-benefits> // 2) Greenhouse gases such as methane, nitrous oxide or chlorofluorocarbons (CFCs) are irrelevant in our production. The absolute CO<sub>2</sub> emissions from our production processes (Scope 1) therefore correspond to carbon dioxide equivalents. Indirect CO<sub>2</sub> emissions (Scope 2) from electricity are recorded as CO<sub>2</sub>e (calculation according to market-based method). The absolute CO<sub>2</sub> emissions or the corresponding CO<sub>2</sub> indicators communicated in our climate action reporting therefore always refer to emissions in carbon dioxide equivalents (CO<sub>2</sub>e).



Compared to the previous year, the Wienerberger Group's total absolute energy consumption declined significantly (-9.5%) in 2020. The major part of the Group's energy consumption is accounted for by natural gas used in ceramic production, consumption of which dropped by 9.1% in 2020, as compared to 2019. Electricity consumption in 2020 was almost 9% below the previous year's value. In 2020, the COVID-19 pandemic resulted in the temporary shutdown of individual plants and a generally lower volume of production, which had a direct influence on our absolute energy consumption values.

Developments over time are reflected in index-linked energy consumption (in % based on kWh/ton of products). The values of a defined reference year provide the basis for index calculation. In 2020, the index of specific energy consumption by the Wienerberger Group was 0.4% above 2013 as the reference year and 1.8% above 2019. This was primarily due to the COVID-19 pandemic, which led to temporary drops in production and the enforced temporary idling of some plants. More frequent shut-down and start-up processes as well as operation below capacity automatically resulted in a lower degree of energy efficiency and higher specific CO<sub>2</sub> emissions. This is a short-term trend which we intend to counteract through comprehensive measures.

The Wienerberger Building Solutions Business Unit succeeded in reducing its specific energy consumption in roof tile production by almost 16% compared to 2013 through energy conservation projects and process optimization. Up to 2020, one of the targets pursued by Wienerberger Building Solutions, Bricks and Tiles, was to reduce specific energy consumption, measured per ton of products produced, by 20% as compared to 2010. The Business Unit succeeded in reducing its specific energy consumption in production across all product groups by 13% compared to 2010 (calculated as an index in % based on kWh/ton; 2010 = 100%). Compared to 2010, specific energy consumption was reduced by nearly 23% in clay block production and by 18% in roof tile production,

whereas savings achieved in facing brick and clay paver production only reached 5%. This was primarily due to the trend away from simple extruded products with low energy consumption and low scrap rates and the move toward a high-quality product portfolio (soft-mud bricks). Almost all extrusion plants were closed down in recent years.

Throughout 2020, Wienerberger Building Solutions continued to retrofit the Uttendorf plant in Austria into a demo plant. As a result of various measures taken there, the plant's natural gas consumption was reduced by almost one third. The plant continues to operate at a stable level. Findings obtained in the process of retrofitting the Uttendorf plant, such as the installation of heat pump technology, were rolled out to other plants.

Moreover, within the framework of the DryFiciency project of the EU, the first industrial compression heat pump for high-temperature applications was designed and tested at the demo plant in cooperation with the Austrian Institute of Technology (AIT). Among other innovations, a refrigerant for use at high temperatures and a suitable lubricant were developed.

Wienerberger is making continuous efforts to convert production processes to low-emission energy sources. The substitution of alternative sources of energy for coal and liquefied natural gas is a major concern for us. Compared to the previous year, the consumption of coal, fuel oil and liquefied natural gas dropped by a total of 39.2%. However, these sources of energy account for less than 1% each of the Group's total energy consumption. The percentage of renewable energy sources in the consumption of electricity in 2020 (in kWh) increased by two percentage points over the previous year's level to 42%.

In 2020, absolute CO<sub>2</sub> emissions from primary energy sources and raw materials (Scope 1), as well as the Wienerberger Group's consumption of energy, were strongly influenced by the COVID-19-related drop in production. Hence, the 9.6% reduction in direct CO<sub>2</sub> emissions compared to the previous year's value is almost in line with the reduction in absolute energy consumption (-9.5%).

Up to 2020, one of the targets pursued by Wienerberger Building Solutions, Bricks and Tiles, was to reduce the specific CO<sub>2</sub> emissions, measured per ton of products produced, by 20% by 2020, as compared to 2010. Following the transition to the third emissions trading period of the European Greenhouse Gas Emission Trading Scheme (EU-ETS), 2010 was replaced by 2013 as the reference year. Recalculated for 2013 as the reference year (due to changes resulting from the transition to the third emissions trading period in 2013), the aforementioned definition corresponds to a target of -13% by 2020 (calculated as an index in % based on tons of CO<sub>2</sub>/ton of product; 2013 = 100%). Owing to changes in the product mix, the trend toward lighter products, and the less significant reduction in facing brick production, the target was only partially attained. In 2020, the specific CO<sub>2</sub> emissions from primary energy sources of the Business Unit Wienerberger Building Solutions, Bricks and Tiles, were 5.1% below the 2013 value, but 0.4% above the value reported for 2019. Compared to the value of the reference year 2010, specific CO<sub>2</sub> emissions from primary energy sources in production were reduced by 15% across all product groups. This reduction was achieved through enhanced energy efficiency in production, the consistent conversion to low-emission energy sources, and raw material optimization. Our reporting has so far been concentrated on CO<sub>2</sub> emissions from ceramic production. Given that the direct CO<sub>2</sub> emissions of all product groups of the Wienerberger Group are being recorded as of 2020, the indices of specific CO<sub>2</sub> emissions, based on 2020 as the reference year, will be available for all product groups as of the 2021 reporting year.

Wienerberger intends to drastically reduce the Group's total Scope 2 emissions from electricity by 2023. To this end, Wienerberger is concluding power purchase agreements (PPA), utilizing its own generation facilities, such as solar panels, and offsetting the remaining percentage of electricity from fossil sources. In 2020, the Wienerberger Group's total absolute CO<sub>2</sub> emissions

(Scope 1 and Scope 2) amounted to 2,651 kilotons. Indirect CO<sub>2</sub> emissions (Scope 2) are being reported for the first time in 2020.

A stronger emphasis on the principle of circularity has the potential to generate benefits for the economy, including less environmental pollution, greater security of raw material supply, increased competitiveness, and the promotion of innovation. Reusability and recyclability are central principles taken into account in the design of all our products ("design for recycling").

In terms of resource efficiency, the recovery and re-use of waste products and the use of secondary raw materials in production are matters of high priority for Wienerberger and topics that will be intensively pursued in the future. However, technical feasibility largely depends on the materials available and their respective applications.

In the plastic pipe segment of Wienerberger Piping Solutions (WPS), we promote the Design for Lean Six Sigma management approach in order to achieve quality improvements and process optimizations. Among other results achieved, the scrap rate in this field of production was reduced to 3.87% (2019: 4.02%). As a signatory to Operation Clean Sweep®, we ensure that no losses of plastic granulate occur during the production process. Three of our plants have already implemented Operation Clean Sweep®. By the end of 2022, most of the plants of WPS, Plastic Pipes, are to be equipped accordingly. In plastic pipe production in Europe, we outperformed the target for the amount of internal and external secondary raw materials in our products originally defined in our Sustainability Roadmap 2020, having achieved it two years earlier than planned. The amount of internal and external secondary raw materials used per ton of products increased from 59 kg in 2014 to 83 kg in 2020<sup>3</sup>. Wienerberger launched several new pipe system solutions based on 100% post-consumer materials.

3) The indicator published in the Annual Report was corrected from 82 to 83 kg of secondary raw materials per ton of products.

Within the framework of the Sustainability Roadmap 2020, Wienerberger Building Solutions, for example, succeeded in reducing the scrap rate in concrete paver production by 55% between 2014 and 2020. Nevertheless, the target of a maximum scrap rate of 2% in production was missed by a small margin, the reported scrap rate being 2.12%.

In 2020, the total volume of waste generated by Wienerberger amounted to 104,637 tons, 78% of which was non-hazardous and recyclable.

Moreover, in a voluntary effort, Wienerberger has for years been working intensively on the preparation of eco-balances and environmental product declarations (EPDs) for its entire product range. All ceramic pipes and fittings produced by Wienerberger Piping Solutions have been certified successfully according to the Cradle to Cradle® concept and are being re-certified at regular intervals. In 2020, a family of products of WBS, Concrete Pavers, was additionally certified according to the Cradle to Cradle® concept in Romania.

The reusability of our products is a crucial aspect of innovation, as it significantly prolongs the products' service life. The criteria to be taken into account in the process of designing new products are elaborated for the individual product groups. The re-use of roof tiles and pavers, which has been practiced for quite some time, is an excellent example. Moreover, Wienerberger successfully launched a re-usable facing brick, which is marketed as the ClickBrick. Integrated into the façade structure without mortar, it can easily be dismantled and re-used. The ClickBrick also meets high aesthetic quality requirements, a matter of particular importance to us in building construction.

In 2020, in cooperation with external experts and the University of Wageningen, a group-wide biodiversity program was drafted, which is to be consistently implemented in the coming years.

By 2023, we intend to implement biodiversity action plans, based on Wienerberger's Biodiversity Program, at all Wienerberger production and office sites. The objective of these action plans is to optimize land use in rural and urban areas, fight against the loss of biodiversity, and contribute to the rehabilitation of ecosystems. We will involve our employees in the implementation of these action plans in order to heighten their awareness of the importance of biodiversity on our planet. Fostering biodiversity at our sites will also improve the health and well-being of our employees. Our enhanced commitment is reflected in the appointment of a biodiversity ambassador, a newly created role, for each site.

In Europe and North America, Wienerberger continuously monitors all its own clay pits used for brick production. The preservation of biodiversity, nature conservation, and a meaningful subsequent use of depleted sites are important sustainability criteria applied in the management and monitoring of clay pits. The entire life cycle of clay pits, from planning to approval to operation and subsequent use, is taken into account.

As a rule, the competent public authority defines the type of subsequent use of depleted clay pits at the time of approval of clay extraction. Environmental impact assessments and ecological studies are always part of the approval procedures. Given the fact that clay pits are to be operated as long and as sustainably as possible, the question of subsequent use usually arises only after several decades.

In special cases, Wienerberger even takes measures to renature parts of the clay pit while extraction is still going on. In cooperation with experts, every effort is made to create the best possible living conditions for rare species. For example, we support the planting of vegetation likely to attract rare animal species that are at risk of extinction. By implementing biodiversity action plans at all Wienerberger sites by 2023, we will ensure that sufficient



emphasis is placed on nature conservation and biodiversity even while our clay pits are still in operation.

All over the world, concern over the rapid loss of biodiversity is growing, given that a lack of biodiversity threatens life on this planet as least as much as climate change. Wienerberger wants not only to actively reduce its biodiversity footprint, but also to make a positive contribution to the protection and preservation of biodiversity.

Buildings can provide nesting space and caves for birds, insects, and other animals without adversely affecting the human inhabitants' quality of life. Green roofs and façades serve as additional nesting space and a source of food. Wienerberger has designed solutions to accommodate bird and bat boxes under roofs and on façades. Ceramic products are also used for the creation of insect hotels and nesting space for small mammals. Drainage and irrigation systems are available for green façades and roofs. Our range of pavers comprises a broad variety of systems for infiltration of water-permeable surfaces, which have a positive influence on the microclimate and the groundwater level. Surfaces in light colors minimize heat stress.

For infrastructure applications, Wienerberger provides system solutions that contribute to the preservation of biodiversity. Pipe solutions are designed to enable the re-use, infiltration, and drainage of water and are equipped with monitoring devices and sensors. They are used for the protection as well as the installation of smart water and wastewater systems for the efficient and eco-friendly management of water as a vital resource. With our systems, water is collected, stored, and filtered for subsequent use for irrigation. Smart, sensor-based technologies serving to optimize and maintain the water level contribute to the preservation of natural biotopes.

## Global Compact Principles – Fight against Corruption

### Principles 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.

Wienerberger is pursuing the following target relating to the prevention of corruption and we expect all our employees to act accordingly:



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***cases of corruption***  
*in the Wienerberger Group*

### Progress in 2020

An 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 gifts and gratuities, which was updated in 2016 and continued to apply in 2020. In general, the risk of corruption at Wienerberger is assessed to be low.

In 2020, 18 companies (listed in the Management Report, published as a separate part of the 2020 Annual Report, on page 202, chapter “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. Another focus area of the audits was compliance with the group-wide safety and health standards for our employees.

In 2020, no charges were brought or sentences pronounced against Wienerberger for corruption 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 2020, the scope of 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 processes and tools were implemented to facilitate efficient supplier management in respect of non-financial matters.

### **Responsible sourcing policy and the ESG Steering Committee**

Corporate Procurement at Wienerberger will step up its activities regarding ESG. Alongside the application of all instruments and processes implemented already in 2019, the new responsible sourcing policy was elaborated in 2020.

At the beginning of 2021, implementation of the policy as an integral component of Corporate Procurement at Wienerberger was begun. By consistently pursuing and implementing these new rules, we will be able to steer the ESG performance along our supply chain even more effectively.

Additionally, an ESG Steering Committee will be set up within the framework of Corporate Procurement in order to ensure continuous progress in matters relating to ESG. The Committee will not only steer the development of procurement, but also take decisions whenever supplier-side risks are detected.

### **New executive position for digitalization and ESG in procurement**

In 2020, a new executive position for digitalization and ESG in procurement was created and its head appointed. Through this function, ESG-related developments in responsible supplier management are to be further advanced. Important action areas include:

- Incorporation of ESG criteria in the process of supplier qualification and the award of contracts
- Implementation of instruments and methods to monitor, evaluate, and promote compliance with supplier standards along the extended Wienerberger supply chain
- Development of a supplier base and recognition of best-practice examples and innovations through preferential treatment of suppliers willing to proactively engage and improve in matters relating to ESG
- Ensuring compliance with policies, codes of conduct, international conventions and local laws, as well as Wienerberger rules and standards
- Training of our employees to deepen their understanding of the importance of ESG implementation

### **Code of conduct for suppliers**

In 2019, a group-wide “Supplier Code of Conduct” (SCOC) was elaborated in cooperation with internal and external experts. The SCOC sets out the minimum requirements which Wienerberger expects its suppliers to meet in terms of responsible action regarding the environment, social topics, and governance, including respect for human rights and compliance with other requirements of the ten principles of the UN Global Compact. The implementation and application of the Supplier Code of Conduct was substantially advanced by the new group-wide procurement structure managed by the Head of Corporate Procurement.

### Supplier Relationship Management Tool

The implementation of an internal data platform containing information on the financial terms and conditions as well as the ESG performance and risks of all Wienerberger suppliers was continued in 2020 and finalized at the beginning of 2021. The supplier relationship management tool facilitates efficient and coordinated data capture. For example, internal performance ratings, compliance with the Supplier Code of Conduct, or the results of ratings by EcoVadis are referred to as a basis for supplier-specific evaluations. We will use these evaluations for recommendations regarding the further development of our supplier partners in terms of ESG criteria, as well as for the benchmarking of suppliers against one another. Moreover, instruments such as the scanning of suppliers against international sanctions lists and the verification of their financial resilience help us minimize supplier-side risks as much as possible.

### Performance of supplier audits

By 2020, 12% of all employees working in Procurement were trained as accredited supplier auditors by external certification bodies (technical inspection bodies or equivalent institutions). A formal training program run by external certification bodies was introduced in 2018 to qualify employees working in procurement for the performance of supplier audits. Ultimately, 20% of all employees in procurement are to be trained to perform professional onsite supplier audits in cooperation with local colleagues having undergone similar training, in particular if concerns have arisen over a supplier's performance. Corporate Procurement nominates employees on the basis of strategic considerations and rolls 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.

Moreover, Corporate Procurement defined uniform follow-up processes to be complied with after the audits, depending on the audit results. Based on these process definitions, supplier audits are initiated in those areas of procurement and geographic locations where the biggest potential risks are assumed to exist.

The audits also cover essential ESG criteria, such as health and safety of employees, respect for human rights, the fight against corruption and bribery, and environmental protection. On the basis of the audit results, the suppliers concerned are 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 (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 of Wienerberger's suppliers has been implemented. It also contains the results of the EcoVadis ratings regarding the sustainability performance of the suppliers. This enables Wienerberger to take the sustainability and risk assessment of its suppliers as well as their financial conditions into account.

### Screening of suppliers and customers against international sanctions lists

Since 2019, all of Wienerberger's suppliers and customers registered in the SAP system have been screened via an interactive data platform for their inclusion in international sanctions lists (published by: United Nations – UN, EU, Office of Foreign Asset Control – OFAC – US Department of the Treasury) and the corresponding steps have been taken. 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 suppliers or customers concerned must be communicated to Corporate Legal Services for consultation within two weeks. All decisions taken in this context are documented in the sanctions management software.



*Wienerberger UN Global Compact  
Communication on Progress 2020  
[www.wienerberger.com](http://www.wienerberger.com)*

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