



Wienerberger

Here we
want to
stay even
longer.

Key Data

Corporate Data ¹⁾		2007	2008	2009	2010	Change in % ²⁾
Revenues	<i>in € mill.</i>	2,477.3	2,431.4	1,816.9	1,744.8	-4
Operating EBITDA ³⁾	<i>in € mill.</i>	551.2	440.1	208.6	210.8	+1
EBIT	<i>in € mill.</i>	353.1	158.1	-258.1	10.7	>100
Sales volumes clay blocks	<i>in mill. NF⁴⁾</i>	6,816	6,746	5,320	5,236	-2
Sales volumes facing bricks	<i>in mill. WF⁵⁾</i>	3,058	2,479	1,778	1,717	-3
Sales volumes clay roof tiles	<i>in mill. m²</i>	25.70	25.96	22.81	23.43	+3
Sales volumes pavers	<i>in mill. m²</i>	9.22	9.73	11.06	11.57	+5
Index of specific energy consumption ⁶⁾		97.2	97.9	100.0	99.0	-1
Index of specific CO ₂ emissions ⁷⁾		105.9	103.3	100.0	99.2	-1
Employees ⁸⁾		14,785	15,162	12,676	11,848	-7
Accident frequency ⁹⁾		21	25	27	20	-26
Accident severity ¹⁰⁾		533	478	586	494	-16
Training costs per employee ¹¹⁾	<i>in €</i>	208	227	208	213	+3
Training hours per employee ¹²⁾	<i>hours</i>	12.0	15.2	15.2	12.0	-21

1) Unless otherwise indicated, the indicators in this sustainability report refer to the Wienerberger Group, including Semmelrock, but excluding Steinzeug-Keramo and the investments in Schlagmann (50%), Pipelife (50%), Tondach Gleinstätten (25%) and Bramac (50%). This does not apply to the financial indicators.

2) Change in relation to previous year

3) Adjusted for non-recurring income and expenses

4) "Normal Format", the standard size of a clay block, with the dimensions 250 x 120 x 65 mm

5) "Waal Format", the standard size of a facing brick, with the dimensions 210 x 100 x 50 mm

6) Specific energy consumption (in kWh per ton), based on 2009. Excluding Semmelrock. Including India starting in 2010.

7) Specific CO₂ emissions (in kg CO₂ per ton), based on 2009. Excluding Semmelrock. Including India starting in 2010.

8) Full-time equivalent, average for the year. Including temporary employees as well as persons with limited employment contracts who have been continuously employed for three months or more. Including 50% Bramac, 50% Schlagmann.

9) Frequency of accidents: number of work accidents / number of hours worked x 1,000,000. Including temporary employees as well as persons with limited employment contracts who have been continuously employed for three months or more. Excluding Bosnia & Herzegovina, including Schlagmann (50%). Including India, Ukraine and Semmelrock starting in 2010.

10) Severity of accidents: Accident-related days lost / number of hours worked x 1,000,000. Including temporary employees as well as persons with limited employment contracts who have been continuously employed for three months or more. Excluding Bosnia & Herzegovina, including Schlagmann (50%). Including India, Ukraine and Semmelrock starting in 2010.

11) All costs connected with training, excluding meals and lodging. Based on full-time equivalent at year-end. Excluding Bosnia & Herzegovina, including Schlagmann (50%). Including India, Ukraine and Semmelrock starting in 2010.

12) Includes both internal and external programs. Based on full-time equivalent, annual average. Excluding Bosnia & Herzegovina, including Schlagmann (50%). Including India, Ukraine and Semmelrock starting in 2010.

Quantitatively
speaking, another
year has passed.

Our Vision

Building Value. For a sustainable future.

Mission Statement

As the world's leading manufacturer of bricks, we regard the economy as an integral part of society. Its duty is to serve people and generate benefits for all. Our goal is to create sustainable values with natural products: a residential environment of highest quality and safety for our customers, a sound investment for our shareholders and attractive jobs for our employees. We take our role as a responsible member of society seriously and act in accordance with economic, ecological and social principles – in order to remain successful in the future.

We focus on the areas in which we are among the best in the world – our core products for walls, roofs, facades and paving as well as pipe systems. The long history of our company, our strong affiliation with natural products, our employees who act as entrepreneurs and our internationality through individual diversity provide a sound basis for the creation of lasting values.

We believe in people.

Bricks by Wienerberger. Designed for living.

Qualitatively speaking, we once again went the extra mile in 2010 so that we can look to the future with sustainable optimism.

Quantitatively speaking:

One 18.2 kg brick



Qualitatively speaking:

Climate protection

Our house concepts are based on economy and energy efficiency. Wienerberger takes a holistic view toward buildings – from the building envelope to the technical equipment and choice of energy carriers. We use research and development to optimize our products and create innovative solutions – like the new high thermal insulating clay block filled with mineral wool.



Quantitatively speaking:

**13.8 million m³
less natural gas**



Qualitatively speaking:

Efficient use of resources

The goal of our Environmental Action Plan is to do better with less. It represents a guideline for the step-by-step implementation of measures to sustainably reduce energy consumption and CO₂ emissions in our plants, which will provide relief for the environment and conserve resources.



Quantitatively speaking:

11,848
personnel files



Qualitatively speaking:

Advancement of employees

Our employees' skills are very different and wide-ranging – and so are the training courses and programs we use to advance and motivate these men and women. We also set another milestone in 2010 with our Safety Initiative, and reduced the frequency and severity of work accidents by implementing a group-wide safety standard.



Quantitatively speaking:

€ 662,219



Qualitatively speaking:

Responsibility

Wienerberger is also committed to social responsibility outside the plant grounds. In nearly all our countries, we provide ongoing support for local social projects and institutions. These actions are designed to meet our neighbors' needs – we help quickly and unbureaucratically in emergencies and also provide long-term assistance, for example by operating a health center in India or as part of the Concordia social project.



Quantitatively speaking:

13.8 million m³
less natural gas

17,017 tons
of CO₂ reduced

Energy demand
to heat brick houses
cut by more
than 50%

137,096
training hours

€ 662,219 for
charitable
organizations

Qualitatively speaking:

Sustainability

Quantitative analysis is an important part of our business, but the qualitative aspects of our strategic orientation are the determining factor for sustainable growth at Wienerberger.

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Introduction by the Chief Executive Officer

Dear Ladies and Gentlemen,

Brick production is inherently long-term because of its business model – the investment horizon for a brick plant is 30 years. However, our products are used even longer than that in most cases. Future-oriented, proactive behavior is therefore essential for Wienerberger because it allows the company to also remain successful under changing economic conditions. We ask ourselves what economic and social trends will influence society in the future, and act accordingly today. For us, sustainable entrepreneurial activity means accepting responsibility – for the use of available resources and in our dealings with stakeholders.

Just what types of challenges are we facing? Rising energy costs and climate protection have become key issues for Wienerberger and its customers. This led us to define energy efficiency as a key focal point of research and development, and to apply the results of this work in optimizing our production processes and products. Other issues are also important, including the availability of certain raw materials, healthy homes and changing lifestyles.

In the production area, we made tangible progress during 2010. We launched the Environmental Action Plan to lower our dependency on fossil energy sources and reduce CO₂ emissions as far as possible. Specially designed measures were also implemented to streamline energy efficiency – e.g. by optimizing the dryer-kiln-heat system or the firing process – at selected plants. The first successes, which include a reduction of roughly 10% in specific energy requirements at one location, have already been realized and confirm that we are closer to meeting our goals.

Our product-related activities include the optimization of existing products and the development of innovative construction systems as well as a special focus on house concepts that are energy-efficient and economical at the same time. We want to increase the awareness for a holistic view of buildings – from the building shell to the technical equipment and energy carriers used. Our products not only contribute to climate protection, but also help homeowners to reduce energy costs. The momentum of development in this area is impressive: the energy required to heat a house made with Wienerberger bricks has been cut by more than one-half over the past 20 years. In 2010 we also extended our product line of high thermal insulating filled bricks to include a clay block filled with mineral wool.

Our employees are one of the most important success factors for Wienerberger, and a lasting commitment to these men and women is therefore a central part of our actions. Occupational safety was a special focus of our efforts during the reporting year. The Safety Initiative 2010 included the roll-out of a group-wide safety standard to all our plants, which substantially reduced the frequency and severity of work accidents. However, there was a fatal accident at one of our Russian plants last year. We sincerely regret this incident and have provided the worker's family with personal and financial support within our possibilities. This tragic accident underscores the importance of our continued efforts to improve occupational safety.



*Heimo Scheuch,
Chief Executive Officer
of Wienerberger AG*

We view social responsibility as an obligation that does not stop at the plant gate. In nearly all countries where we are present, we provide regular support for social projects and institutions in the regions surrounding our production facilities. In India, our activities are directed to meeting the needs of the local population – as is illustrated by the results of a survey that led us to build a health center together with a local organization and to provide funds for its ongoing operation.

In recent years we have professionalized our approach to sustainability management. Wienerberger prepares an annual program with concrete measures to support goal-oriented, sustainable development and regularly adapts this program to reflect the current operating environment. I consider it my responsibility to personally monitor the implementation of this sustainability program. We also introduced regular reporting on our challenges and successes in key areas – environmental protection in production, sustainable products, employees and corporate social responsibility – during 2009 to facilitate open and direct communications with stakeholders. In 2010 we improved both the quality and quantity of the indicators used to report ecological and social data. We started to collect additional data, among others, on CO₂ emissions from countries outside the ETS system as well as the group's water usage and waste. These improvements raised the sustainability report to level B+ under the international standards defined by the Global Reporting Initiative.

However, one thing is clear: indicators alone will not produce an improvement. Only when they are used to make the right strategic decisions will they support the sustainable development of Wienerberger. We took a further step in the right direction during 2010 with the implementation of numerous measures that will provide effective relief for the environment and create significant social benefits. I invite you to draw your own conclusions based on this report.

Yours

Wienerberger at a Glance

Introduction to the Company

Wienerberger is the world's largest brick producer

Wienerberger AG, the world's largest producer of bricks and number one in clay roof tiles in Europe, was founded in 1819 and has traded on the Vienna Stock Exchange since 1869. The corporate headquarters are located in Vienna, Austria. Wienerberger currently operates 245 plants (including pipe systems) in 27 countries and generated revenues of € 1,744.8 million and operating EBITDA of € 210.8 million with an average of 11,848 employees in 2010.

Core business

The group's core business comprises products for:

Wienerberger brands: POROTHERM, POROTON

Walls: *Wienerberger clay blocks are used for load-bearing exterior and interior walls as well as for non-load-bearing partition walls or fillwork. A wall made of clay blocks is normally not seen after completion because it is generally covered with plaster. Wienerberger clay blocks are designed to meet the demands created by special applications (e.g. extreme thermal insulating clay blocks for exterior walls, seismic-resistant bricks for safe construction in earthquake zones) and are marketed under the POROTHERM (POROTON in Germany) brand.*

Wienerberger brands: KORAMIC, TONDACH

Roofs: *Wienerberger clay roof tiles are used primarily to cover pitched roofs. They not only protect houses from the weather for many years, but also represent an important design element for architects. Clay roof tiles are used in new construction and, to a large extent, in the renovation of existing buildings. Wienerberger clay roof tiles are sold in Western Europe, the Baltic States and Poland under the KORAMIC brand. At the beginning of 2011 Wienerberger increased its investment in Tondach Gleinstätten AG from 25% to 50%, whereby this transaction is still subject to approval by the antitrust authorities. The clay roof tiles made by this company are sold in Eastern Europe under the TONDACH brand.*

Wienerberger brands: TERCA, ArGeTon, General Shale, Arriscraft

Facades: *TERCA facing bricks and ArGeTon ceramic facade boards are used in visible brick architecture: facades and interior walls are made from or covered with these bricks. The underlying load-bearing walls are made of clay blocks or other building materials such as concrete or calcium silicate blocks. In North America, facade systems are made of clay (General Shale Brick) as well as other materials like artificial stone or natural limestone (Arriscraft).*

Wienerberger brands: Semmelrock, TERCA

Pavers: *Pavers by Wienerberger are produced as concrete tiles or slabs (Semmelrock) or as clinkers made of clay (TERCA). These materials are used by homeowners (for driveways, paths, terraces and garden design) as well as in public areas (sidewalks, open areas and pedestrian zones).*

Wienerberger brands: Steinzeug-Keramo, Pipelife

Pipe systems: *Wienerberger pipe systems are marketed as clay pipes (Steinzeug-Keramo) or plastic pipe systems (Pipelife) and are used in a wide variety of applications by industrial companies as well as homeowners. Clay pipes are found predominately in municipal waste water disposal, while plastic pipes are also employed in building technology (household waste pipes, cold and warm water lines), for gas and electrical supply or as protection for cables.*

Strong expansion in Europe and North America since the mid-1980s has transformed the Wienerberger Group from a local Austrian brick manufacturer into a multinational building materials supplier. The company has also recently expanded into emerging markets that include Russia and India. Wienerberger works continuously to strengthen its geographical position. The company's goal is not to be present everywhere, but to develop strong positions in individual markets.

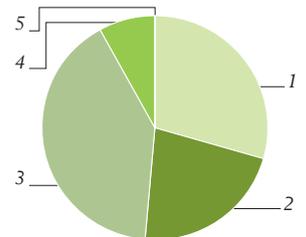
The Semmelrock Group became an integral part of Wienerberger following an increase in the investment to 100% during 2010. The information contained in this Sustainability Report – unless indicated otherwise – applies equally to Wienerberger and Semmelrock. In 2010 Wienerberger took steps to expand its product portfolio with the takeover of Steinzeug-Keramo and an increase in the Tondach Gleinstätten investment to 50%, and thereby set the course for the group's future strategic development²⁾. These acquisitions substantially expanded and strengthened activities in the infrastructure, renovation and refurbishment segments. Wienerberger today has a broad product portfolio, lean cost structures and a solid balance sheet, and is stronger than ever.

Concentration on the operating business will represent the strategic focus for the coming years. The highly efficient Wienerberger plant network with its optimal geographic coverage has created a significant potential for organic growth that will support a sound improvement in earnings if the market recovery is lasting. Wienerberger's goal is to protect and expand its market positions through product innovation as well as cost and technology leadership. In both cases, sustainability plays an important role: the demand for innovative products is growing – if these products are also sustainable. The attainment and maintenance of cost and technology leadership depends on optimizing the energy efficiency of products and production processes.

Wienerberger is a pure free float company without a core shareholder, and 100% of the shares are held in free float. This free float is distributed among Austrian and international investors, whereby the majority is located in the Anglo-Saxon region. Dodge & Cox, which is headquartered in the USA, has been the largest Wienerberger shareholder since July 31, 2008, with over 10% of the shares outstanding. There were no other reports of shareholdings in excess of 5%.

The Managing Board of Wienerberger AG has three members. They are supported by the holding company's top management in the strategic and operating development of the group. This circle of managers represents the first reporting level and comprises the Executive Managing Directors (EMDs) as well as the heads of the product groups and corporate services. Wienerberger's organizational structure ensures close cooperation between the regions and product groups which, in turn, supports the realization of international and product-specific synergies.

Revenues by operating segment¹⁾



- 1 Central-East Europe 30%
- 2 Central-West Europe 22%
- 3 North-West Europe 41%
- 4 North America 8%
- 5 Investments and Other -1%

Focus on core business and organic growth

Wienerberger is a pure free float company

Managing Board supported by EMDs, heads of product groups and corporate services

1) An overview of the countries and investments allocated to the operating segments is provided on the following page.

2) Tondach Gleinstätten, Pipelife International and Steinzeug-Keramo are not included in the Sustainability Report for 2010 because the former are 50/50 joint venture investments and Steinzeug-Keramo was only acquired in full by Wienerberger at the end of that year.

Overview of Operating Segments



Operating segments	Clay blocks	Facing bricks	Roof systems	Pavers	Pipe systems	
	POROTHERM POROTON	TERCA ArGeTon General Shale Arriscraft	KORAMIC	Tondach Gleinstätten (50%) ¹⁾	Semmelrock TERCA	Steinzeug- Keramo ²⁾ Pipelife (50%) ³⁾
Central-East Europe						
Austria	■	■	□	■	■	□ ■
Czech Republic	■			■	■	□ ■
Slovakia	■			■	■	□
Poland	■	■	■		■	□ ■
Finland / Baltics		■	□			■
Hungary	■			■	■	□ ■
Romania	■			■	■	□
Bulgaria	■				■	□ ■
Russia	■	■				■
Ukraine	□					
Croatia	■			■	■	
Slovenia	■			■	□	
Bosnia and Herzegovina	□				□	
Serbia	■			■	□	□
Macedonia ¹⁾				■		
Greece ³⁾						■
Turkey ³⁾						■
Central-West Europe						
Italy	■					□
Switzerland	■		■			□
Germany	■ ⁴⁾	■	■		■	■ ■
North-West Europe						
Belgium	■	■	■			■ ■
France	■	■	■			□ ■
Netherlands	■	■	■		■	□ ■
Great Britain		■	■		■	□
Ireland ³⁾		□				■
Denmark		■	□			
Sweden		■	□			■
Norway		■	□			■
North America						
USA		■				■
Canada		■				
Investments & Other⁵⁾						
India	■					

■ Plant locations
□ Export markets⁶⁾

- 1) The approval of the antitrust authorities for the increase in the stake held in Tondach Gleinstätten AG from 25% to 50% is still outstanding.
- 2) Steinzeug-Keramo is allocated to the Investments and Other Segment.
- 3) The 50% investment in Pipelife (which has plants in Greece, Turkey and Ireland) is allocated to the Investments and Other Segment.
- 4) In Germany, Wienerberger is also represented by Schlagmann GmbH&Co. KG, a 50% subsidiary.
- 5) The Investments and Other Segment includes India as well as Steinzeug-Keramo, Pipelife (50%), corporate headquarters and other investments.
- 6) Only key export markets are shown.

Economic Performance

New residential construction during the reporting year was influenced above all by the uncertain economic environment and resulting low consumer confidence. Construction activity in Central-East Europe continued to decline sharply with no signs of a bottoming out in most countries, but Western Europe reported a slight improvement in the demand for building materials from a low level. Wienerberger recorded a slight decline in revenues plus other operating income to € 1,814.5 million in 2010. Group revenues fell by 4% to € 1,744.8 million for the reporting year. This development comprised a 1% decrease in volumes and 5% in prices that was partly offset by 2% of positive foreign exchange effects. Other operating income increased as a result of higher income from insurance. In spite of lower average prices, which reflected our proactive pricing policy in Eastern Europe, operating EBITDA matched the prior year level due to cost savings and better capacity utilization. The success of the cost reduction programs implemented during 2008 and 2009 is reflected in a 6% reduction of operating costs¹⁾ to € 1,090.7 million in 2010.

The average number of employees in the Wienerberger Group declined during the reporting year, which also led to a decrease in wages, salaries and benefits. This workforce reduction was related above all to plant closings that were made during the second half of 2009 in reaction to the economic crisis. The resulting redundancies are only fully reflected in the employment indicators for 2010.

The dividend for 2009 was waived to protect liquidity and, consequently, there were no distributions to shareholders during the reporting year. Payments to providers of capital (owners) therefore only include the hybrid capital coupon.

Net debt was reduced from € 408.0 million to € 374.5 million in 2010. This also led to a decrease in payments to banks, i.e. in the form of interest expense.

Payments to the public sector, which represent taxes on income and other taxes (excluding deferred taxes), have decreased since 2007 due to the decline in profit.

Uncertain economic climate, EBITDA for 2010 at prior year level

Decline in average number of employees

Waiver of 2009 dividend

Reduction in net debt

Payments to the public sector

Cash flows to stakeholders in € mill.	2007	2008	2009	2010	Change in %
Revenues and other operating income	2,518.1	2,478.5	1,876.4	1,814.5	-3
Operating costs ¹⁾	-1,364.7	-1,404.3	-1,155.6	-1,090.7	-6
Employee wages, salaries and benefits ²⁾	-578.9	-607.5	-518.3	-489.3	-6
Payments to providers of capital (owners) ³⁾	-94.9	-152.6	-32.5	-32.5	0
Payments to providers of capital (creditors)	-87.0	-83.1	-58.7	-43.8	-25
Payments to government ⁴⁾	-63.4	-51.4	-29.5	-24.5	-17

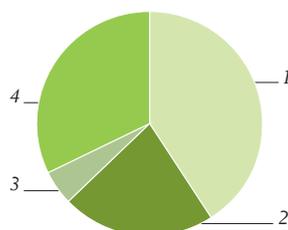
1) Production costs plus selling, administrative and other operating expenses; excluding wages, salaries, benefits, depreciation and amortization as well as non-income based taxes

2) Excluding temporary personnel and company automobiles; including personnel-related restructuring costs

3) The hybrid coupon and dividend are shown in the year in which payment was made.

4) Excluding deferred taxes

Public financial subsidies in € 1,000



- 1 Employee training 41%
- 2 Product research and development 22%
- 3 Investments in environmental protection and occupational safety 5%
- 4 Other 32%

The Wienerberger Group received public financial subsidies totaling € 3.60 million in 2010¹⁾. The major payments can be classified under employee-related programs (€ 1.49 million) and other financial subsidies (€ 1.14 million) that are mainly related to the reimbursement of payroll costs in connection with short-time work programs. Wienerberger also received € 0.79 million for product research and development and € 0.18 million for investments in environmental protection and occupational safety during 2010.

Corporate Governance

Strict principles of good corporate management and transparency as well as the ongoing development of an efficient control system form the basis of corporate governance at Wienerberger.

The Austrian Corporate Governance Code was enacted in 2002 and has been regularly modified since that time to reflect the current legal environment as well as the corresponding recommendations of the European Commission (see www.corporate-governance.at). Wienerberger was one of the first companies in Austria to announce its support for this code and to commit to compliance with its rules. The company has issued an extensive corporate governance report together with the annual report each year since 2008. Wienerberger met all rules and recommendations of the code (in the version dated January 2010) during the reporting year. In this regard, Wienerberger places special importance on transparency in disclosing its remuneration policies as well as the remuneration of the Managing and Supervisory Boards. These corporate bodies, above all through their chairmen, hold regular discussions on the company's strategic orientation.

The Corporate Governance Code requires the majority of shareholder representatives on the Supervisory Board to be independent. A member of the Supervisory Board is regarded as independent in the sense of the code if he or she has no business or personal ties to the company or its Managing Board that could create a material conflict of interest and therefore influence the member's behavior. In 2011, all shareholder representatives on the Supervisory Board again declared their independence in this regard.

Conflicts of interest on the Managing Board are prevented, among others, by specific provisions of the Austrian Stock Corporation Act. Examples of these provisions are the prohibition on competition for managing board members (§ 79) and the mandatory consent of the supervisory board for any loans granted to managing board members (§ 80). In addition, the rules of procedure for the Wienerberger Supervisory Board require the Presidium to approve all transactions between the company or group companies and members of the Managing Board or related parties.

**All Wienerberger
Supervisory Board
members are
independent**

**Preventing conflicts
of interest on
Managing Board**

The goal of the remuneration system is to provide the members of the Managing and Supervisory Boards with compensation that is appropriate in national and international comparison based on their functions and scopes of responsibility. The key criteria for remuneration are the long-term and sustainability aspects required by the Austrian Corporate Governance Code. The most important feature of the remuneration system is the structuring of cash payments into fixed and variable components. The fixed component reflects the scope of responsibility of the Managing Board member, while the amount and basis of the variable component are tied to the achievement of pre-defined performance goals. Wienerberger has also implemented a long-term incentive (LTI) program for the Managing Board and key employees, which forms part of the variable remuneration and is designed to support a sustainable increase in the value of the company. Details on the amount and composition of remuneration for the Managing and Supervisory Boards are provided in the annual report (“Remuneration Report”).

Long-term and sustainable aspects of remuneration

The number of shares of common stock issued by Wienerberger AG equaled 117.5 million after the capital increase in September 2009. There are no preferred shares or restrictions on common shares. The principle of “one share – one vote” therefore applies in full. Wienerberger AG has no core shareholder. The shareholder structure is described in the chapter “The Wienerberger Share and Shareholders” in the annual report.

“One share – one vote”

Austrian stock corporation law contains detailed provisions on the exercise of shareholders’ rights in the annual general meeting of a stock corporation. In particular, these rights cover voting and inquiries as well as the right of challenge. At the 2010 annual general meeting, the Managing Board received and answered questions from shareholders on the social and ecological aspects of the company’s restructuring.

Shareholders’ rights

Additional information on corporate governance at Wienerberger is provided in the annual report (“Corporate Governance at Wienerberger”) and on the company’s website (www.wienerberger.com).

Further information

Sustainable Development at Wienerberger



THE GLOBAL
COMPACT

Wienerberger Mission Statement and Principles of Sustainability

With the signing of a Social Charter in 2001, Wienerberger formally confirmed its intention to comply with the recommendations of the International Labor Organization (ILO) in Geneva and to support the principles of social progress. As a logical consequence of this action, Wienerberger also joined the UN Global Compact in 2003. This initiative was introduced by the United Nations in 1999 to promote good corporate citizenship and now encompasses ten guiding principles from the areas of human rights, labor standards, environmental protection and measures to combat corruption. Companies that join the program agree to voluntarily comply with the principles that are published on the UN Global Compact website at www.unglobalcompact.org.

Development of Wienerberger mission statement

In 2004 Wienerberger management carried out an intensive dialogue on the subject of sustainability with the support of external consultants. The analysis concluded that sustainability does not represent a short-term trend for Wienerberger and confirmed that our actions are based on economic, ecological and social criteria. The result of this discussion was a mission statement that is now available in 20 languages. Over the years, this mission statement has become an integral part of our corporate culture. Our vision “Creating value. For a sustainable future” defines sustainability as our top priority.

Core principles of the mission statement

The Wienerberger mission statement comprises three core principles:

- *We regard the economy as an integral part of society, which is designed to serve people and to generate benefits for all.*
- *We take our role as a responsible member of society seriously and act in accordance with economic, ecological and social principles – in order to remain successful in the future.*
- *We create lasting values through products made from natural raw materials and the steady pursuit of our strategy.*

Operational application of economic, ecological and social criteria

The Principles of Sustainability represent a key element of the Wienerberger mission statement. They define the economic, ecological and social criteria for sustainability and transform these criteria into operational markers for Wienerberger. The principles serve as a point of reference for the sustainable development of production processes and products as well as responsible interaction with our stakeholders, employees and society.

Wienerberger Principles of Sustainability

The Wienerberger Principles of Sustainability are summarized on the next page. In addition, they are explained in detail – as an introduction to the various sustainability subject areas presented in this report – at the beginning of the following chapters. These chapters also provide information on the latest developments in these key areas at Wienerberger.

The **creation of added value** through **future-oriented, proactive behavior** is in the interest of all our **stakeholders**. We create life-long quality of living and security with natural products for our customers, a solid investment for our shareholders and an attractive workplace for our employees. Wienerberger engages in an **active dialogue with all its stakeholders** and is aware of its **responsibility to shareholders**.

Environmental protection in production is a top priority for Wienerberger. The **use of natural raw materials** and the **responsible interaction with clay extraction sites** represent key sustainability principles for our production processes. Another important focus of our activities is the **greatest possible conservation of resources**. That means continuously optimizing the use of mineral resources while, at the same time, maintaining or even improving the quality of our products. Conservation of resources also means making production more energy-efficient with improved technologies and the use of renewable energy carriers and, subsequently, reducing CO₂ emissions.

The value of a building is dependent on numerous factors, not least on the **products** used in construction. Accordingly, the **creation of lasting values for people through natural, sustainable products** is a central principle of Wienerberger's product development. Products made by Wienerberger form part of sustainable building concepts. They guarantee high quality of living by creating a healthy interior climate. The economic efficiency of our building materials also supports value creation: a long service life, the careful use of raw materials and efficient ways of handling our products make housing affordable. Safety is another important factor – Wienerberger bricks provide optimal protection against fire or earthquakes. Another key benefit of our products is their contribution to climate protection.

For customers, shareholders and employees

In harmony with people and nature

On a sound basis

Our employees are the basis of our success. Wienerberger relies on people who are committed to the task at hand and **think and act as entrepreneurs**. Wienerberger expects a **high degree of commitment and willingness to take on responsibility** from its employees. In exchange, we offer fair and motivating compensation as well as an opportunity to actively shape the company. Ongoing training supports the **development of each employee** as well as the company. A central principle of human resources management is to ensure **equal opportunity for all employees, regardless of age, gender, culture or origin**. For Wienerberger, the diversity of our workforce is a central corporate value. Wienerberger is also committed to maintaining a **safe and healthy working environment**.

Creating lasting values

Wienerberger makes bricks, but homes are built for people.

This belief is reflected in our goal to accept **responsibility for society** and to use our products and financial assistance to help people who have been affected by unforeseen circumstances or misfortune. For Wienerberger, the most important principle of social responsibility is to **support social institutions on a local basis**. In nearly all countries where Wienerberger is present, we provide ongoing assistance for social projects and facilities. The **protection of human rights, compliance with all relevant national and international legal regulations** as well as **open and transparent communications with politics and public authorities** also represent an integral part of our commitment to social responsibility.

Milestones in Sustainable Development

Commitment to a Social Charter for compliance with the applicable agreements and recommendations of the International Labor Organization (ILO) in Geneva; **ratification of the Charter of Fundamental Rights of the European Union issued on December 7, 2000 in Nice** (issued on December 7, 2000 in Nice)

Communication of the **Wienerberger mission statement to all employees** and implementation in **all country organizations**

Commitment to UN Global Compact
– a United Nations initiative established in 1999 to promote ethical behavior among companies (Good Corporate Citizenship)

2000 2001 2003 2004 2005

Extensive discussions of sustainability by Wienerberger management together with external advisors; **definition of the Wienerberger mission statement** by 80 managers from all country organizations

Wienerberger is a **founding member** of the Austrian UN Global Compact network **respACT Austria** and a contact partner for issues related to the implementation of sustainability, corporate social responsibility (CSR) and business ethics

First place in the Austrian CSR ranking in the category "Industry"; award from the Center for Corporate Citizenship

Integration and implementation of the internationally recognized HR quality standard “Investor in People (IIP)” for the inclusion of employees and managers in company goals

Achievement of GRI Level B+ with publication of the Wienerberger sustainability report 2010; external validation of selected topics; **extension of data collection** for key indicators to include India, Russia and North America as well as the Semmelrock Group

Integration of local sustainability managers into a network to better anchor **sustainability issues** in the Wienerberger country organizations



Communication of the HR quality standard “Investor in People (IIP)” and start of implementation in selected country organizations

Publication of the first Wienerberger sustainability report; implementation of measures described in this report, for example the Environmental Action Plan and the International Safety Initiative 2010 as well as an extension of data collection on key indicators; **creation** of four subject area-related **working groups**

*Founding of the **Wienerberger Sustainable Development Steering Committee** to define Wienerberger's **sustainability strategy, key indicators** and **targeted goals** for sustainable development; preparation of the first Wienerberger sustainability report*

Processes and Instruments for Sustainable Development

Sustainability report as annual start of a continuous process

Sustainability plays an important role in Wienerberger's strategic orientation, and the Managing Board therefore decided to publish an annual sustainability report with information on progress and the latest achievements in this area. The Wienerberger sustainability report transforms our commitment to sustainable development into concrete action. It is based on the standards of the international Global Reporting Initiative (GRI) and represents the annual starting point of a continuous process. All management levels and employees are fully committed to supporting the required measures for further development in the area of sustainability. Our sustainability report provides information on the status quo as well as further measures in the areas of stakeholder management, environmental protection in production, sustainable products, employees and social responsibility. These future measures ("sustainability program") are described at the end of the respective chapters and summarized on page 85. The sustainability report is not only a collection of interesting facts and figures; it also serves as an instrument to monitor the progress of our sustainable development.

Independent validation

Selected topics in this sustainability report were validated by an independent external auditor: the content of and indicators on energy consumption and emissions, occupational safety and health as well as the content of the e⁴ house concept including a sample calculation of the energy performance of a traditional brick building. This review also covered sustainability management as well as data collection processes and the implementation of the sustainability strategy.

SDSC defines sustainability strategy

The Sustainable Development Steering Committee (SDSC) was founded to define Wienerberger's sustainability strategy, key indicators according to GRI and goals for sustainable development. The SDSC, which meets once each quarter, includes representatives of the following corporate functions: Managing Board, Employees' Council, Controlling, Engineering, Human Resources, Legal Services, Marketing & Public Relations, European Affairs & Sustainable Development, Internal Audit and Investor Relations. The SDSC receives regular progress reports on the sustainability process and is presented with options for further actions. This forms the basis for process management. This sustainability report was released by the SDSC.

CEO monitors sustainable development

The Chief Executive Officer of Wienerberger AG, Heimo Scheuch, is a member of the Sustainable Development Steering Committee. He monitors the company's sustainable development on a regular basis.

Implementation of sustainability program

The SDSC has created working groups to implement the sustainability program, whereby the following have been established to date:

- Environmental Protection in Production
- Sustainable Products
- Employees
- Social Responsibility

Continuous implementation of measures; collection of data

These working groups meet regularly under the direction of the sustainability officer. The members of the working groups are responsible for the ongoing implementation of measures approved by the SDSC as well as the collection and verification of data.

The SDSC uses Wienerberger's Internal Audit department to review the implementation of the sustainability program. This department, which reports directly to the Managing Board, evaluates the company's operating processes each year based on an audit plan and a risk assessment. Monitoring the internal control system in the accounting process is one of the most important responsibilities of Internal Audit. Another duty is the review of compliance with legal regulations and internal guidelines, for example the guidelines on business gifts and competition law. Internal Audit also evaluates compliance with Wienerberger safety standards for employees and with selected areas of the Austrian Corporate Governance Code, whereby the latter is mainly a focus of activities by the external auditor. Wienerberger currently operates plants in 27 countries. Internal audits were carried out in 15 countries during 2010, which focused on organization, procurement, materials management, sales and personnel as well as corruption.

**Internal Audit
as control function**

Data for the indicators defined by the SDSC and published in the sustainability report is collected through the sustainability reporting system. These indicators form the basis for measuring sustainability performance and defining future goals to improve this performance. The sustainability reporting system comprises financial reporting, sustainability risk reporting, SHE reporting (safety, health and education), energy reporting, CO₂ reporting and special surveys to collect data on environment-related issues, compliance and other sustainability issues.

**Sustainability
reporting system**

Data collection is being expanded continuously, with additional ecological and social indicators added in 2010. For example, surveys on financial subsidies, water usage and waste disposal are now integrated in the sustainability reporting system. The database was also broadened during the reporting year to include India, Russia and North America as well as Semmelrock (www.semmelrock.com), which has been wholly owned by Wienerberger since the end of 2010.

**Extension of
sustainability
reporting system**

Future Measures

Measures for the coming year include an improvement in the quality of data collection and upgrading of the related processes. The next sustainability report will also include the Steinzeug-Keramo Group (www.keramo-steinzeug.com), which has been wholly owned by Wienerberger since the end of 2010. Plans also call for the preparation of a guideline to document the principles, processes and instruments of sustainable development.

**Further development
of data collection and
guideline for sustainable
development**

In the future, the Executive Managing Directors and the managing directors of the country organizations will be more closely involved in sustainability management to facilitate the implementation of measures that extend beyond the improvement of the sustainability reporting system.

**Inclusion of Executive
Managing Directors
and local managers**

A network of local sustainability officers will be established to strengthen the focus on sustainability in the individual countries. Certain countries (e.g. Belgium and the Netherlands) have already appointed these contact partners. An online platform will also be created to support the group-wide exchange of information on key sustainability issues.

**Establishment of
group-wide network**

Stakeholder Management

Principles of Stakeholder Management

Creation of added value is in the interest of all stakeholders

“Building Value. For customers, shareholders and employees.” The central principle of stakeholder management at Wienerberger is the *creation of added value* through *future-oriented, proactive behavior*. We create highest quality of living and security with natural products for our customers, a solid investment for our shareholders and an attractive workplace for our employees. We also create added value for our suppliers in the form of long-term business relationships. In implementing its corporate strategy, Wienerberger addresses current challenges, actively participates in the development of a sustainable economic environment and, in this way, generates sustainable success.

Active dialogue with stakeholders

Wienerberger carries on an *active dialogue with stakeholders*. On the one hand, we communicate our performance in the environmental and social area to interested stakeholders and, on the other hand, we actively engage with stakeholders and align our strategy with their needs. We view this dialogue with stakeholders as an integral part of our entrepreneurial activity. An awareness of their interests, balancing out possible conflicts and communicating entrepreneurial decisions are essential. We therefore see continuous dialogue with our stakeholders as an opportunity to jointly develop the company.

Responsibility to shareholders

Wienerberger is well aware of its *responsibility to shareholders*. Focusing entrepreneurial activities on economic and social sustainability criteria creates opportunities for a lasting increase in the value of the company. Research and development that is based on this orientation not only supports the continuous, sustainable improvement of our products and production processes, but also gives us an advantage over the competition. Sustainable corporate development creates added economic value for shareholders and protects the company’s long-term success on the capital market.

Processes and Instruments to Include Stakeholders

Continuous exchange with stakeholders

The continuous orientation of corporate activities on the needs of stakeholders has priority for Wienerberger. Accordingly, many areas of the company maintain a continuous dialogue with stakeholders.

Integration of sustainability issues in communications

At the end of 2010 an internal process was started to better integrate ecological and social subjects in communications with the relevant stakeholder groups. A workshop was held with representatives from the areas of European Affairs & Sustainable Development, Investor Relations, Marketing & Public Relations, Human Resources and the Employees’ Council to analyze the needs of stakeholders and to evaluate various communications media. Measures for 2011 were also defined, which will support the exchange of information on ecological and social subjects with the respective stakeholders. The results of this workshop form the basis for Wienerberger’s stakeholder management and are described in the following section.

Stakeholders and Communication Measures in 2010

Employees are interested in a stable employment relationship and a good working environment that guarantees health, safety, fairness and equal opportunity. It is therefore decisive to ensure the regular exchange of information on these subjects. A variety of internal media, such as the Intranet, local employee magazines and internal newsletters from various departments (also see the section on “Communications” in the chapter “Employees”) are used for this purpose. These communication measures are supplemented by employee events and special initiatives. The safety initiative launched in 2010 to improve occupational safety is directed toward anchoring a uniform, group-wide safety standard in all Wienerberger plants. A central objective of this program is to convey the significance of safety to managers as well as employees. This is done with training programs and special communication measures (announcements, team meetings). The identification of employees with our products is also important for the success of Wienerberger. Consequently, the internal newsletters include regular reports on product innovations.

**Communications
with employees**

The interests of shareholders, analysts and banks are centered on the positive development of the company's value. It is therefore important to provide information on the ways in which ecological and social commitment can minimize financial risks over the short- and medium-term, and thereby increase Wienerberger's economic success. Investor Relations provides extensive support for shareholders and guarantees targeted communications through events like investor conferences, the annual general meeting, international road shows and personal discussions. Wienerberger also carries on a dialogue with investors who include sustainability criteria in their investment decisions. The planned measures to obtain listings in ethic funds and sustainability indexes were not implemented during the reporting year, but the 2010 Sustainability Report is also addressed to this target group.

**Shareholders, analysts
and banks**

Our customers – consumers as well as building developers, planners and masons – are interested in high-quality, long-lasting and affordable products. They are also interested in constructing buildings that have a healthy room climate, minimize operating and energy costs and provide adequate security. Wienerberger uses a wide range of communication measures to convince customers of the benefits of its products with respect to ecological, economical and social criteria. In addition to numerous other activities, the e⁴ energy planner was developed. This planning tool helps to optimize the energy and economy of a residential housing project (www.energieberater.at). Information brochures on this tool have been distributed to planners and building developers at trade fairs. In addition, the Wienerberger Brick Award – which recognizes unusual brick architecture – was presented for the fourth time in 2010.

**Consumers, developers,
planners, masons**

Suppliers

Suppliers are interested in fair business relationships with Wienerberger. Cooperation based on mutual trust and continuous improvement form the basis for these relationships. Wienerberger also intends to clearly communicate its expectations for ecological and social standards to suppliers.

Municipalities and public authorities

The central interest of municipalities and public authorities is to minimize the negative effects of clay extraction and production (e.g. through noise or dust) on neighboring residents and to ensure quality living conditions for these residents. Municipalities also award contracts for construction projects that use Wienerberger products. The understanding and cooperation with municipalities and public authorities was good in 2010, and the exchange of information took place on a personal basis in many cases.

Politics

Politics establishes the general legal framework for society and, as such, defines the general business environment for Wienerberger. The subjects on which the exchange of information with Wienerberger took place in 2010 are described in the section on the “The Political Decision-making Process” in the chapter “Corporate Social Responsibility”.

Environmental NGO's

Environmental NGOs are interested in nature conservation, biodiversity, climate protection and the conservation of resources. Wienerberger continued its productive cooperation with the World Wide Fund for Nature (WWF; also see the section “Clay, Loam” in the chapter “Environmental Protection in Production”) in 2010 as part of the “Living Rivers” project in the Netherlands. As a member of the Austrian Association for Building Materials and Ceramic Industries, Wienerberger participates in the Forum for Mineral Raw Materials, which has worked together with WWF Austria on nature and biodiversity conservation since 1999. The goal of this forum is to create a balance between necessary access to raw materials and the need to protect nature, biodiversity and water.

Media

The media expect the differentiation, but also the understandable presentation of sustainability content. Major subject areas include energy efficiency in production and buildings as well as healthy and safe homes.

Awards

Numerous awards

Wienerberger received numerous awards in 2010. Our performance was recognized in a wide variety of areas – from service quality to product innovation, advertising and investor relations. The following section presents a number of the national and international awards received by Wienerberger during the past year.

Belgium: Design Award for KoraSun®

At the Belgian Building Awards, which were presented during the Batibouw trade fair, the KoraSun® photovoltaic system received the design prize. The decisive factors for this recognition were the easy-to-use “plug and play” system as well as the seamless integration of the panels into the clay roof tiles. In addition, KoraSun® 2010 was awarded the TÜV quality seal.

In 2010 the perlite-filled thermal insulating facade POROTON-WDF made by Schlagmann received the Bavarian Energy Prize, which is awarded every two years by the Bavarian Ministry of Commerce to particularly innovative products and energy concepts for construction. This ecological, sustainable product convinced the jury with its standing as the first pure mineral brick system for the energetic renovation of older buildings.

Germany:
**Bavarian Energy Prize
for POROTON-WDF
thermal insulating facade**

Wienerberger Hungary received special recognition for the Porotherm Dryfix® system, a special plane brick masonry glue, at the 2010 innovation awards presented by the Hungarian Innovation Association.

Hungary:
**Innovation Association
award for Dryfix®**

The General Shale Willow Lane Showhouse Project received a gold award in the category "single family house/residential house" from the US Brick Industry Association in 2010. The design of the house reflects local architectural traditions, but also incorporates environmental compatibility and modern living standards.

USA:
**Brick in Architecture
prize for General Shale**

Wienerberger Investor Relations also received numerous international and national awards in 2010. At the Annual Report Competition Award in New York, the Wienerberger annual report was recognized from over 2,000 reports submitted from 26 countries with two Golden Awards and one Bronze Award. For the best corporate communications in the German-speaking countries, Wienerberger followed platinum in previous year with another gold at the renowned Econ Awards in Berlin. The Thomson Reuters Extel Pan-European Survey resulted in awards for the Wienerberger Investor Relations team as the best IR in the European building materials sector and the best IR (across all branches) in Austria. In addition, the annual web ranking by the Swedish agency Hallvarsson & Halvarsson rated the Wienerberger website number one from over 30 of the largest Austrian corporations for the third year in succession.

**Numerous awards for
Wienerberger
Investor Relations**

Future Measures

Sustainability subjects, such as product innovation and support for charitable organisations, will play a greater role in regular communications with employees.

**Communications with
employees**

Communications with Wienerberger's main target groups – above all masons, building developers, planners and environmental organizations – on sustainability will consist primarily of compact messages in 2011. The main emphasis will be placed on climate protection in connection with the energy efficiency of buildings, healthy and affordable housing and the easy and safe use of our products.

**Communications
with target groups**

Environmental Protection in Production

Principles of Sustainable Production

Production in harmony with the environment

“Building value. In harmony with people and nature.” For Wienerberger, environmental protection in production is a top priority – and also a daily challenge. Wienerberger works to achieve compatibility between the production of building materials and the environment. The use of natural raw materials, responsible interaction with clay extraction sites and the greatest possible conservation of resources are the central principles of sustainable production.

Responsible clay extraction

The use of natural raw materials and responsible interaction with clay extraction sites: The methods used by Wienerberger to extract and process clay, the natural raw material that is used for most of our products, are designed to minimize the impact on the environment and to conserve resources. Responsible interaction with clay extraction sites means preventing negative effects on neighboring residents during extraction (in the form of noise or dust) as well as protecting the environment (e.g. by maintaining local biodiversity). The clay reserves in our extraction sites are used to the greatest extent possible.

Professional restoration of mining sites

Responsible interaction with clay extraction sites at the end of their useful life means professional restoration – often in cooperation with environmental NGOs like the WWF. Specially designed restoration concepts allow for the ecologically friendly utilization of exhausted clay pits.

Short transport routes and careful use of raw materials

Greatest possible conservation of resources: The conservation of resources starts at the beginning of the production chain. Brick plants generally process local raw materials like clay, loam and sand. Since the pits are usually located close to the production facilities, transport routes tend to be short. The use of these resources is optimized continuously, while product quality is maintained or improved at the same time. These results are achieved, for example, with the use of recycled ceramic materials. Biogenic additives also play a role. Semmelrock uses locally available raw materials like cement or rock grain (sand, gravel) for the production of concrete pavers. Most of these materials are sourced locally to minimize transportation.

Energy efficiency in production

Brick production uses energy due to the high temperatures required for the drying and firing processes. This energy consumption results in CO₂ emissions. Both cannot be avoided, but optimized production technologies and the use of renewable energy sources can make production more energy-efficient and reduce CO₂ emissions. We want to pursue these objectives to make our production process as ecologically friendly as possible. The optimization of energy consumption in production is also an important focus of activities for Semmelrock.

Processes and Instruments for Sustainable Production

Research and Development

Research and development (R&D) in production is of major importance for the Group. The core processes for production of ceramic products are raw materials management, preparation, shaping, drying and firing. The most important R&D activities include the continuous development and improvement of production processes with respect to quality, raw materials and energy efficiency.

R&D in production is application-based and carried out primarily at our plants. Corporate engineering works closely with the plant managers and local technicians in this process. The individual research projects are planned centrally with standardized project management tools and carried out locally. In this way, successful developments can be transferred quickly and efficiently to other locations.

An energy-efficient production process not only supports environmental protection, but also leads to a sustainable reduction in energy costs. The optimization of energy efficiency in production starts with the raw material mixture. Research projects are ongoing to optimize the share of additives in this mixture and to test new types of raw materials. R&D activities are concentrated mainly on the most energy-intensive production processes – drying and firing. However, the optimization of these processes can only proceed on a step-by-step basis because of limited technical alternatives and high investment costs. Another area of R&D activities is the substitution of fossil fuels with CO₂-neutral alternative fuels, which can now only cover a small part of our energy requirements due to their limited availability.

A major part of the energy used in the production process goes into drying of the “green” bricks – the optimization of the drying process is therefore crucial. The development – starting in 2004 – of the Wienerberger dryer, which has particularly efficient fans and optimized air flow, reduced the electricity consumption of a typical dryer by roughly two-thirds. The Wienerberger dryer is currently operating at 15 plants.

A pilot project for low-temperature drying is now under testing at a plant in Romania. In 2010 the first section of this Wienerberger dryer was refitted to operate at low temperatures. The freshly extruded bricks are exposed to a maximum amount of ambient air (from inside and outside the production hall) to ensure efficient initial drying. This reduces the volume of hot air that needs to be fed from the kiln to the dryer and limits it to second stage and final drying. Moreover, the residual heat in the dryer exhaust is recovered through a heat exchanger and recycled into the drying process. The refitted aggregate started operations at the end of 2010. First energy savings have already been noted, but must be repeated over the coming months. Plans also call for the implementation of low-temperature dryers in other countries.

At locations with standard dryers, Wienerberger also intends to develop opportunities to use ambient air from inside and outside the plant (especially in the summer months) for part of the drying process. Previously unused waste heat from the kiln process will also be recycled for drying wherever possible.

R&D in production

Local R&D is application-based

Energy efficiency in production

Energy efficiency in the drying process – Wienerberger dryer

Pilot project for low-temperature drying in Romania

Optimization of drying at locations with standard dryers

Energy efficiency in the firing process

The firing process, where temperatures must reach up to 1,100° C, also requires high amounts of energy. Part of the total primary energy used in production is required for the ceramic conversion of the “green” bricks (firing) or is released as flue gas. A small part is lost in the form of waste heat, despite optimized insulation in the kilns. Most of the energy can be recycled for the drying process. Wienerberger works continuously to improve the firing process. In the 1990s the first tunnel kilns were converted to allow for shorter processing times. The know-how gained from this experience has since been transferred to existing and new tunnel kilns – and led to performance improvements of up to 50% over recent years. Current development projects focus on the continuous optimization of existing kiln processes.

Optimization of thermal, fossil energy use

Environmental Action Plan

The Environmental Action Plan (EAP) is a package of measures to significantly reduce specific CO₂ emissions as well as the dependence on fossil fuels. Since a brick plant uses roughly ten-times more thermal than electrical energy, the objective is to optimize the use of thermal, fossil energy sources. Wienerberger follows three approaches to meet this objective:

- **Optimization of the drying and firing processes:** *optimization of existing equipment and minimization of thermal energy loss. Use of alternative (biogenic) fuels where available and economically feasible. Prevention of energy loss caused by standstill times (i.e. avoidance of unplanned standstills, optimization of size changeovers)*
- **Investments in heat recovery equipment (heat exchangers)** *to recover economically recyclable waste heat from the flue gas and dryer to heat the air in the dryer*
- **Optimization of the product weight** *and adjustment of clay mixtures without impairing product quality*

Selected measures under implementation at nine plants

A project was started in 2009 to centrally collect and analyze possible measures for the reduction of fossil energy consumption and to rank these measures according to their economic and technical feasibility. This list is continuously expanded to include new ideas. The previous collection of roughly 50 measures was condensed into ten promising actions, which were implemented at selected plants in 2010. At each of the nine involved plants, targeted measures are taken and implemented by local project teams. Thermal balance sheets are created for the respective aggregates to quantify the success of these measures, with exact tracking and documentation of the results to make this know-how available to other plants.

Successive roll-out of EAP

The EAP will be extended to other locations in 2011. The regular evaluation of measures under implementation will identify the best alternatives to realize the estimated potential for CO₂ reduction. The step-by-step, systematic roll-out of the EAP in all plants is scheduled to start in 2012.

Environmental Management

The environmentally relevant aspects of the respective workplaces, e.g. the management of waste and residual materials or the prevention of noise and dust emissions, were integrated in the existing quality management systems (QMS). The QMSs in nearly all plants are certified according to ISO 9001. The criteria defined in the QMS form the starting point for the demands on production and the related processes. Environmental officers ensure the implementation of the environmentally relevant standards. The 15 plants in Great Britain were certified under ISO 14001. Additional certification according to ISO 14001 or EMAS is not planned. Wienerberger believes the current QMS provides appropriate control and steering for processes and their environmental impact.

Ecologically relevant aspects in QMS

Technical Controlling System

The data and indicators collected by the technical controlling system (TechCo) represent the basis for controlling activities in clay block production and support internal benchmarking for the clay block plants. An important environmental criterion for brick production is the consumption of thermal and electrical energy. The TechCo includes specific targets for each plant that can be compared with the current status at any time. Deviations are automatically visible, and support the immediate implementation of corrective measures. Semmelrock also has a technical controlling system for the internal benchmarking of the individual plants.

TechCo for production controlling in clay block segment

Energy Reporting

A separate energy page was added to the monthly country reports to make the energy consumption of the individual plants easier to monitor and more transparent. Energy consumption indicators are presented in relation to production volumes and – as specific quantities – compared with the budgeted targets. Wienerberger will expand its energy reporting in the future to include data on CO₂ emissions.

Energy reporting as part of monthly reports

CO₂ Monitoring und Reporting

Wienerberger uses a group-wide CO₂ monitoring system that records input data on raw materials and additives as well as the resulting brick output and uses this data to calculate and project CO₂ emissions. The effects of any changes in production (e.g. a different mixture or types of raw materials) on CO₂ emissions can therefore be seen immediately, and any negative developments can be addressed. Projected CO₂ emissions are reconciled annually with verified CO₂ emissions from the European Union Emissions Trading Scheme (ETS system).

CO₂ monitoring for interim forecasts

For the purpose of annual reporting, specific CO₂ indicators are calculated using verified, prior year CO₂ emissions and the respective production output. These indicators form the basis for projecting CO₂ emissions in the reporting year. For plants in the ETS system, data collection covers CO₂ emissions from the burning of fossil fuels and from the production process. For plants outside the ETS system, only CO₂ emissions from the burning of fossil energy sources are recorded. The exact procedure is determined by the respective national rules (e.g. Switzerland) or the EU standard emission factors.

CO₂ data for annual reporting

Thermal Energy Requirements in Production

Brick production uses energy in the form of hot air and fire due to the high temperatures required for the drying and firing processes. Drying and firing are closely related thermal processes that can be coordinated very efficiently.

A major part of the energy used in the production process goes into drying, and the optimization of the drying process is therefore crucial. The firing process, where temperatures must reach up to 1,100 C, also requires high amounts of energy. The primary energy used in production is required for the ceramic conversion of the “green” bricks (firing) and is released with the flue gas. A small part is lost in the form of waste heat, despite optimized insulation in the kilns. Most of the energy can be recycled for the drying process and is included in the moist air from the dryer.

Moist air

from the dryer includes the recycled energy that is recovered from the firing process and reused for drying.

Heat transfer from tunnel kiln to dryer



Freshly shaped bricks
have a water content of approx. 20% – 30%.

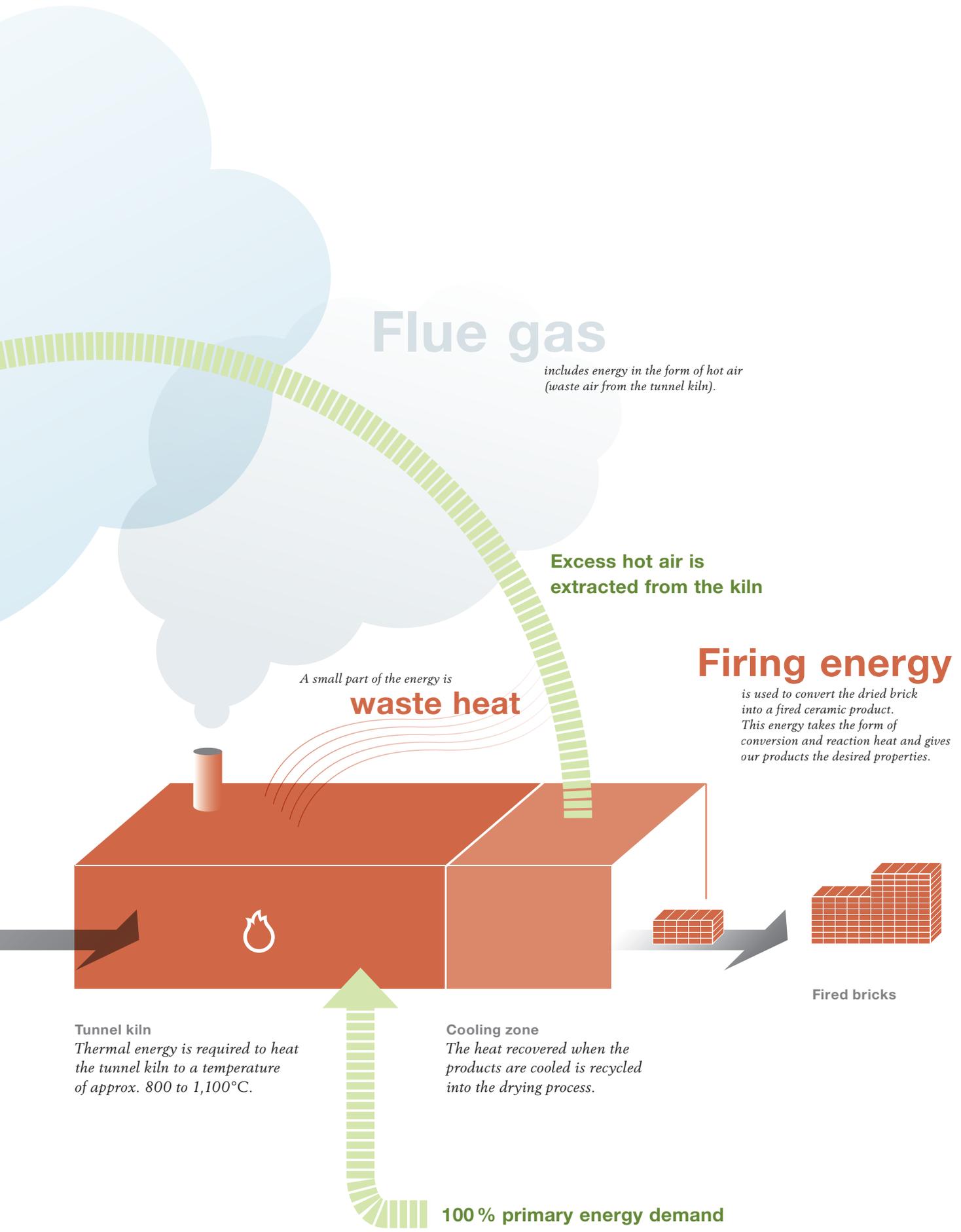


Dryer

The freshly shaped bricks are dried with warm ambient air (from inside and outside the production hall) and with waste air from the kiln. In some cases, additional firing of the dryer is required.



Dried, “green” bricks



Flue gas

includes energy in the form of hot air (waste air from the tunnel kiln).

Excess hot air is extracted from the kiln

Firing energy

is used to convert the dried brick into a fired ceramic product. This energy takes the form of conversion and reaction heat and gives our products the desired properties.

A small part of the energy is

waste heat

Tunnel kiln

Thermal energy is required to heat the tunnel kiln to a temperature of approx. 800 to 1,100°C.

Cooling zone

The heat recovered when the products are cooled is recycled into the drying process.

100% primary energy demand

Fired bricks

Energy Consumption and Emissions

Energy Consumption

Thermal energy is used for drying and firing

Nearly 90% of the energy used in brick production is thermal energy in the form of natural gas and liquid gas, oil or coal (the latter primarily in North America). This energy is required to heat the tunnel kilns to temperatures ranging from 800 to 1,100° C, whereby the heat released during the cooling process is recovered and reused in the drying process.

Electrical energy used for preparation of raw materials

Electrical energy is used in brick production to mix and prepare the raw materials, and to operate the extrusion dies, fans, grinding machinery and transport equipment. Electrical energy plays only a limited role in brick production, where thermal energy is far more important. In contrast, concrete production relies primarily on electrical energy, which is mainly used to mix the raw materials and compress the products during the shaping process.

Energy consumption in the Wienerberger Group

The following table shows the total energy consumption (direct use of primary energy and indirect use in the form of electricity) of the Wienerberger Group¹⁾. The share of natural gas – an energy source that emits relatively little CO₂ when fired – in the energy mix increased from 79.9% to 83.3% between 2007 and 2010. The share of coal declined from 4.3% to 3.2% during this same period. In 2010 25% of the electrical energy used by the Wienerberger Group came from renewable sources.

Energy consumption ²⁾ MWh	2007	2008	2009 ³⁾	2010 ⁴⁾
Natural gas	8,317,926	7,904,865	5,498,556	6,062,614
Liquid gas	212,075	150,043	61,518	70,591
Heating oil	375,125	200,834	106,947	112,178
Coal	443,098	335,633	126,611	234,629
Electricity	1,060,542	971,062	713,244	800,985
Total	10,408,766	9,562,437	6,506,876	7,280,997

Reduction of specific energy consumption in roof and facade & pavers segments

The specific energy consumption for each product group is shown as an index⁵⁾ in the following table. The roof and facade & pavers product groups were able to reduce specific energy consumption by 3.5% and 4.5%, respectively. The slight increase in the wall segment resulted mainly from the higher volume of energy required to restart temporarily closed plants in 2010. Specific energy consumption at Semmelrock rose by 5.4% year-on-year due to a shift in the product mix to premium products, which require a higher amount of energy for processing.

1) Unless otherwise indicated, the indicators in this sustainability report refer to the Wienerberger Group, including Semmelrock, but excluding Steinzeug-Keramo and the investments in Schlagmann (50%), Pipelife (50%), Tondach Gleinstätten (25%) and Bramac (50%).

2) The figures published in the 2009 Sustainability Report were adjusted as a result of the more precise data evaluation in 2010.

3) Including Semmelrock starting in 2009

4) Including India starting in 2010

5) Specific energy consumption by product group (in kWh per ton), based on 2009

Index of specific energy consumption ¹⁾	2007	2008	2009 ²⁾	2010 ³⁾
Wall	100.8	99.6	100.0	101.0
Roof	104.4	106.4	100.0	96.5
Facade & Pavers	88.7	92.8	100.0	95.5
Total (excluding Semmelrock)	97.2	97.9	100.0	99.0
Semmelrock			100.0	105.4

CO₂ Emissions

The following figures for CO₂ emissions cover all plants in the Wienerberger Group. A differentiation is made between plants included in and plants outside the ETS system.⁴⁾

CO₂ emissions in the Wienerberger Group

CO ₂ emissions ⁵⁾ in tons	2007 ⁶⁾	2008 ⁷⁾	2009	2010 ⁸⁾
CO ₂ emissions from the burning of primary energy sources	1,143,865	1,310,589	820,899	989,576
CO ₂ emissions from the production process	1,024,601	979,607	625,986	588,035
CO₂ emissions total – within the ETS⁹⁾	2,168,466	2,290,196	1,446,885	1,577,611
CO₂ emissions – plants outside the ETS¹⁰⁾	940,765	463,129	320,069	400,356
CO ₂ emissions from biogenic added materials ¹¹⁾	623,695	388,028	285,150	292,311

The CO₂ emissions for 2010 were projected using verified CO₂ emissions for 2009. Emissions from plants outside the ETS system were calculated in accordance with respective national rules or the EU standard emission factors. Process emissions resulting from the carbon content of the raw material mix were not included for plants outside the ETS system because appropriate raw material analyses have not been performed to date or the respective results are not yet available. Emissions from biogenic added materials are classified as CO₂-neutral and result from renewable raw materials. As illustrated by the following table as an index, Wienerberger achieved a year-on-year reduction in specific CO₂ emissions during 2010.

Note on calculation; decline in specific CO₂ emissions

Index of specific CO ₂ emissions ¹²⁾	2007	2008	2009	2010 ³⁾
Wall	108.6	105.9	100.0	99.5
Roof	107.4	106.2	100.0	98.3
Facade & Pavers	100.3	97.7	100.0	98.8
Total (excluding Semmelrock)	105.9	103.3	100.0	99.2

1) Specific energy consumption by product group (in kWh per ton), based on 2009

2) Including Semmelrock starting in 2009

3) Including India starting in 2010

4) Approx. 25% of the plants are currently not covered by the ETS system.

5) The figures published in the 2009 Sustainability Report were adjusted as a result of the more precise data evaluation in 2010. The production of bricks results primarily in CO₂ emissions, and other greenhouse gases are not relevant. Therefore, only CO₂ emissions are reported. Excluding Semmelrock.

6) 2007 data based on the plants in phase 1 of the ETS system

7) 2008 data based on the plants in phase 2 of the ETS system (expanded to include Netherlands and Great Britain)

8) Including India starting in 2010. 2010 represents a projection based on the verified emissions factor for 2009.

9) Source: Community Independent Transaction Log (CITL)

10) Calculated in accordance with national rules (Switzerland) or based on EU standard emission factors.

Only includes CO₂ emissions from the burning of primary energy sources.

11) Volumes from Wienerberger CO₂ monitoring in accordance with national rules

12) Specific CO₂ emissions by product group (in kg CO₂ per ton), based on 2009. Included are CO₂ emissions from the burning of primary energy sources (all plants) as well as process emissions (only plants in the ETS system), but excluding CO₂ emissions from biogenic added materials.

Environmental Action Plan 2010

As part of the Environmental Action Plan (EAP), nine Wienerberger plants in Belgium, Germany, the Netherlands and Poland started to implement ten particularly **promising measures** to reduce the dependence on fossil fuels and specific CO₂ emissions in 2010:

- 1 **Optimization of the dryer process** (e.g. increased inflow of fresh air from inside and outside the production hall)
- 2 **Optimization of the kiln process** (e.g. reduction of flue gas and flue gas temperature in the chimney)
- 3 **Optimization of the dryer-kiln-heat system** to allow for the better utilization of waste heat from the kiln in the dryer process
- 4 **Heat recovery through heat exchangers** (flue gas, dryer exhaust air) and heat-power cogeneration to directly use waste heat in the dryer
- 5 **Better and more direct thermal insulation** of dryers, kilns and pipelines
- 6 **Reduction of the water content** in clay to reduce the energy required for drying
- 7 **Reduction of product weight** to decrease the energy required for drying and firing
- 8 **Optimization of the raw materials mix** to reduce the energy required for drying and firing (e.g. through a reduction in the limestone content of clay or the use of additives)
- 9 **Use of biogenic fuels**, where possible and economically feasible
- 10 **Use of stretch foils for packaging** to eliminate the use of gas for shrink hoods

A focus of activities at the facing brick plant in **Wolfswaard, Netherlands**, is the targeted steering of the firing process. An online tool measures heat and air flows and generates automatic heat balances. That allows for the specific adjustment of firing controls as well as heat and air flows in the kiln – in accordance with the size of the bricks – without impairing product quality. Flue gas temperatures in the chimney were reduced by a significant margin and energy loss was minimized. The production sequence for differently sized bricks was also optimized to prevent abrupt fluctuations in the firing process. These measures supported a 9.8% reduction in specific energy consumption during 2010.

At the clay roof tile plant in **Straubing, Germany**, the improvement process focused on the optimization of drying. A reduction in product weight led to a substantial drop in energy consumption. Additional savings were realized by reducing the need for additional firing of the dryers with the use of more, but cooler air. In total, these measures led to a decline of 4.4% in specific energy consumption during 2010.

In 2010 – the first year of EAP implementation – nine plants recorded their first successes in reducing specific energy consumption (by up to 10.4%) and specific CO₂ emissions (by up to 11.1%). The following graph shows the average improvements per country, weighted by the respective production volume.



Material Flows

Clay, Loam

The extraction of mineral raw materials like clay and loam is part of the Wienerberger production process. In selecting clay extraction sites, Wienerberger places high value on protecting endangered animal and plant species as well as rare, sensible ecosystems. The greatest possible conservation of resources in clay extraction is just as important as the expert restoration of former clay mining sites. In 2010 Wienerberger used 14 million tons of clay.

Clay pits normally have sections with varying raw material properties. In order to optimally utilize raw material deposits, a Wienerberger plant in Slovakia started a pilot project for clay preparation in 2010. The goal of this project is to rid the raw materials of components like limestone or quartz that could have a negative impact on product quality in order to permit the use of these raw materials for the production of high-quality products in the future. This will reduce waste and extend the useful life of clay deposits.

The restoration of former mining sites is a permanent process that differs by country. There are generally several alternatives for the restoration of clay pits, e.g. conversion for agricultural use, residential or commercial construction, nature conservation or landfills. Wienerberger works to return former clay mining sites to nature wherever possible, since these restored areas often become substitute habitats for protected animal and plant species that would otherwise be lost. In France 33 hectares of mining area were restored during 2010, including 30 hectares as a natural habitat. The restoration of 45 hectares in the Netherlands converted 36 hectares into nature protection areas and nine hectares for agriculture use.

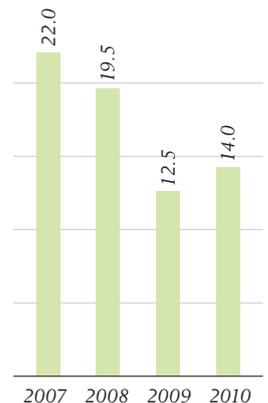
Parts of the areas dedicated to nature conservation are restored in cooperation with NGOs. One special undertaking has linked Wienerberger with the WWF Netherlands for many years: the Living Rivers project pursues a number of goals, among them returning the freedom of movement to rivers. Since clay is generally extracted from rivers and adjoining areas in the Netherlands, new room for nature can be created at the same time clay is mined.

Clay extraction by Wienerberger in the Netherlands has also made an important contribution to the protection of residential areas from flooding. The Wienerberger plant in Bemmelse Waard is located in the Bemmelse Waard, a nature conservation area endangered by high water. The extraction of clay from the riverbed led to the creation of a new ecosystem in 2010, which will protect residents from future flooding and allow for long-term multifunctional use through reservoirs, agriculture, nature development and recreation. This project reflects the "Room for Rivers" initiative of the Dutch government, which is designed to minimize the risk of high water.

Additives

Additives are an important part of the raw material mixture used to produce clay blocks. They are often biogenic raw materials (sawdust, sunflower seed shells or hay) that otherwise represent waste. Wienerberger uses these materials, which leave air pores in the brick shards, to create a well-defined pore volume. This improves the thermal insulating properties of the products. Biogenic additives represented roughly 55% of the total additives used in 2010.

Clay usage at Wienerberger in mill. tons



Restoration of extraction sites

Living Rivers project in the Netherlands

Protection against flooding through riverbed expansion in Bemmelse Waard

Additives to create pores in clay blocks

Joint projects, e.g. oil mill in Bruck an der Leitha, paper industry

Wienerberger has worked closely with an oil mill in the Austrian town of Bruck an der Leitha for many years. This mill processes sunflower seeds into oil. The seed shells are used as a pore-forming agent by two Wienerberger plants in the province of Lower Austria. Wienerberger also has long-standing partnership with paper producers. The residual fiber resulting from paper production is used as an organic pore-forming agent that improves the thermal insulating property of the bricks. In addition, the reinforcement effect of the fiber during the drying process reduces the susceptibility to dry break and thereby helps to minimize waste.

Use of additives <i>in tons</i>	2007	2008	2009	2010
Biogenic additives ¹⁾	1,244,309	1,101,075	810,831	899,803
Other additives ²⁾	1,092,106	935,633	725,537	751,648
Total	2,336,415	2,036,708	1,536,368	1,651,451

Group-wide guideline for additives

Wienerberger has issued a group-wide guideline for the use of additives. This guideline ensures that the group's plants only use additives that comply with the standards defined by the applicable environmental permits and regulations. The additives must also meet product and process requirements, and their use must be permitted under (above all health-related) regulations as well as the specific guidelines and directives of the Wienerberger Group.

Cement, Sand, Gravel

Moldable building material concrete from natural raw materials

Concrete is a moldable building product that is made of several basic natural raw materials: cement, sand, rock grain and water. Semmelrock purchases these raw materials from local producers based on pre-defined quality standards. Combined with water, the cement forms cement paste, which permanently bonds the rock grain. For special applications, additional materials, additives or color pigments give the concrete the desired properties. The components and exact composition of the raw material mixture are selected in accordance with the application and requirements of the final product. In 2010 Semmelrock used two million tons of raw materials (cement, sand, gravel and binding agents).

Use of cement, sand and gravel <i>in tons</i>	2009	2010
Cement, binding agents	276,629	296,321
Sand, gravel	1,625,143	1,748,038
Total	1,901,772	2,044,359

1) E.g. sawdust, paper fiber, sunflower seed shells, hay and other
 2) E.g. ash, slag, polystyrene, rock flour and other

Recycling Materials

Recycling materials from external sources may only be used if they do not have a negative influence on products or production processes. These materials are generally processed together with the raw material mixture during preparation. Typical recycling materials from biogenic sources include sawdust, hay, sunflower seed shells and paper fiber, which are used as additives to create the pores in clay blocks. Accordingly, the share of recycling materials in the wall segment is relatively high at 11.6%¹⁾, while no recycling materials can be used in the production of clay roof tiles. Ash, flue ash and slag are recycling materials that come, among others, from thermal power stations. Fluctuations in the share of recycling materials result primarily from changes in the respective product mix.

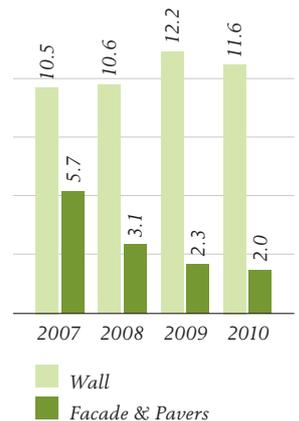
Flue ash is used in part as a substitute for cement in the production of concrete pavers. However, this is only possible at a few Semmelrock plants due to the limited availability of suitable flue ash. The corresponding share of recycling materials is therefore very low (<1%).

Wienerberger works to complete the lifecycle of bricks through recycling. On the one hand, ceramic materials that had been separated from other building rubble with a color scanner were purchased and tested in production. The result was a reduction in raw material requirements. On the other hand, facade material from the demolition of houses is purchased and processed into brick flour which may be recycled for the production of facing bricks. Wienerberger plans to continue efforts to realize a complete, closed recycling process in brick production.

Waste

Waste is not a very important factor in brick production because most of the waste materials are generated during the production process and subsequently recycled internally. The waste produced by the shaping process is comprised primarily of clay chips, which are pushed off directly at the press and fed back into the raw materials preparation process along with any dry breakage. The products separated out after the firing process are sometimes reused as raw materials after milling, although they can also be used to make tennis sand or other products (such as a substrate for green roofs).

Use of recycling materials in brick production in %

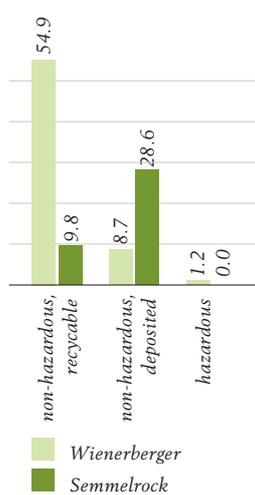


Completion of product lifecycle through recycling of old bricks

Internal recycling of clay cutting waste and dry break

1) Based on the total volumes (in tons) of clay and additives

Waste
in 1,000 tons



Water lifecycles and on-site wells in many plants

Recycling of washing water

Water in concrete paver production

Group-wide statistics on waste were collected for the first time in 2010, and showed a total volume of 64,800 tons for Wienerberger. The major part of this waste (approx. 85%) is non-hazardous and recyclable. The only hazardous waste includes relatively small amounts of workshop waste (oily rags) and oil separator contents (from refueling stations). A number of Wienerberger plants have prepared waste concepts that are updated annually. They document coordinated waste collection, disposal and measures for waste prevention. The goal is to anchor similar concepts in all Wienerberger plants in the future.

At Semmelrock, internal production residue is also recycled. However, breakage or damaged goods are generally not reused in the production process. Statistics show 38,400 tons of waste at Semmelrock in 2010. Roughly one-fourth of this waste is recycled and used as a base layer material for road construction, while the remainder is deposited in landfills. Semmelrock generates only a negligible volume of hazardous waste.

Water Consumption and Waste Water

The use of water and waste water tend to play a subordinate role in the production of brick products – be it clay blocks, roof tiles, facing bricks or pavers. Notable waste water flows in production are sewerage and cleaning water (e.g. to clean the extrusion dies and glazing equipment in roof tile production or vehicles like wheeled loaders). Many of the Wienerberger plants recycle their entire process waste water. This water drains into a collecting tank, is subsequently processed and then reused for clay preparation. Evaporation losses are replaced from the public water supply or plant wells.

An innovative solution for recycling cleaning water was developed by a facing brick plant in Great Britain, at the end of 2010. In the past, clean water was used to rinse the brick dies to avoid blocking up the small holes in the sprinkler nozzles. Innovative technology now makes it possible to filter and recycle this water several times. Wienerberger saves 25,000 m³ of fresh water each year with this method. A further step will involve the testing of recycled rainwater.

In the concrete paver area, water is used as a raw material in the production process and for special surface treatments (e.g. to wash slabs). Semmelrock minimizes waste water by partly returning it to the production process. The company plans to install water recycling systems in all plants in the future.

Statistics on water consumption in all Wienerberger and Semmelrock plants were collected for the first time in 2010. A total of 2.2 million m³ of water was used during the reporting year. Roughly one-fourth of the total water used came from company wells and nearly 20% from ponds¹⁾. Wienerberger will continue to monitor water consumption and reduce this usage wherever possible.

REACH

The REACH regulation (1907/2006/EC) defines a standardized EU approach for the registration, evaluation, authorization and restriction of chemicals (REACH) and is designed to ensure the safe use of chemical substances within the European Union. The registration requirements for manufacturers or importers apply to chemical substances of one ton or more per year that are not exempted from the REACH regulation.

Wienerberger, as a downstream user, meets all requirements of the REACH regulation. In accordance with the REACH requirements, filter lime (from flue gas cleaning) was also preregistered by the involved plants. Wienerberger complies with the requirements of the REACH regulation and the European Chemical Agency (ECHA) by maintaining direct contact with the corresponding manufacturers, dealers and importers to ensure the safe use of registered chemicals by providing information in an uninterrupted "supply chain". Wienerberger employees are also involved in working groups at the European and national level to follow and implement the latest developments.

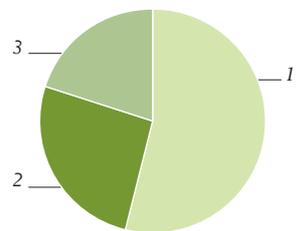
Future Measures

Wienerberger will continue its efforts to complete the lifecycle of bricks through recycling. If these efforts are successful, pilot projects will be rolled out in other Wienerberger plants.

Wienerberger plans to make its production controlling software (TechCo) available to all product groups. Group-wide energy reporting will be expanded to include CO₂ data and thereby ensure the availability of emissions statistics in the countries and locations outside the ETS system.

In 2011 Wienerberger intends to continue the implementation of the energy saving measures defined in the Environmental Action Plan and will roll out the EAP in other plants and countries.

Water usage by source²⁾



- 1 Water from public network 54%
- 2 Water from plant wells 26%
- 3 Water from ponds 20%

Wienerberger meets all REACH requirements

Recycling of bricks

Improvement of production controlling, extensive CO₂ reporting

Continuation of Environmental Action Plan

1) Rainwater is collected in ponds for use in production.
2) Wienerberger including Semmelrock

Sustainable Products

Principles of Sustainable Products

Buildings made of bricks create lasting value

“Building Value. Creating lasting value.“ The value of a building is dependent on many factors, not least on the products used. With its 5,000 year history, the brick is not only the most successful building material in the world from a historical point of view. It still remains one of the most important materials for construction throughout the world in the 21st Century. As a natural product made of clay and based on its long service life, the brick – whether in the form of clay blocks, roof tiles or facing bricks – meets today’s demands for ecological, economical and social sustainability like no other product. Pavers made of clay or concrete, another natural raw material, also meet the demands of ecological and economical construction.

Lasting value with natural, sustainable products

A central principle of sustainable product development at Wienerberger is the *creation of lasting values with natural, sustainable products.*

- **Energy efficiency and climate protection:** *Climate protection is an important criterion for today’s consumers. Wienerberger products provide twofold support in this area: On the one hand, high thermal insulating Wienerberger bricks help building users to reduce energy costs and CO₂ emissions. On the other hand, the energy efficiency of buildings can be optimized over the entire product life cycle with complete housing concepts.*
- **Healthy living:** *Wienerberger products represent an integral part of building concepts for healthy construction. They guarantee high quality of living with a healthy room climate through good air quality in the interior rooms. For our customers, we therefore create lasting value in the form of high-quality, healthy homes.*
- **Safety** is an important factor for residents – *Wienerberger bricks provide optimal protection against fire and earthquakes.*
- **Raw material efficiency:** *Through their optimized product design and long service life, Wienerberger products help to conserve valuable resources.*
- **Economy:** *We also create value through the economy of our building materials. A long service life, the careful use of raw materials and efficient masonry make housing affordable.*

Sustainable concrete paver products

Semmelrock concrete paver systems create lasting value with their variety, high resistance, durability and wide range of applications. Concrete is a moldable building material that is made of natural raw materials – cement, sand, rock grain and water. Concrete pavers allow for the attractive design of public and private areas and thereby help to improve the quality of life.

Sustainable clay pipe systems

Steinzeug-Keramo products meet important demands for ecological and economical sustainability. Clay pipes have a service life of more than 100 years, are virtually maintenance-free, retain their shape and are highly resistant to corrosive chemicals because of their glaze. Clay pipes do not cause any reaction between the building section and the surrounding earth or ground water, can be installed in an environmentally-friendly manner without trenches and can be completely recycled. Therefore, the use of clay pipe systems is extremely eco-friendly and economical.

Processes and Instruments for Sustainable Product Development

Research & Development

Research and development (R&D) for sustainable products is of major importance for the Group. R&D is designed to support the steady development and improvement of our products in the areas of energy and resource efficiency, health and safety as well as economy and ease of processing. The development of system solutions for walls and roofs is another important objective.

R&D at Wienerberger is managed centrally, but for the most part implemented locally. Wienerberger product management works together with corporate engineering as well as the local product managers and engineering departments on R&D projects. Research projects are concentrated on basic research and provide the starting point for developing innovative solutions for our products and systems.

Our extensive research and trials on the seismic safety of masonry led to the development of a special product, the POROTHERMS clay block. In 2010 the resulting conclusions were published in specialized journals and presented at several international conferences where they received widespread recognition. They also played an important role in the development of engineering software for the seismic assessment of masonry buildings in earthquake zones.¹⁾

Wienerberger researches and tests new materials that are used in masonry work or can form the basis for developing system-related products. One example of this research is the adobe brick. The addition of specially developed inorganic additives can make it possible to modify loam to meet modern construction requirements.

Product development at Wienerberger is always market-oriented and therefore concentrated in the individual countries. In addition to legal requirements and standards at the European or national level, a new product must harmonize with local building traditions. Product development must recognize cultural factors as well as the cost structure of comparable construction methods and systems. The latest Wienerberger product innovations include a specially designed light brick for infill masonry and the POROTON T8-MW, which is filled with mineral wool and was launched in Germany during 2010.

The Semmelrock Group also works continuously on the further development of its paver products. A joint research project with the Institute of Transportation at the Technical University in Vienna (research area: road traffic) is using empirical measurements to test the suitability of paver products equipped with Einstein® joint technology for heavy-traffic surfaces. The results will flow into the development of new applications for concrete pavers. Einstein® joint technology is a patented bonding system that guarantees optimal joints with minimal contact between the stones and effective joint filling at each connection. The service life of these products was estimated at up to 20 years based on simulated use with a heavy duty vehicle. In 2011 the practical application of this new product will be tested in public traffic areas.

Product R&D

Basic research

Research on seismic safety

Materials research, e.g. on adobe bricks

Market-oriented product development

Product development at Semmelrock

1) S. Lu, "Mauerwerk und Erdbeben – Bemessungsansätze, aktuelle Forschung und Normungslage in Europa", in: Mauerwerk-Kalender 2010, Ernst&Sohn, Berlin, 2010 (on invitation) and S. Lu, M. Kasa, "Seismic behaviour of precision ground fired hollow clay blocks using an innovative Polyurethane glue, Dryfix®", Proceedings of the 14th European Conference on Earthquake Engineering, Ohrid, Macedonia, 2010.

System approach for walls and roofs

The Wienerberger System Approach

In recent years Wienerberger has successfully established a market position as a provider of complete systems for walls and roofs. The Porotherm Wall System (PWS) is a complete prefabricated brick element system that combines the advantages of prefabricated construction with the significant product benefits of bricks. The Wienerberger Terca Wall System (TWS) is a prefabricated element system for facing bricks. In the roof segment, Wienerberger developed an innovative system solution for pitched roofs that combines KORAMIC roof tiles and non-ceramic KoraTech® accessories. Wienerberger's innovative *sturmFIX* fixation system is an integral part of this product line. The KoraTech® products have included a complete range of high-quality roofing underlay, ridge and hip rolls, eave and valley accessories since 2009. In selecting these products, special emphasis is placed on environmentally-friendly, completely recyclable materials.

e⁴ is the framework for complete housing concepts

The e⁴ House Concept

A holistic approach to buildings has become a matter of course for Wienerberger. Together with partners from the building materials industry, researchers and experts, Wienerberger developed the e⁴ house concept in 2009 as a complete solution for future-oriented, energy efficient residential construction. The e⁴ concept stands for energy, ecology, economy and emotion. This concept resulted from a series of research projects, which showed that an analysis of a building's energy efficiency should not only cover the thermal quality of the building envelope, but also incorporate the heating, ventilation and cooling elements of the building equipment and the type of energy carriers used. The e⁴ house concept gives priority to the use of modern brick products as a wall building material as well as the use of alternative energy carriers, and thereby guarantees high living quality, low operating and maintenance costs and low primary energy demand. The concept meets all requirements of the Energy Performance of Buildings Directive (EPBD). The e⁴ house sets the benchmark for holistic housing concepts, which are adapted to meet local requirements and subsequently marketed in the various Wienerberger countries.

Uniform standard for ecobalances and EPDs

Ecobalance and Development of Environmental Product Declarations

Ecobalances are rapidly becoming an important factor for determining the marketability of products. Wienerberger therefore continued its group-wide efforts to prepare ecobalances and, building on this information, to develop environmental product declarations (EPDs) in 2010. Together with well-known external consultants, Wienerberger started to prepare ecobalances for all its clay roof tile plants in accordance with international standards. These plant ecobalances will form the basis for the EPDs. Plans also include the preparation of EPDs for the other Wienerberger product groups. In Belgium, a pilot project in this area was started during the reporting year. Standardized procedures for the preparation and presentation of EPDs are of great importance to Wienerberger. In 2010 the Group was therefore involved in efforts by the European Committee for Standardization (Comité Européen de Normalisation, CEN) within the framework of Technical Committee 350 (CEN/TC 350), which focuses, among others, on the development of a European standard for EPDs.

Together with the Austrian Institute for Construction Biology and Ecology, an ecobalance was prepared and published in 2010 for two special masonry glues developed by Wienerberger – the Porotherm Dryfix® standard and Porotherm Dryfix® extra. These Polyurethane glues make masonry work easy and very fast, and permit dry masonry work at temperatures down to minus 5°C. All material and energy flows were assessed over the entire lifecycle, from the preparation of raw materials to disposal.

Ecobalance for Dryfix®

Committees for Sustainable Construction

Wienerberger has played an active role in European sustainability policies for many years. This work is carried out, in particular, through participation in the European standardization committees CEN/TC 350 (Sustainability of Construction Works) and CEN/TC 351 (Construction Products – Assessment of Release of Dangerous Substances). Wienerberger also participates in numerous research projects at the European level, including the current SuperBuildings project to harmonize national building assessment models.

Contribution to European sustainability policies

In order to remain on the leading edge of construction industry discussions and developments on sustainable construction, Wienerberger is involved in various committees and industry associations. Examples at the European level are the Tiles and Bricks Europe (TBE) working group on Sustainable Construction and the working group for Sustainable Construction in the Council of European Producers of Materials for Construction (CEPMC).

Construction industry initiatives for sustainable construction

Wienerberger is a member of standardization committees and professional associations at the national level in many countries and participates in meetings and congresses on the subject of sustainable construction. In Austria, Wienerberger played a key role in the broad-based research project “Sustainable Massive Construction” sponsored by the Austrian Association for Building Materials and Ceramic Industries. The results of this research project led to the revision of the Austrian Total Quality Building Standard and to the founding of the Austrian Society for Sustainable Construction.

National efforts

Product Identification and Certification

Product labeling and certificates confirm that products meet specific criteria (conformity marks) and, in some cases, also confirm that compliance with these criteria was verified by independent agencies (quality marks).

Conformity and quality marks

The CE mark, the most important certificate for Wienerberger by far, indicates that a building material meets the requirements of the European Construction Products Directive 89/106/EC (Council Directive dated December 21, 1988 on the approximation of laws, regulations and administrative provisions of the Member States relating to construction products, CPD). The building materials that carry this mark meet six key requirements: mechanical strength and stability; fire protection; hygiene, health and environmental protection; safety in use; acoustic protection; energy savings and thermal protection. The CE mark is based on the harmonized European standards developed by CEN and on the guidelines issued by the European Organization for Technical Approvals (EOTA). All products made by Wienerberger in the EU carry the CE mark.



Electronic CE declarations for Wienerberger products

Wienerberger minimizes the paperwork connected with CE marking by making its CE product declarations available via a specially developed, Internet-based search engine. Inquiries can be made at any time by entering the product code. This procedure saves roughly 90 tons of paper and 150 tons of CO₂ each year. Electronic product labeling will also be included as an option in the new European Construction Products Regulation (CPR), not least due to efforts by Wienerberger. This will lead to a further significant reduction in the use of valuable resources and CO₂ emissions by the European building materials industry.

Labeling requirements in Russia

There is a wide range of labeling requirements at the government level. In Russia, Wienerberger products must meet the requirements of two mandatory certification processes: the GOST-R certificate confirms the quality of products and their compliance with Russian product norms and standards. Its content is similar to the CE standard. The Hygiene Certificate issued by the Russian Ministry for Health and Social Affairs confirms that a product is not dangerous to human health.

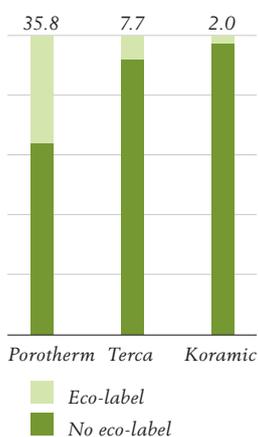
Product labeling in the USA

The USA does not have any legal product labeling requirements that are comparable to the European CE standard. However, all Wienerberger products made in the USA meet the applicable product standards issued by the ASTM International (formerly the American Society for Testing and Materials), and are tested and certified in accordance with these standards. There are no related labeling requirements, but a number of products and buildings are voluntarily labeled: e.g. in accordance with the systems developed by the U.S. Green Building Council (USGBC) and the LEED® Green Building Rating System.



Wienerberger also arranges for the certification of its products in accordance with a variety of voluntary regional and cross-regional standards. Natureplus®, a major international quality seal, stands for sustainable criteria such as health awareness, environmentally-friendly production, protection of limited resources, and suitability of application. Wienerberger products in Belgium, France, Germany and Austria are certified with this quality seal.

Share of products with eco-labels in %



The Green Homes Rating System of the Indian Green Building Council (IGBC) is the first system for evaluating residential construction in India that focuses on sustainability criteria and creates a bridge between recognized and alternative construction methods. Wienerberger products are classified as sustainable in the sense of the IGBC and carry the IGBC sustainability seal.

Most Wienerberger products meet high ecological standards. The company works to obtain eco-labels, above all, in markets where this will have a long-term benefit on sales. At the present time, the share of Wienerberger products with this type of label is kept low for cost reasons. Roughly every third POROTHERM product currently carries an eco-label. However, products without these labels also meet comparable ecological standards. The share of eco-labeled products is increasing continuously because of the growing importance of sustainability criteria for marketing.

Energy Efficiency and Climate Protection

The climate change caused by our global society has already begun and represents one of the most important challenges for society in the future. The European construction products guideline for 2010 makes reference to the significant role of buildings in total anthropogenic – i.e. caused by humans – CO₂ emissions. Of the total energy consumption in the European Union, 35%–40% are attributable to the energy used for heating or cooling in buildings.¹⁾

Wienerberger supports the transition to a low-carbon society with its energy-saving products. Sustainable building materials must not only make a contribution to slowing climate change – they must also help people adjust to the global warming that is already influencing our daily lives. This is not only responsible; it also protects the long-term financial success of Wienerberger. The following framework conditions can be expected in the coming years:

- **Regulatory steps** to promote the use of climate-friendly products in residential construction
- **A growing awareness on the part of consumers** that will lead to increased demand for climate-friendly products
- **Rising energy costs** due to shortages as well as regulative measures (e.g. CO₂ tax) will justify the use of intelligent, energy-saving building materials and lead to an increasing number of energy-autonomous buildings.
- **Extreme weather conditions**, e.g. an increase in storms and flooding, will create added demand for robust construction methods.
- **Rising average temperatures** throughout the world will lead to higher demand for products with a high thermal mass that have a cooling effect. For example, countries in moderate climate zones – like Austria – will experience a growing number of summer days with temperatures over 30°C.

All these challenges hold opportunities for the sustainable development of Wienerberger products. Above all, the thermal properties of exterior building elements are an important factor for climate protection. Wienerberger meets today's needs and makes an important contribution to the energy efficiency of buildings and to climate protection with natural, innovative products and complete housing concepts. The optimal thermal insulating properties and – in comparison with lighter types of construction – substantially higher thermal mass make it possible for bricks to reduce energy demand for heating in the winter and also provide optimal protection from the summer heat. Bricks can minimize energy costs for heating and cooling as well as the resulting greenhouse gas emissions, without any negative effect on living quality.

Climate change as central challenge for society

Financial effects of climate change

Wienerberger products help to protect the climate

1) Source: European Environment Agency, "Endenergieverbrauch nach Sektoren in EU-27 (2006)".

POROTON-MW, the newest high thermal insulating filled brick in Germany

In 2010, the leading product in the high thermal insulating clay block segment in Austria was the POROTHERM 50 T.i.Plane, a clay block with a width of 50 cm whose voids are filled with perlite, a mineral granulate made of expanded volcanic rock. This brick has a particularly low U-value¹⁾ of 0.14 W/m²K (including plaster). Similar products are also marketed in France, Italy, Czech Republic, Germany and Switzerland. The newest product in the family of high thermal insulating filled bricks was launched in 2010 on the German market. The POROTON T8-MW, a clay block filled with mineral wool, represents an alternative to its perlite-filled POROTON-P counterpart, which has already become a standard product. Just as all other Wienerberger filled bricks, the POROTON T8-MW is an optimal building material for low-energy and “Plus” houses without the need to add further insulation.



The e⁴ energy planner – the efficient planning tool for residential housing projects

As a producer of sustainable building materials, Wienerberger views its products within the context of the entire building. The e⁴ housing concept was developed as a complete solution for energy-efficient construction and represents a guideline for energy-efficient, environmentally-friendly, affordable and, above all, high-quality residential buildings. In order to offer an optimally coordinated system that includes alternative energy carriers, Wienerberger works with innovation leaders from research, building equipment, construction and planning to ensure the best possible implementation.

Together with the Technical University of Vienna, Wienerberger created the e⁴ energy planner. This online tool (available free of charge under www.energieberater.at) is an ideal device for analyzing and optimizing the energy efficiency and economy of a residential housing project. It allows developers to quickly select the most important parameters for housing construction online – including the type of the house, construction standard, building envelope, insulation, heating, ventilation and cooling equipment – and to compare various energy carriers. Alternative systems such as photovoltaics and solar heat can also be evaluated. The total energy requirements as well as construction, operating and maintenance costs and the environmental compatibility of a house can be calculated easily and quickly. In addition to information on holistic construction planning, contacts are provided to certified builders who can realize the e⁴ housing concept. This platform, which is only available in Austria at the present time, closes the chain between the building materials producer, builder and developer. The e⁴ energy planner will be rolled out in other European countries during 2011.

1) The U-value is an indicator of the heat transfer (at a temperature difference of 1°K) through a building element and is primarily dependent on the thickness of the building element and the thermal conductivity (λ -value) of the building material. The lower the U-value, the better the thermal insulating capability of the building element.

Energy Efficiency of Buildings

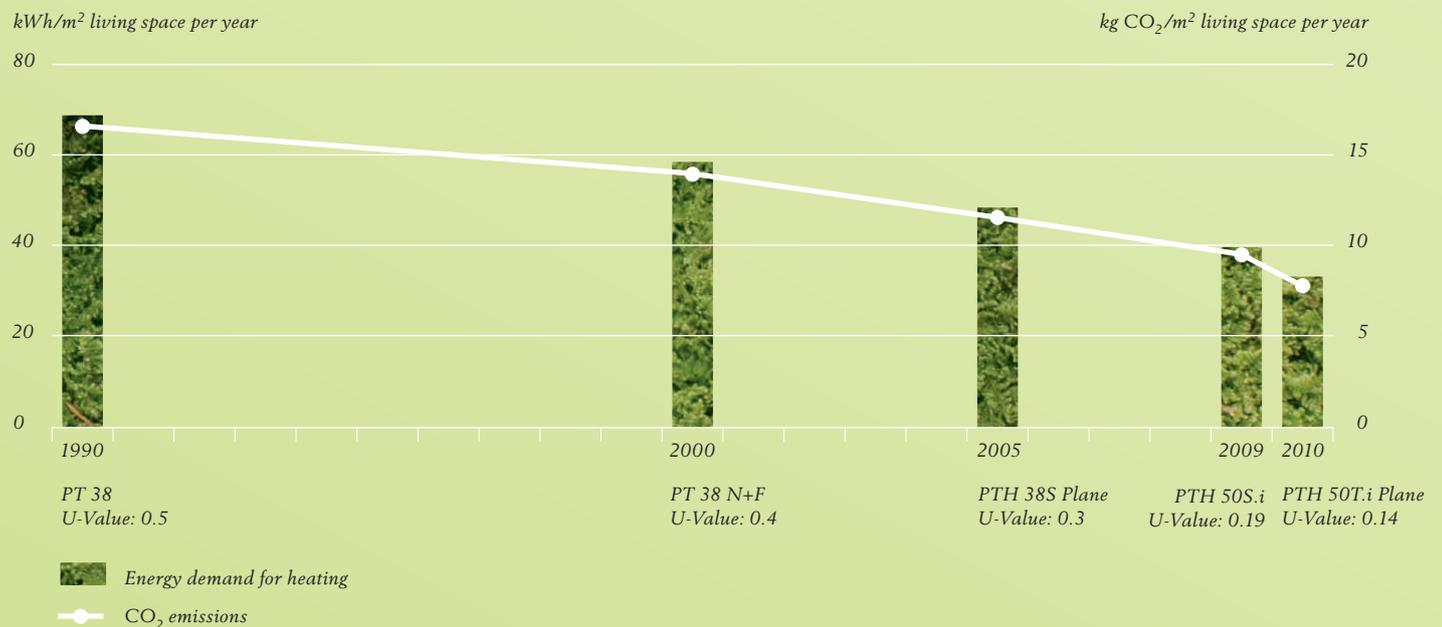
In accordance with the European Directive on the Energy Performance of Buildings, the energy efficiency of a building should generally be evaluated on the basis of primary energy demand, which represents the total amount of energy consumed by the building. This includes energy demand for heating as well as the energy required for warm water, cooling and light. However, the following calculation is based only on the energy demand for heating for reasons of simplicity.

Wienerberger has significantly **improved the thermal insulating properties** of clay blocks over the past 20 years, and thereby continuously set new standards for the building materials industry. The U-value of selected monolithic clay blocks, which are used above all in the construction of single family houses, was substantially improved. A U-value of 0.50 W/m²K was common in 1990, but our top product in 2010, the POROTHERM 50 T.i Plane, has a U-value of 0.14 W/m²K (all values including plaster).

The improvement of the U-values for exterior walls also led to a substantial reduction in the energy demand for the heating of buildings. The following graph is based on a two-storey single-family house with approx. 215 m² of gross floor area (GFA) from the Wienerberger "Massivwerthaus" program (www.massivwerthaus.at). It shows a reduction in annual energy demand for heating from 69 to 33 kWh per m² of living space over the analysis period. This effect resulted solely from the improved U-values of the clay blocks in the exterior walls, since the other exterior elements (roof, windows, doors etc.) were assumed to have constant U-values.

The resulting CO₂ emissions were also reduced by a significant amount. The improvement in the thermal properties of the exterior bricks alone cut CO₂ emissions per m² of living space from 16.4 to slightly less than 8 kg CO₂ per year, based on the assumption of gas heating. This calculation underscores the important role played by the continuous improvement of the thermal insulating properties of our products in reducing the energy required to heat residential buildings and minimizing CO₂ emissions.

Annual energy demand for heating and CO₂ emissions
per m² of living space based on a single-family house with 215 m² of GFA



Specially designed light brick with particularly high void component

The specially designed light brick is a building material that stands out with low energy consumption in production and, consequently, a favorable CO₂ footprint. The low weight and good thermal insulating capability of this innovative product are the result of a special void pattern (more than 55% voids). This light brick is available in several East European countries and can be used for all non-load-bearing exterior and interior walls. The POROTHERM GF R20 Th+ light brick, which can also be used for load-bearing walls, was developed in France.

KoraSun photovoltaic systems for energy generation on pitched roofs

Wienerberger also contributes to climate protection with its products for roofs. Above all in single-family homes, the generation of renewable energy with photovoltaic technology has become increasingly popular. Roof-mounted photovoltaic systems provide sufficient electricity for the normal requirements of a single-family house, and any surplus electricity can be fed into the public network in exchange for payment. In Belgium, Wienerberger has marketed the KoraSun[®] photovoltaic system, which is especially adapted to selected KORAMIC roof tiles, for several years. The photovoltaic line will be expanded in 2011 to include the new KoraSun[®] Universal photovoltaic system, which can be built into the roof surface and used in a wider range of applications. If test trials are successful, a rollout in other countries is possible.

Quality of life and healthy indoor spaces through natural brick products

Health

People spend a large part of their lives in closed rooms, and it is therefore particularly important to make this living space relaxing, healthy and as free of harmful substances and allergens as possible. Building materials have a significant influence on the quality of the indoor air. The quality of life in a brick building is so high because bricks, as a natural mineral building material, contain no organic substances and do not emit any toxic substances after installation. The material structure of bricks regulates the interior humidity in a natural way and the thermal mass reduces the risk of overheating in summer without complicated air conditioning technology and energy input, which ensures a pleasant indoor climate.



The Sentinel-Haus[®] Institute focuses not only on individual building materials, but also on the entire house and develops building concepts with particularly high demands on health-related quality criteria. Wienerberger brick products were evaluated by independent laboratories, and outstanding test results confirmed their positive health-related features. As part of the close cooperation between Wienerberger and the Sentinel-Haus[®] Institute, a number of construction projects were realized with Wienerberger bricks based on the Sentinel-Haus[®] concept. In Gundelsheim-Bachenau, Germany, a healthy solar house was built by KHB-Creativ Wohnbau with POROTON bricks. In this house, two-thirds of the energy requirements for heating and warm water are met with solar energy. The cooperation with the Sentinel-Haus[®] Institute in the German-speaking countries will continue in 2011.

Energy efficiency and high indoor air quality are no contradiction

Energy-efficient houses have generally become the market benchmark. However, the pure energy optimization of buildings often neglects the air quality in the interior rooms. The number of allergy sufferers is growing rapidly, and pollutant-free interior air is therefore becoming more important. Wienerberger products can meet both these demands: optimal energy efficiency and healthy, pollutant-free interior air.

Protection from interior and exterior noise is a further central aspect of residential construction. Wienerberger therefore developed the POROTHERM SBZ Plane, a special concrete-filled clay block for partition walls. This plane brick is filled with concrete after installation and, with its high mass, provides particularly high acoustic protection. The POROTHERM SBZ Plane brick is currently available in Germany, France, Austria and Poland.

Filled bricks for high acoustic protection

Safety

Stability in the event of an earthquake represents a central demand on brick products, and the seismic requirements for load-bearing construction are extremely strict in some markets. Wienerberger products are optimally adapted to meet local needs and make buildings safe, also in the event of an earthquake. Extensive research many years ago led to the development of innovative special products like the POROTHERM S. An important feature of this clay block, which is available in several East European countries, is a specially formed mortar pocket with a patented "seismic" cutout that strengthens the mortar-brick bond. The resulting high earthquake safety combined with high thermal insulation makes the POROTHERM S optimally suited for construction in earthquake zones that also place high demands on thermal insulation.

Seismic safety as central requirement in some regions

The AmQuake planning software was developed together with Cervenka Consulting Ltd. in 2010. This software is used for the seismic assessment of masonry in earthquake-prone areas, where the demands on compressive, tensile and shear strength are particularly high. It permits extremely precise static measurements in accordance with the latest European norms (Eurocode 6 and 8) and state-of-the-art analysis methods. Calculations with AmQuake support the planning of multi-storey and earthquake-safe buildings with the optimal use of the structural and static capacity of the masonry.

AmQuake planning software for buildings with high static demands

The safety features of a building not only include protection against earthquakes, but also protection against fire. The mineral product brick is non-flammable and provides maximum protection in the event of a fire. Numerous trials have confirmed that the load-bearing capability, fire damping effect and thermal insulation against heat remain intact even after longer exposure to fire. The use of facing bricks as a fire-resistant facade material offers additional protection.

Bricks provide high safety in the event of fire

Protection against the weather is also an important factor for houses with pitched roofs. Only roofs with high-quality, perfectly coordinated elements guarantee lasting protection and maintain the building substance over many years. The KoraTech® line is coordinated to match the function, shape and color of our KORAMIC clay roof tiles. A special part of this line is the innovative *sturmFIX*® fixation system developed by Wienerberger. This hook is attached to clay roof tiles that are especially produced for this purpose. The system is easy to use and prevents roof tiles from breaking loose, even in a heavy storm.

Roof systems for especially high protection against the weather

Economy

Economical solutions for affordable housing

In addition to the technical properties, speed and cost are two of the most important factors in the construction of a building. An important objective for Wienerberger in developing new products is therefore to offer economical solutions that guarantee fast and low-cost construction, low maintenance and operating costs, and therefore support the construction of affordable housing. Economy is also reflected in the service life of a product. Bricks have a particularly long service life – a feature that applies to clay blocks, facade bricks, roof tiles and clay pavers.

Porotherm Dryfix® for particularly fast construction

One innovation that meets these requirements particularly well is the Porotherm Dryfix® system. Porotherm Dryfix®, a special plane brick masonry glue, allows for easy, extremely fast and dry construction at temperatures down to minus 5°C. With the Dryfix® system, bricks can be laid up to 50% faster than with normal mortar. This product speeds up construction, which reduces costs and thereby represents a significant advantage over conventional mortar-based methods.

Prefabricated systems made of bricks

The Porotherm Wall System (PWS) combines the advantages of prefabricated construction with the product benefits of bricks. Two plants in Belgium and Poland produce wall elements made of bricks during any type of weather and all seasons, which speeds up construction and ensures outstanding processing quality. This system is currently offered in Belgium and the Netherlands, and may be launched in other markets. In Belgium, Wienerberger markets the Terca Wall System (TWS), a prefabricated system made of facing bricks. The facing bricks used for this system are particularly eco-friendly with their reduced thickness of 6.5 cm.

Light brick for maximum economy

Sophisticated void patterns make clay blocks particularly economical and, with a lower mass, conserve resources during production, transportation and construction. The specially designed light brick is a particularly good example. Its low weight, size (wall thickness of 20 to 30 cm) and shape create the basis for ergonomic handling. The light brick can also be ground into a plane brick, which allows for the use of glue, reduces the amount of mortar or glue required and thereby permits efficient and fast construction. The low weight of light brick masonry also makes it possible to reduce the mass, and therefore the cost, of the load-bearing construction.

Semmelrock concrete products as economical alternative to asphalt

Semmelrock concrete pavers and boards create attractive and economical alternatives for the use of pavers also in traffic areas. Cuts and lane grooves are eliminated during excavation, and the concrete stones can be easily reused after the earthwork is completed. Semmelrock Premium Protect® sealed concrete stones also minimize maintenance time and expense.

Raw Material Efficiency

Clay is a valuable raw material that must be used carefully. New production techniques make it possible to produce clay blocks with a very high share of holes, which minimizes the amount of clay required. The specially designed light brick is an example of these products. Wienerberger also continuously optimizes clay usage in the production of its facing bricks, and has successfully reduced the thickness by one-third in comparison with conventional facade bricks (down to 6.5 cm). In addition, the innovative vertical perforation of soft mud facing bricks has decreased clay requirements for this product by up to 20%.

Lower raw material consumption with special product design

Another example of the contribution made by Wienerberger products to eco-friendly construction is the horizontally perforated clay block that has been produced in India since May 2009. This clay block is used in multi-storey buildings for infill masonry in reinforced steel framework constructions and for non-load-bearing walls. Horizontally perforated clay blocks can lead to a 60% reduction in weight compared with the concrete blocks normally used in this country. That substantially reduces the dimensions and cost of the building construction.

Horizontally perforated clay blocks in India for leaner building construction

Semmelrock also continuously optimizes the cement requirements for its concrete products. The material mixture is adjusted to minimize the amount of cement required. In addition, the company is working on a project sponsored by the Austrian Institute for the Promotion of Research ("Österreichische Forschungsförderungsgesellschaft") to reduce the thickness of concrete pavers and boards without negatively affecting their strength.

Optimization of cement use in concrete pavers

Future Measures

The e⁴ energy planner will be introduced in additional countries to support the continued implementation of the e⁴ house concept. An e⁴ solar plus house (surplus energy through solar generation) will also be built together with external experts.

Continued implementation of e⁴ housing concept

Wienerberger intends to launch selected products in additional countries. These products include the light brick, the mineral wool-filled clay block and the Dryfix[®] system. AmQuake earthquake software will also be rolled out in new markets.

Market launch of selected products and AmQuake

Wienerberger will continue to monitor developments in the area of building certificates for sustainable construction, actively participate in this process and address the latest scientific findings.

Building certificates for sustainable construction

In the coming years, Wienerberger intends to actively participate in the harmonization of standards and rules for the preparation of ecobalances, product lifecycle analyses and environmental product declarations (e.g. as part of the CEN TC 350) in order to compile comparable data on the ecological quality of products in all product groups and provide this data to the market.

Uniform standard for ecobalances, product lifecycle analyses and EPDs

Employees

Principles of Sustainable Human Resources Management

Wienerberger Social Charter

“Building Value. On a sound basis.” Employees are the basis for Wienerberger’s success. With the signing of a Social Charter in 2001, Wienerberger formally confirmed its intention to offer employment and working conditions in all group companies that meet or exceed the requirements of collective bargaining agreements or national law. The company is also committed to compliance with the recommendations of the International Labor Organization (ILO), which include the prohibition of child labor and discrimination, respect for the freedom of association and the right to collective negotiations as well as appropriate, i.e. healthy and safe working conditions.

The Wienerberger Group has anchored the following Principles of Sustainability in its human resources management:

Entrepreneurial spirit and actions

Wienerberger relies on people who are personally committed to the task at hand and ***think and act as entrepreneurs***. That is why Wienerberger offers its employees an environment in which they find opportunities to exercise their creativity. The freedom to act in an entrepreneurial manner represents an important motivational factor for our employees.

Commitment and willingness to take on responsibility

Wienerberger expects a ***high degree of commitment and willingness to take on responsibility*** from its employees. In exchange, the company offers motivating and fair compensation as well as an opportunity to actively shape the company. Short decision paths, lean hierarchies and variable compensation for specific groups of employees create a framework that makes top professional performance possible.

Equal opportunity and diversity

The central principles of sustainable human resources management include the preservation of ***equal opportunity regardless of age, gender, culture or origin*** as well as the appreciation of diversity as a key corporate value. Wienerberger does not tolerate any form of discrimination whatsoever.

Commitment to a healthy and safe working environment

Employees spend a great deal of their life at work, which is why they have a right to a ***healthy and safe working environment***. Wienerberger has implemented numerous measures to ensure the safety of employees. However, a healthy workplace means more than just protection against immediate dangers. Maintaining long-term health is also important. Therefore, employees are protected from exposure to respirable crystalline silica and workplaces are designed ergonomically.

Promotion and development of employees

Ongoing training supports the ***development of each employee*** as well as the company. This is becoming more and more important for Wienerberger’s success because of the increasing pace of change in the operating environment (e.g. innovation, trends, legal regulations). Our goal is to introduce appropriate programs as quickly as possible in the areas affected by change to ensure that our employees are equipped with the necessary know-how in a timely manner.

Processes and Instruments for Sustainable Human Resources Management

Human Resources Management

The hiring and retention of qualified and motivated employees with a high degree of commitment and a willingness to take on responsibility and to accept change are important goals for Wienerberger. Human Resources management (HR) in the Wienerberger Group is designed to create suitable conditions to realize these goals. HR sees itself as a service department that supports the company in achieving its strategic goals through focused advising and the development of employees and managers. The central responsibilities of HR are:

- **Recruiting:** *to find the best candidates who identify with Wienerberger's values*
- **Mobility:** *to support national and international exchanges/careers and make the necessary know-how (e.g. labor law, taxes, social security) available throughout the Group*
- **Talent management and succession planning:** *to identify and advance future talents*
- **Training and education platforms:** *to help employees develop professionally and personally*
- **Compensation and benefits:** *to ensure a transparent, competitive and motivating remuneration system*
- **Occupational safety:** *to collect information on safety, health and education (SHE) throughout the Group; to plan and monitor initiatives to further improve occupational safety*
- **Internal communications:** *to inform group employees of significant developments*
- **Industrial relations:** *constructive and transparent cooperation with employees and employee representatives*

In the Wienerberger Group, the implementation of cross-border processes and tools is always accompanied by respect for local differences. The local human resource representatives are responsible for all relevant measures and report to the respective country management. International initiatives and group-wide strategic HR projects are only launched in areas where they create added value for the Group. Central strategic requirements (e.g. for variable remuneration rules) are defined in group guidelines to ensure equal opportunity in all Wienerberger companies. This allows for the inclusion of local requirements as well as rapid and efficient implementation through short decision paths, and also guarantees the successful realization of strategically important projects throughout the Group.

International programs support the exchange of perspectives, experience and expertise among employees and management personnel from various countries and different cultural backgrounds. Included here are international programs to develop future talents (e.g. the Ambassador Program) as well as the network meetings held by various corporate service departments (e.g. engineering, HR and product management). These meetings are usually held once each year and provide a framework for the presentation, discussion and approval of group and local initiatives together with the responsible local managers.

Self-image and central responsibilities

Respect for local differences in HR management

International networks support know-how transfer and cultural understanding

Group-wide management review

Management Review

A group-wide management review process was introduced in 2007. This annual assessment is designed to evaluate senior managers and thereby support strategic succession planning for senior management positions.

Software to professionalize management review

The management review was further professionalized in 2010 with the implementation of specialized software and process improvements. The software is designed to administer key information on Wienerberger management. Data on roughly 100 persons was entered at the beginning of 2011 and will be followed over the coming years by the expansion of the system to also cover future talents. This new management database will permit fast access to records on the training, professional experience, salary structure and service contracts of the respective employees. It represents a further step towards structured and transparent career planning.

Group-wide reporting on Safety, Health & Education

SHE Reporting

The Safety, Health & Education (SHE) reporting system was introduced throughout the Group in 2007. This system now supports the collection of data from all local Wienerberger companies on the size of the workforce, occupational safety, days lost through illness as well as training and development. In 2010 SHE reporting was extended to include the subsidiaries in Ukraine and India. Data is compiled on a quarterly basis and regularly distributed to Group and local management. The goals of SHE Reporting are to monitor the development of key indicators, to identify any need for action (e.g. with respect to occupational safety) and, if necessary, to implement appropriate measures.

Uniform group-wide safety standards

Wienerberger Safety Standard

The Wienerberger safety standard was implemented as a benchmark for all companies in 2009. It covers 14 subject areas, whereby the following ten require mandatory implementation in all Wienerberger plants:

- 1. Introductory safety training for all employees*
- 2. Appointment of an occupational safety officer*
- 3. Increased awareness for occupational safety*
- 4. Personal protective equipment for each employee*
- 5. Safety introduction and protective equipment for visitors*
- 6. Regular safety training programs*
- 7. Establishment of a working group in each plant and quarterly safety meetings*
- 8. Plant safety audits*
- 9. Monitoring of workplace conduct*
- 10. Mandatory accident reporting*

A safe workplace for every employee

Voluntary measures include the establishment of a steering committee at the country level, the preparation of an annual safety plan, the implementation of a safety suggestion process and “bonuses” for the reduction of accidents. The goal of the safety standard is to create a safe workplace for every employee by identifying and eliminating potential dangers and thereby reducing the frequency and severity of accidents. It also includes the exchange of best practice examples.

An initiative was launched in 2010 to implement the Wienerberger safety standard throughout the Group. As a first step, data was collected to identify the current position of each local company. The survey results were then used to define the measures required to realize the defined objectives, whereby the local companies select the specific methods. The toolbox included in the standard contains a number of best practice examples, which provide impulses for implementation and will be expanded regularly through the ongoing exchange of information. In connection with the budgeting process, the managing directors of the local companies presented the planned safety measures for 2011 to the Managing Board and the Executive Managing Directors. The implementation of the safety standard will be reviewed by Internal Audit in 2011 as part of local safety audits. Many countries took the first steps in this process already during 2010.

Implementation of Wienerberger safety standard

Employment Trends¹⁾

Number of Employees

The Wienerberger Group had 11,969 employees as of December 31, 2010²⁾. The number of employees rose by 323 in year-on-year comparison (including Steinzeug-Keramo); excluding Steinzeug-Keramo, the number of employees at year-end remained almost unchanged.

Number of employees at year end

By contrast, the average number of employees in the Wienerberger Group fell by 7% during 2010. This decline resulted above all from plant shutdowns during the second half of 2009 that were required to deal with the economic crisis. Personnel statistics only reflect this workforce reduction in full beginning with 2010, and here particularly in Central-East Europe. The average number of employees in North-West Europe was nearly constant, while North America recorded a slight increase.

Largest workforce declines in Central-East Europe

Employees by operating segment^{2) 3)}

Average for the year, full-time equivalent	2007	2008	2009	2010	Change in %
Central-East Europe	5,432	5,832	5,174	4,425	-14
Central-West Europe	2,414	2,366	2,143	2,035	-5
North-West Europe	4,246	4,769	4,076	4,032	-1
North America	2,520	1,969	1,043	1,104	6
Investments and Other	173	226	240	252	5
Total	14,785	15,162	12,676	11,848	-7

1) Unless otherwise indicated, the indicators in this sustainability report refer to the Wienerberger Group, including Semmelrock, but excluding Steinzeug-Keramo and the investments in Schlagmann (50%), Pipelife (50%), Tondach Gleinstätten (25%) and Bramac (50%).

2) Full-time equivalent; including 50% Bramac, 50% Schlagmann and Steinzeug-Keramo (only as of December 31, 2010; Steinzeug-Keramo is not included in the average for the year). Including temporary employees as well as persons with limited employment contracts who have been continuously employed for three months or more.

3) Operating segments defined as follows: Central-East Europe: Austria, Czech Republic, Slovakia, Poland, Finland, Baltic States, Hungary, Romania, Bulgaria, Russia, Ukraine, Croatia, Slovenia, Bosnia & Herzegovina, Serbia, Semmelrock Group, Bramac (50%). Central-West Europe: Italy, Switzerland, Germany, Schlagmann (50%). North-West Europe: Belgium, France, Netherlands, Great Britain, Denmark, Sweden, Norway. North America: USA and Canada. Investments and Other: holding company, India and Steinzeug-Keramo.

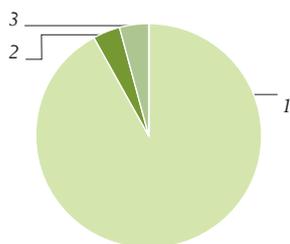
Headcount decline 2010 mainly in administration

The decline in the number of employees was concentrated on production in 2009, but shifted more to the administrative area in 2010. The reduction here was 18% on average for the year.

Employees by functional area

Average for the year, full-time equivalent	2007	2008	2009	2010	Change in %
Production	10,567	10,685	8,430	7,906	-6
Administration	1,239	1,397	1,222	1,004	-18
Sales ¹⁾	2,979	3,080	3,024	2,938	-3
Total	14,785	15,162	12,676	11,848	-7

Classification of employees by type of employment



- 1 Full-time 92%
- 2 Part-time 4%
- 3 Temporary (incl. limited contracts) 4%

Of the 11,083 employees in the Wienerberger Group (excluding 50% Bramac and Steinzeug-Keramo), 10,225 were full-time and 374 part-time at year-end 2010. The number of temporary employees and persons with limited employment contracts²⁾ totaled 484.

Employee Turnover

Following a sharp rise in employee turnover from 2007 to 2009, which was caused by the deterioration in the economic environment and the related restructuring measures, the group-wide turnover rate³⁾ (excluding North America) returned to the 2007 level at 12.2% (group-wide -1,229 employees) for 2010. The average length of service remained high at 12.3 years (12.7 years excluding Semmelrock) and underscored the ability of Wienerberger to retain one of its most important resources – its employees.

An analysis by operating segment shows regionally different turnover rates that reflect the development of business at Wienerberger. Central-East Europe clearly exceeded the group average with turnover of 19.1% (-713 employees). In Central-West Europe and North-West Europe, turnover was comparatively low at 8.0% and 7.8% (or -168 and -312 employees), respectively.

Employee turnover



- Number of persons leaving
- Turnover rate in %

Turnover rate by operating segment ⁴⁾ in %	2007	2008	2009	2010 ⁵⁾
Central-East Europe	14.8	18.0	22.1	19.1
Central –West Europe	10.6	10.0	9.4	8.0
North-West Europe	10.3	17.2	19.6	7.8
Investments and Other	11.1	11.9	16.9	13.8
Total (excluding North America)⁶⁾	12.0	15.9	16.5	12.2
North America ⁷⁾	47.1	50.6	35.1	16.3

- 1) Employees in sales, marketing and warehousing
- 2) Includes persons who have been continuously employed for three months or more
- 3) The turnover rate is calculated by comparing the number of employees who leave the Wienerberger Group (termination by the employee or employer as well as mutually agreed terminations) to the average workforce in permanent employment. Temporary workers as well as workers with limited employment contracts are not included in the turnover rate. Persons who retire or are on official leave are also not counted.
- 4) Including Schlagmann (50%). Only permanent employees. Including persons leaving the Group due to restructuring.
- 5) Starting in 2010 data including India, Ukraine, Bosnia & Herzegovina and Semmelrock
- 6) Turnover statistics for the Wienerberger Group do not include the USA and Canada because local legal regulations make comparisons at the group level more difficult.
- 7) Analysis limited by special local legal regulations

Data on persons leaving the Group was also collected by gender and age for the first time in 2010. Results showed that the turnover rate for women exceeds the group average. A total of 1,035 men and 194 women left the Wienerberger Group during the reporting year.¹⁾ A relatively high share of workforce declines involved men under 30 years of age, with 257 persons in this category leaving the company in 2010. In addition, 617 employees between 30 and 50 as well as 355 employees over 50 years left the company.

Persons leaving the Group by gender and age

Diversity and Equal Opportunity

Wienerberger is committed to equal opportunity regardless of age, gender, culture or origin. For the company, the diversity of employees is a core value. Wienerberger does not tolerate any form of discrimination whatsoever. In 2010 data was collected for the first time on the number of discrimination incidents related to ethnic origin, gender, skin color, political views or national and social origin.²⁾ There were no such incidents in 2010.

First-time data collection on discrimination incidents

Gender

The share of female employees in the Group equaled 13.3% as of December 31, 2010. As in earlier years, the largest share of women is found in administrative functions (47.6%). The share of women in production rose slightly year-on-year to 4.5% in 2010, but is still very low as is typical for the branch.

Building materials industry is traditionally male-dominated

Share of women by function ³⁾ in %	2007	2008	2009	2010 ⁴⁾
Production	4.3	4.4	3.8	4.5
Administration	39.5	47.3	45.4	47.6
Sales ⁵⁾	26.7	25.2	23.3	24.2
Total	12.0	12.6	12.4	13.3

We place high value on achieving the best possible balance between the number of male and female employees in our company. However, the building materials industry is traditionally male-dominated because of its concentration on production. Special efforts are therefore in progress to raise the share of women in administration, sales and management. The share of women in international top and senior management positions amounted to only 5% in 2010. There is a substantial need for change in this area, and our contacts with personnel search firms therefore include explicit instructions to identify female candidates for international management positions when qualifications are the same.

Special efforts to increase share of women

1) Excluding North America, including Schlagmann (50%). Only permanent employees.

2) Data was collected on incidents in which (formal or informal) proceedings were opened (e.g. court proceedings, registration of a complaint with the responsible authorities or similar office in the company).

3) Including Semmelrock starting in 2010

4) Absolute numbers collected starting in 2010 (previously full-time equivalent). Temporary employees and persons with limited employment contracts are not included starting in 2010.

5) Employees in sales, marketing and warehousing

Equal compensation for men and women

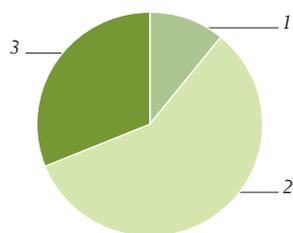
Equal opportunity for both genders also means ensuring a balance between the compensation paid to men and women. An international survey of laboratory staff in 2010 showed that the salaries of female employees were 6% less on average than their male colleagues. Laboratory services were used for the survey because this function has a statistically significant number of employees and the positions are easily comparable. Support and management positions were excluded from the calculation. Wienerberger intends to analyze the salary structure of the laboratory staff in detail and, if there are any unjustified differences in compensation, will remedy the situation.

Age

Data on the classification of employees by age¹⁾ was collected for the first time in 2010. Results showed the largest share of employees (57%) as of December 31, 2010 in the category from 30 to 50 years of age. The share of employees under 30 was 12% and the share over 50 years 31%.

The relatively high share of employees over 50 underscores the growing importance of succession planning to ensure the transfer and retention of valuable know-how in the Group. Accordingly, efforts in succession planning will be intensified for senior management, the second management level and key positions.

Employees by age



- 1 up to 29 years 12%
- 2 30-49 years 57%
- 3 over 50 years 31%

Local recruiting of management and plant managers

Cultural Diversity

Wienerberger benefits from cultural diversity in many ways. For many years, the company has filled management positions in the country organizations primarily with local managers. However, expatriates are often used in the development phase of a new organization to contribute experience from other countries and projects. This strategy anchors local cultural understanding in the organization and ensures that markets are differentiated and developed in accordance with local characteristics. The plant managers in nearly all our locations come from the respective country.

International appointments to top management and project committees

Wienerberger is working to strengthen the internationality of the Group's top management by expanding job rotation and increasing the recruiting of international candidates. Different perspectives and approaches facilitate creative solutions for group-wide projects. This is also reflected in a representative regional presence on several central strategic initiatives that were launched in 2010 (e.g. Wienerberger Sales Academy). In spite of decentralized structures and cultural diversity, Wienerberger has developed a strong international corporate cultural identity.

Occupational Safety and Health

Occupational Safety

Wienerberger intends to increase its focus on safety over the coming years, above all at the plants, because the SHE reporting system has identified a need for improvement in this area. In 2010 a safety initiative was launched to ensure the implementation of uniform safety standards throughout the Wienerberger Group. Every country organization has set goals that can be reached with an individual action plan, and the first steps were taken in a number of countries during the reporting year.

SHE reporting records all accidents that lead to the loss of at least one working day. The most common causes of accidents are carelessness and unsafe behavior. In 2010 a year-on-year decline was recorded in both the number and severity of accidents. A particularly strong improvement was noted in North-West Europe and North America. Unfortunately, a work accident in Russia during 2010 resulted in the death of a Wienerberger employee.

The substantial decline in the frequency and severity of accidents in North America resulted, above all, from an intensive focus on occupational safety in Canada. This program included an increase in measures to eliminate safety risks in the plants as well as cooperation with local medical institutions to reintegrate employees more quickly into the work process after a minor accident – subject to any physical limitations – and allow them to perform lighter work.

Start of implementation for Safety Initiative 2010

Decline in number and severity of accidents

Sharp drop in frequency and severity of accidents in Canada

Accident frequency by operating segment ¹⁾	2007	2008	2009	2010 ²⁾
Central-East Europe	15	19	15	16
Central-West Europe	42	36	38	42
North-West Europe	26	33	32	20
North America	3	10	32	4
Investments and Other				8
Total	21	25	27	20

Accident severity by operating segment 2010 ³⁾	2007	2008	2009	2010 ²⁾
Central-East Europe	484	651	711	545
Central-West Europe	875	507	838	736
North-West Europe	642	434	432	475
North America	175	296	400	95
Investments and Other				330
Total	533	478	586	494

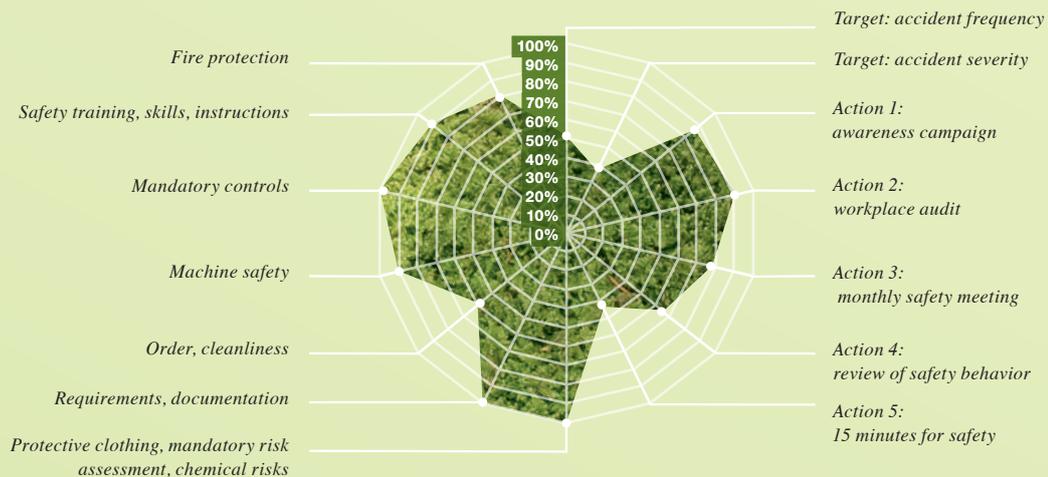
1) Frequency of accidents: number of work accidents / number of hours worked x 1,000,000.

Including temporary employees as well as persons with limited employment contracts who have been continuously employed for three months or more. Excluding Bosnia & Herzegovina, including Schlagmann (50%).

2) Including India, Ukraine and Semmelrock starting in 2010

3) Severity of accidents: Accident-related days lost / number of hours worked x 1,000,000.

Including temporary employees as well as persons with limited employment contracts who have been continuously employed for three months or more. Excluding Bosnia & Herzegovina, including Schlagmann (50%).



Safety Initiative 2010

The Safety Initiative 2010 was launched during the reporting year under the direction of the Executive Managing Director Christof Domenig. The goals of this group-wide program are to significantly improve occupational safety in the Wienerberger plants and to create an increased awareness that occupational safety is a management responsibility.

"Safe working conditions and the health of our employees are an integral part of our corporate social responsibility. I am particularly pleased to note that the Safety Initiative 2010 and the implementation of the Wienerberger safety standard have led to a massive reduction in accidents at a number of our plants. Especially in France, the implementation of safety measures has led to a substantial decline in the number of work accidents. An important factor that helped to improve occupational safety – and an area in which France was particularly successful – was the general increase in awareness and institutionalization of this subject in daily work processes. I plan to pursue the subject of safety at our plant locations in 2011 and continue to focus on implementing safety measures for accident prevention."

Christof Domenig, Executive Managing Director

In France, the first measures to improve occupational safety were implemented in 2007 and further strengthened as part of the Safety Initiative 2010. A significant improvement has been noted in occupational safety indicators since that time: the frequency of accidents has been cut by half since 2007 and, where only one of the twelve plants was accident-free in 2009, this figure rose to six locations in 2010. That not only means greater occupational safety for employees, but also a financial benefit for Wienerberger because lower accident statistics also lead to a reduction in social security contributions in this country. The security measures implemented in France cover the five following points:

15 minutes for safety: Every group leader holds a brief meeting with his team each month to increase awareness for a particular safety issue – e.g. electrical risks, danger of falling or protective clothing.

Announcements: Indicators on the safety status in each plant and for France in total – together with instructions on specific noise or dust protection measures – are publicized in the form of standardized announcements. Any accidents are reported immediately to all plants.

Review of safety behavior: Once each month, plant safety officers monitor the actions of each employee at his or her workplace. The employee is then provided with direct feedback on his or her safety behavior.

Safety audit: Each month the group leaders review safety conditions in the individual workplaces and teams based on a checklist. The results of this review are presented on a graph to illustrate weak points and development trends.

Safety meetings: The safety officers meet once each month to discuss the status of safety measures.

Health Programs

In order to prevent illness, Wienerberger offers regular health checks and vaccination programs. These activities are supplemented by group-wide medical care from company doctors and ergonomic examinations of workstations. Other programs are geared toward promoting fitness. For example, employee events and company outings in Austria are frequently linked to sporting activities. Employee benefits also include reduced membership fees for health clubs and special training courses for back exercises.

Wide range of health programs

The average number of sick-leave days fell sharply in 2010. The group average equaled 9.9 days per employee.

Average sick-leave days per employee

Sick-leave days per employee¹⁾

by operating segment	2007	2008	2009	2010 ²⁾
Central-East Europe	8.8	11.8	11.5	9.6
Central-West Europe	12.3	11.7	13.2	11.6
North-West Europe	10.0	11.2	10.2	9.8
Investments and Other	4.8	4.9	7.2	3.8
Total (excluding North America)³⁾	9.9	11.4	11.2	9.9
North America ⁴⁾	2.7	5.0	4.1	2.2

Protection against Respirable Crystalline Silica

Wienerberger places high value on protecting its plant employees against respirable crystalline silica. The goal is to minimize the emissions from brick production. Accordingly, the company participates in efforts to protect employees from respirable crystalline silica emissions as part of the European social dialogue. In 2006 the Agreement on Workers' Health Protection through the Good Handling and Use of Crystalline Silica and Products Containing it was signed between European employers' representatives from 14 industrial sectors, including the ceramics industry, and European employees' representatives. A total of 18 industrial sectors are now partners to this agreement.

Protection against respirable crystalline silica

In 2008 the online reporting system of the Negotiation Platform on Silica (NEPSI) served as a platform for the first EU-wide quantitative data collection on the application of this agreement. This survey is repeated every two years, whereby the information is collected for each plant location, categorized by sector and submitted as a report to the European Commission. The 2010 survey of indicators for 2009 brought a significant improvement for Wienerberger in comparison with the 2007/2008 reporting year (see 2009 sustainability report). In addition a very positive evaluation of data collection was issued by the NEPSI Council on June 22, 2010⁵⁾.

Clear improvement in second survey phase

1) Excluding Bosnia & Herzegovina, including Schlagmann (50%). Including temporary employees as well as persons with limited employment contracts who have been continuously employed for three months or more.

2) Including India, Ukraine and Semmelrock starting in 2010

3) The number of sick-leave days per employee in the Wienerberger Group does not include the USA and Canada because local legal regulations make comparisons at the group level more difficult.

4) Analysis limited by local legal regulations (on sick-leave days)

5) "In 2010, four years after signature, the application of the Agreement is well under way, improves continuously and already demonstrates concrete results. [...] The 2010 reporting was carried out in an economically extremely difficult period. However the results of the 2010 Report are positive. In such a monitoring process, the involvement usually tends to decrease over the years and the increased commitment witnessed here is very encouraging. The targets for improvement [...] have all been fulfilled." (NEPSI Council Executive Summary July 2010, www.nepsi.eu)

Additional measures

Numerous additional measures were implemented at the involved plants during 2010. For example, 3,892 employees underwent special health checks. Training courses on the general guidelines for dealing with respirable crystalline silica were held in eleven countries and attended by 3,153 employees. Additional technical measures were implemented in ten countries during the reporting year to reduce the emission or dispersion of fine dust. These measures included the installation of spraying and sprinkling systems (e.g. for raw materials or roadways), the encasing of equipment, installation of dust collection systems (e.g. near grinding machines), exchange of filters in existing equipment, the use of vacuum cleaners and sweepers as well as the installation of ventilation systems. All involved workers are provided with appropriate personal protective equipment as standard practice.

Training and Personnel Development

Training

Advancement of employees

Regular training supports the development of individual employees and the company. We therefore focus on advancing and supporting our employees as well as creating a climate that encourages the cross-border exchange of knowledge. The structured exchange of expertise between our own specialists and the work of internal trainers permit timely and proactive action in the areas of technical or process know-how. The training programs started in 2010 concentrated above all on production and sales. For example, safety training was intensified and broadened as part of our safety initiative.

Decline in training hours per employee

An average of 12.0 hours was spent on training per employee in 2010. This indicator includes both internal and external programs, but excludes on-the-job training. In comparison with the two previous years, the number of training hours dropped sharply in 2010. One reason for this development was the increased use of standstill time in the crisis years 2008 and 2009 for employee training. Statistics on Eastern Europe illustrate this effect, with a particularly strong rise in the average number of training hours at the peak of the crisis in 2009 and a still above-average level in 2010. The notable decline in training hours recorded by the Investments and Other segment reflects the end of the Ambassador Program for future talents in 2010 and the scheduled start of the next cycle in 2011.

**Training hours per employee¹⁾
by operating segment**

	2007	2008	2009	2010 ²⁾
Central-East Europe	9.6	11.8	22.0	14.4
Central-West Europe	8.0	11.0	5.6	5.6
North-West Europe	19.2	21.8	15.5	15.2
North America	2.4	1.6	0.9	2.4
Investments and Other	36.8	41.6	42.4	23.2
Total	12.0	15.2	15.2	12.0

Average training costs per employee³⁾ increased substantially in 2010. A total of € 208 per employee was invested in training during 2009, but this amount rose to € 222 (€ 213 including Semmelrock) during the reporting year. This is related to a year-on-year increase of external training programs.

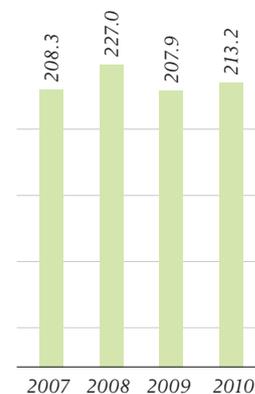
Internal and external training programs give employees an opportunity to continue their professional and personal development, in agreement with the responsible manager and in line with the company's objectives. In addition to regional training, Wienerberger also offers group-wide programs, such as the Ambassador Program and the Wienerberger Engineering Academy.

The Ambassador Program provides advanced training in professional, social and methodological skills to employees with managerial potential. Forty-three employees from 18 different countries took part in the 2009/2010 cycle, which also strengthened international networking and reinforced cross-cultural understanding within the Wienerberger Group.

The Wienerberger Engineering Academy was established as a permanent facility to provide advanced training in ceramic product and production technologies. Internal expertise on raw materials, processing, drying and firing technology and quality analysis is conveyed to technical employees by Wienerberger experts in this cross-border program. In 2010 the curriculum in the Wienerberger Engineering Academy was expanded to include a module for experienced employees.

A new training program, the Wienerberger Engineering Academy Advanced, gives production and plant managers an opportunity to address key issues and challenges, e.g. energy efficiency in production or efficiency improvement in the production process. The exchange of information with other managers provides a platform for the discussion and evaluation of various points of view.

**Average training costs
per employee in €**



**Regional and group-wide
training programs**

Ambassador Program

**Wienerberger
Engineering Academy**

**Wienerberger
Engineering Academy
Advanced**

1) Includes both internal and external programs. Based on full-time equivalent, annual average.
Excluding Bosnia & Herzegovina, including Schlagmann (50%).

2) Including India, Ukraine and Semmelrock starting in 2010

3) All costs connected with training, excluding meals and lodging. Based on full-time equivalent at year-end.
Excluding Bosnia & Herzegovina, including Schlagmann (50%).

Plant manager training course

The plant manager training course was introduced in 2007 to supplement the Wienerberger Engineering Academy. This training for current and future plant managers, which takes place at alternating plant locations, covers the fields of technology, business and management, and also provides a platform for the international know-how exchange and networking. The eighth series started in 2010 and plans call for the program to be continued in 2011 with a content modification to reflect the latest strategic challenges.

Founding of Wienerberger Sales Academy

Wienerberger has set a goal to strengthen marketing and sales throughout the Group, with customer orientation and ties forming the specific focus of activities. Accordingly, plans call for further enhancing the skills of the sales force. The development of the necessary know-how will be facilitated by the Wienerberger Sales Academy, which was founded during the reporting year as a group-wide initiative for sales employees and managers as well as product managers. In 2010 the content was defined, an international training partner with branch expertise was selected and a blended-learning concept was developed for international and local implementation. This program will be launched during the first quarter of 2011 and is designed to raise training standards in the group's sales force. The methods to achieve this objective include selected strategy-driven training measures as well as the improvement of knowledge management and the exchange of ideas.

Personnel Development

Internal succession planning

Wienerberger fills vacant management positions with internal candidates whenever possible. Our goal is to further increase the internal staffing rate through appropriate measures. Future talents will be supported even more in the future by the implementation of appropriate processes. The strategy-driven adaptation of our current training platforms – to provide specially directed training for our future managers – is an important objective for the coming years. Many graduates of the Ambassador Program have already assumed managerial roles or key positions in local companies.

Annual assessment of all employees

Personnel development also includes annual appraisals with all employees as well as the annual management review. The latter serves to evaluate senior management and supports strategic succession planning for senior management positions.

Support for international mobility

International mobility is promoted by means of corresponding expatriate packages and comprehensive support on all relevant issues by the local HR departments and Corporate Human Resources.

Remuneration

The Wienerberger Social Charter states that: employees are entitled to receive wages, salaries and benefits reflecting the normal payment for similar jobs in similar branches or industrial sectors in the region where the work is performed; and remuneration should be sufficient to provide for a secure livelihood. Our employees are not paid below the legal minimum wage or the minimum income defined by applicable collective bargaining agreements.

Wienerberger has an understandable and market-oriented remuneration system. The variable remuneration of employees and managers is based not only on the targets set for each local organization and the Group as a whole, but also on the achievement of individual targets. Entrepreneurial spirit is one of the central values in the Wienerberger Group, which is why as many employees as possible are included in variable remuneration systems. In 2010 Wienerberger released a corporate guideline for variable remuneration. This document will ensure compliance with certain group-wide standards (e.g. the groups of employees covered and the types of variable remuneration). The guideline will also establish a direct connection between variable remuneration and company and Group strategies.

Wienerberger issues annual remuneration guidelines for senior management that define the ratio between fixed and variable remuneration, the framework for targets and the weighting of individual targets for variable remuneration. Following the expiration of the previous stock option program, a long-term incentive (LTI) program for Wienerberger top management was developed and approved by the Supervisory Board in 2010. This program will support the long-term development of the Wienerberger Group because it is linked primarily to a sustainable increase in the value of the company. The program was developed together with an external consultant and exceeds the relevant corporate governance standards and rules of good conduct. With the long-term character and sustainability of this remuneration program, Wienerberger has set a benchmark for Austria.

A group-wide guideline forms the basis for local incentive systems. Local circumstances (e.g. government minimum support programs) are taken into account and the rules are adapted to meet the respective market conditions. In addition to company pension plans, disability insurance and health insurance, the Wienerberger Group also has travel insurance for employees and managers that covers claims related to domestic and international travel.

Incomes that provide a secure livelihood

Variable remuneration system

Long-term incentive (LTI) program for senior management

Group-wide guideline for incentive systems

Local and group-wide communication media

Communications

Wienerberger places high value on open and transparent communications with employees. In addition to a wide variety of local communications media that include company newsletters and magazines, the following media are used for internal communications in the Group:

- **CEO letter:** *A report by the CEO that is issued several times each year and addressed to all Wienerberger employees; it contains information on the economic environment, the development of business and key strategic issues.*
- **Departmental newsletters:** *Reports by various specialized functions such as marketing, engineering or HR on selected initiatives and activities; description of group-wide and local initiatives in the respective areas as best practice examples.*
- **Ad-hoc mailings:** *Group-wide information on organizational changes or cross-border initiatives.*
- **Intranet:** *Information on the specialized functions and corporate services in the Wienerberger headquarters as well as reports on events and special occasions.*
- **Management meetings:** *Semiannual meetings – in some cases lasting several days – of top and senior managers to exchange information on central subjects and to discuss new initiatives; numerous meetings of top and senior managers on a country and regional basis.*

Wienerberger Social Charter

Industrial Relations

The Wienerberger Social Charter was signed in 2001 by the Managing Board of Wienerberger AG and the chairman of the European Employees' Council in Strasbourg to formally confirm the company's intent to comply with the relevant agreements and recommendations of the International Labor Organization (ILO). With this charter, Wienerberger demonstrates its global commitment, among others, to human rights, to adequate working conditions, to sufficient remuneration, against excessive working hours, to permanent employment and to respect for the freedom of association and the right to collective negotiations.

European Forum

Wienerberger founded the European Forum in 1996. This body is a social partnership for information and dialogue that addresses international topics such as strategy, investment, reorganization and rationalization measures. The goals of the European Forum are constructive social dialogue and the creation of networks for employees' representation committees. Currently, ten countries are represented by 22 delegates. The board of the European Forum consists of four elected delegates from Austria, the Netherlands, Germany and Poland; Karl Sauer has served as the chairman since 2001. The European Forum meets at least once each year and its board at least twice.

In Austria, employees' councils have been installed at all locations. There are 46 employee representatives. These representatives elect a central council, which consists of four persons and is headed by Karl Sauer. Elections for the employee representatives and the central council are held every four years. The employee representatives hold one conference each year, while the central council meets at least four times or more often as needed. Similar structures can be found in other European countries.

National employees' councils based on Austrian example

The most important objectives of the European Forum are to improve workplace conditions and health protection, e.g. by reducing noise or dust emissions. Another concern is to reduce the physical burden for older employees as a result of the increasing retirement age by providing jobs that require less physical labor. This change already been realized at some Wienerberger locations. The European Forum also works to achieve fair and just remuneration.

Improvement of workplaces and health protection

Different regulations apply to employees in Europe, including collective bargaining agreements, laws and directives, union contracts and company or individual employment agreements. All employee representatives of Wienerberger AG are located in countries that recognize the right of employees to free assembly and collective negotiations.

Company agreements, collective bargaining contracts or at least legal requirements

Future Measures

The measures planned for 2011 include the start of medical examinations and training on the general guidelines for dealing with respirable crystalline silica in countries that are not covered by NEPSI reporting. The goal is to also meet the NEPSI employee health standards in these countries over the medium-term.

Further reduction of respirable crystalline silica

The safety initiative will also be continued at our plants in 2011. Moreover, Internal Audit will review the implementation of the individual measures as part of its safety review. Both Semmelrock and Steinzeug-Keramo already meet very high occupational safety standards. In order to ensure the uniform application of the same standard throughout the Group, the Wienerberger safety standard will be implemented at all Semmelrock and Steinzeug-Keramo plants during 2011.

Continuation of safety initiative

Wienerberger plans to introduce the Wienerberger Sales Academy in 2011 as a group-wide training initiative for sales employees and managers. The goal is to advance and develop sales employees and managers with a view to strengthening customer orientation and ties.

Start of Wienerberger Sales Academy

Activities in 2011 will also focus on increasing the health awareness of employees and managers, above all through sport and good nutrition. In addition, a survey will be conducted in all Wienerberger countries to determine the national structures for employee representatives (especially the number of employee representatives).

Additional measures

Corporate Social Responsibility

Principles of Corporate Social Responsibility

The economy as an integral part of society

Wienerberger views the economy as an integral part of society. Its duty is to serve people and create value for all. Wienerberger takes its role as a responsible member of society seriously. We define responsibility as ethical actions, honest communications, active participation in the transparent development of our economic environment, personal accountability for our actions and actions that confirm our standing as a reliable and valuable member of society.

Defense of human rights

Within its sphere of influence, Wienerberger guarantees *protection for basic human rights*. The company has also signed a Social Charter in which it commits, among others, to supporting the freedom of association and collective negotiations at all locations as well as preventing child labor and forced labor.

Support for social institutions on a local basis

“Wienerberger makes bricks, but homes are built for people.” This central principle of active corporate social responsibility includes *support for social institutions on a local basis*. Our goal is to accept responsibility for society and to use our products and financial assistance as means of helping people who have been affected by unforeseen circumstances or misfortune. We regularly support and promote social projects in nearly all countries where Wienerberger is present.

Compliance with all applicable national and international laws

A commitment to *compliance with all applicable national and international legal regulations* is also an important part of our active corporate social responsibility. Legal compliance at all organizational levels creates the basis for good management. Wienerberger ensures that both international and national laws and standards are followed in all its business operations, and places a special focus on the prevention of corrupt and anti-competitive behavior.

Active participation in political decision-making

As a member of numerous national and European associations, platforms and technical committees, Wienerberger participates in European research projects, European Commission surveys and product standard groups, and is thereby involved in the political decision-making process. Wienerberger is an established, reliable stakeholder and building materials expert that views *open and transparent communications with politics and public authorities* as part of its corporate social responsibility. The company works to create a sustainable economic environment that unifies economic, ecological and social interests.

Human Rights

Support for human rights throughout the Group is a matter of course for Wienerberger. The company's Social Charter firmly commits the Group's production and sales subsidiaries to compliance with the applicable agreements and recommendations of the International Labor Organization (ILO). The Wienerberger Social Charter comprises the following principles:

- Free choice of employment
- Prevention of discrimination
- Prohibition of child labor
- Respect for the freedom of association and the right to collective negotiations
- Sufficient compensation
- Appropriate working conditions
- Fixed employment

The right to the freedom of association and collective negotiations as well as the prevention of child labor and forced labor is guaranteed throughout the Wienerberger Group. Employees who report violations of the Social Charter to company officers may not be disciplined. Employee representatives have the right to report on the Social Charter to the workforce at special meetings and are also entitled to inform the Wienerberger European Forum of any violations.

Support for Charitable Organizations

Our goal is to use our products and financial support to help people who have been affected by unforeseen circumstances or misfortune. Wienerberger AG operates through subsidiaries in 27 countries across Europe, North America and India. We are committed to providing specially directed support for national organizations in these countries. Accordingly, we work together with recognized local organizations that we support by providing free bricks for the construction of educational facilities and buildings as well as financial backing for their projects. Our assistance ranges from disaster relief in emergencies to the planning and realization of charitable projects together with aid organizations. In this way, we help where we can make a real contribution and are certain that this help arrives at the right place.

Wienerberger donated a total of € 662,219 to charitable organizations during the reporting year. The following section presents a selection of the sustainability projects that were realized together with our country organizations in 2010.

Wienerberger
Social Charter

Compliance with
Social Charter

Support for social
organizations on
local basis

Donations of
€ 662,219 in 2010

Support for reconstruction after toxic sludge disaster in Hungary

In early October 2010 toxic sludge from an aluminum factory flooded the Hungarian villages of Devecser and Kolontar. This disaster cost hundreds of people not only their homes, but also their livelihood. As the largest producer of building materials in Hungary, the Wienerberger Group was particularly interested in helping these people as quickly as possible with a minimum of red tape. One of the most important goals is to rebuild the apartments and houses that were destroyed. In addition to immediate assistance of € 9,000 in the form of food, protective clothing and other badly needed goods, Wienerberger will also supply building materials for the long-term reconstruction program.

Housing for needy families in the USA

Analogous to the Universal Declaration of Human Rights, every person has the right to a “standard of living adequate for the health and well-being of himself and of his family”. This right expressly includes housing, and we therefore intend to make a contribution to fulfilling this basic human need. This belief led General Shale, our US subsidiary, to donate approx. USD 10,000 of building materials to the organisation Habitat for Humanity in the USA, which were used to build three homes for needy families in the Appalachian region. Habitat for Humanity is an international organization that was founded in 1976 and is dedicated to combating worldwide slum housing and homelessness and to supporting the right to affordable shelter.

Help for victims of flooding in Hungary

After weeks of continuous rain, severe flooding forced thousands of people in Hungary to leave their homes in early summer 2010. Numerous houses were destroyed and many people lost their livelihoods. Together with other building materials producers, Semmelrock Hungary donated building materials for the reconstruction of houses for three families affected by this disaster.

Support for charitable organizations in Cambodia

One of Wienerberger’s most important concerns is to help children, the weakest members of our society. For many years, Wienerberger Belgium has supported educational programs for children and young people in the Batdambang region of Cambodia. These programs are carried out together with the Don Bosco Foundation, and are intended to go beyond individual campaigns and draw attention to the problems of children by creating greater understanding in broader sectors of society.

Special prize for architecture projekt in Mali at Brick Award 2010

On April 8, 2010 Wienerberger presented the fourth Wienerberger Brick Award, which was also accompanied by a € 21,000 prize. A particularly sustainable project by the Italian architect Emilio Caravatti – public service buildings in Mali – was recognized with a special award. This project was started in 2005 and is supported by “Africabougou Onlus Italy”. It includes the construction of two schools, a clinic and housing for the teachers. The buildings were realized together with local residents, who were trained especially for this work, in an almost forgotten means of construction with adobe bricks. The project paid special attention to optimally integrating local requirements, tradition and available resources and, through training for local residents, will also create a foundation for future projects. Wienerberger considers this type of architecture to be a perfect example of dedicated commitment to sustainability.

Good Corporate Citizenship in Bangalore, India

Wienerberger took its first expansion steps in India during 2006. The social structure and bonds within society represent central values for the Indian culture. An important objective was therefore to position Wienerberger as a good corporate citizen and **to create a sustainable basis for constructive, trusting cooperation with the local population** from the beginning. This led to the definition of economic, social and ecological principles for our Indian business within the framework of a **good corporate citizenship policy**. The goals of this policy are to:

- Systematically integrate a commitment to the local population, employees and the environment into the management of business activities
- Do more than the minimum required by laws and directives
- Minimize risks for the company
- Improve the lives of people with whom we interact
- Offer safe and healthy workplaces
- Protect the interests of employees and shareholders
- Continuously improve the company's reputation
- Strengthen innovative power through the integration of new processes and ideas

A **steering committee** comprising local Wienerberger management, independent CSR experts and representatives of social organizations selects the projects to be implemented and engages in an active dialogue with stakeholders. Two social workers are responsible for the on-site planning and realization.

A number of projects have already been implemented. In 2008 a survey was conducted among 10,000 residents from four municipalities and 16 villages in the region to determine the needs of the local population. The results showed that the largest deficits were a lack of housing, education and medical treatment. In order to help quickly and unbureaucratically in a first step, Wienerberger India together with the Bangalore West Lions Superspeciality Eye Hospital and the Karuna Trust organized the **“One Day Eye Check-up Camp”** on January 18, 2009, which provided eye examinations for roughly 300 people. In addition to free eye checks and glasses, Wienerberger and its partners will carry the costs of necessary eye surgery for anyone who cannot afford this treatment.

Together with the Karuna Trust aid association, Wienerberger has also financed the construction and operation of the Center for Community Health to provide local residents with **long-term medical care**. This facility was opened at the beginning of 2010 and has been well received by the residents of the neighboring villages. Employees actively participate in this project as volunteers. Wienerberger is looking forward to continuous engagement in India as a good corporate citizen.



Compliance – measures to ensure legally compliant behavior

Compliance

The term “compliance”, which originated in Anglo-American law, is understood to comprise the totality of all measures required to ensure adherence to all legal regulations and prohibitions by a company and its employees. A commitment to compliance with all applicable national and international legal standards represents a central principle for the Wienerberger Group. Individual legal issues are so important that Wienerberger has issued separate guidelines in these areas and places a special focus on compliance. These areas include the prevention of corruption and compliance with competition law, as well as compliance with national guidelines and regulations, which are described in the following sections.

Difference between business gifts and corrupt behavior

Prevention of Corruption

Wienerberger is committed to free and fair competition, and rejects any form of corruption. However, the differentiation between well-intended business gifts and corrupt behavior is often difficult to determine in individual cases. This applies above all to procurement and sales because of the increased contact between the respective staffs and public authorities or private business partners.

Guideline on business gifts

In order to inform employees of legally compliant behavior, Wienerberger issued a group guideline in 2010 that covers business gifts. This guideline is intended to serve as guidance for employees by defining the cases in which the granting or accepting of business gifts could pose a problem under criminal law. It defines the term “business gifts” and differentiates this term from other types of presents. The guideline also distinguishes between gifts to persons in the public sector and the private sphere, and provides standards for acceptable behavior. In conclusion, the guideline defines cases in which the granting or acceptance of business gifts must be reported to the Managing Board or company management.

Instructions for managing directors

In 2010 the top managers and managing directors of the country organizations (approx. 40 persons) were informed at a management conference of the correct procedures for dealing with business gifts. This included instructions to ensure full compliance with the guideline in their respective company. Further training for local employees is the responsibility of the respective management.

Internal Audit as control function

The duties of Internal Audit include reviewing compliance with legal regulations and internal guidelines. This also covers the guideline on business gifts. Audits were conducted in 15 countries during 2010 – or roughly half the countries in which Wienerberger is present – which focused on organization, procurement, materials management, sales and human resources as well as corruption. The audits confirmed that the guideline on business gifts had been implemented in all countries, that employees had been instructed accordingly and that no violations had occurred during the reporting year.

Another important instrument for the prevention of corruption is the principle of dual controls for signatures in business transactions with third parties. This principle requires the signatures of two responsible, authorized persons in the local unit when rights and obligations are created, amended or cancelled. The regulation is also included in group guidelines and supports the prevention of corruption on an international basis.

Dual controls

Legally compliant behavior is expected from all employees of the Wienerberger Group, and any violations represent a breach of the obligations under labor law. If the suspicion of a violation is confirmed, it will lead to consequences under labor and civil law that reflect the scope of damages to the Group. In 2010 no charges were filed against Wienerberger based on a suspicion of corruption and no criminal penalties were paid for related violations.

Sanctions for violations

Prevention of Anti-competitive Behavior

Competition law ensures compliance with free and fair competition. Management is convinced that business policies based on free competition are in the best interests of the company and also in the best interests of shareholders and employees.

**Fair competition
as basis for our business**

The Wienerberger Group therefore introduced an antitrust compliance program many years ago. This guideline forms the basis for increasing the awareness of our employees for compliance with antitrust regulations. The rules of conduct defined in the guideline provide guidance for dealing with sensitive subjects in the area of competition law, and must be strictly observed. Special rules regulate contacts with competitors and deal with issues such as market allocation, the exchange of information, the designing of prices and delivery conditions or possible forms of cooperation. The interaction with customers, sales partner and suppliers is, among others, regulated with respect to the determination of resale prices and related limitations as well as exclusivity agreements. The guideline also contains regulations concerning intellectual property rights and merger controls.

**Antitrust
compliance program**

Regular training sessions are scheduled for employees as part of the antitrust compliance program. Local management is responsible for organizing these programs and selecting the employees to be trained. The realization of the training sessions and compliance with the guideline are regularly monitored by Internal Audit.

**Internal Audit as control
function**

Due to the position of the Wienerberger Group in individual markets, the pricing policies of our subsidiaries are actively monitored by antitrust authorities. Antitrust proceedings are pending in Germany and, in the event of a conviction, could lead to a fine. A provision has already been recognized for this impending antitrust penalty. However, it should be noted that price-fixing agreements are not part of Wienerberger business policies; internal guidelines expressly prohibit such activities and call for sanctions in the event of violations.

**Pending anti-trust
proceedings in Germany**

Compliance with National Guidelines and Regulations

Environmental, health and safety regulations

Wienerberger is subject to extensive and increasingly stringent environmental, health and safety laws in many countries, which can lead to investments for compliance with these regulations. The failure to comply with these regulations could result in administrative fines, the assessment of damages or the suspension of operating permits.

Responsibility with local management

In accordance with the decentralized structure of the Wienerberger Group, local management is responsible for the implementation and monitoring of the applicable national guidelines and directives. Officers have therefore been appointed at the country level in accordance with the relevant national laws. These persons evaluate and report on legal compliance to local authorities and to the Wienerberger Managing Board. Internal Audit reviews compliance with these processes on a regular basis and reports to the Managing and Supervisory Boards on the results of these audits.

Systematic recording of legal and regulatory violations

Violations of legal or municipal requirements were recorded for the first time in 2010. Sanctions for the involved companies were pending in 27 cases. However, the majority of these cases were settled through arbitration.

Financial penalties

Penalties totaling € 14,000 were imposed in 2010 and relate to a complaint by the labor inspectorate following an accident with personal injury at the plant in Panningen, Netherlands. Aside from this incident, the labor inspectorate criticized the work pressure in the Dutch ceramics industry in general, in particular the physical work required to sort and stack the products. Wienerberger is currently evaluating measures and investments to reduce this physical strain as part of its safety initiative.

Arbitration

The arbitrated cases include three complaints of air pollution in three plants in Belgium. One case resulted in a non-monetary fine. A further 23 arbitrated cases (above all from restructuring measures implemented in 2009) involved Wienerberger companies in the USA, Germany and Romania, and led in part to monetary fines.

The Political Decision-making Process

Active participation in political decision-making

Wienerberger is a member of numerous European and national professional associations and platforms as well as various technical committees, and thereby plays an active role in the political decision-making process. No donations whatsoever were made to political parties, individual politicians or related institutions during the reporting year.

Membership in national brick associations and TBE

Wienerberger country organizations are members of numerous national brick associations which, in turn, are organized at the European level into an association called Tiles and Bricks Europe (TBE). Heimo Scheuch serves as president of the TBE, which is located in Brussels. He is joined in this work by representatives of the Managing Board and the departments European Affairs, Product Management Wall, Product Management Roof and Engineering, who participate in various TBE working groups. These working groups are: the Masonry and Roof Tiles working groups as well as the TBE ETS ad hoc group, the Construction Products Regulation ad hoc group

and the Regulated Dangerous Substances ad hoc group. Wienerberger is also represented in the Sustainable Construction working group and the Executive Committee. The TBE annual general meeting in 2010 was held in Vienna on invitation from Heimo Scheuch.

TBE is an active member of the European ceramic association CERAME-UNIE, where Heimo Scheuch serves as vice-president. The Wienerberger European affairs staff is a regular participant in the CERAME-UNIE working group meetings on the environment, chemicals and ETS. CERAME-UNIE also organizes the annual European ceramics forum together with representatives of the European Parliament. This forum takes place in the European Parliament and provides a platform for the exchange of information and communication between industry, the European Commission and politics on current economic topics.

European ceramics
association
CERAME-UNIE

One of the most important economic and environmental issues for Wienerberger in 2010 was the design of the emissions trading system for 2013-2020. Characteristic for the European brick and roof tile industry is a high share of smaller pollutant emitters, and Wienerberger therefore lobbied for the implementation of special measures that will provide simplified procedures for smaller individual installations. Wienerberger is also working to achieve classification of the sector as exposed to carbon leakage to create a level playing field between the brick and roof tile industry and other sectors. TBE engaged a well-known consultant to prepare a qualitative study on the carbon leakage exposure of the brick and roof tile industry, and the final version of the study is currently under evaluation by European Commission experts.

Emissions trading system
2013-2020

During the negotiation process for the revision of the Construction Products Regulation, Wienerberger supported the further harmonization of the declaration of performance and the related CE marking of construction products in the sense of the free movement of goods.

Construction Products
Regulation

In connection with the revision of the Energy Performance of Buildings Directive, the European Commission requested the use of a holistic approach to assess the performance of buildings (building envelope, building equipment and energy carriers), which was supported by Wienerberger. In particular, the company requested positive consideration of the increased use of energy from renewable sources.

Energy Performance
of Buildings Directive

Future Measures

In addition to a number of individual measures, Wienerberger has supported the Concordia social project initiated by Pater Sporschill with funding and donations in kind for many years. Wienerberger plans to intensify this cooperation in the future and held discussions in 2010 to identify specific activities.

Support for
Concordia social project

About this Report

Report Profile

This second sustainability report issued by Wienerberger covers the group's activities during 2010. Indicators are also provided for 2007, 2008 and 2009 to present a four-year trend. 2009 marked the publication of the first Wienerberger sustainability report, and plans call for regular reporting on the company's sustainable development in the future. The sustainability report focuses primarily on the ecological and social aspects of Wienerberger's activities. Information on the financial development of the Wienerberger Group is provided in the annual report, which is scheduled for publication at the same time.

The content of this report is based on the fully consolidated subsidiaries in the wall, roof, facade and pavers product groups (including Semmelrock). Any deviations from this scope are indicated in the respective sections. In 2011 sustainability reporting will be expanded to also include the Steinzeug-Keramo Group.

Recommendations to select the subject areas and indicators for this report were made by the respective Wienerberger working groups and the sustainability officer. The Wienerberger Sustainable Development Steering Committee (SDSC) was responsible for the final selection. The company's objective is to meet the requirements of the Global Reporting Initiative (GRI).

The data presented in this report are based primarily on internal statistics. Individual subject areas were validated by an external auditor, e.g. the content and indicators on energy consumption and emissions as well as occupational safety and health, information on the Environmental Action Plan and the Safety Initiative 2010 and the calculation of the energy performance of a traditional brick building. The underlying sustainability management as well as the processes used to collect data and implement the sustainability strategy were also verified. This sustainability report reaches the GRI B+ level.

Future Measures for Sustainable Development

Wienerberger has implemented concrete measures on various sustainability-related topics. The following table provides an overview of the future measures for Wienerberger's sustainable development that are described in this report.

Second sustainability report with information on activities in 2010 and four-year trend for indicators

Reporting threshold: 100% investments (including Semmelrock)

Core issues and key indicators defined by SDSC

External validation by independent auditor

Concrete measures

Sustainable Development

Collection of key data	Further improvement in the quality of data collection. Expansion of data collection to include the Steinzeug-Keramo Group (www.keramo-steinzeug.com)
Guideline for sustainable development	Preparation of a sustainability guideline to document the principles, processes and instruments of sustainable development
Involvement of EMDs and managing directors	Increased involvement of the Executive Managing Directors (EMDs) and managing directors of the country organizations in sustainability management
Creation of group-wide network	Establishment of a network of local sustainability officers and creation of an online platform to support the group-wide exchange of information on key sustainability issues

Stakeholder Management

Communications with employees	Increased communication of sustainability subject to employees, e.g. through internal newsletters
Communications with target groups	Compact messages on the subject of sustainable construction. Focus on topics like climate protection in connection with the energy efficiency of buildings, healthy and affordable housing and the easy and safe use of our products

Environmental Protection in Production

Expansion of TechCo to cover all product groups, comprehensive CO₂ reporting	Extension of production controlling software (TechCo) to cover all product groups. Expansion of group-wide energy reporting to also include comprehensive CO ₂ reporting
Continuation of Environmental Action Plan	Continuation of implementation steps for Environmental Action Plan (EAP). Roll-out of EAP in other plants and countries
Completion of brick lifecycle through recycling	Continuation of efforts to complete the lifecycle of bricks through recycling

Sustainable Products

Further implementation of e⁴ house concept	Roll-out of the e ⁴ energy planner in additional countries to support the continued implementation of the e ⁴ house concept. Construction of an e ⁴ Solar Plus house (surplus energy through solar generation)
Launch of selected products and AmQuake in new markets	Launch of selected products with particularly sustainable properties (light brick, mineral wool-filled clay block and Dryfix [®] system) and the AmQuake earthquake software in additional countries
Building certificates for sustainable construction	Participation in the development of building certificates for sustainable construction
Uniform standard for ecobalances, product lifecycle analyses and EPDs	Active participation in the harmonization of standards and rules for the preparation of ecobalances, product lifecycle analyses and environmental product declarations

Employees

Further measures to reduce respirable crystalline silica	Start of medical examinations and training on the general guidelines for dealing with respirable crystalline silica in countries that are not covered by NEPSI reporting. The goal is to also meet the NEPSI employee health standards in these countries over the medium-term.
Continued implementation of Safety Initiative	Continuation of Safety Initiative at Wienerberger plants. Implementation of individual measures to be verified by Internal Audit as part of safety review. Implementation of same standards at Semmelrock and Steinzeug-Keramo
Wienerberger Sales Academy	Start of Wienerberger Sales Academy as group-wide training initiative for sales employees and managers
Further measures	Increase in health awareness of employees and managers, above all through focus on sport and good nutrition. Survey of structures for employee representatives in all countries

Corporate Social Responsibility

Support for Concordia social project	Continued cooperation with Pater Sporschill on the Concordia social project
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GRI Index

GRI B+ level

PwC PricewaterhouseCoopers GmbH evaluated this sustainability report and confirms the GRI B+ level.

No.	Indicator	Page	Level of Fulfillment
General Indicators			
1.1	Statement from the CEO	16-17	■
1.2	Description of key impacts, risks and opportunities	25	■
2.1-2.10	Organizational profile	18-20, 32-33	■
3.1-3.11	Report parameters, statement on external validation	84, Imprint	
3.12	GRI Index	86-87	■
3.13	Statement by assurance provider	88	■
4.1-4.12	Corporate governance and commitment	22-24	■
4.13	Memberships and associations	24, 82-83	■
4.14-4.17	Stakeholder engagement	30-33	■
Economic Indicators			
DMA EC	Management approach: economy	21-22	■
EC1	Direct economic value generated and distributed	21-22	■
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	34, 53, 83	■
EC3	Coverage of the organization's defined benefit plan obligations		□
EC4	Significant financial assistance received from the government	22	■
EC6	Locally-based suppliers		□
EC7	Local personnel	66	■
EC8	Investments (in kind) for infrastructure	77-78	■
Ecological Indicators			
DMA EN	Management approach: environment	34-37	■
EN1	Materials used	43-45	■
EN2	Percentage of materials used that are recycled	45	■
EN3	Direct energy consumption by primary energy source	40	■
EN4	Indirect energy consumption by primary energy source	40	■
EN5	Energy saved	40-42	■
EN6	Initiatives for renewable energy and energy-efficiency	42, 35-36	■
EN8	Total water withdrawal by source	46-47	■
EN11, 12, 13	Protected areas, biodiversity and restoration	43	■
EN16, 17	Direct and indirect greenhouse gas emissions	41	■
EN19	Ozone-depleting substances		■
EN22	Waste by type and disposal method	45-46	■
EN26	Initiatives to mitigate environmental impact of products	48-56, 59	■
EN28	Environmental fines and sanctions	82	■
EN20, 21, 23, 27	-		□

No.	Indicator	Page	Level of Fulfillment
Social Indicators			
DMA LA	Management approach: labor practices and decent work	60-63	■
LA1	Total workforce by employment type, employment contract and region	63-64	■
LA2	Total number and rate of employee turnover by age group, gender and region	64-65	■
LA4	Collective bargaining agreements.	74-75	■
LA5	Minimum notice period(s) regarding major operational changes		□
LA7	Rates of injury, occupational diseases, lost days, and absenteeism	67-70	■
LA8	Prevention and risk-control programs regarding serious diseases	69-70	■
LA10	Hours of training	70-71	■
LA13	Composition of governance bodies and breakdown of employees per category	65-66	■
LA14	Ratio of basic salary of men to women by employee category	66	■
Indicators on Human Rights			
DMA HR	Management approach: human rights	60, 74, 77	■
HR1	Investment agreements that include human rights clauses		□
HR2	Suppliers and human rights		□
HR4	Incidents of discrimination	65	■
HR5	Freedom of association	74-75	■
HR6, 7	Risk for incidents of child or forced labor	77	■
Indicators on Society			
DMA SO	Management approach: society	76-77	■
SO1	Effects on communities		□
SO2	Investigations for risks related to corruption	80	■
SO3	Employees trained in anti-corruption policies and procedures	80	■
SO4	Anti-corruption measures	80-81	■
SO5	Public policy positions and lobbying	82-83	■
SO7	Legal actions for anticompetitive behavior	81	■
SO8	Significant fines and sanctions	82	■
Indicators on Products			
DMA PR	Management approach: product responsibility	48-53	■
PR1	Product safety	56-57	■
PR3	Product information requirements	51-53	■
PR6	Standards for advertising and sales promotion		□
PR9	Significant fines relating to products	82	■

■ Complete ■ Partial □ Not reported ■ Not relevant

Auditor's Report on the independent limited assurance engagement in accordance with ISAE 3000



To Wienerberger AG, Austria

In accordance with our agreed terms of engagement, we performed procedures to obtain limited assurance on selected information of the sustainability report 2010 of Wienerberger AG. This engagement is subject to the "General Conditions of Contract for the Public Accounting Professions" (AAB 2010) as amended March 22, 2010, issued by the Austrian Chamber of Public Accountants and Tax Advisors. Our liability towards the Company and also towards third parties is limited in accordance with section 8 of the AAB 2010.

Responsibility of the management

The preparation of the sustainability report in accordance with the criteria set out in the Sustainability Reporting Guidelines Vol. 3 (chapter 9, pp. 74 to 80) of the Global Reporting Initiative ("GRI criteria")

- | | |
|-----------------------------|-----------------|
| - Materiality | - Clarity |
| - Stakeholder inclusiveness | - Accuracy |
| - Sustainability context | - Timeliness |
| - Completeness | - Comparability |
| - Balance | - Reliability |

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

Limitation of the scope of the engagement

Our responsibility is to give an assessment, based on our work, on whether anything has come to our attention that causes us to believe that the disclosures in chapter "5 Environmental Protection in Production" on the issues of "energy consumption and emissions" and "Environmental Action Plan 2010" (pp. 40 to 42), in chapter "6 Sustainable Products" on the issue "e⁴ house concept" (pp. 50 and 54 to 55) as well as in chapter "7 Employees" on the issues "work safety", "health" and "Safety Initiative 2010" (pp. 67 to 70) of the sustainability report have not been prepared in accordance with the GRI criteria set out in the Sustainability Reporting Guidelines Vol. 3.

Responsibility of the independent auditor

We have performed our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", 2005, issued by the International Auditing and Assurance Standard Board (IAASB). This standard requires us to comply with our professional standards and to plan and perform the engagement in a way that enables us to draw conclusions in accordance with ISAE 3000.

Engagement approach

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

- Inspection of relevant documentation of the process for preparing the sustainability report and of the sustainability management, as well as of existing documents and systems on the sustainability management and their sample testing
- Interviewing the sustainability officer of Wienerberger AG and the employees materially involved in the preparation of the report contents from the departments Sustainable Development Steering Committee (SDSC), Corporate Controlling, Corporate Engineering, Corporate Human Resources and European Affairs of Wienerberger AG in Vienna
- Sample comparison for a selection of disclosures included in the sustainability report according to the scope of the engagement with records provided by country organizations and recorded centrally, as well as any side calculations
- Reviewing the declaration of Wienerberger AG on the compliance with Level B+ of the GRI G3 guidelines

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the sustainability report, in all material respects, has not been prepared in accordance with the criteria materiality, stakeholder inclusiveness, sustainability context, completeness, balance, clarity, accuracy, timeliness, comparability and reliability of the Sustainability Reporting Guidelines Vol. 3 of GRI (chapter 9, pp. 74 to 80).

The sustainability report of Wienerberger AG meets the requirements according to the GRI B+. Based on our work, nothing has come to our attention that contradicts this assessment.

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Vienna, March 3, 2011

Dr. Aslan Milla
Chartered Accountant

Imprint

Note

The 2010 Sustainability Report is available in German and English. It will be presented at the 142nd Annual General Meeting on May 13, 2011 in Vienna and is available for download from the Wienerberger website (www.wienerberger.com).

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