

2021 | UN Global Compact Communication on Progress

world of **wienerberger**

CEO Letter

Ladies and Gentlemen,



HEIMO SCHEUCH
CEO

we can look back with pride on the most successful business year in Wienerberger's history of more than two centuries. Although market conditions remained challenging, we confirmed the course set during the first nine months of 2021 and closed the year with a new record result thanks to the excellent performance of all our business units, our focus on innovative, digital, and sustainable system solutions, and strong organic growth.

Continuing on our successful growth path throughout 2021, we impressively

demonstrated the sustainable orientation of our corporate strategy. Over the past ten years, Wienerberger has undergone a complete strategic reorientation and transformed itself from a volume- and production-oriented manufacturer of standard products into a full-range provider of innovative and smart system solutions in order to meet its customers' needs even better than before. Our business model, which today is more highly diversified and resilient than ever, is focused on new build, renovation, and infrastructure in 28 markets. We are therefore perfectly positioned to deliver solid results even under unfavorable conditions.

The year under review was indeed marked by challenging conditions. Geopolitical tension, trade restrictions, and high global demand resulted in significantly increased prices for important raw materials and temporary supply bottlenecks. While we faced challenges in procurement, demand for our products remained high, with the result that our plants were operating at almost full capacity. Nevertheless, thanks to seamless supply chain management and based on our strong local presence, we were able to meet our delivery obligations almost at all times and thus once again proved to be a reliable partner for our customers.

This is impressively reflected in our 2021 results. For the first time in the history of our company, revenues at Group level reached almost € 4.0 billion, which not only represents an 18% increase over the previous year's level but is also significantly above the record result of 2019. Thanks to excellent supply chain management and a proactive pricing policy, we also recorded a steep 24% increase in EBITDA to € 694.3 million.

Our self-help program of measures aimed at increasing earnings and enhancing efficiency, which comprises over 1,400 initiatives across the Group, not only contributed to reduced costs in production, procurement, and administration, but also had a strong positive impact on our organic growth. By 2023, we expect to deliver a contribution to EBITDA in a total amount of € 135 million and to further increase our free cash flow, which came to € 420.6 million in 2021 – up by another 6% from the high level recorded in the previous year. In line with the long-term orientation of our dividend policy, we shared this success with our shareholders by providing an increase in the dividend for the 2021 financial year to € 0.75.

Alongside strong organic growth, based on ESG and innovation, as well as operational excellence, we intend to continue on our value-accretive path of expansion through targeted acquisitions. The acquisitions closed in 2021 further strengthened Wienerberger's market position in its core markets and enhanced the company's ability to offer system solutions. The takeover of Meridian Brick has made us the leading supplier of façade solutions in the USA, which will enable us to double our revenues in North America. Moreover, the portfolio of FloPlast, a British producer of wastewater and rainwater solutions, taken over in 2021, is a perfect fit for our product range in the core segments of renovation, maintenance, and repair.

In view of climate change and the shortage of skilled labor, smart solutions for resource-efficient building construction and renovation are continuously gaining in importance. We are responding to these megatrends by providing forward-looking and climate-neutral building and infrastructure solutions that are fast and easy to implement and offer added benefits for our customers.

Apart from innovation, our growth is therefore based on clear ESG targets. While our long-term goal is to be climate-neutral by 2050, we have also set ourselves ambitious short-term targets. Having reduced our CO₂ emissions by 8% in 2021 alone, we are well on track to achieving our group-wide target of a 15% reduction by 2023. Our award-winning sustainability program is focused not only on decarbonization, but also on the circular economy and biodiversity. By 2023, all products of our portfolio are to be 100% recyclable or reusable. At the same time, we are continuously increasing the share of secondary raw materials used in production. Moreover, we have taken our commitment to biodiversity to the next level by elaborating our own catalogue of biodiversity measures, which are to be implemented at Wienerberger's more than 200 production sites by 2023.

First and foremost, our more than 17,000 employees are the key to the successful further development of Wienerberger, and I would like to thank them most cordially for their outstanding performance and commitment. At Wienerberger, we share a common set of values. Our living corporate culture unites us, as mutual respect and trust are essential for our success. Such co-

hesion and cohesion in society are essential, especially in difficult times that make us aware of how important it is for a company to assume responsibility for society and the environment, to act on the basis of clear values, and to ensure that people always come first.

Given the current geopolitical situation, we expect the business environment to remain highly volatile. With our strengthened local business model, our central and forward-looking procurement policy, proactive price and margin management, and our progressive transformation into a provider of innovative system solutions, we regard ourselves as perfectly positioned to steer the Group on a stable course through difficult times.



Heimo Scheuch
CEO of Wienerberger AG

UN Global Compact: Communication on Progress 2021

The activities of large industrial companies, such as Wienerberger AG, have a strong impact on society and the environment. Such companies therefore bear a special responsibility and should act in an exemplary manner. The minimum standards to be complied with include, above all, the principles of the UN Global Compact regarding human rights, labor standards, environmental protection including the precautionary principle, and the fight against corruption. Through its accession to the UN Global Compact in 2003, Wienerberger officially committed to its ten principles and undertook to advance their implementation within the framework of the company's possibilities.

Since the beginning of its history of over 200 years, Wienerberger has always assumed responsibility for present and future generations. Once a year, we report on progress achieved in respect of our self-imposed obligations, especially in the context of our sustainability program and our commitment to the UN Global Compact.

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

In the Wienerberger Sustainability Program 2023, which differentiates between environment, social, and governance topics, we have set ourselves targets in terms of climate action, the circular economy, biodiversity, diversity, initial & further training, and CSR projects. Moreover, we undertake to comply with the most demanding national and international governance standards.

Global Compact Principles – Human Rights

Principles 1 and 2

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

Commitment

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

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

Progress in 2021

To ensure the occupational safety and health of our employees at the workplace, each Business Unit implements its own internal programs based on relevant legal provisions, sector-specific standards and requirements, and local rules and regulations. For example, 15% of all Wienerberger Building Solutions production sites and 12.5% of Wienerberger Piping Solutions production sites have already been certified according to ISO 45001 Occupational Health and Safety Management Systems. In the coming years, certification according to this standard is to be rolled out step by step to all countries. Since 2020, the Wienerberger Health & Safety Policy has been in place throughout the Group. No further provisions on occupational safety and health have been laid down in collective bargaining agreements.

In 2021, the frequency of accidents – defined as the number of occupational accidents per million hours worked – was reduced to 4.4 at Group level. Year-on-year, accident frequency thus decreased by 18.7% (2020: 5.4). The Wienerberger Building Solutions Business Unit, in particular, succeeded in significantly reducing its accident frequency by 28.8% to 5.0. Owing to the relatively low absolute number of occupational accidents in the Wienerberger Piping Solutions Business Unit, the increase in accident frequency from 2.0 in 2020 to 3.9 in 2021 translated into a high relative change (+96.4%). In contrast, the North America Business Unit with its very low accident frequency in 2020 achieved a further reduction by 3% in 2021 (calculated on the basis of non-rounded values).

Despite all the measures taken and training in occupational safety provided, accident severity measured in accident-related sick-leave days per million hours worked, increased by 1.3% across the Group in 2021 (180 vs. 178 sick-leave days in 2020). This is due to the 2.9% increase in accident severity in the Wienerberger Building Solutions Business Unit, in contrast to the significant reduction in accident frequency in WBS in 2021 (-28.8%) compared to the previous year.

The consistent efforts undertaken by the Wienerberger Piping Solutions Business Unit again led to a notable reduction in accident severity from 50 sick-leave days per million hours worked in 2020 to 33 in 2021. Similar to the previous year, this corresponds to a further reduction by more than one third (-34.6%). The North America Business Unit even succeeded in reducing accident frequency from 35 in 2020 to 13 in 2021, which corresponds to a 61.6% reduction.

We are saddened to report that in 2021, as in the previous year, one fatal accident occurred within the Wienerberger Group. We deeply regret this accident and will further step up our efforts to provide the highest possible level of safety for our employees. The circumstances of the accident were thoroughly investigated within the Business Unit and beyond, and appropriate steps were taken, as for all other accidents, too. We continued to draw our employees' attention to potential sources of danger and strengthened their awareness of the binding nature of safety rules and the obligatory use of personal protective equipment (PPE). Our focus is on a management style committed to leading our employees responsibly and bearing their needs in mind. Improving the working conditions in our plants is equally important to us, as the satisfaction of our employees is a crucial key to sustainable success.

Health is a human right. Wienerberger therefore ensures safe and healthy working conditions at all its sites. In 2021, the average number of sick-leave days (accident-related and non-accident-related) per employee of the Wienerberger Group (excluding the North America Business Unit) increased by 6.7% to 11.5 (2020: 10.8). Among other factors, this is due to the higher severity of accidents in the WBS Business Unit and, in some instances, longer sick-leave periods.

Services provided for our employees in the field of occupational health vary from country to country. Company physicians are available to our employees in many countries. Occupational health services provided at the workplace include health screenings, vaccinations, psychological counselling, ergonomic advice, and similar services. On account of the global COVID-19 pandemic, COVID tests are performed free of charge. Wienerberger also offers a broad range of non-medical health-related services, which are flexibly adjusted to the on-site needs of the country organizations. In the USA all full-time employees of the North America Business Unit are covered by supplementary health insurance, the scope of which exceeds that of the Affordable Care Act (ACA).

Being aware of its responsibility for the health and well-being of its employees, Wienerberger for years has been making every effort to minimize their exposure to potentially hazardous substances. For more than ten years, Wienerberger has participated in the biannual survey regarding exposure to respirable crystalline silica performed within the framework of the NEPSI social partnership agreement (Negotiation Platform on Silica www.nepsi.eu/nepsi). Apart from that, Wienerberger is making every effort to provide the best possible protection against respirable crystalline silica for its employees. In 2020, a new standard for the protection of employees from exposure to respirable crystalline silica was elaborated, which was implemented in the first half of 2021. The standard sets out obligatory minimum requirements regarding the frequency of exposure monitoring, health monitoring, workplace inspections, training, and personal protection equipment.

It goes without saying that minimizing health risks and protecting our employees was Wienerberger's foremost concern during the COVID-19 pandemic. As a producing company, we also take the protection of our external partners and customers very seriously and are making every effort to support them. When the pandemic broke out in early 2020, we therefore immediately set up an internal business resilience team so that we were able to react swiftly and sustainably to the current requirements and provide the entire organization with transparent, regular, and timely information on the internal measures taken. Strict health and safety measures were implemented along the entire value chain and a work-from-home regime was implemented without delay. As we care not only about the physical safety of our employees, but also their mental health, a psychological support hotline was installed and regular management and team talks were introduced. An attitude of respect shown by executives also has a substantial impact on the wellbeing of employees and their ability to cope with the new work environment. In this context, Wienerberger cooperates with Dr. Bernd Hufnagel, a Vienna-based neurologist and brain researcher, whose scientific expertise is instrumental in optimizing the work environment for our employees.

To a growing extent, Wienerberger is also monitoring compliance with the principles of the UN Global Compact along its supply chains. In 2021, the successful integration of ESG criteria in supplier management developed by Corporate Procurement was continued. The Wienerberger Supplier Code of Conduct demands that the ten principles of the UN Global Compact regarding human rights, occupational safety, environmental protection, and the fight against corruption be observed along the supply chain. In the course of supplier assessments or audits, compliance with essential ESG criteria, such as the safety and health of employees, respect for human rights, the fight against corruption and bribery, as well as environmental protection, is monitored. Based on the audit results, the suppliers concerned are requested to take corrective measures and implement improvements within a specified deadline. For details, see the section "Global Compact Principles – Implementation in the Supply Chain" of this Communication on Progress.

Global Compact Principles – Labor Standards

Principles 3, 4, 5, and 6

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

Commitment

Zero tolerance of child and forced labor and any form of discrimination is an absolute must for Wienerberger. We expect the same attitude on the part of our suppliers. Even before its accession to the UN Global Compact in 2003, Wienerberger committed itself, by signing the 2001 Social Charter, to creating employment and working conditions throughout the Group that comply with national legislation and/or are based on collective bargaining agreements as a minimum standard. Thus, Wienerberger acts in accordance with the recommendations of the International Labor Organization (ILO), a specialized agency of the United Nations.

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

Wienerberger is convinced that sustainable economic success is based on the diversity, the skills, and the commitment of our employees, as well as our corporate culture. For Wienerberger, this means bringing together people of any gender, with diverse talents, personality features, career histories, and cultural backgrounds. (For information on our diversity policy, please refer to the 2021 Corporate Governance Report on pages 164–195 of the Annual Report 2021.)

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



Diversity

At least 15% women in senior management positions

At least 30% women in white-collar positions



Training and Development

10%

more training hours per employee

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

Progress in 2021

In 2021, about 69.7% of all Wienerberger employees were covered by a collective bargaining agreement.

As at 31/12/2021, almost unchanged from the previous year, 92% of the total workforce (headcount) employed by the Wienerberger Group was working full-time and 4% part-time. Employees under term contract accounted for the remaining 4%. A very small part of the work at Wienerberger is performed by staff legally defined as self-employed. The number of employees under permanent employment contracts in 2021 was close to 1% above the previous year's value (+132 permanent employees, headcount), while the number of employees under term contracts increased by 14% (+72 employees under term contracts, headcount).

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

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

In 2021, 2,560 women (headcount) were employed by the Wienerberger Group, up by 3% from the 2020 figure. The total percentage of women employed by the Wienerberger Group was 15.4%, i.e. another 2% above the previous year's value of 15.1%. Compared to 2020, the percentages of women in the individual functional areas remained almost constant.

In 2021, the percentage of women in senior management positions increased to 15%, as compared to 13% in the previous year. The percentage of women working in white-collar positions increased slightly (+1%) from the previous year's value of 32.1% to 32.6%.

In 2019, a woman was appointed to the Managing Board of Wienerberger AG, where she has held the position of COO of Wienerberger Building Solutions since 2020. In 2021, as in the two previous years, the share of women on the four-member Managing Board therefore was 25%. As regards the Supervisory Board, 40% of its members were women in 2021 (2020: 30%) and thus increased by one third.

In 2021, the percentage of women in permanent employment working full-time was 81.8% (2020: 82.7%), compared to 94.2% of men (2020: 95.1%). The percentage of permanently employed women working part-time was 14.3% in 2021, unchanged from the previous year. The relative percentage of permanently employed men working part-time increased from 1.8% in 2020 to 2.4% in 2021. Of all employees working part-time, the percentage of women remains comparatively high.

The percentage of women directly employed by Wienerberger under term contracts was 3.9% in 2021, i.e. slightly higher than the corresponding percentage of men directly employed by Wienerberger under term contracts (3.5%).

As in previous years, the long average length of service of 11 years with the Wienerberger Group was reflected in the age structure of our permanently employed workforce in 2021, which hardly changed in comparison to 2020. In 2021, 50% of our employees were between 30 and 49 years old. As in the previous year, 12% were younger than 30 and 38% were older than 50 years. Thus, the age structure of our employees under permanent employment contracts was exactly the same in 2021 as in 2020.

Global Compact Principles – Environmental Protection

Principles 7, 8, and 9

Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

Commitment

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

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

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



Decarbonization

15%

less CO₂e emissions

Note: All goals are set vs. the reference year 2020. // The absolute CO₂ emissions or the corresponding CO₂ indicators communicated on our climate management always refer to emissions of carbon dioxide equivalents CO₂e. // 1) <https://www.europarl.europa.eu/news/en/headlines/economy/20151201STO05603/circular-economy-definition-importance-and-benefits> // 2) Greenhouse gases such as methane, nitrous oxide, or chlorofluorocarbons (CFCs) are irrelevant in our production. Wienerberger therefore reports its direct greenhouse gas emissions (Greenhouse Gas Protocol, Scope 1) in tons of CO₂, which in this case is identical with tons of CO₂ equivalents. Indirect greenhouse gas emissions (Scope 2) from electricity are recorded as CO₂e (calculation according to market-based method). The absolute CO₂ emissions or the corresponding CO₂ indicators communicated in our climate action reporting therefore always refer to emissions in carbon dioxide equivalents (CO₂e).



Circular Economy

100%

of our new products are designed to be reusable or recyclable



Biodiversity

100%

Biodiversity Program to be implemented at all our production sites

Progress in 2021

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

Decarbonization, i.e. the reduction of CO₂ emissions² along our value chain, with climate neutrality as the ultimate goal, and adaptation to climate change are topics of special importance to Wienerberger.

CO₂ emissions in Wienerberger's sourcing activities originate from the production of the raw materials we need for our products, such as plastic granulate for our plastic pipes or cement for our concrete products, but also from the transport of raw materials and finished products. We are driving decarbonization through an increasing use of secondary raw materials in production, which reduces the volume of CO₂ emissions generated

in the production of primary raw materials. Optimized transport management helps us to transport raw materials, products and system solutions efficiently and in the most climate-friendly way possible.

Wienerberger's objective is to minimize the impact of its production activities on climate change. Through a continuous increase in energy efficiency, the careful selection of the raw materials for our ceramic production, and the conversion of energy consumption to climate-neutral electricity and low-emission thermal sources of energy, in combination with the development of new technologies for the reduction of CO₂ emissions, we are contributing to climate protection.

In 2021, the Wienerberger Group's total absolute energy consumption increased by 7.6% compared to the previous year. This was primarily due to significantly higher production volumes in 2021 than in 2020. The major part of the Group's energy consumption is accounted for by natural gas used in ceramic production, consumption of which increased by 8.2% in 2021 compared to 2020. Electricity consumption increased by almost 5% over the previous year's value. Despite the persistent COVID-19 pandemic, Wienerberger succeeded in significantly increasing its production volumes in 2021. In contrast, the COVID-related temporary shutdown of individual plants in 2020 resulted in a generally lower volume of production, a development which had a direct influence on our absolute energy consumption. Wienerberger is intensively pursuing projects aimed at further enhancing the Group's energy efficiency.

Developments over time are reflected in index-linked specific indicators such as energy input (in %, based on kWh/ton of products). The values of a defined reference year provide the basis for index calculation. In 2021, the index of specific energy consumption by the Wienerberger Group was 0.9 below that of the baseline year 2020. This is due to the energy efficiency projects implemented by Wienerberger in 2021. Moreover, despite the persistent COVID-19 pandemic, Wienerberger succeeded in increasing its production volumes in 2021, compared to the previous year, which in turn led to a notable increase in specific energy efficiency.

In 2021, owing to the aforementioned influences, the continuously implemented measures aimed at reducing specific energy consumption succeeded in almost all product groups. While the specific energy consumption of the Wienerberger Group in 2021 was reduced by 0.9% compared to the previous year, the specific CO₂e emissions for the same period decreased even more significantly, i.e. by 2.7%. This difference is due to the fact that the enhancement of energy efficiency is only one of numerous measures taken by Wienerberger with a view to decarbonization. However individual decarbonization measures sometimes also result in higher natural gas consumption, especially in clay block production.

Wienerberger is making continuous efforts to convert production processes to low-emission energy sources. The substitution of coal and liquefied natural gas is a high priority for us. Compared to the previous year, the consumption of coal, fuel oil, and liquefied natural gas dropped by a total of 8.3%. However, these sources of energy account for less than 1% each of the Group's total energy consumption. The share of renewable energy sources in the Group's electricity consumption (in kWh) was increased in 2021 to 56% compared to the previous year (2020: 42%); this is an increase of more than one third (+33.8% relative). We do not record the consumption of renewable thermal energy sources, as the amounts used in our production processes have been negligible so far.

Excluding CO₂ from biogenic input materials, the Wienerberger Group's total absolute CO₂ emissions (Scope 1 and Scope 2) in 2021 amounted to 2,372 kilotons, i.e. 1.0% below the previous year's value (2,398 kilotons). In 2021, the CO₂ emissions (Scope 1 and Scope 2 including CO₂ from biogenic input materials) amounted to 2,659 kilotons, i.e. 0.4% more than in the previous year (2,649 kilotons).

The development of CO₂ emissions is due, on the one hand, to the significant increase in production volumes in 2021 compared to 2020, and, on the other hand, to the initiatives and projects undertaken to reduce CO₂ emissions.

In 2021, Wienerberger significantly reduced the sum of its specific direct (Scope 1) and indirect (Scope 2) CO₂ emissions by 8.1% compared to the previous year. This success was due to Wienerberger's comprehensive programs and activities aimed at the decarbonization of its production processes. Moreover, taking into account that, despite the persistent COVID-19 pandemic, Wienerberger succeeded in substantially increasing its production volumes in 2021 over the previous year's level, the Group achieved both a notable increase in

specific energy efficiency and a notable reduction of the Group's CO₂ emissions.

Wienerberger intends to drastically reduce the Group's total Scope 2 emissions from electricity by 2023. In 2021, Wienerberger succeeded in reducing its specific indirect CO₂ emissions from purchased electricity by 5.4% compared to the previous year. The reduction was mainly due to the conversion to climate-neutral electricity. This was achieved through power purchase agreement (PPA) projects, the purchase of green electricity certified pursuant to the EU Renewable Energy Directive, and the use of group-owned generation facilities, such as solar panels.

The Wienerberger Piping Solutions Business Unit, in particular, achieved a 67.8% reduction of its specific indirect CO₂ emissions in 2021; for plastic pipes alone, the reduction came to almost 94%. Since 2020, all the electricity used for the production of ceramic pipes has been green electricity.

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

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

In the plastic pipe segment of Wienerberger Piping Solutions (WPS), we promote the Design for Lean Six Sigma management approach in order to achieve quality improvements and process optimizations. As a signatory to Operation Clean Sweep®, we ensure that no losses of plastic granulate occur during the production process. Three of our plants have already implemented Operation Clean Sweep®. By the end of 2022, most of the plants of WPS, Plastic Pipes, are to be equipped accordingly. In plastic pipe production in Europe, we outperformed the target for the amount of internal and external secondary raw materials in our products originally defined in our Sustainability Roadmap 2020, having achieved it two years earlier than planned. The amount of internal and external secondary raw materials used per ton of products increased from 59 kg in 2014 to 83 kg in 2020. In 2021, the Wienerberger Piping Solutions Business Unit

increased the amount of internal and external secondary raw materials even to 90 kg per ton produced, which corresponds to an 8.4% increase. Of the total, 48 kg, i.e. a good 53%, were external secondary raw materials.

Since 2020, Wienerberger has launched several new pipe system solutions based on 100% post-consumer materials.

Within the framework of the Sustainability Roadmap 2020, Wienerberger Building Solutions, for example, succeeded in reducing the scrap rate in concrete paver production by 55% between 2014 and 2020. In 2021, the target of a maximum scrap rate of 2% in production was achieved.

In 2021, the total volume of waste generated by Wienerberger amounted to 126,666 tons, 79% of which was non-hazardous and recyclable (2020: 78%).

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

The reusability of our products is a crucial aspect of innovation, as it significantly prolongs the products' service life. In 2021, the criteria to be taken into account in the process of designing new products were elaborated for the individual product groups.

In 2021, Wienerberger concluded an exclusive distribution agreement with Leadax, a company based in the Netherlands, for its Leadax Roov flat roof solutions. Leadax Roov is a flat roof membrane that is made from 100% processed plastic waste as a raw material and can be recycled at the end of its useful life.

The re-use of roof tiles and pavers, which has been practiced for quite some time, is another excellent example. Moreover, Wienerberger successfully launched a re-usable facing brick, which is marketed as the ClickBrick. Integrated into the façade structure without mortar, it can easily be dismantled and re-used. The ClickBrick also meets high aesthetic quality requirements, a matter of particular importance to us in building construction.

In 2021, Wienerberger started the implementation of the group-wide biodiversity program, which had been drafted in 2020 in cooperation with external experts and the University of Wageningen (Netherlands).

By 2023, we intend to implement biodiversity action plans, based on Wienerberger's Biodiversity Program, at all Wienerberger production and office sites. The objective of these action plans is to optimize land use in rural and urban areas, fight against the loss of biodiversity, and contribute to the rehabilitation of ecosystems. We will involve our employees in the implementation of these action plans in order to heighten their awareness of the importance of biodiversity on our planet. Fostering biodiversity at our sites will also improve the health and well-being of our employees. Our enhanced commitment is reflected in the appointment of a biodiversity ambassador, a newly created role, for each site, that started in 2020. By involving these employees as biodiversity ambassadors, the local biodiversity action plan becomes a narrative that can be communicated within Wienerberger and to the neighboring local communities.

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

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

In special cases, Wienerberger even takes measures to renature parts of the clay pit while extraction is still going on. In cooperation with experts, every effort is made to create the best possible living conditions for rare species. For example, we support the planting of vegetation likely to attract certain types of animals.

Step by step, our clay extraction sites are converted into habitats for plants and animals that are at risk of extinction. An excellent example is Orchard Farm in Kent, in the southeast of England, which now provides ideal living conditions for the crested newt.

By fostering biodiversity at all our sites, we improve land use and create high-quality habitats for numerous species of plants and animals. Our objective is to ensure that in the long term land use by Wienerberger has a positive impact on biodiversity. To this end, we will upgrade existing surfaces and enter into new partnerships for compensatory measures.

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

Buildings can provide nesting space and caves for birds, insects, and other animals without adversely affecting the human inhabitants' quality of life. Green roofs and façades serve as additional nesting space and a source of food. Wienerberger has designed solutions to accommodate bird and bat boxes under roofs and on façades. Ceramic products are also used for the creation of insect hotels and nesting space for small mammals. This is a perfect way of fostering biodiversity in urban areas without impairing the quality of life of the buildings' human inhabitants. Green roofs and façades provide additional nesting space and a source of food for various animal species. Wienerberger has designed solutions to accommodate bird and bat boxes under roofs and on façades.

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

Global Compact Principles – Fight against Corruption

Principles 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Commitment

Wienerberger is committed to fair and free competition; this includes a firm stance against any form of corruption.

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



Progress in 2021

For Wienerberger, it is particularly important to ensure compliance with the highest standards of integrity and business ethics and to protect and safeguard the reputation of the Group, its subsidiaries, and its brands. In 2021, Wienerberger elaborated a group-wide Code of Conduct, which was implemented simultaneously with a whistleblowing service. The Wienerberger Code of Conduct represents a binding guideline and sets out how each and every one of us should act in our day-to-day business. It is available in all 25 languages spoken in the countries in which the Wienerberger Group operates. The Code of Conduct must also be acknowledged by all our business partners.

Wienerberger wants to be sure that any suspected misconduct in our company can be reported via appropriate and secure channels. Concerns have to be taken seriously and people reporting them must not be subjected to any pressure. This is a key aspect of the whistleblowing service. When implementing its Code of Conduct, Wienerberger therefore established a whistleblowing service that is available throughout the entire Wienerberger Group. This service is provided in cooperation with an external, independent global partner for whistleblowing services.

We encourage all our employees and business partners to voice their concerns and speak up if they observe a breach of the Wienerberger Code of Conduct. In the majority of cases, the matter can be discussed and clarified with superiors or colleagues from HR. If this is felt to be inappropriate, employees can contact the Wienerberger Whistleblowing Committee or report their concerns anonymously via the “SeeHearSpeakUp” Whistleblowing Service.

The Wienerberger Whistleblowing Committee comprises experts from Corporate Legal Services, Internal Audit, Corporate HR, and the Corporate Secretary. For matters that pose a potential risk to the interests of Wienerberger or others, we also refer to the Wienerberger Whistleblowing Policy. While individual circumstances may vary, our Whistleblowing Policy ensures that all reported incidents are handled in a fair manner. Details on reporting, whistleblower protection, and support provided by Wienerberger are outlined in our Whistleblowing Policy.

Another important instrument for the prevention of corruption is the four-eyes principle applicable to the signing of business transactions with third parties. Whenever rights and obligations are established, modified, or terminated, the signatures of two competent authorized persons from the local entity are required. This instruction is laid down in international Group policies and supports the prevention of corruption at international level, as does the group-wide policy on gifts and gratuities, which was updated in 2016 and continued to apply in 2021. In general, the risk of corruption at Wienerberger is assessed to be low.

In 2021, 20 companies (listed in the 2021 Annual Report, page 316, chapter “Group Companies”), were audited by Internal Audit with a special focus on organization, procurement, materials management, sales, human resources, and corruption, anti-trust legislation, and the General Data Protection Regulation (GDPR) of the European Union. Another focus area of the audits was compliance with the group-wide safety and health standards for our employees.

In 2021, no criminal proceedings for corruption were initiated against Wienerberger or companies of the Wienerberger Group. This confirms the effectiveness of our compliance measures.

In 2019, Wienerberger AG received a notification of holdings which, owing to a chain of unfortunate circumstances, was published 24 hours late. This meant that the deadline for publication of the notification required by law was not met. In 2021, the Austrian Financial Market Supervisory Authority (FMA) imposed an administrative fine of EUR 160,000 (net fine), plus EUR 16,000 costs of proceedings, on Wienerberger AG. Both amounts were paid by Wienerberger AG.

Global Compact Principles – Implementation in the Supply Chain

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

Already in 2020, the scope of Corporate Procurement had been further extended at Group level, the objective being to utilize synergies in important areas, standardize and optimize existing processes, and, as in other areas, achieve a higher level of efficiency. Several processes and tools have since then been implemented to facilitate efficient supplier management in respect of non-financial matters.

Responsible sourcing policy and the ESG Steering Committee

In 2021, Corporate Procurement at Wienerberger further stepped up its activities regarding ESG. Alongside the application of all instruments and processes already implemented in 2019, the new Responsible Sourcing Policy 2021+ was elaborated in 2020.

In January 2021, this Policy, recognized as an integral component of Corporate Procurement, was translated into eight specific guidelines. The internal sustainable procurement stakeholders received comprehensive training in accordance with these specific guidelines. By following these rules and supporting our clear guidelines (what – who – how – when), we are able to effectively steer the ESG performance of our suppliers along our supply chain.

Moreover, our ESG performance and our ambitions in this area for 2021 were monitored and checked as core indicators of sustainable procurement. These indicators are discussed at the quarterly international procurement tele-conferences.

In 2021, the ESG Steering Committee established within the framework of Corporate Procurement was not involved in any proceedings regarding potential ESG non-compliance risks of SRM suppliers (see Supplier Relationship Management Tool). Moreover, the ESG Steering Committee acknowledged the current responsible sourcing policy. No major structural changes were made.

New executive position for digitalization and ESG in procurement

Already in 2020, a new executive position for digitalization and ESG in procurement was created and its head appointed. Through this function, ESG-related developments in responsible supplier management have been further advanced. The following fields of action were particularly important in 2021:

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

In 2021, all fields of actions and priorities defined for the executive position for digitalization and ESG in Corporate Procurement were successfully implemented.

Supplier Code of Conduct

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

Supplier Relationship Management Tool

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

Performance of supplier audits

By 20201, 12% (2020: 12%) of all employees working in Procurement were trained as accredited supplier auditors by external certification bodies (technical inspection bodies or equivalent institutions). Ultimately, 20% of all employees in procurement are to be trained to perform professional on-site supplier audits in cooperation with local colleagues who have undergone similar training, in particular if concerns have arisen over a supplier’s performance. Corporate Procurement nominates employees on the basis of strategic considerations and is rolling out the certified external training of employees step by step to all country organizations. The objective is to perform standardized supplier audits throughout the Group and to have at least one certified employee in each country organization qualified to perform supplier audits.

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

The audits also cover essential ESG criteria, such as health and safety of employees, respect for human rights, the fight against corruption and bribery, and environmental protection. On the basis of the audit results, the suppliers concerned are informed of corrective measures to be taken and deadlines will be set for the implementation of improvements.

On account of the COVID-19 pandemic, our possibilities for visiting the sites of our suppliers were limited in 2021. However, in cases of particular relevance to us, such as potential new suppliers in India and China, audits were performed by external third parties.

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

Since 2019, Wienerberger has had the sustainability performance and potential supplier risks in selected areas of procurement rated by EcoVadis, an international partner for sustainability ratings (ESG ratings). Within the framework of cooperation with EcoVadis, the sustainability rating of suppliers and the performance of supplier risk analyses are being rolled out step by step.

The ratings of the suppliers' sustainability performance by EcoVadis are stored on our internal data platform (SRM tool). Moreover, employees working in procurement are being trained not only by Wienerberger, but also by EcoVadis to heighten their awareness of the relevance of sustainability ratings and risk analyses.

Screening of suppliers and customers against international sanctions lists

Since 2019, all of Wienerberger's suppliers and customers registered in the SAP system have been screened via an interactive data platform for their inclusion in international sanctions lists (published by: United Nations – UN, EU, Office of Foreign Asset Control – OFAC – US Department of the Treasury) and the corresponding steps have been taken. The screening is performed centrally by a sanctions management software, which runs monthly checks of all customer and supplier master data in the SAP system. Every "match" is transmitted to the local management in charge for assessment and follow-up.

The local decision whether to continue doing business with the suppliers or customers concerned must be communicated to Corporate Legal Services for consultation within two weeks. All decisions taken in this context are documented in the sanctions management software.

Recognition of sustainable sourcing in Corporate Procurement

Wienerberger has improved its performance in all areas covered by EcoVadis' sustainability rating, which comprises the aspects of environmental protection, labor rights, human rights, ethics, and sustainable sourcing.

In the field of sustainable sourcing, Wienerberger has reached a score of 60 out of 100 points. In the responsible supplier management category, Wienerberger thus ranks among the top 3% of all companies of its sector of industry.

In the first quarter of 2021, our procurement was subjected to yet another audit by an independent jury and nominated as a finalist for the 2021 EcoVadis Sustainable Procurement Awards in recognition of our extraordinary progress, our efforts, and our performance in the field of sustainable sourcing.

*Wienerberger UN Global Compact
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www.wienerberger.com*

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