



2018  
ANNUAL  
REPORT



# SUSTAINABILITY REPORT 2018



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# INTRODUCTION

At Vidrala we believe glass to be a key material for a sustainable world. Glass containers protect food and preserves the environment. 2019 represents our tenth year of demonstrating our economic, environmental and social performance through our Sustainability Reports. Our reports provide clarity and information about sustainability at Vidrala, a business that has seen substantial growth since the publication of the first document. From day one, we have been committed to providing information and to meeting the demands and needs of the different stakeholders.

We are convinced that being a strong and stable company helps us impact sustainability in the wider the economy in a positive way. As manufacturers of glass containers, we form part of an efficient value chain capable of developing the vision of our customers, working with our suppliers and helping with the development of the local community.

For us, sustainability involves manufacturing the best containers in the most efficient way. We therefore use internationally recognised standards as a reference, such as the ISO 14001, ISO 22000 and OHSAS 18001 standards, the Reporting Initiative standards and the Directive on the disclosure of non-financial and diversity information.

We are committed to the environment and to the development of people.

We hope this new edition of our Sustainability Report will help provide an insight into the way we work.





# THE CIRCULAR ECONOMY, AN ALLY OF THE 2030 AGENDA

*The 2030 Agenda is the roadmap that has marked the route set by the United Nations since 2015 and that is followed by any public or private organisation wishing to form part of the change to a better, more equal and sustainable society. Through the 17 Sustainable Development Goals (SDG) and their 169 targets, the agenda is the greatest business and institutional commitment to tackle the global challenges regarding social, environmental and economic issues.*



## OUR CONTRIBUTION TO THE 2030 AGENDA



We focus a large part of our environmental efforts on energy efficiency. Not only is this matter associated to direct financial profit from lower consumption, but we also reduce the emissions associated to it, with the subsequent improvement in air quality in the surrounding area.

We are committed to sustainable economic development, creating the necessary conditions for people being employed in quality jobs, stimulating the economy without harming the environment



Each glass bottle or jar is an example of how to make more and better products with fewer resources. We adopt a systematic, comprehensive approach, aware of the fact that cooperation among all those involved in the glass container value chain: manufacturers, distributors, retailers and consumers, is necessary to reach this goal.

Climate change affects every country across the globe. It has a negative impact on the economy and on people's lives, on regions and on countries. We are committed to continue reducing greenhouse gas emissions in order to help mitigate their impact and seek a more sustainable future for everyone.



The success of the 2030 Agenda lies in partnerships between governments, the private sector and civil society. At Vidrala we are working actively with all our stakeholders to generate benefits and positive impacts wherever we are present individually as a company and as part of the glass container manufacturing sector.



More specifically, in line with the approach of the SDGs, the new perspective to reach in 2030 involves considering the fight against climate change not only as an obligation but also as an opportunity. This reorientation of priorities relates to the concept of the **Circular Economy**: a model promoting the generation of wealth and creation of employment based on production models that rationalise the consumption of natural resources and raw materials.

Sustainability is a fundamental value within this new framework. In the case of Vidrala, we have not ruled out any of these approaches. This document includes the strands that form the vision of the circular economy in Vidrala, which can be summarised as:

- **Idea and design of more sustainable (lighter) products.**
- **Efficient use of natural resources through the incorporation of recycled glass as the raw material.**
- **Efficient use of energy, primarily natural gas.**
- **Reduction of atmospheric emissions and waste by adopting efficient treatment technologies.**
- **Implementation of industry 4.0.**
- **Sensitisation and awareness of citizens.**



## ETHICS AND GOOD GOVERNANCE

Vidrala's corporate governance regulations can be found in its Articles of Association, in the Regulations of the General Meeting of Shareholders, in the Regulations of the Board of Directors and in the internal Regulations of Conduct on issues relating to the securities market. These documents are available to our stakeholders at the registered offices of the company and on its website ([www.vidrala.com](http://www.vidrala.com)). Likewise, the Annual Report and a Report on Corporate Governance are distributed every financial year, with details of the most significant issues relating to this matter, in line with the recommendations that the National Securities Market Commission (CNMV) approved in relation to Good Corporate Governance.

Throughout its history, the Vidrala Group has conducted its business in line with the values of innovation and continuous improvement, commitment to people and customers, and development of sustainability. Our way of understanding business is included in the **Code of Business** Conduct that acts as the guiding principle of all our activities. Among the basic principles of conduct are aspects related to respect for legality and human rights, professionalism and individual responsibility, integrity, the prohibition of harassment and/or discrimination, occupational health and safety, work-life balance, the rejection of corruption, transparency, the defence of competition and acting to resolve conflicts of interest or responding to evidence of fraud, among other matters.

The Code of Business Conduct also especially mentions the **rejection of corruption**, stating clearly that the Vidrala Group prohibits the payment of bribes, in cash or in any other form, to public authorities or officials, and to third parties of any kind, persons or organisations, in any country.

At Vidrala we integrate the principles of Social Responsibility to ensure our entire structure works along these lines. We integrate the commonly recognised principles as a form of Good Corporate Governance, guaranteeing the solidity and transparency of the organisation. This good governance enables us to state that those responsible for company management base their activities and perform their duties in accordance with the principles of **ethics, transparency and due diligence**.





## Responsible value chain

In line with the corporate code of conduct, Vidrala is developing a *code of conduct for suppliers and subcontractors* that defines the minimum ethical standards that Vidrala expects every supplier to adhere to and apply throughout its business and in its own supply chain.

This document describes the minimum requirements of the Vidrala policy to ensure **ethical and sustainable purchasing management** and, therefore, becomes an integral part of the supplier's certification stages. This code of conduct includes environmental, social and gender equality criteria, and places special emphasis on compliance with the fundamental principles of the International Labour Organisation and the Universal Declaration of Human Rights.

There is an annual assessment in which an audit plan is established to be carried out over the following year, and the frequency of monitoring is determined, through monitoring audits, for each of the suppliers according to the risk to the quality, legality and/or safety of the product. The main objective of these audits to ensure control of the process and to solve any problems that arise with the supplier in question.

Vidrala has a supplier approval procedure to ensure that suppliers meet all the requirements and criteria necessary to comply with the legal requirements that apply to us in terms of safety, environmental impact, quality, etc.



## Commitment to human rights

We recognise and support the fundamental human rights contained in international Conventions and Treaties, mainly in the United Nations Universal Declaration of Human Rights, and scrupulously respects them in all our activities.

Vidrala Group companies do not exploit child labour under any circumstances, nor do they accept as suppliers companies that do so. They demand the strict compliance with the provisions of the International Labour Organization.

Additionally, human resources and occupational risk prevention policies regulate the performing of psycho-social risk assessments. These assessments are conducted by external professionals and represent an essential tool in detecting possible situations or cases of discrimination.

There has been no reported case of human rights violations neither in terms of preventive measures nor in any of the geographical regions in which the company carries out its business activity. Likewise, no activities engaged in by the companies related to the Group have been detected in which the right to freedom of association, to adhere to collective agreements or other forms of breaching the most basic rights, such as child exploitation or forced labour, are considered to be at risk.



# THE GLASS MANUFACTURING PROCESS



## Raw Materials

We use raw materials from local suppliers and recycled glass from selective collection.



## Ecodesign

We apply sustainability criteria to our design, enabling us to manufacture lighter bottles with the same features.



## Production

More than 3,700 people work on ensuring all glass containers reach our customers with the utmost guarantees of quality and safety.



## Distribution

Our products are primarily for the European market. We think locally but are present worldwide.



## Consumption

8 out of every 10 people in Europe prefer glass as a packaging material for food and beverages thanks to its quality and high level of recyclability.



## Selective collection

The glass containers are returned to the production cycle through the integrated management systems.



## Recycling

74% of the glass containers placed in the European market are recycled, in a process with the participation of industries, public administrations and citizens.

# 1. Raw materials

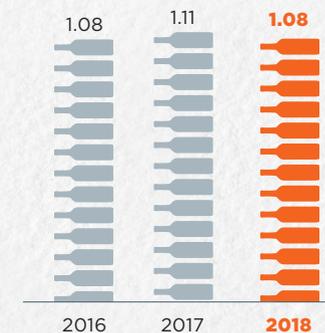
Currently, as we transition from the old linear production model to the new framework of the circular economy, the challenge for the European glass industry is to maintain the capacity to generate value and grow in a way that is not bound to a greater need for raw materials. We are aware of the impacts that an activity such as the manufacturing of glass containers has on the environment. One of the most significant is probably the use of raw materials. Therefore, great efforts are made every year in each of the Group's plants to increase the percentage of recycled glass used in the process and reduce the use of virgin raw materials (sand, carbonates, lime, etc.). Despite this, production requirements mean that we must maintain a level of production and quality requirements that sometimes make the use of certain amounts of virgin raw material essential.

The most representative use in the Vidrala Group corresponds to basic raw materials required to form the glass container. In 2018, despite the greater technical requirements for container manufacturing, relative consumption (*per ton of molten glass*) of raw material dropped in comparison with 2017, recovering the value reached in 2016 thanks to measures relating to production efficiency. The use of auxiliary materials (those used to complete the manufacturing process) remained at the same value as in 2017.

## EVOLUTION OF THE CONSUMPTION OF MATERIALS 2016-2018

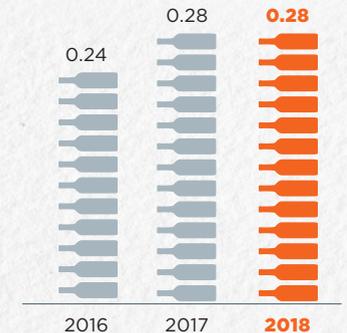
### Total raw materials consumed

Tonne/tonne of molten glass



### Auxiliary materials consumed

Kg/tonne of molten glass

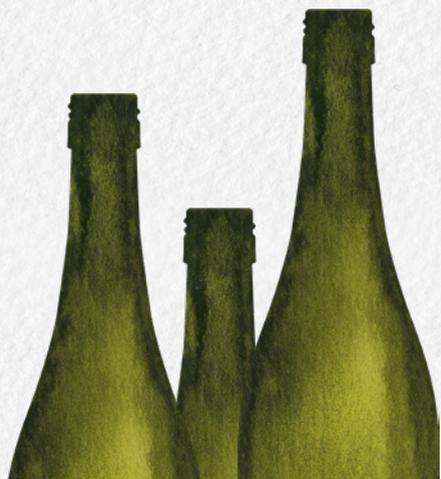
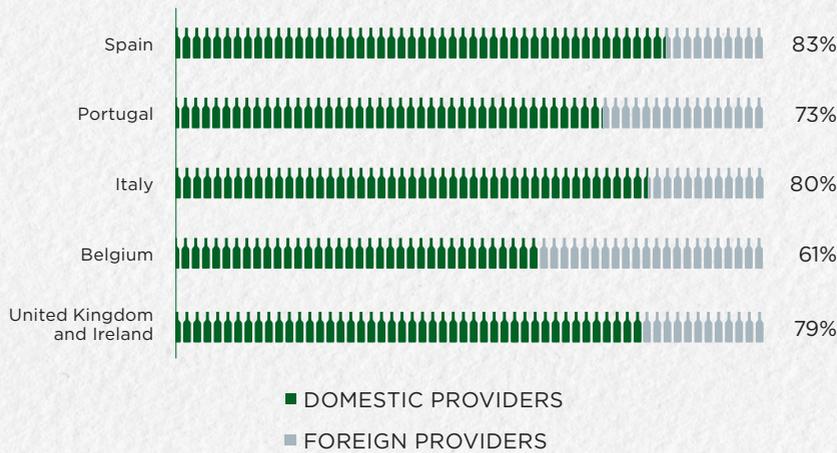


\*The ton of molten glass (hereinafter known as t.m.g.) is implemented as a unit of reference throughout the report. Thanks to this criterion, the improvement over the years can be evaluated and the performance compared between companies in the same sector.



**Trust in our suppliers.** Raw material management provides companies in the Vidrala Group with a series of trust suppliers with which we have established long-lasting, stable relationships. **79% of the suppliers** with which we have worked in 2018 are **local**, leading to a drop in the environmental impact associated to the transportation of raw materials.

**PERCENTAGE OF LOCAL VS. FOREIGN SUPPLIERS, BY COUNTRY**



## 2. Ecodesign

We remain committed to the search for solutions to combine compliance with the production and quality levels required by our customers with a decrease in the intensity of materials needed to meet these demands. The **Natura range** is the best example of our interest in and commitment to optimising the environmental aspects relating to the containers, innovating the development of initiatives that provide more efficient products in terms of energy consumption.

Produced using a technology to make them lighter in weight, the Natura range bottles **incorporate, on average, 43% less glass**. This reduction has no effect on the intrinsic characteristics making glass the ideal packaging for preserving food: the Natura range remains chemically inert, does not interfere with its contents or alter their taste, smell or composition, and does not release substances that could be harmful to the environment. It does, however, have positive effects on the environment, by reducing the need to consume raw materials, reducing energy consumption at production plants, producing lower greenhouse gas emissions, and generating less waste.





The 9 production plants of the Vidrala Group are certified under the environmental management standard ISO 14001:2015. In this new economic model, we promote the use of materials with lower environmental impact by prioritising the purchase of recycled glass over other raw materials, and transforming it using a complex industrial process into new containers with the same characteristics as their predecessors.



### 3. Production

**Energy consumption.** The glass sector uses energy intensely, especially during the glass melting stage (associated to the furnace). Therefore, energy consumption has always been a key aspect for Vidrala from a financial and environmental viewpoint. A continuous process, 24 hours a day, 365 days a year, requires strict and rigorous management, from controlling combustion and maintaining furnaces to monitoring the melting process. These internal aspects, together with the financial cost of energy, make energy efficiency one of the cornerstones of our operational priorities, and any improvement not only involves significant financial impact, but also environmental, with the reduction of greenhouse gas emissions.

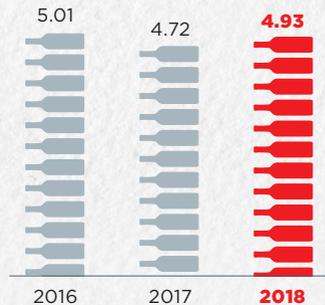
In terms of methodology, we distinguish between the direct energy consumed, associated to the use of natural gas as a fuel primarily during the melting stage, and indirect energy corresponding to the use of electricity.

An important aspect related to the ratio of gas energy consumption is the greater or lesser use of recycled glass. The reduction in the percentage of recycled glass used in 2018 (50% compared with 51% in 2017) leads to an increase in the direct energy consumption ratio per ton of molten glass. As already indicated, the increase in the percentage of recycled glass used is directly related to improved energy efficiency and reduced emissions of CO<sub>2</sub>, NOx and particles, although there might be certain limitations to its use, such as production requirements (in the manufacturing of clear glass, only recycled glass of this colour can be used) or low availability of it.

#### EVOLUTION OF THE DIRECT CONSUMPTION OF ENERGY 2016-2018

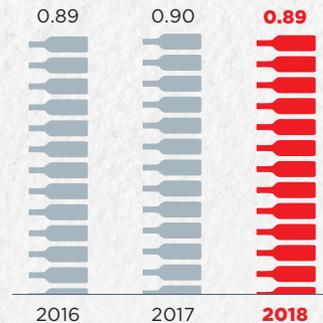
##### Direct energy consumed

Gigajoules/tonne of molten glass



##### Indirect energy consumed

Gigajoules/tonne of molten glass



Internal energy audits have been performed in 2018, leading to improvement plans with goals by 2020. Furthermore, the EMS –Energy Management System– tool has been implemented to monitor and report on energy consumption. This tool provides access to big data on consumption and its relationship to production variables.

Lastly, furnaces have been replaced with more energy efficient ones (which include design), leading to a significant reduction in primary energy consumption (required to melt the glass). In short, the figures for 2018 show the result of the strict management and control of energy consumption.

## 100% renewable energy supply certificates for the two Marinha Grande Plants (Portugal)

*With SB Vidros in Marinha Grande (Portugal) having been awarded the 100% renewable energy supply certificate in 2018, Gallo Vidro has been the second to obtain it. Just like the former, renewable energy will be supplied by Acciona through its electricity retail subsidiary Acciona Green Energy Developments for the term of the contract.*

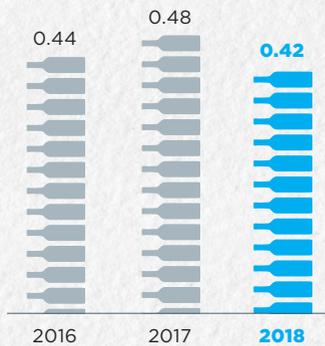
*The commitment to reduce the environmental impact of the Vidrala Group is supported by the data obtained at the SB Vidros plant following certification in 2018. During this period, thanks to the use of 100% renewable energy, emissions into the atmosphere of around 30,000 tons of CO<sub>2</sub> have been avoided.*

**Water consumption.** Water consumption at the Vidrala plants is primarily used to cool the equipment in the different stages of the process. Given that this type of consumption does not harm the end quality of the water, the Group is able to reuse a large percentage of the water in each of its plants. In general, the evolution in water consumption shows a reduction thanks to the progressive implementation of measures that, once the data has been analysed, lead to significant reductions in consumption figures. The average ratio of total consumption for the Vidrala Group, expressed in m<sup>3</sup> per ton of molten glass, improved in 2018 in comparison with previous years (2017 and 2016) to stand within the optimum range of use.

All Vidrala Group plants take the water required for the process from the local supply network, wells or watercourses, meeting the strictest requirements established by the different authorities responsible. We seek to optimise all the resources we use, and this includes water resources.

**Total water consumption**

m<sup>3</sup>/tonne of molten glass

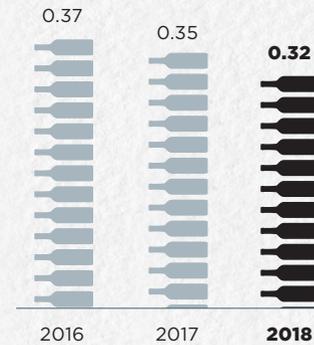


In terms of discharge, as indicated the plants operate in a closed circuit for most of the processes, especially those with a more intensive consumption of water. It is therefore possible to decrease the consumption ratio per ton of molten glass every year. However, a small part of this process water, or the water used during maintenance and upkeep work, is often required to bleed circuits or similar operations. This might lead to spillages, although always in compliance with environmental law regarding consumption and discharge in each of the countries in which the Vidrala Group operates.

**Atmospheric emissions.** In terms of Greenhouse Gas Emissions (GGE), the Company takes part in the European system established in the Emissions Trading Directive. Therefore, a large part focuses on improving glass melting processes that ultimately determine the emissions of these types of gas. Meeting the requirements in a continuous work process (24 hours 365 days) requires the improvement in the environmental management of all elements involved in the process. We are working on reducing energy dependence wherever the technical capacity and product demands from customers allow as such. This energy optimisation work leads to the minimised use of emissions associated to fossil fuels.

**Emissions CO<sub>2</sub>**

Tonne/tonne of molten glass



These efforts are reflected in the results obtained. Since 2016, significant reductions have been recorded in CO<sub>2</sub> emission levels per ton of molten glass, with a maximum reduction in 2018 setting the flag at 0.32.

The most important factor contributing towards this reduction is the use of recycled glass to replace virgin raw materials. As already explained, recycled glass from selective collection and internal rejection generated in the plants themselves requires less energy to melt it. Another aspect with an impact on the emission levels reached is the adopting of the Best Available Techniques (BAT) and the implementation of an energy management system in the melting furnaces.

\*2018 estimate, pending official audit.

The emissions of gases such as nitrogen oxides (NOx), sulphur oxides (SOx) and particles can also be regulated by strictly controlling the consumption of fuels in the furnaces. NOx is produced during the combustion processes and depends on the fuel used and on the conditions of the process itself. The different parameters are permanently monitored and adjusted depending on the production needs and on the conditions indicated in the respective environmental authorisations regarding emission limits. The improved design of the furnaces and the adopting of primary measures, such as the use of burners with low NOx emissions, strict fuel control, and electrical support (known as boosting) have led to a 4% reduction in NOx emissions in 2018 in comparison with the previous period. This places the mass emission values per ton of molten glass at the lowest levels of recent years (1.45 in 2018 compared with 1.51 in 2017 and 1.8 in 2016).

**NOx, SOx and other significant emissions**

Kg/tonne of molten glass



All the Group's plants have electrostatic precipitation systems (electro-filters) with prior desulphurisation to reduce the emission of particles and of sulphur oxides. The correct operating and maintenance of these systems led to a reduction in SOx and particle emission levels in 2018.

**Waste management.** Glass is perhaps one of the few materials that can be considered a true example of the circular economy. When recycled, glass containers can be used to produce new containers without losing quality or quantity, and the cycle can continue endlessly. In line with this vision, we include measures that follow the principles of the circular economy and European waste management hierarchy. Whenever technically feasible, we reuse, recycle or evaluate the waste for use in other processes to avoid sending it to dump sites. All the group's plants minimise, separate and apply the best management system possible for each type of waste:

- Hazardous waste (HW) is managed by authorised waste management firms (e.g. contaminated demolition waste or toxic elements).
- Non-hazardous recoverable waste (NHRW) is waste that can be used by the Group itself or by others (such as wood, cardboard, etc.).
- Non-hazardous non-recoverable waste (NHNHRW), such as inert waste.
- Municipal solid waste (MSW) is managed by authorised firms responsible for its collection.

**Waste generation**

By waste type and year (tonne)\*



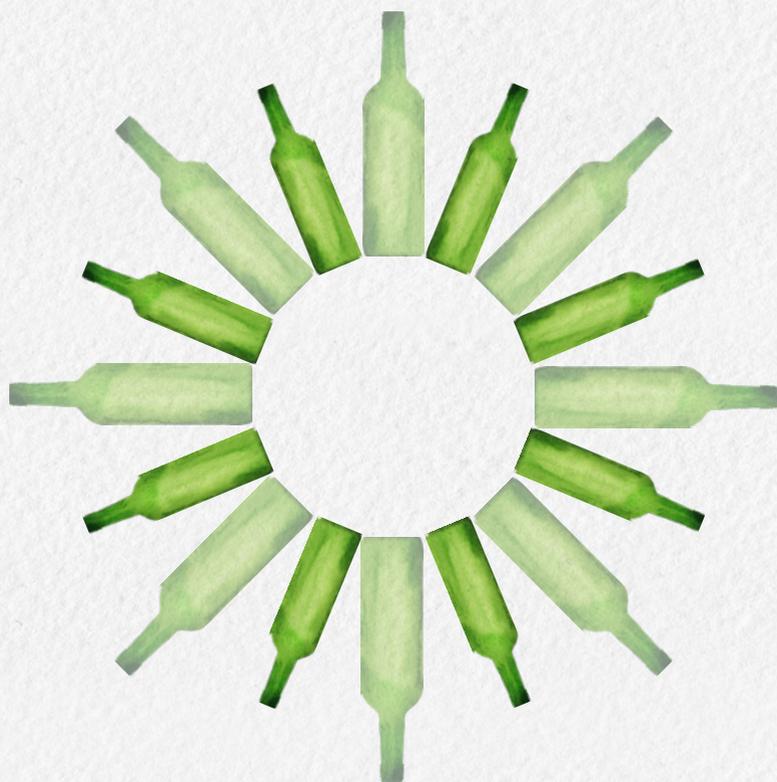
\*Left axis: tonnes

\*Right axis: tonnes/tonne of molten glass



In terms of waste generation figures for 2018, the four categories (HW, NHRW, NHNRW, MSW) have increased in overall volume. The furnace repair and/or reconstruction work required to ensure their correct working order has a significant impact on total waste generation quantities. In relative terms, the quantity indicator of waste generated per ton of molten glass was also penalised this year.

The Group is also currently working on implementing preventive plans for the optimisation of reagent consumption and waste recovery projects in other industrial processes. All of this is with the firm intention of reducing waste generation ratios in both absolute and relative terms.



## 4. Distribution

On considering the life cycle approach, not only the impact associated to the production process in the plant, but those impacts related to other auxiliary stages, such as product distribution and transportation, must be taken into account. In the case of Vidrala, the product is primarily transported by road.

The characteristics of the product (*transported empty to the bottling plants*) mean that the ratio of the volume of containers to the volume of the trailer must be optimised and the distribution routes to customers planned to ensure minimal financial and environmental impact. This is a key aspect in the glass container manufacturing industry, because customer and end consumption requirements might be jeopardised without fast and effective logistics and transportation systems. Through the creation of the **Vidrala Logistics** brand in 2016, we have underlined our commitment to optimise the logistics service to customers.

These efforts are reflected in the quality indicators involving the supply and satisfaction of customers. Over the past year alone, the Vidrala Logistics fleet, primarily at the service of customers of the Vidrala brand, completed more than 4,700 deliveries with an occupation rate of 98%.

Vidrala doubled its efforts in Vidrala Logistics in 2018 to show its strategic approach towards customers and supported by the results obtained.

An expansion plan has been started to increase the fleet by 50%. The vehicles will be renewed in line with sustainability criteria, through the incorporation of certified trucks in line with the latest Euro6 standards that foresee a significant reduction in pollutant emissions.





**Satisfaction of our customers.** One of the cornerstones of the Vidrala Group's commitment is striving to achieve maximum customer satisfaction. A permanent relationship is the best way of comprehending and understanding their needs, analysing their interests, and being able to offer optimal solutions in both the present and the future. For years now, we have been assessing satisfaction using surveys to learn of their perception and to continue improving on any points they consider less satisfactory.

**The 2018 results reflect the best score obtained since the assessment began in 2005.** Customers score the service offered by the Vidrala Group at over 8 out of a maximum of 10. What is more, the results showed a high degree of confidence in the Vidrala brand (NPS rating) with the vast majority (86%) of people surveyed **reporting that they would recommend the Vidrala Group as a leading supplier.**

The attributes most highly rated by customers include aspects such as price, the guarantee of stock and supply, quality, food safety, good manufacturing and hygiene practices and the preventive detection of issues in the containers.

At Vidrala we manage 100% of any instances of dissatisfaction of its direct customers who are, in turn, in direct contact with consumers. The indicator used –number of instances of dissatisfaction per million tons sold (IPM)– has seen a progressive improvement in recent years, with a reduction of 9% in 2018.



## 5. Consumption

Food safety related to health is the main aspect highlighted by consumers when choosing glass as a packaging material. A very high percentage show concern for the contamination and chemical migration of substances from food packaging materials. Thanks to its intrinsic qualities, glass is perceived as a safe, hygienic, inert material that is impermeable to gases, vapours and liquids. It therefore best protects and preserves the flavour and properties of the food and beverages it contains.

Along these lines, we are striving to **guarantee the utmost food safety** throughout the production process and facilities. We have hazard assessment equipment and critical control points (HACCP - Hazard Analysis and Critical Control Points) in each production centre, responsible for analysing each stage of the process in order to determine potential physical, chemical and microbiological hazards associated to each one. This analysis considers aspects such as product handling by people, the hazards inherent to the product itself, considerations regarding the raw materials, machinery, equipment or maintenance operations, among others.

**Sector-based participation, key for progress.** As an active member of organisations such as **Anfevi** (the Spanish Association of Glass Container Manufacturers), **British Glass, FEVE** (European Container Glass Federation) and other organisations that encourage the use of glass, promoting more sustainable behaviour and promoting awareness of the benefits and advantages of its use. The main initiatives during 2018 include:

- The launch, through the platform “Friends of glass”, of a video titled **“The Sea, cheers to #Endless Ocean”**, which obtained more than 6 million views, and the development of a consumer opinion barometer on the plastic-ocean issue and a partnership with the NGO Surfrider.
- The development of the campaign **“I choose glass”** with Spanish celebrities, the presentation of the “Capital of Glass” award to San Sebastian, and a charity mosaic to help the more underprivileged.



## 6. Selective collection

The glass container manufacturing sector leads the way in promoting the circular economy, having integrated post-consumption glass recycling into industrial processes decades ago, promoting selective glass collection throughout Europe.

As a member of the European Container Glass Federation (FEVE) and of the respective national associations for the sector in the six countries in which we are present, the Vidrala Group actively helps raise public awareness of the sector and its progress in terms of sustainability.

With nine plants in six European countries, we are in a position to be one of the main promoters of glass recycling in Europe. This shows the support of the Member States in developing a new industrial model in harmony with the environment, which requires the joining together of all the links forming the glass container value chain: industries, public authorities, and citizens. The coordinated action of everyone will close the cycle and enable the circular economy to generate financial, environmental and social benefits.



**European recycling goals are ambitious: 75% and 85% of recovered glass by 2025 and 2030, respectively. In 2015, the 28 European countries helped recycle 74% of the containers in the market.**

**This is particularly significant in countries with an unfavourable balance of glass collection, such as Spain and Italy, where many more glass-packed products are exported than imported. Encouraging quality selective collection and making citizens aware of glass recycling are key areas that Vidrala supports in the sector in order to implement the circular economy.**

**Environmental education and citizen awareness.** Ensuring citizens value and bet on glass recycling is a basic part of efficient collection. Only with the joint efforts of the glass sector and the citizens from the 28 countries will it be possible to reach the European goals for 2025 and 2030. Therefore, playing a relevant role in supporting the European Circular Economy Strategy is great motivation for the Vidrala Group. Working tirelessly to make statistics a reality in order to achieve an increasingly sustainable glass container sector is something we take great pride in.



## 7. Recycling

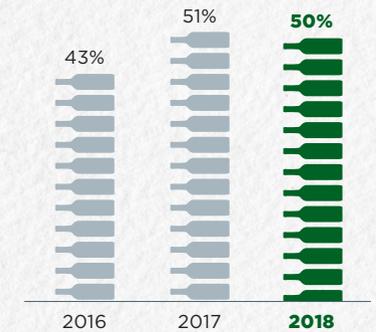
If anything could be considered an example of recyclability it would be glass. Once the containers have been used (in both bottles and jars), the glass can be used to form part of a new container without losing any of its original properties. All this is possible thanks to the container collection system, which is an example of sustainability and the circular economy and involves the commitment of consumers, businesses and authorities.

2018 saw glass recycling rate of **74% in Europe**. This means that over 11.6 tons of glass bottles are selectively collected and recycled into material for the production of new food packaging. Whenever a glass container recovered after its useful life is placed into a melting furnace, not only virgin raw materials (sand and carbonates) and energy (natural gas and electricity) are saved, also CO<sub>2</sub>, NOx and particle emissions are reduced.



**Closing the cycle.** At Vidrala we use recycled glass in the container manufacturing furnaces primarily from selective municipal collection (igloos, green containers). We also add so-called internal glass: rejections from the production process as a result of quality flaws. In 2018, **the percentage of use of recycled glass in relation to total raw materials stood at 50%**, thus showing our efforts to remain sustainable right from the start.

**Percentage of use of recycled glass**  
In percentage



**The consumption of 1.2 tonnes of raw materials is avoided with every ton of recycled glass.**

**The emission of 670 kg of CO<sub>2</sub> is also avoided per ton of recycled glass.**

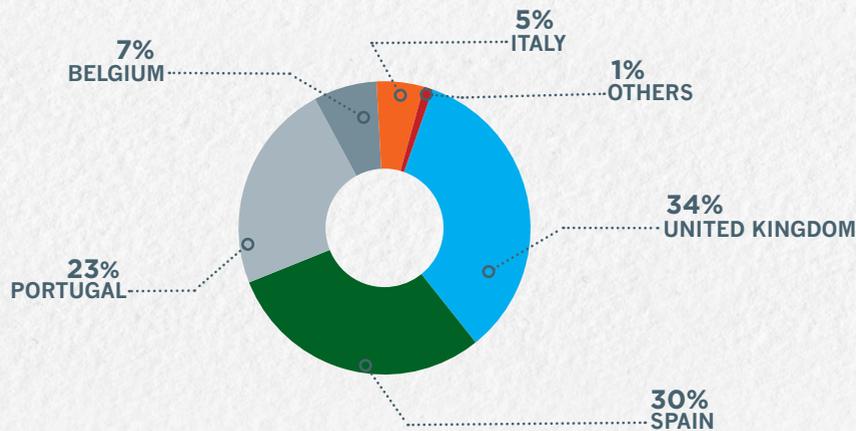
# SOCIAL INVOLVEMENT

## Committed, trained people

The entire Group focuses its efforts on continuing to offer a stable, quality working environment through the goals of quality, diversity and non-discrimination, while seeking to attract young talent for rejuvenation and, therefore, encourage the exchange of generational knowledge. In 2018, **the percentage of permanent contracts stood at 93% of the total and average seniority at 13 years**, with an average age of the workforce of 43. 93% of our workforce have a permanent contract of employment, which has a sustainably positive impact on local economic development.

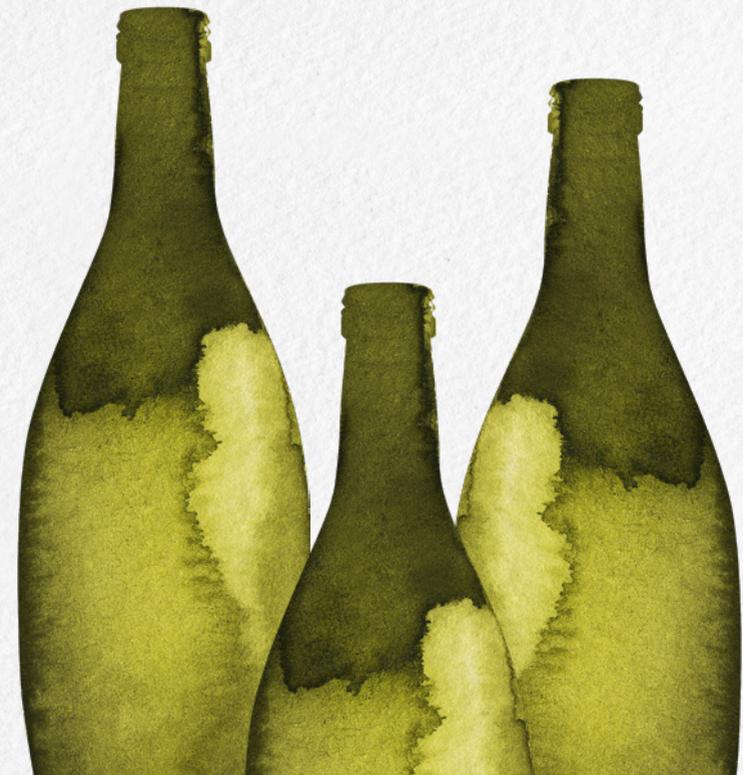
Our teams are currently formed by up to **39 different nationalities**, primarily Spanish, Portuguese and British. Managing diversity results in tangible competitive advantages, related to the openness to knowledge and different points of view, the contribution to the attracting and retaining of talent, the strengthening of the culture of the organization, the increase in innovation and creativity. In short, a diverse team has greater motivation, a higher level of commitment and greater productivity.

DISTRIBUTION OF EMPLOYEES BY COUNTRY (%)



We are aware that the demands of an increasingly demanding global market can only be met with a skilled workforce. Identifying the training requirements extends geographically to all work centres, including the central services, and from top to bottom throughout the structure of the Vidrala Group. On an annual basis, the training needs of the personnel are examined in depth in order to design training actions according to the expectations of the personnel and the priorities of the organisation. At Group level, 2018 accounted for a total of **94,439 hours of training among all people from the different categories**, especially those more directly linked to production and direct labour. The efforts towards the continuous improvement of the training activities have been reflected in the high levels of personnel satisfaction (8.5 out of 10).

Together with the promotion of training, we make a clear commitment to the internal promotion and the career development of the professionals within the company staff itself. Along these lines, a survey was conducted in 2017 on the effectiveness of internal communication and their degree of satisfaction, the results of which were used to define, implement and strengthen its corporate values during 2018 and 2019.





## VIDRALA ACADEMY

### THE VIRTUES OF SHARING KNOWLEDGE

In 2018, the “School of Glass” project was developed in collaboration with the Ministry of Education of Castilla La Mancha (Spain) to promote the generational change in the Caudete plant and generate specialised talent in glass industry, which could be deployed across the entire Vidrala Group.

For the last 4 years, the Vidrala Group has had an additional space in which to train professionals in order to increase their productivity and efficiency within the framework of a standardisation process of the production resources that will be progressively implemented in all of the Vidrala Group’s plants.

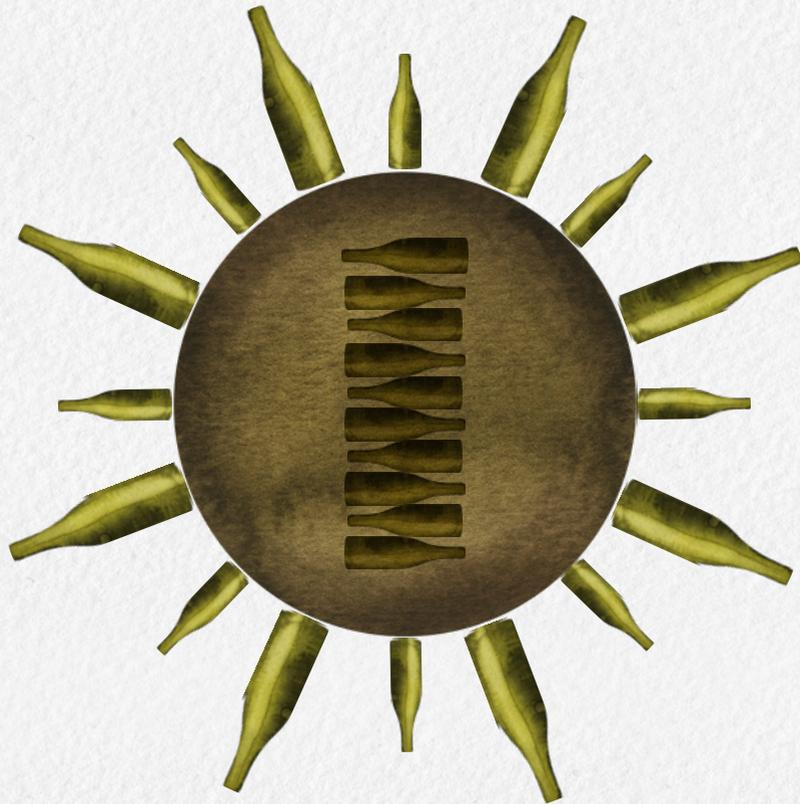




## Work-life balance

One of the mainstays of human resource management is to develop policies that promote the implementation of social benefits, voluntary early retirement plans, measures to balance personal and professional life, and other similar measures. Everyone working in the Vidrala Group can benefit from the respective social policies in place in each country. These include measures such as flexible working hours, the provision of paid leave, unpaid extended leave or reductions in working hours. In turn, other social schemes are established, such as social benefit systems and flexible remuneration policies.

We have also developed a series of measures to guarantee the respect of all its employees' free time and holidays, as well as their personal and family privacy.



## Healthy, safe and equal working environment

The Vidrala Group has developed and implemented the “Healthy Company” project within the commitment of “**Great People, Great Place to Work & Great Future**”. Its goal is to promote healthy lifestyles among its employees. Several areas of action have been identified: food, physical activity, health control, work-life balance, and social responsibility. These initiatives are rolled out progressively and offered initially for personnel in central services and some of the plants. It highlights the efforts made in anti-smoking programmes, the recent physical exercises and stretching activities before starting work, events to improve health and emotional well-being, as well as the opening - in the company's own facilities - of gyms that are free for staff to use and other activities aimed at improving occupational health.

Our activity is also based on respect for individual dignity. It is committed to preventing any discrimination based on race, sex, nationality, language, origin, personal convictions, marital or health status, as well as the application of the principle of equal opportunities. We have active policies that integrate equal treatment and opportunities among women and men, without direct or indirect sex discrimination. We have grown in terms of hiring people with disabilities or handicaps, who now account for about 1% of our workforce. In addition, collaboration has been strengthened with special employment centres and other external entities providing certain auxiliary services, under the direct coordination of professionals specialised in monitoring these professional profiles.

The prevention of occupational risks is a priority to ensure that all staff carry out their work in a way that is healthy, motivating and safe. This commitment is evidenced by the progressive implementation of occupational health and safety systems, based on the OSHAS 18001:2007 standard, which are certified by independent entities accrediting the existence of an internationally recognised management framework.

Furthermore, specific and systematic prevention plans, and both ongoing staff training and awareness are developed to objectively document the actual effectiveness of the implemented control processes, and additional corrective measures are adopted if necessary. In 2018, an ongoing activity was undertaken to monitor and analyse the accident rate results in all of the Group's plants, using the statistics available thanks to a new IT tool that allows identifying trends and their causes. Thanks to the continuous effort, **between 2017 and 2018, accidents resulting in sick leave have fallen by 7% and their level of seriousness has fallen by 18%.**

100% of the employees are covered by a collective bargaining agreement in terms of basic working conditions. However, in the case of Managers and Executives, there is an individual regulation of conditions in terms of pay and labour flexibility, due to the particular type of their professional activity and value contribution.



## The importance of communication

Social dialogue is a fundamental tool for the fostering and sustainability of relations with employees. To this end, we encourage, plan and project information and negotiation processes through the different types of employee representation –*worker committees, union delegations, works councils, etc.*– within the framework of the different legal regulations that apply in the respective countries in which we are present.

Equally, processes for consultation with the workforce and their direct participation are encouraged through the work satisfaction survey, improvement teams, workshops to deploy corporate identity, and internal participation to improve the level of commitment.

In addition, the increase in the number of digital screens has enabled an additional communication channel to be established with those people who do not have regular e-mail access. Alongside this, the access to and communicating of news has been expanded by e-mail, developing a new channel so that all personnel can receive important updates about their workstation that are accessible from any computer/ device.

In addition to these internal communication actions, the communication channels that keep us in contact with different stakeholders on an external level have been expanded over recent years. Together with the website itself, which was completely redesigned and updated in 2018, we have active channels on social networks such as Twitter, LinkedIn and YouTube. Each of them has its own content that informs of the situation of the organisation through multiple audiovisual languages.



## Social project and support for innovation

Our social commitment is materialized by strengthening the ties with the environment through the community of people forming Vidrala with initiatives that have a local impact. To this end, we allocate funds to social entities and sporting, cultural, education and healthcare initiatives that carry out their activities in the near environment **with a contribution between employees and the company that resulted in raising funds of 88,531 euros in 2018.**

Meanwhile, the Group's commitment to support talent and new ideas in universities and technical schools nationwide has been reflected through the organisation of a **third edition of the Master Glass Design Contest** in 2018. This is a contest that seeks to promote innovation, creativity and viability in the design of glass containers, within a sustainable and efficient process in terms of the environment. The winning project of this edition was **"O<sub>2</sub> Aqua"**, designed by Víctor Zaballos, a student of the IED (European Design Institute) Madrid. The members of the panel of judges - comprising industrial designers, architects and engineers - highlighted the consistency of the project's graphic narrative and the poetic role of the illustrations.

