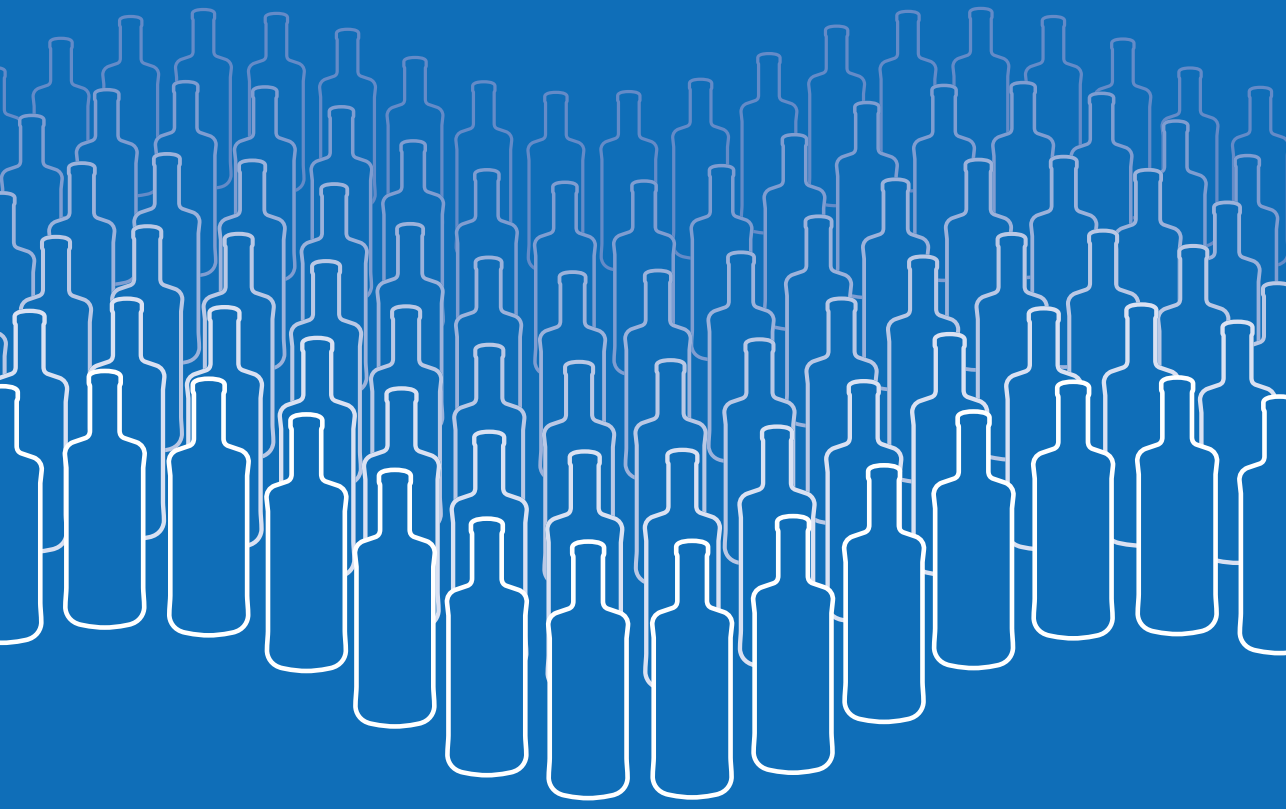
vidrala

2019
Sustainability Report



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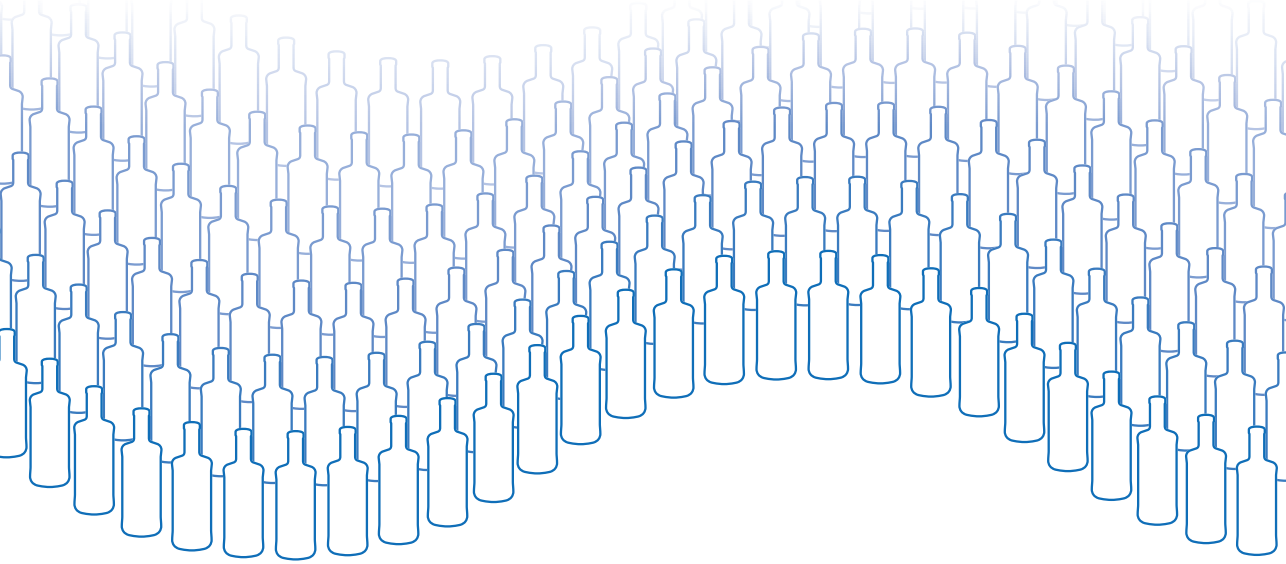


NEW CHALLENGES FOR SUSTAINABILITY AND THE INDUSTRY

Society as a whole and consumers in particular are increasingly demanding more sustainable measures to be taken in practically all industrial sectors. However, there are underlying risks in the current trends of global change and new scenarios that make it necessary for industries to act in consequence. European industry has repeatedly demonstrated its ability to handle these concerns and channel them by improving production processes, making them cleaner and more responsible.

Despite the complexity of the economic and social scenarios that arose last year, the glass industry was able to maintain the positive trend in terms of sales and production figures. Therefore, we believe that the industry is strong, dynamic and capable of facing global challenges. We are confident that glass container manufacturing is appealing to both customers and investors, as there is further evidence that glass is the ideal material for the transition toward a more sustainable circular economy.

Glass brings to light the benefits that a circular economy can have for the environment and the communities where manufacturing plants are located. Our business model is always focused on the customer and the consumer as essential components. In addition, given the increasing demand of glass containers, we are confident that this trend will take root. This will make glass the preferred option of European consumers and reinforce an industry that is committed to improving the environment.

The 2030 Agenda and the glass container

We form part of a leading industry in the implementation of the circular economy in Europe (overall, the industry has achieved a recycling rate of 76%). Our achievements have had a positive effect on the **United Nations 2030 Agenda for Sustainable Development.**

SUSTAINABLE DEVELOPMENT GOALS

The manufacturing of glass containers is intense in terms of energy, making this a critical aspect in assessing the environmental performance of the sector.

We focus a large part of our environmental efforts on energy efficiency. This matter is not only associated to direct financial profit from lower consumption, but also with the related emissions reduction and the subsequent improvement in air quality in the surrounding area. That's why we focused on supporting the Sustainable Development Goal 7: **Affordable and Clean Energy.**

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 and keeping us aligned with Sustainable Development Goal 8: **Decent Work and Economic Growth.**

The production of the containers manufactured by Vidrala is the result of applying the principles of permanence, recyclability and reuse set forth in Sustainable Development Goal 12: **Responsible Consumption and Production.** We contribute to this goal in two basic ways. First of all, by introducing recycled material, we reduce dependence on other natural raw materials. Secondly, in line with our industrial commitments, we participate actively in reducing waste generation and enhancing prevention, recycling and reusing during the various stages of the production process.

We are also aware of the indirect impact of the activity on the climate. Our commitment to focusing our efforts on the efficient administration of resources and energy and on reducing CO_2 emissions keeps us aligned with Sustainable Development Goal 13: **Climate Action.**

We believe in a more sustainable future and do our utmost to achieve it. However, there are significant challenges to face, which require synergies and innovative technologies to ensure that the scenario envisioned in the 2030 Agenda becomes a reality. We are working with a production model that is highly suited for closing material cycles, in close collaboration with the entire value chain, from energy and raw material suppliers to bottlers and the end consumer. The aim is to ensure that the theoretical framework of a circular economy is implemented and put into practice with continuous improvements. As set forth in Sustainable Development Goal 17, our objective is to **enhance effective public-private alliances and with society as a whole to offer a more sustainable model of economic development.** The associations of the industry work alongside the persons responsible for public policies to ensure that future decisions improve investment conditions, stimulate innovation and keep the industry competitive in Europe. We continue to need the participation of consumers to make sure that glass bottles and containers return to the production cycle at the end of their useful life. **As a glass container manufacturer, Vidrala believes in a more sustainable future and is committed to achieving it.**

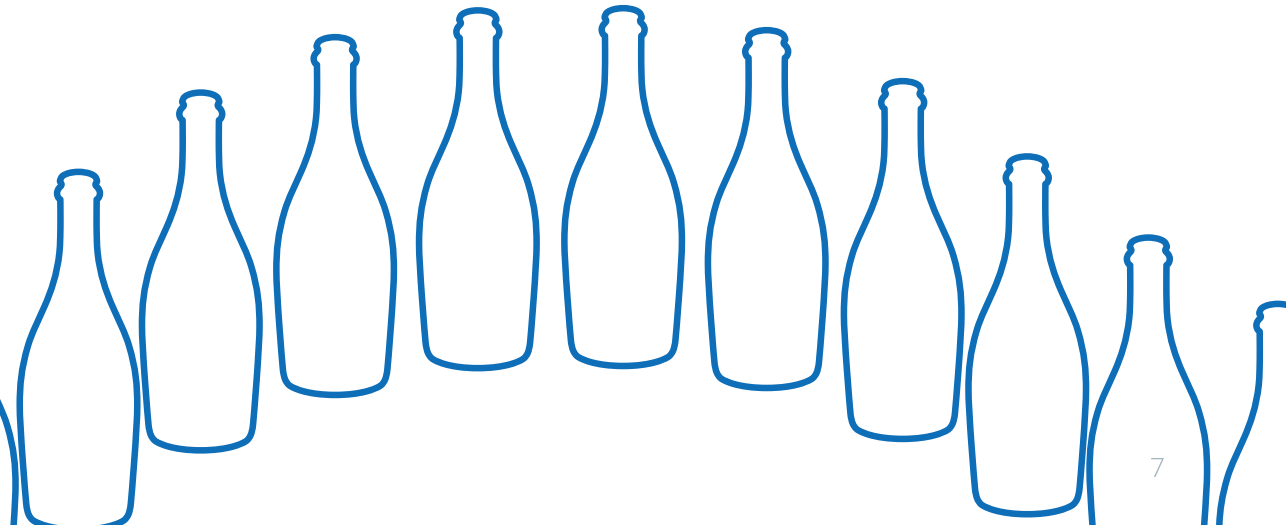
European Green Deal

The European Union presented the European Green Deal at the end of 2019. This is an ambitious plan of fifty specific actions to be implemented in the fight against climate change and intended to make Europe climate neutral by 2050.

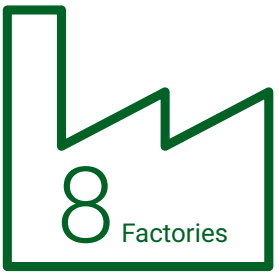
The purpose of these efforts is for member states to achieve economies that are cleaner and emission-neutral, thereby improving the quality of life of the population and competitiveness of companies. As regards the industry, the intention is to **make the economy of the EU fully sustainable** by changing the social and economic model, while providing the economic resources for a fair transition. Within this scenario, Vidrala is actively involved in the gradual implementation of actions aimed at achieving this new European economic model:

- We invest in **process improvements that make us more efficient** and less energy dependent. This contributes to a gradual disengagement between economising and carbon emissions.
- We are a reference of **industries that transform waste into resources,** an essential factor in the circular economy.
- We apply **ecodesign and circular production processes.** During both the design and manufacturing stages we include ambitious energy efficiency goals from the start to guarantee that our containers adapt to sustainability standards and a circular economy.

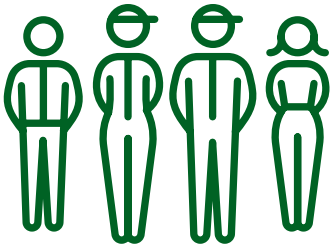
In any event, the European Green Deal is a reality and, in the coming years, both public institutions and companies will be responsible for the measures having the intended effect. At Vidrala we promote a glass container manufacturing industry that is committed to society and a sustainable future.



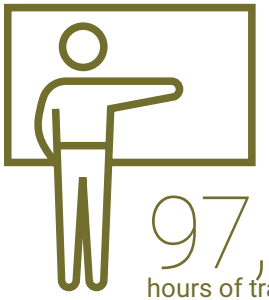
2019 AT A GLANCE



More than
8.3
billion of containers



3,700
people employed



97,171
hours of training
invested during 2019,
+11.9% vs previous year

More than
1,600
customers

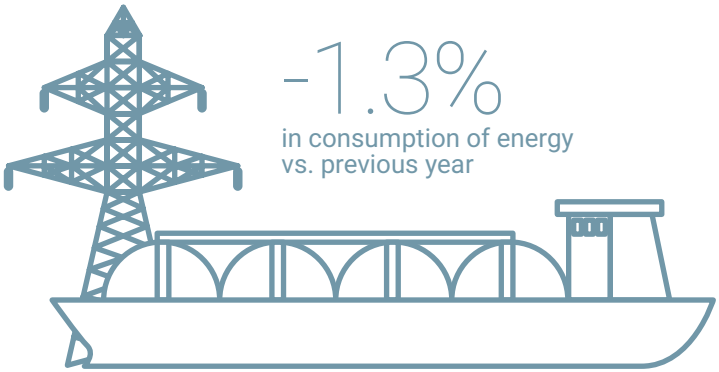
88%
NPS Index
(Net Promoter Score)

48%
use of recycled glass

-8.1%
water consumption
vs. previous year

-4.5%
in carbon dioxide emisions
(CO_2) vs. previous year

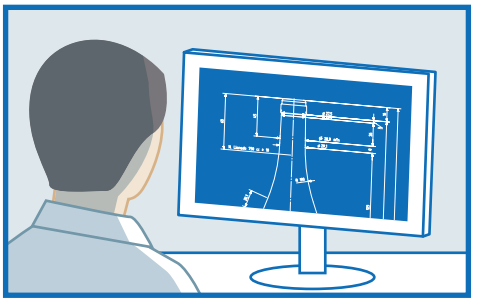
-2.8%
in nitrogen oxide emissions
(NO_x) vs. previous year

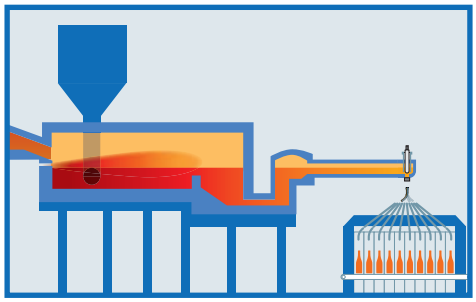


-1.3%
in consumption of energy
vs. previous year

THE GLASS CONTAINER MANUFACTURING PROCESS

Glass container manufacturing applies circular economy principles throughout all its stages:





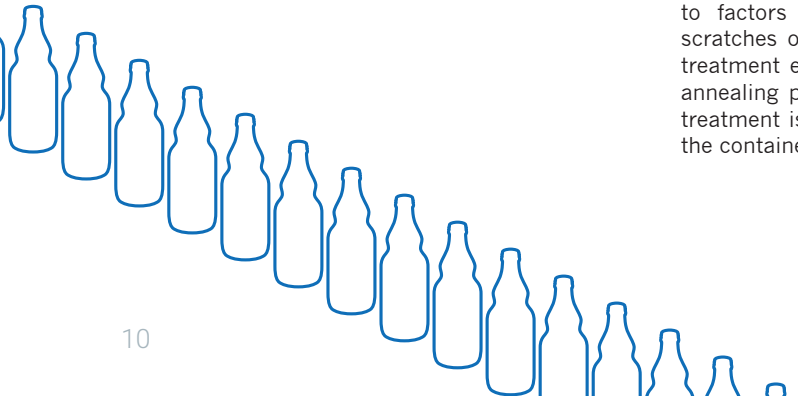
A. PRE-PRODUCTION AND DESIGN

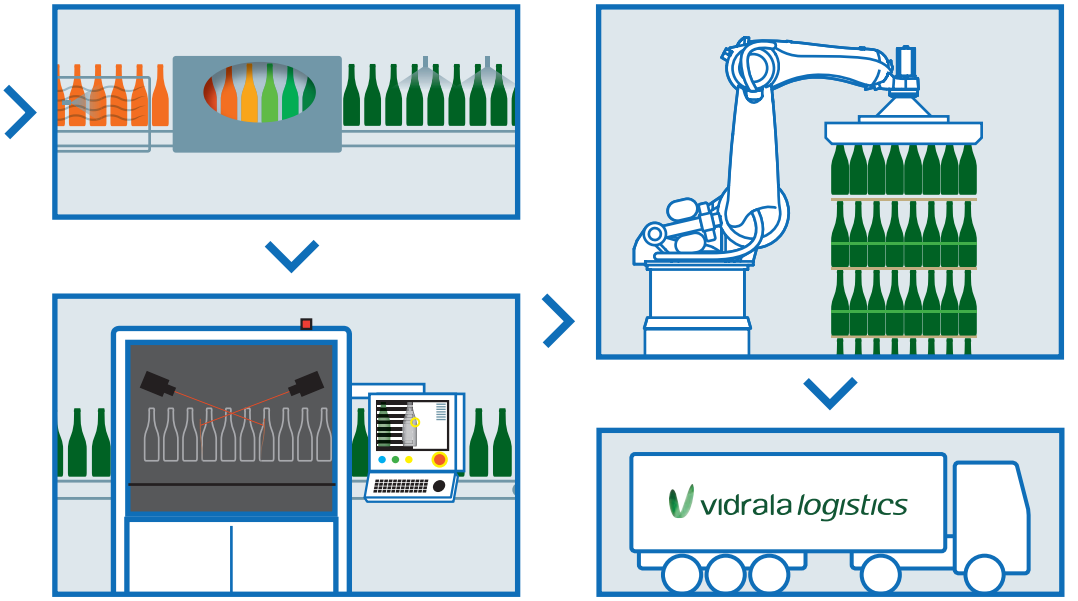
The properties of common glass depend on both the nature of the raw materials and the chemical composition of the resulting product. The application of ecodesign criteria allows optimal production adjustments to obtain the best containers with the lowest material requirements. Our glass container manufacturing process starts out with the use of raw materials such as sands, sodas, limestone and recycled glass containers.

B. PRODUCTION

Once the material requirements have been established, glass containers are formed in our furnaces through two consecutive stages:

- **Melting and moulding:** the furnace is fed automatically and melts the glass at a temperature of 1500ºC. The glass is made into a variety of forms when it is in its liquidstate by blow and blow or press and blow processes in various moulds.
- **Post-production treatments:** these are applied to prevent loss of strength due to factors such as micro cracks and/or scratches on the glass surface. Hot surface treatment eliminates this problem. After an annealing process at 600ºC, a cold surface treatment is applied to prevent scratches to the container during subsequent processes.





C. QUALITY CONTROL

A strict quality control process is performed automatically by using specific machinery that eliminates bottles that do not meet the parameters required by the customer. These discarded bottles (that do not meet the quality specifications) are fed into the melting furnace again.

D. PACKAGING AND TRANSPORT

Before they are sent to the customer, the glass containers undergo an automated packaging process where contact between the staff and the finished product is avoided at all times.

This sustainability report contains information based on the main social, environmental and economic figures for Vidrala in 2019. These figures correspond to the stages commonly associated with the circular economy model, thereby demonstrating the association between the manufacture of glass containers and the model itself. For each stage, we have selected the indicators that give an idea of how we have contributed to sustainability and the circular economy throughout 2019.

Ecodesign and circular economy

In a context such as the European strategy referred to above, the glass container manufacturing industry applies processes to continue making products that require less material and energy consumption. Moreover, **only glass containers can withstand an infinite recycling cycle without losing their properties.** The circular economy model is implemented each time a glass container is recovered and placed inside a melting furnace.

Vidrala applies ecodesign comprehensively throughout its entire container manufacturing process, while applying a variety of sustainability criteria. Each factory has specialised teams in the development of glass container models that not only satisfy customer needs, but also require less material for their manufacture. Working with ecodesign criteria involves the entire product life cycle (container production, use and disposal). In addition, by using Industry 4.0 technologies to create digital and 3D models, we can now produce bottles and jars that are lighter than those of the past, while maintaining the characteristics required to protect the product they contain, ensure container recyclability and develop innovative designs.

Manufacturing lighter-weight glass containers results in a lower carbon footprint due to lower consumption of raw materials and less demand of energy for melting. Both of these factors reduce the CO_2 emissions associated with decarbonation of raw materials and the use of fossil fuels.

natura
less is more

Since 2012, Vidrala has produced the **Natura Range,** the best example of its sustainable glass containers. The number of products in this catalogue increases each year; products that are made with technology that reduces their weight but maintains the same features as their predecessors.

On average, **these bottles and jars contain 43% less glass in the same type of container.** This weight reduction does not affect the characteristics that make glass the ideal container for food preservation; they continue to be inert, retain their shape and offer ideal protection of the product they contain. It does, however, improve the 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.

Vidrala's commitment with sustainable production is supported by the **certification of the environmental management standard ISO 14001:2015 held by the Group's 8 manufacturing plants.** Throughout this economic model, we promote the use of materials with less impact on the environment, prioritising the purchase of recycled glass over other raw materials and transforming them into new containers.

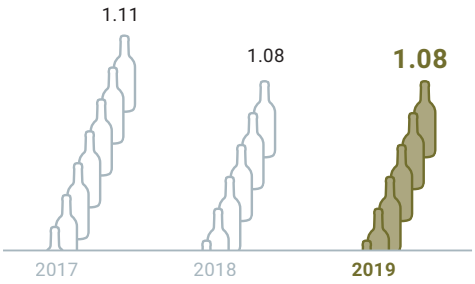
Production

RAW MATERIALS

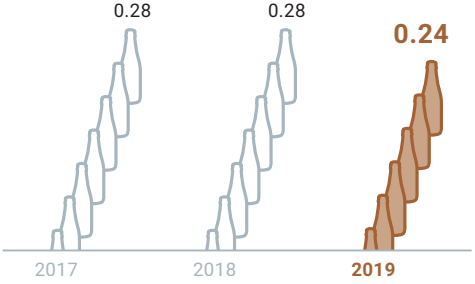
The containers that we manufacture require three main raw materials: recycled glass, silica sand and sodium carbonate. In addition to these, certain auxiliary materials are needed to obtain the colour of the glass, its strength, etc. These are also necessary for manufacturing to meet our quality standards.

Over the last three years, the trend of reducing the consumption of both raw materials and auxiliary materials per tonne of melted glass has remained constant. Underlying this achievement are the various operational measures put into practice with regard to ecodesign and efficient production processes. Even during furnace renewal periods, such as 2019, the rate of consumption has remained stable or dropped. The indicator of consumption of raw materials is especially noteworthy, since this resource is the most necessary precisely during furnace repairs and renewals. In 2019, the relative consumption of auxiliary materials fell by 17.1% compared to the previous year.

CONSUMPTION OF RAW MATERIALS
(t/t.m.g.)*



CONSUMPTION OF AUXILIARY RAW MATERIALS
(t/t.m.g.)*



*** Tonne of melted glass (t.m.g):** This is the reference unit in the glass industry. Any information based on t.m.g. can be used to evaluate the performance of the company and compare it with other companies in the industry.

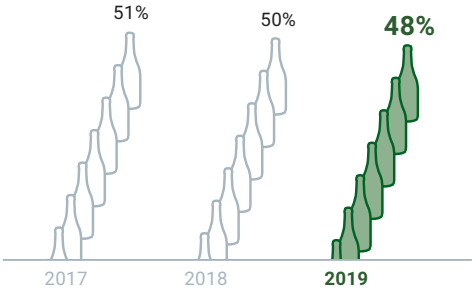
GLASS RECYCLING

One of the characteristics that distinguishes containers made of glass from those made from other materials is the ability to include recycled glass in their composition, whether from an internal or external source.

At Vidrala we use recycled glass in the container manufacturing furnaces primarily from selective municipal collection (igloos, green containers). We also add internal glass, or glass that is discarded in the plant's production process due to quality defects.

Nonetheless, conditions such as the availability of material in each country (if collection ratios are lower than desirable) or the colour of the container required by the customer can affect the percentage of recycled glass that is included. For example, coloured glass (green, brown, etc.) allow larger percentages of recycled glass than white glass. In the current technical conditions at Vidrala plants, these would be able to absorb a larger percentage of glass from selective collection; however, there are reasons why the volume of recycled glass included is not the same in all our plants. **Last year, the percentage of recycled glass used in comparison to the total of raw materials was 48%.** This was lower than the year before and affected by the requirements for the manufacture of certain colours of glass and the availability of recycled glass.

RATE OF INCLUSION OF RECYCLED GLASS



The consumption of 1.2 tones of raw materials is avoided for each tonne of recycled glass used. The emission of 670 kg of CO_2 is also avoided per ton of recycled glass.

Among other factors, the rate of inclusion of cullet has improved due to improvements in selection efficiency and preparation of the material from selective collection. At Vidrala we are aware that we are part of an extensive value chain, where combined responsibility tends toward more competitive and sustainable materials. An example of how we have increased glass recyclability is the work we have been carrying out for over three years with our recycled glass suppliers to ensure a stable degree of recycled glass quality. This material is essential to manufacture our containers; therefore, any improvements made to reduce impairments, production stop times due to breakdowns and/or non-conforming product reprocessing helps to improve the overall production process.

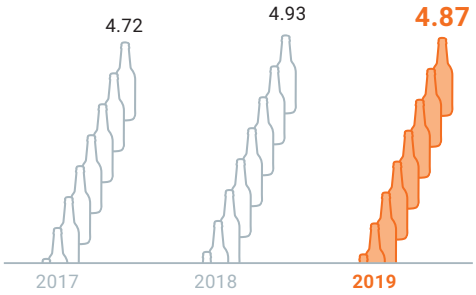
Power consumption

Reducing energy dependency is a priority for the Vidrala Group. Along with materials, energy consumption is one of the most significant environmental challenges we face, which is why a large portion of our efforts and investments are made in this field. In a process such as melting glass, which entails intense use of energy 24 hours a day throughout the year, any measure taken will show visible results in the short term. In recent years, Vidrala has intensified projects to improve energy efficiency, especially as regards the consumption of fossil fuels, as well as electricity consumption, with the aim of reducing the environmental impact of our production processes by improving the energy efficiency of the melting process.

This report distinguishes between the direct energy consumed (mainly natural gas associated with the glass melting process) and indirect energy (electricity needed for all the complementary processes). In both cases, **the ratio of consumption per tonne of melted glass is lower than that of last year.** We are making progress in the overall aim of manufacturing a larger number of containers using less energy, supported by the latest technological breakthroughs in glass manufacturing. For the third consecutive year, **the Vidrala Group has optimised the consumption of electricity.** Modernisation of furnaces and the use of more efficient post-melting processes has allowed us to improve our total energy consumption figures year after year.

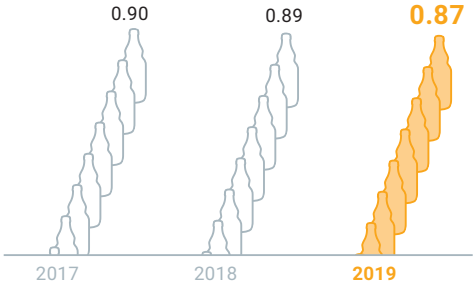
DIRECT POWER CONSUMPTION

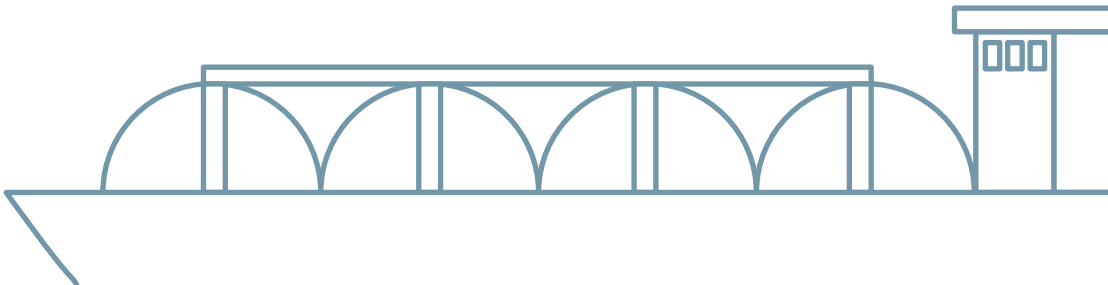
(Gj/ t.m.g.)



INDIRECT POWER CONSUMPTION

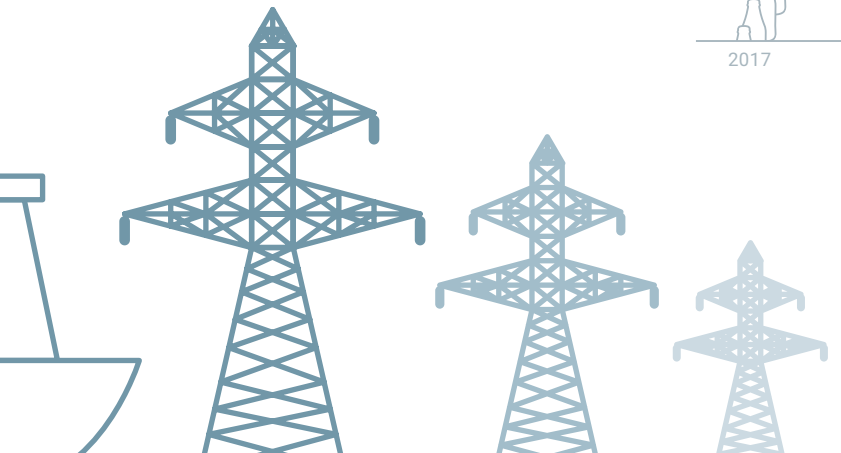
(Gj/ t.m.g.)





The measures that have optimised energy consumption the most are those taken on the melting furnaces, the core of the process. Last year, some of our oldest furnaces were replaced with new ones that are more energy-efficient. Simultaneously, energy efficiency at the Vidrala Group is managed through internal energy audits and the resulting improvement plans, which chart our course toward a horizon of greater environmental sustainability. The Group has its own **Energy Management System (EMS)** to monitor, follow up and control energy consumption. Other measures that improve energy efficiency are the projects in place at four of the Group's manufacturing plants to recover the heat from the manufacturing process, as well as the installation of solar panels in our plant in Portugal.

Our commitment to innovation in sustainability was rewarded by the award received from the Secretary of State for Digital Progress at the enerTIC Awards, within the Smart Manufacturing category. The project that received the award was the Implementation of an Energy Efficiency Management System integrated with the rest of the company's processes. It has been implemented in a continuous improvement system by taking as a reference the guidelines of ISO 50001 in all our production centres along with intensive and generalised development and integration of 4.0 technology.



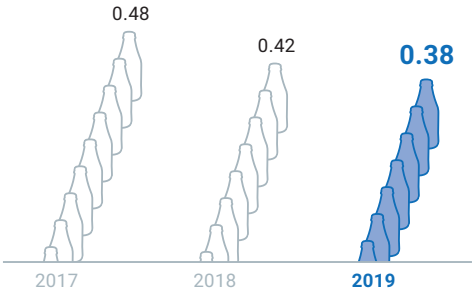
Water consumption

The largest consumption of water in the glass container manufacturing process takes place in cooling the equipment at the various stages of production. This consumption does not diminish the final quality of the water, so most of the water is reused and recirculated. All Vidrala Group plants take the water they need from the local supply network, wells or watercourses, meeting the strictest requirements established by the various authorities involved.

In general, the data reveal that the gradual implementation of measures has led to significant reductions in water consumption. **During the 2017-2019 period, the Vidrala Group achieved a reduction of 20.5% in water consumption for every tonne of melted glass.**

TOTAL WATER CONSUMPTION

(m^3/t.m.g.)

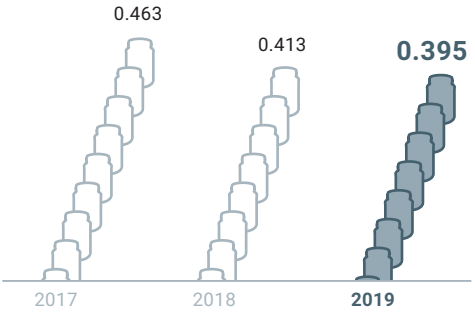


Atmospheric emissions

Climate change manifests itself year after year with greater certainty. Efforts are being coordinated from various areas to reduce the effects of human activity on climate change insofar as possible. At Vidrala, we are contributing to this reduction by applying the measures that are technically feasible in our production scenario. In addition, the Vidrala Group is one of the companies that participate in European trade of Greenhouse Gas Emissions (GHG). As we mentioned above, we are working to reduce our energy dependence as much as technical capabilities and market demand allow. These measures to optimise energy lead to minimising emissions associated with the use of raw materials and fuels. Moreover, the efforts focused on reducing energy consumption do not only significantly reduce CO_2 emissions, but also other atmosphere pollutants associated with the melting process, especially NOx, SOx and particles.

The figures for CO_2 emissions per tonne of melted glass show that the Group is working in the right direction, since these have fallen consistently over the last three years. This is also true of emissions of NOx, SOx and particles, especially the latter, which have also fallen consecutively over the last three years.

CO_2 EMISSIONS
(t./t.m.g.)



Underlying these positive figures for consecutive reduction during the 2017-2019 period are several actions taken within Vidrala that can be summed up as follows:

A. Inclusion of recycled glass from selective collection and rejected glass containers in the plants require less energy to be melted.

B. Investments in environmental improvements on production processes and environmental management.

C. Development and application of an energy management system in furnaces implemented in the Group's manufacturing plants.

In addition to the efficiency measures implemented to reduce consumption, it is our belief that we can contribute to sustainable development through the implementation of technologies for the generation of renewable energy, which is less contaminating than traditional energy. Thus, at the end of 2019, we completed **the installation of a solar farm at the facilities of Vidrala Logistics in Marinha Grande (Portugal).**

The solar farm consists of 792 high-performance modules with a total power of 222 kilowatts (kWp) to generate 376 megawatts hour (MWh) per year. In environmental terms, this will allow a reduction of approximately 4,500 tonnes of equivalent CO_2 in 25 years, or the annual consumption of some 100 families. Although this may appear to be a minor compensation when compared with normal factory consumption, we are convinced that each and every effort counts in the fight against climate change, which is why we will continue to take all manner of measures to mitigate and reduce its effects.

CARBON FOOTPRINT AS AN INDICATOR OF ENVIRONMENTAL IMPROVEMENT

In 2019, the Vidrala Group certified all its Spanish manufacturing plants in standard ISO 14064:2018 on Greenhouse Gases. This standard allows us to quantify our emission quantifications clearly and coherently according to an internationally recognised standard and to verify emissions and Greenhouse Gases (GHG) to support sustainable development through a low-carbon economy. In the coming months, the emissions of GHG will be broken down even further and specific measures will be taken to improve their management, all with the aim of implementing medium and long-term reduction plans.

At Vidrala, it is also important to control other atmospheric pollutants, besides carbon dioxide. Nitrogen oxides or NOx originate in the glass melting stage due to the use of natural gas as fuel. We have adopted the Best Available Techniques (BAT) of the glass industry applicable to European manufacturers and gradually included primary measures (reduction at the source) in the design stage of new furnaces and in the partial repairs of existing furnaces. These measures range from the use of low NOx emission burners to the replacement of part of the fossil fuel with electrical power (boosting).

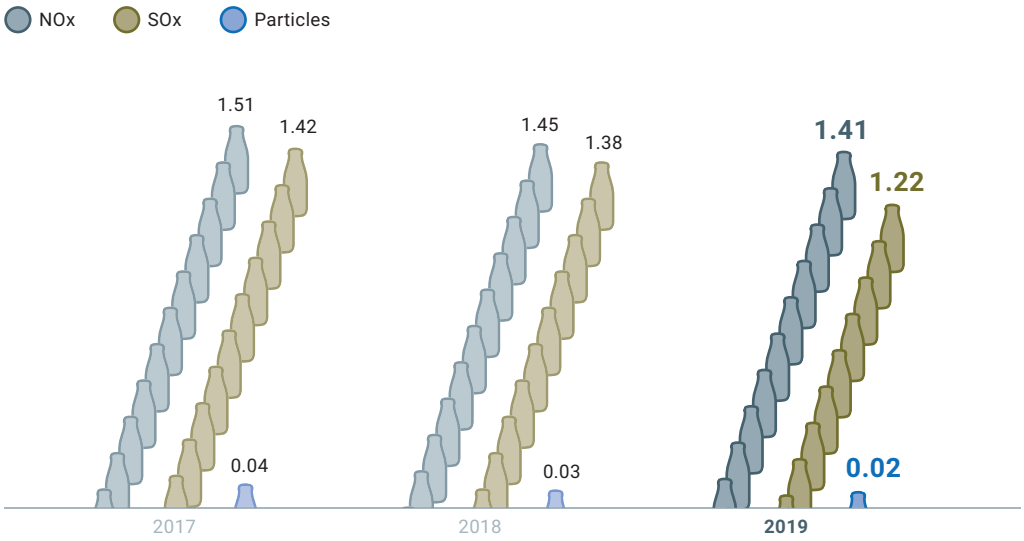
Sulphur oxide and particles also originate mainly in the glass melting process. At Vidrala, we have been working for years on the gradual implementation of various particle and sulphur oxide (SOx) purification systems, such as electrofiltration: systems that use electrostatic precipitation to reduce particle emissions, with previous desulphurisation to reduce the emission of sulphur oxides.

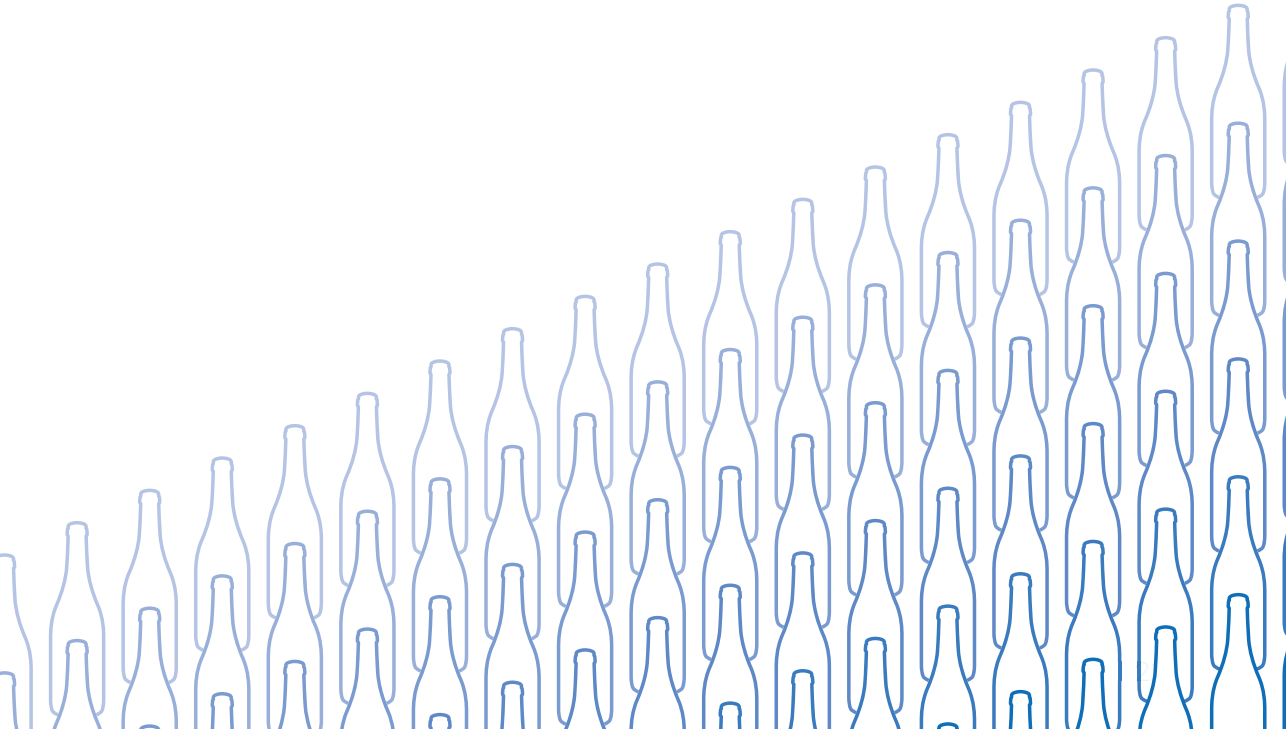
We also rely on Automatic Measuring Systems (AMS) for strict, periodic and automated monitoring of emissions of the various components to ensure compliance with the emission limits set forth in applicable regulations.

Thanks to the technological measures implemented and, above all, to the team of individuals that manage each plant, NOx emissions were reduced by 2.8% in 2019 compared to the previous year. This places emission levels at their lowest in recent years.

NOx, SOx AND PARTICLES EMISSIONS

(kg/t.m.g.)





Waste management

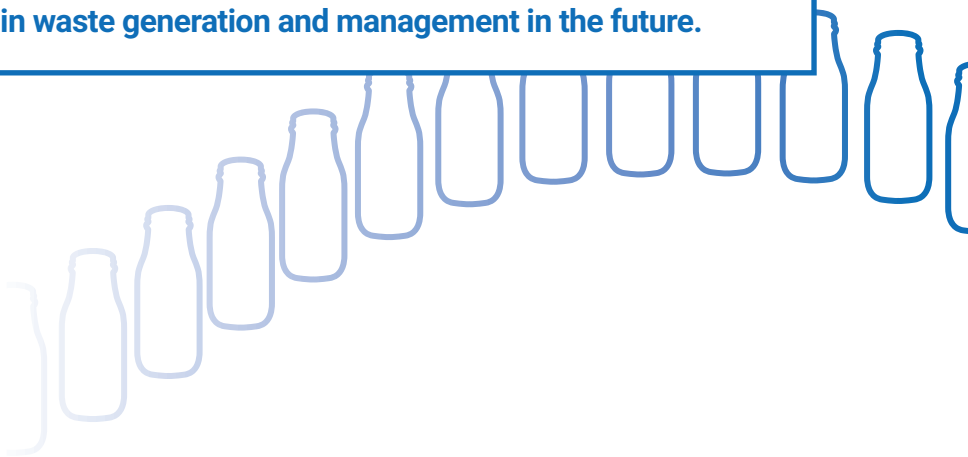
At Vidrala we apply the principle that "the best waste is waste that is not generated" by closing the cycle and reintroducing part of the waste generated (defective and broken containers, etc.) at the beginning of the process. Contrary to other production processes, this enables us to make use of a significant percentage of plant-generated waste in company facilities.

At Vidrala, we apply plans in each manufacturing plant to reduce waste generation, in line with European waste standards. In each country, the Group relies on authorised managers to evaluate these plans according to current legislation. Waste is classified in the following four categories:

- **HW: Hazardous** waste, such as contaminated demolition waste or toxic substances. These are managed by authorised waste management companies.
- **NHRW: Non-hazardous recoverable** waste, such as wood or cardboard. These can be used by the Group or third parties.
- **NHNRW: Non-hazardous and non-recoverable** waste (NHNRW), such as inert waste.
- **MSW: Waste equivalent to urban waste,** managed by authorised companies in charge to collecting this type of waste.

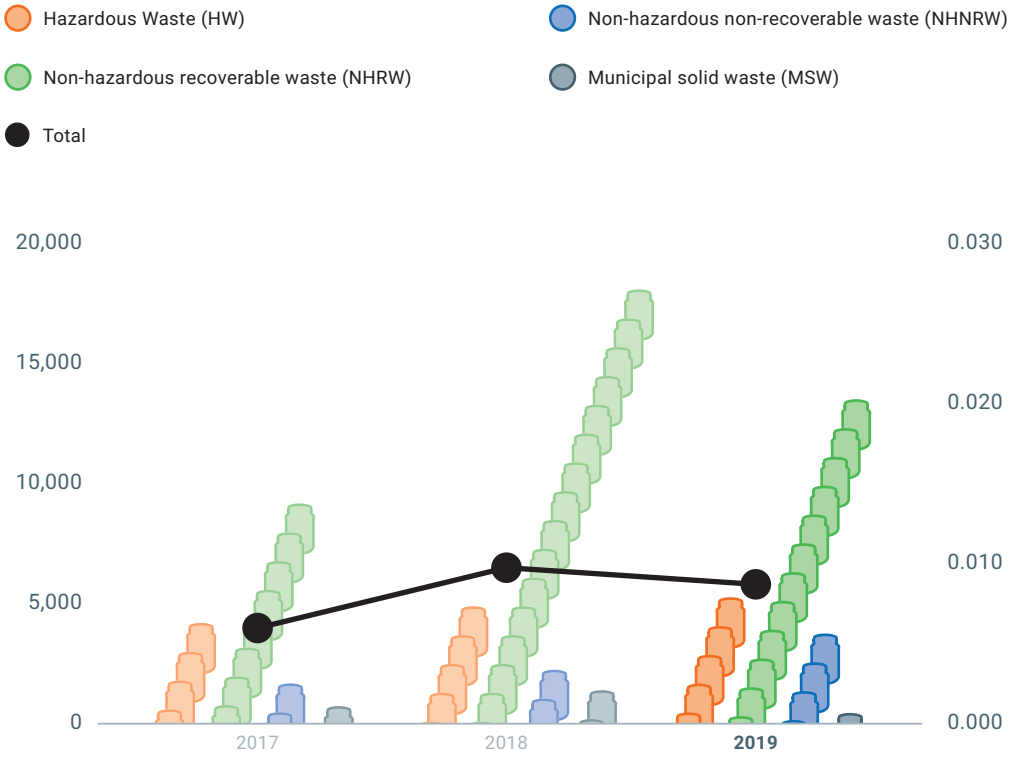
Waste generation was reduced over the last year by the action plans implemented to recover and reuse waste. However, the analysis of waste generation volumes must reflect the real circumstances of the industry, which entail furnace repairs and reconstruction. At the end of the useful life of the furnace, it must be completely demolished and a new one must be built. Demolition of a furnace involves a very large generation of waste in one year, much higher than normal, especially as refers to inert waste figures (waste that is difficult to treat and manage subsequently). **Nonetheless, the results for 2019 are positive in terms of reducing the overall amounts of waste generation.**

At Vidrala, we work on a daily basis to implement consumption optimisation plans with the firm commitment to achieve higher reductions in waste generation and management in the future.



Waste generation

(Total in tonnes on the left, on the right, total expressed in t./t.m.g.).



Protection of biodiversity

At Vidrala we recognise the importance of protecting biodiversity and ecosystems and their significance for human and environmental well-being. Thus, all Vidrala's production plants are located in areas that are compatible with the industrial activities carried out by the Group. Therefore, as regards the location of the factories and their potential impact on habitats protected by international agreements or on the biodiversity present in these habitats, we are confident that **none of these have a direct or significant impact on the usual conditions in these areas.**

In 2019, **our plant in Derrylin won a platinum award in the "Business & Biodiversity Charter" awards.** This initiative is promoted by the Business in the Community platform, which supports the Business & Biodiversity Charter, a framework for companies to become committed to biodiversity. This is a common framework for all types of organisations to assess their impact on biodiversity, not only as regards managing land property but also their activities, products and services.

This award reflects the bond between our plant in Ireland, the environmental organisations and the community in general. Along the same lines, the Corporate Social Responsibility activities of the Vidrala Group include working with CO_2 absorption projects through reforestation initiatives as an active measure to mitigate the effects of climate change on the territory.

DISTRIBUTION AND CONSUMPTION

Once manufactured and packaged, glass containers continue their life cycle by being shipped from the factory, transported and delivered to the customer. These stages are also important in the product's life cycle, since a significant part of the environmental impact of glass containers is associated with their transport to the customer, which is primarily by road.

For example, given the geographical distribution of Vidrala manufacturing plants in Spain, 40% of the containers are supplied to customers located in a radius of between 300 and 400 kilometres. It is important to take into account the condition of the glass containers during distribution, since they are empty when transported to the filling plants. At Vidrala, we optimise the space available on the pallets and in the beds of the trucks used for transport.

Our commitment does not end with the delivery of the product to the customer. We manufacture glass containers for the food and beverage industry. As a part of this value chain, which involves such a wide range of factors, we consider the **food safety of consumers** a critical and essential factor of our culture as an organisation.

Vidrala has been certified for internationally recognized food safety standards for a decade. In this sense, Vidrala is aligned with the BRCGS for Packaging Materials standard, implemented and certified in 7 of its 8 production plants. The Italian plant is certified to the international ISO 22000 standard and is currently working on transferring its certification to the BRCGS for Packaging Materials standard. Having these certifications allows us to affirm that we strictly comply with food safety regulations.

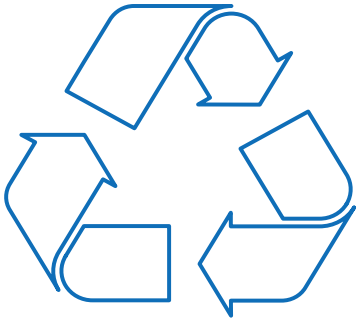
Aligned with these food safety standards, and with the objective of guaranteeing food safety and avoiding food fraud, ultimately protecting the final consumer, we have a **risk assessment team and critical control points (HACCP)** in each productive center. This team is in charge of analyzing each of the stages of the process and determining potential physical, chemical and microbiological risks associated with each of them; and act on them.

As regards customer satisfaction with our quality, we are proud to state that the results for 2019 have been the best on record since 2005, when we began this assessment in both our glass manufacturing divisions and filling activity (beverages). Customers score the service offered by the Vidrala Group as an aggregate of various quantitative attributes at over 8.5 out of a maximum of 10.

SELECTIVE COLLECTION AND RECYCLING Closing the cycle

The European glass container manufacturing industry has been a pioneer in promoting Circular Economy for decades by including post-consumption recycled glass in industrial processes and therefore promoting selective collection of used glass containers.

Vidrala is a member of the European Glass Container Federation (FEVE), as well as of the respective national associations of the industry in the countries we do business in. Therefore, we participate actively in enhancing and optimising these circular processes and promoting good practices in society to stimulate glass recycling. Thanks to these initiatives, **the selective collection rate for glass containers averages 76% for the entire European Union*.**



76%

of selective collection rate for glass containers averages for the entire European Union.

Vidrala has eight plants located in five European countries and is one of the primary agents promoting glass container recycling in Europe. We support the firm commitment of member states to develop an industrial model dedicated to sustainability and which requires a concerted effort by all the links of the glass container value chain; industries, public authorities and society as a whole. The coordinated action of all the players will not only generate environmental benefits, but economic and social benefits as well.

In line with the objectives set forth by the EU, we need to continue working to reach the ambitious goals established as regards selective collection and recycling. The commitment is to reach a glass recycling rate of 90% by 2030, fourteen percentage points above the current figure. This has motivated the promotion by the European association of the initiative called **"Close the glass loop"**. This platform is sponsored by the joint efforts of FERVER, the European Federation of Glass Recyclers and FEVE, the European Glass Container Federation. The platform was launched with a two-fold aim: to reach a rate of post-consumption glass container collection of 90% and to guarantee that the recycled materials are reused in a new glass container production cycle. This platform will optimise the glass container value chain under a European programme in which all the affected stakeholders will participate. Higher amounts of collected post-consumption glass containers must go hand-in-hand with improved collection quality. This will improve the processing stage and open the way to more recycling. A simultaneous effort will be made to develop and optimise classification and treatment systems to increase yield and generate more recycled glass for melting furnaces.

* According to FEVE data.

SOCIAL INVOLVEMENT

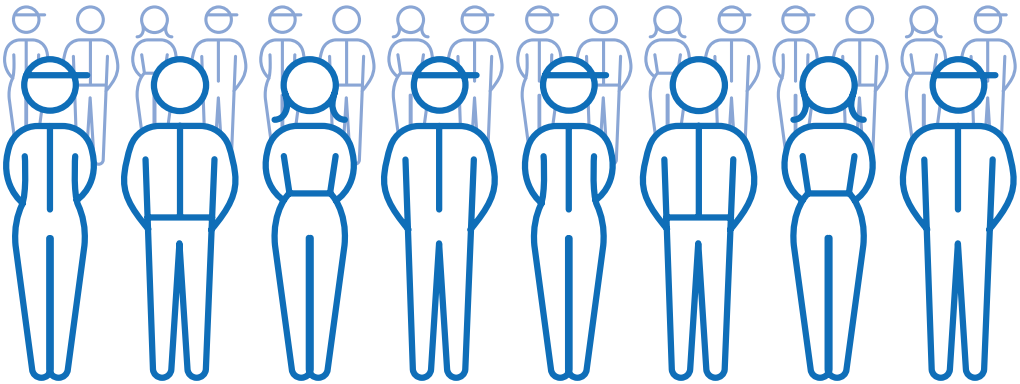
Committed, trained people

The Vidrala Group promotes a stable and high-quality working environment based on equality, diversity and non-discrimination. We also attempt to recruit talent for generation renewal purposes and thus enhance knowledge exchange. Vidrala's commitment to employment has been constant since its founding. The Vidrala Group is aware of its capacity as an organisation to generate jobs and how important this is for society as a whole.

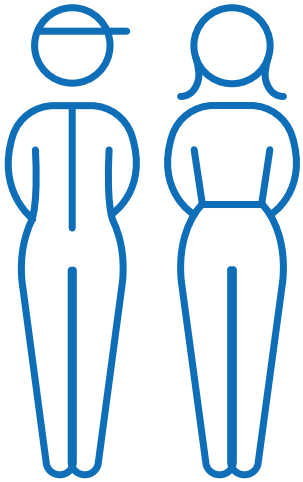
Human values are our primary hallmark; our partners are an essential part of the company's culture and the representatives of our values. In consistency with our commitment to employment and the staff, the Group continues to be an organisation with a large workforce. In 2019, the Group provided direct employment to **more than 3,700 people.**

In consequence with the importance high-quality employment has for the Vidrala Group, the organisation is firmly committed to permanent contracts, which account for 92% of the total. Vidrala also has a greater percentage of full-time job contracts, which guarantees a better salary and better work performance in general. The average period of ongoing contracts is 13 years, evidence of solid and consolidated employee associations with the company.

In recent years, the Vidrala Group has made a firm commitment to establishing a young workforce. This is supported by the information from the previous year, which shows that the average age of the workforce is approximately 43 years old.



COMMITMENT TO EQUALITY



Our commitment to developing policies that integrate equal treatment and opportunities for men and women, without direct or indirect discrimination for reasons of sex, religion, race... is applied from recruitment to promotion, through the policies that govern salaries, occupational health, working conditions, work schedules and a work-life balance.

In addition, to increase the attraction of female talent, we have launched a project called: **''Women in Manufacturing''.** Since technical training is the main factor that limits the options of women to progress in factory positions and represent a larger percentage of the total workforce, our intention is to motivate women by scheduling academic itineraries focused on industry.

DIVERSITY MANAGEMENT

At the Vidrala Group we are aware that knowing how to manage diversity results in tangible competitive advantages that pave the way to furthering knowledge, accepting different points of view, contribute to attracting and retaining talent, strengthen company culture and increase innovation and creativity. In short, a diverse team has greater motivation, a higher level of commitment and greater productivity and allows to identify constant opportunities for continuous improvement. Currently, we employ people from 40 different countries and cultures, that impel us to progress in cultural integration plans by internal communication; being the predominant nationalities: United Kingdom (35%), Spain (29%), Portugal (23%), and Italy (5%).

COMMITMENT TO INTEGRATION

The activity of the Vidrala Group is based on the respect for individual dignity, which means that all employees and collaborators must be treated fairly and with respect by their direct managers and colleagues. The policies are directed towards a communication and internal management policy that avoids discrimination and is committed to integration plans. One of the representative actions that have been taken for more than 10 years to promote integration actions is collaboration with Special Employment Centers and other external organizations who work with persons with disabilities or physical or psychic handicaps to provide auxiliary services to Vidrala's primary activities, under the direct coordination of professionals specialized in monitoring these professional profiles.

In line with these goals, the Vidrala Group's remuneration policy establishes salary levels linked to the position in the organisation, regardless of sex, race, religion or other distinguishing factors.

TRAINING AND SKILL LEARNING

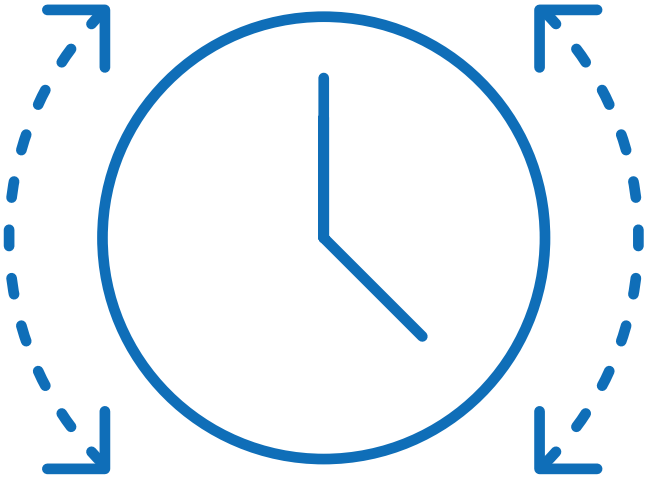
We are aware that the demands of an increasingly demanding global market can only be met with a skilled workforce. Identifying the training requirements extends geographically to all production centres, including the central services, and from top to bottom throughout the structure of the Vidrala Group. Each year, the Group delves into the training needs of its staff to acquire a better understanding of the requirements of its professionals and to design training activities according to the organisation's priorities and thereby promote the professional development of its workforce. Vidrala is highly committed to internal promotion and the development of the careers of its professionals in the company itself, where equal opportunity is considered as an indisputable value.

In 2019, the Group conducted a total of **97,171 hours of training for all employees in the various categories,** especially those more directly linked to production and direct labour. **This represents an increase of 12% in training time for teams compared to the previous year.** The efforts towards the continuous improvement of the training activities have been demonstrated by the high levels of personnel satisfaction, with a total score of 8.3 out of 10.

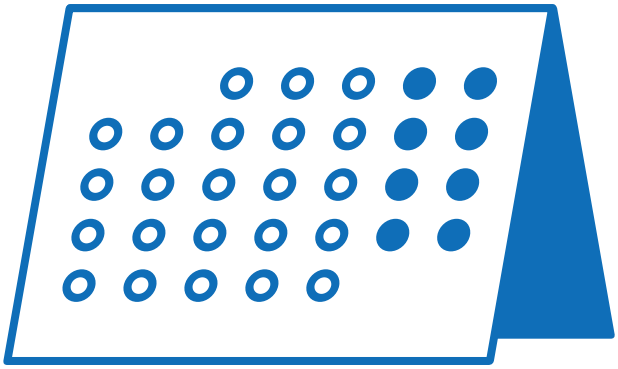
Work-life balance

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. At Vidrala we implement measures such as:

- **WORK SCHEDULE FLEXIBILITY**
- **AVAILABILITY OF PAID LEAVE**
- **EXTENDED LEAVE OF ABSENCE**
- **REDUCTION 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 that free time and holidays are respected, as well as personal and family privacy. Everyone working in the Vidrala Group, attending to the peculiarities of each respective job, can benefit from the respective social policies in place in each country.



Healthy and safe work environment

Promoting the health and safety of all the individuals that make up the Vidrala Group is a priority for an industry with the specific characteristics and specialisations required by glass container manufacturing.

For three years, the Vidrala Group has been gradually developing and implementing the philosophy of **''Healthy Company''** project within the commitment of "Great People, Great Place to Work & Great Future". This, in a purely industrial context, becomes more relevant due to the opportunity to progress gradually as our plants are also modernized. Its purpose is to encourage healthy living habits among the staff by promoting a healthy, balanced diet and physical exercise, attention to emotional balance as well as boost monitoring health more closely (medical check-ups for specific groups), improve the work-life balance and enhancing social responsibility.

This project has been implemented gradually and the current initiatives are focused on our headquarters and some of our plants. These initiatives include anti-smoking programmes, physical exercises and stretching before starting work, mindfulness programs, health improvement and emotional well-being activities (in the facilities) and opening gyms for use by employees.

Occupational Risk Prevention is a priority to ensure that all staff carry out their work in a way that is safe, healthy and motivating. This commitment is evidenced by the **progressive implementation of occupational health and safety systems,** based on the OSHAS 18001:2007 standard, **accrediting the existence of an internationally recognised management framework.** Moreover, given the foreseeable expiry of the OHSAS certificates in March 2021, we have taken steps in 2019 to migrate from OHSAS 18001:2007 to ISO 45001:2018. Specifically, training activities were conducted throughout the last quarter of 2019 for the heads of the Central Offices and all the plants in the Iberia.

As a complement, specific and systematic preventive plans were prepared for training and awareness purposes. These focus on the objective effectiveness of the implemented control plans and the adoption of additional corrective measures if necessary.

The prevention technicians team uses innovative applications and tools to detect and assess risks in the various areas of the organisation. In 2019, industrial risk control projects have been deployed in all the plants to continue improving current indicators. Thanks to this continuous effort, **no high severity accidents were recorded in 2019.** Insofar as concerns total accidents, these have increased slightly due to the increase in minor accidents with leave.

In 2020, the lines of action intended to reduce accident rates will be focused on the **"Safety First"** project, a specific initiative centred on anticipating accident trends and the well-being of our workforce, based on a comprehensive analysis of causes, types of accidents and health impairment. The objective is to develop the awareness of the workforce regarding risks, technical training, the promotion of safe behavior projects, the increase in plant inspections and the continuous monitoring of the specific plans of each plant.

The importance of communication

The Vidrala Group believes that social dialogue is an essential tool to drive and sustain relationships among all our stakeholders.

INTERNAL COMMUNICATION

At the Vidrala Group, we promote, plan and launch information and negotiation processes through various types of social representation groups (worker committees, union delegations, worker representatives, etc.) within the framework of the legal regulations of the countries where we carry out our activity.

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 in Group plants 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 communication of news has been expanded by e-mail, developing a new channel so that all personnel can receive important updates about their work that are accessible from any computer/device.

"Workplace", Facebook's social platform for companies, has been implemented in several of the Group's plants in 2019. This channel enables open, interactive and real-time communication with all of the employees via mobile phones.

EXTERNAL COMMUNICATION

In recent years, the Vidrala Group has expanded the channels of communication that keep it in touch with its various external stakeholders.

In addition to its website, which was completely redesigned and updated in 2018, the Group continues to have active social network channels, such as Twitter, LinkedIn and YouTube. Each of these has its own content to disseminate information about the organisation through a multitude of audio-visual means.

twitter.com/Vidrala_Group

www.linkedin.com/company/vidrala

www.youtube.com/user/vidrala