



2022 ANNUAL REPORT

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Chairman's Letter

Dear shareholders,

The year 2022 turned abnormal since the very beginning, affected by unprecedented inflationary pressures. These cost tensions were the culmination of a period of accumulation of unforeseen external events. Since the pandemic, with all its consequent difficulties, going through the distortions in supply chains, which led to the start of the highest inflationary period for the industry in decades and which has had its maximum expression on energy prices in Europe after the conflict between Russia and Ukraine.

Vidrala's results throughout this entire period are a good example of the strength of our business model. Thus, throughout 2022, our initially deteriorated operational margins gradually recovered as a result of internal energy cost mitigation actions, a sustained solid manufacturing performance, the first effects of our ambitious investment plan and a progressive adaptation of our sales prices.

It is remarkable that, during all this time, demand for glass packaging showed certainly favourable conditions, grounded on the strong underlying fundamentals for consumption of food and beverages and the continuous support from packagers, brand owners, on-trade & off-trade channels and consumers to glass, as the ultimate sustainable packaging material. Today, glass has a brighter future than ever.

Looking forward, we have recently announced two important corporate operations. On the one hand, since January 31, 2023, our subsidiary in the UK owns the beverages filling facilities and the logistic infrastructure previously operated by Accolade Wines in Bristol, known as 'The Park'. The business purchased will reinforce Encirc's unparalleled characteristics as the only player to offer a full 360 approach to the beverage supply chain.

Besides, in early February 2023, Vidrala announced the acquisition of a stake of 29.36% in the Brazilian company Vidroporto, S.A. This acquisition, although it is a minority stake, evidences Vidrala's long-term strategy towards diversifying the business, creating platforms for future growth in regions that will offer interesting opportunities, and strengthening long-term partnerships with strategic customers.

We continue working to grow our project and make our products in the most competitive and sustainable way. And we will do it securing a strict capital discipline and an attractive remuneration to our shareholders.

Thank you for your trust.



Carlos Delclaux
Chairman



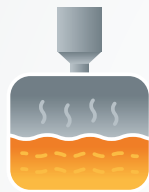
**Vidrala,
at a glance**

2022 Key indicators

Percentage variations over FY 2021



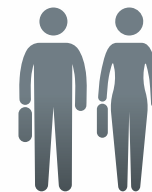
8
Manufacturing
sites



19
Furnaces



More than
8.0
billion containers
produced



More than
1,600
customers



More than
3,600
employees



More than
130,000
training hours



49%
recycled glass over
raw materials



+0.4%
consumption of raw
materials



+0.9%
in water usage



+2.2%
in CO2 emissions



-1.7%
in energy consumption



-1.9%
customer complaints

**Annual variation over 2021, in unitary terms (i.e., over ton of melted glass). This is a reference unit of measure in the glass industry. Any information based on ton of melted glass -tmg- enables both the assessment of the company's performance and the comparison among different companies in the sector.*

Factories

AIALA VIDRIO

Llodio, Spain

CRISNOVA VIDRIO

Caudete, Spain

CASTELLAR VIDRIO

Castellar del Vallés, Spain

GALLO VIDRO

Marinha Grande, Portugal

SB VIDROS

Marinha Grande, Portugal

ENCIRC ITALIA

Corsico, Italy

ENCIRC ELTON

Elton Cheshire, England

ENCIRC DERRYLIN

Fermanagh, Northern Ireland

ENCIRC BRISTOL

Bristol, England

VIDRALA Headquarters

Tel. +34 946 719 700

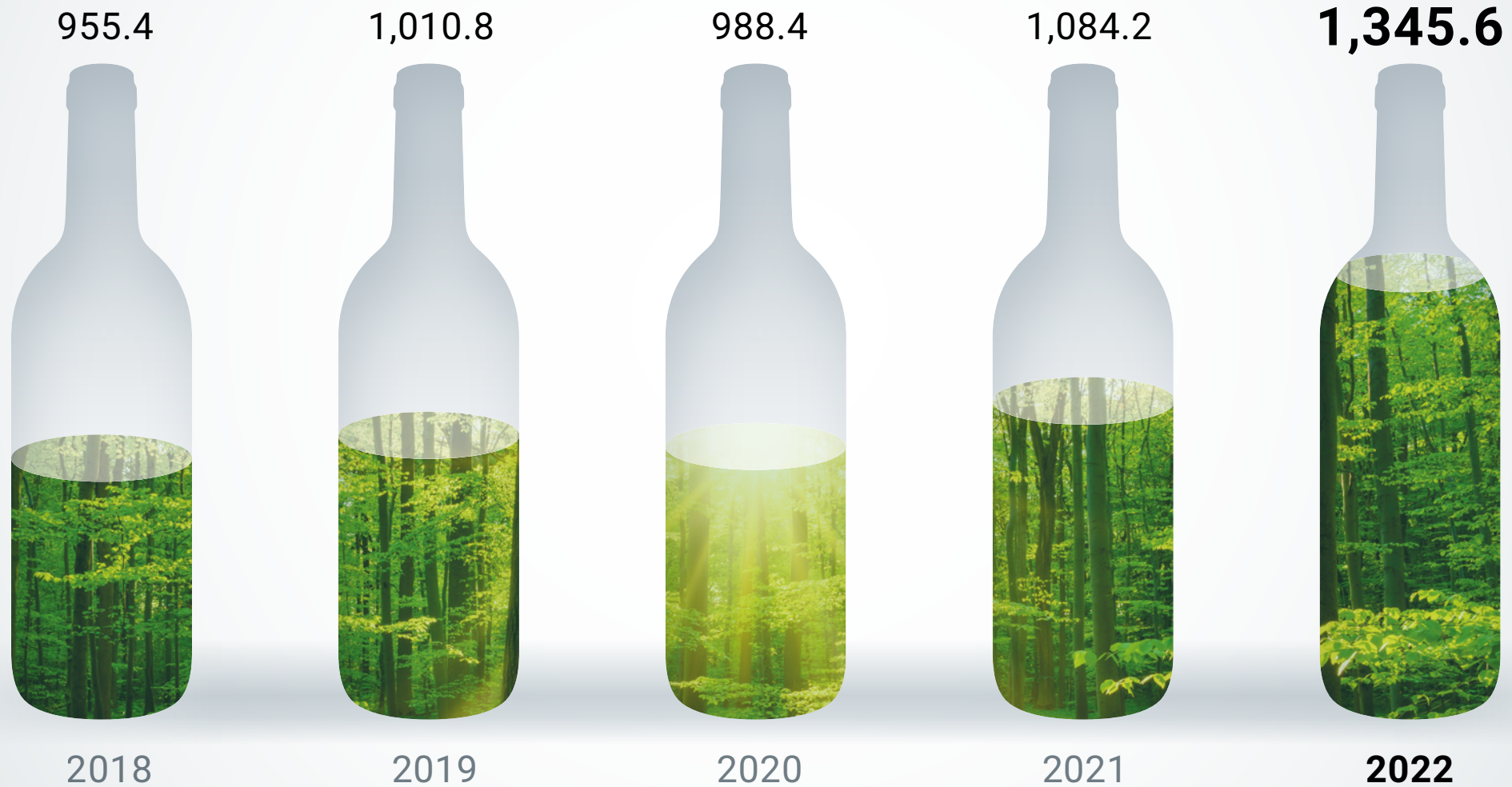
ENCIRC Headquarters

Tel. +44 (0) 1928 725 300



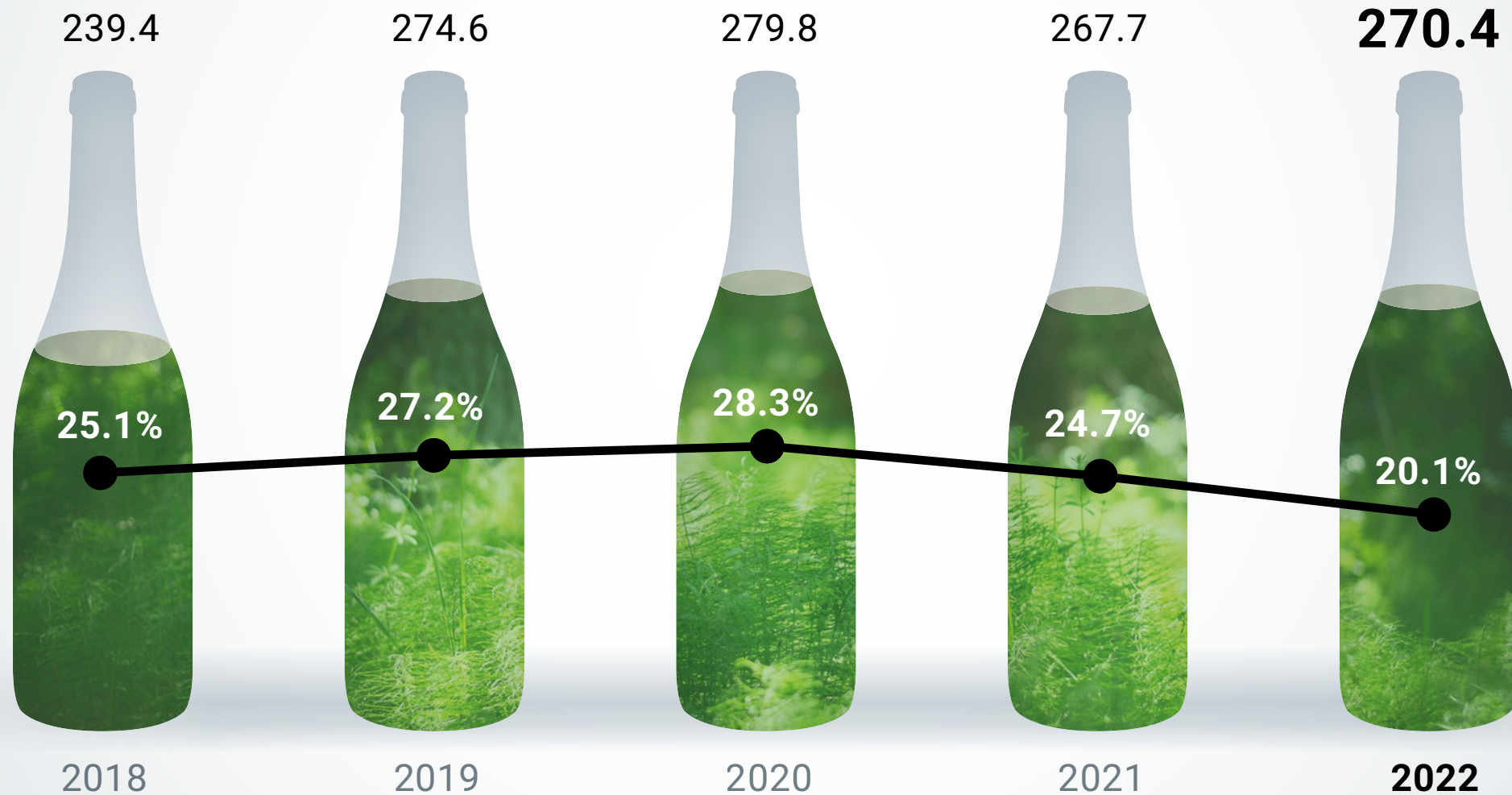
Sales

EUR million



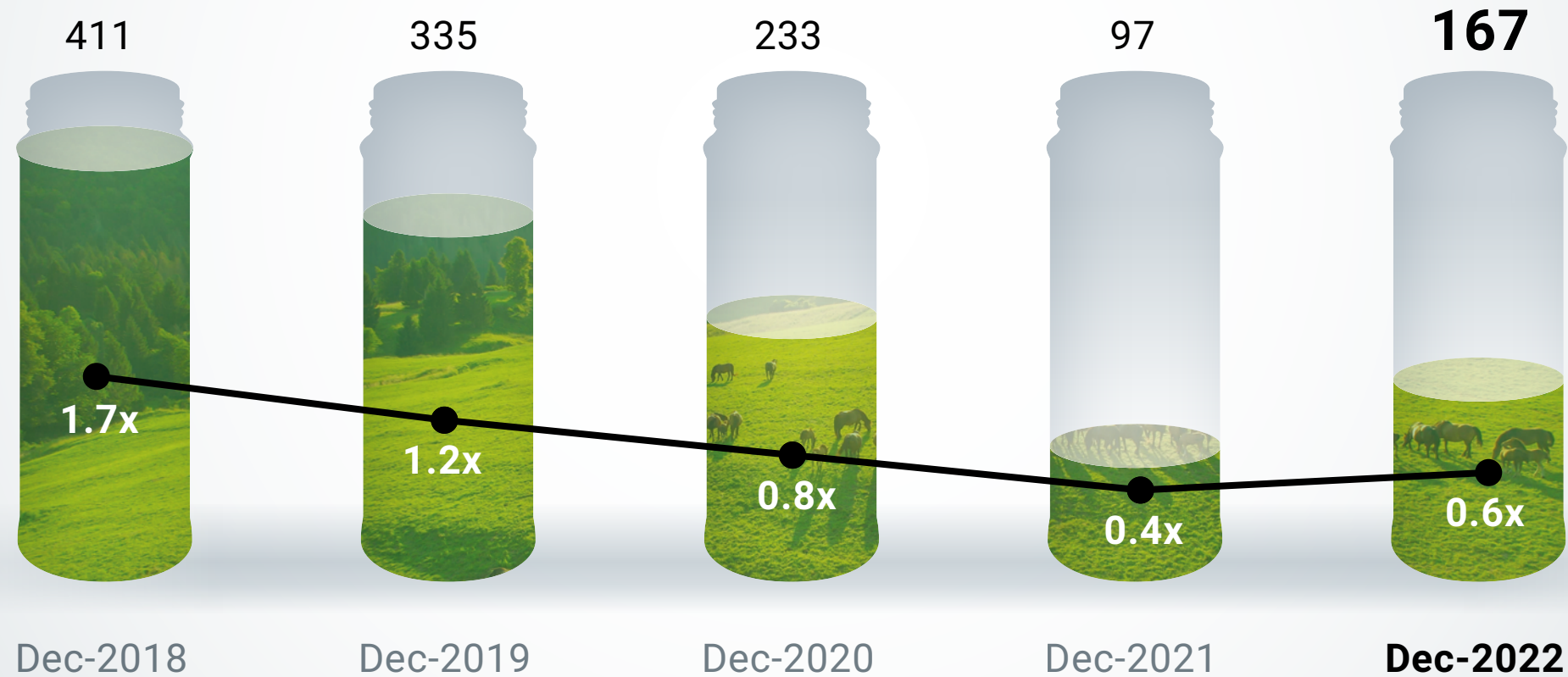
Operating income

EBITDA in EUR million and as percentage of sales



Financial position

Debt in EUR million and times EBITDA



Cash dividends and AGM attendance bonuses

EUR million

+10%*
2023 vs 2022

Cash Remuneration 2023

Expected 2023 dividend payments, with charge to full year 2022 results

Proposal for approval by the annual general meeting (AGM)

Interim dividend (February 2023)

EUR 0.8852 per share

Complementary dividend (July 2023)

EUR 0.3369 per share

AGM attendance bonus

EUR 0.0400 per share

EUR 1.2621 per share
2023 total remuneration

38.8



*Considering the effect of the bonus share issue completed in December 2022.

Earnings per share

EUR/share

+6.9%*
2022 vs 2021

4.97



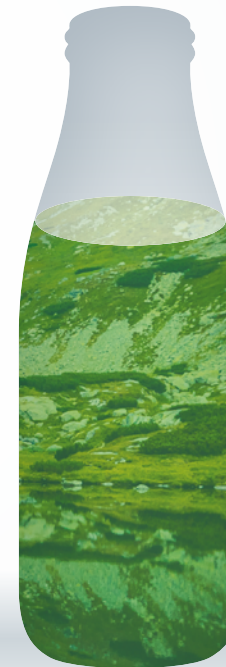
2018



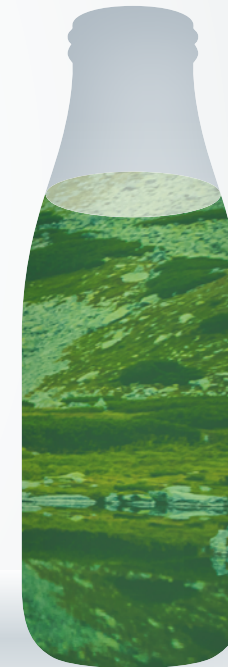
2019



2020



2021



2022

Share price performance

Comparative performance in percentage terms, base 2013



	Full Year 2022
Price at the end of the period (EUR)	80.40
Market capitalisation (EUR million)	2,470
Cash remuneration (EUR per share)	1.2039
<i>Interim (Feb-2022)</i>	0.8430
<i>AGM attendance bonus (May-2021)</i>	0.3209
<i>Complementary (Jul-2021)</i>	0.0400

Key figures

	2021	2022
Sales (EUR million)	1,084.2	1,345.6
EBITDA (EUR million)	267.7	270.4
EBITDA margin (as percentage of sales)	24.7%	20.1%
EBIT (EUR million)	178.6	178.6
Net profit (EUR million)	145.2	153.7
Free cash flow (EUR million)	172.0	-5.1
Debt (EUR million)	96.0	167.2
Debt / EBITDA (multiple)	0.4x	0.6x
Debt / shareholders' equity (multiple)	0.1x	0.2x
EBITDA / net financial expenses (multiple)	79.01x	147.88x
Total assets (EUR million)	1,703.2	1,953.5
Shareholders' equity (EUR million)	966.9	1,033.6



Management Report

Accumulated figures

	Full Year 2022	Full Year 2021	Reported change	Change on constant
Sales (EUR million)	1,345.6	1,084.2	+24.1%	+23.9%
EBITDA (EUR million)	270.4	267.7	+1.0%	+1.1%
Earnings per share (EUR)	4.97	4.65	+6.9%	
Debt / EBITDA (multiple)	0.6x	0.4x	+0.2x	

Important: In order to improve comparability, earnings per share has been adjusted for the effect of the bonus share issue carried out in December 2022. For the purpose of calculating the leverage ratio, debt and EBITDA figures exclude the IFRS 16 Leases impact.

Sales in the year 2022 amounted to EUR **1,345.6 million**, showing an organic growth of **23.9%**.

Operating profit, EBITDA, amounted to EUR **270.4 million** representing an operating margin of **20.1%**.

Earnings per share increased **6.9%** over the same period last year, to EUR **4.97** per share.

Net debt as of December 31, 2022 stood at **167.2 million**, equivalent to **0.6 times** last twelve months **EBITDA**.



Introduction

Vidrala is a **consumer packaging** company. We make **glass containers for food and beverage products** and offer a wide range of packaging services that include logistic solutions and beverages filling activities.

Our industrial knowledge, growing geographical presence, glass manufacturing expertise, best-in-class level of service and understanding of customers' processes, make us a **business partner** for many of the main food and beverages brands. Our products and our services help maintain our customers' reputation and play a role in their strategies, helping to develop the end consumers' brand experiences.

Today, we produce more than **8 billion bottles** and jars per year, which are sold to over 1,600 customers. Our aim is to make glass containers, the ultimate fully recyclable material, and to serve packaging services as **efficiently, profitably, and sustainably as possible**, meeting the expectations of our customers whilst ensuring the safety and wellbeing of our people.



Global consumer trends are changing

It not only matters what we eat and drink but where we do it, how the experience is, as well as the impact it has on our health, social interactions and the environment. This process gives importance to the container, from which we now expect contributions above traditional expectations as a simple container. In this progress towards the modern consumer world, the glass container offers decisive advantages that will lead it to play an essential role.

Our job is to meet the needs of our customers making our glass containers and supplying our packaging services as **efficiently, profitably and sustainably as possible**, while ensuring the safety and wellbeing of our people.



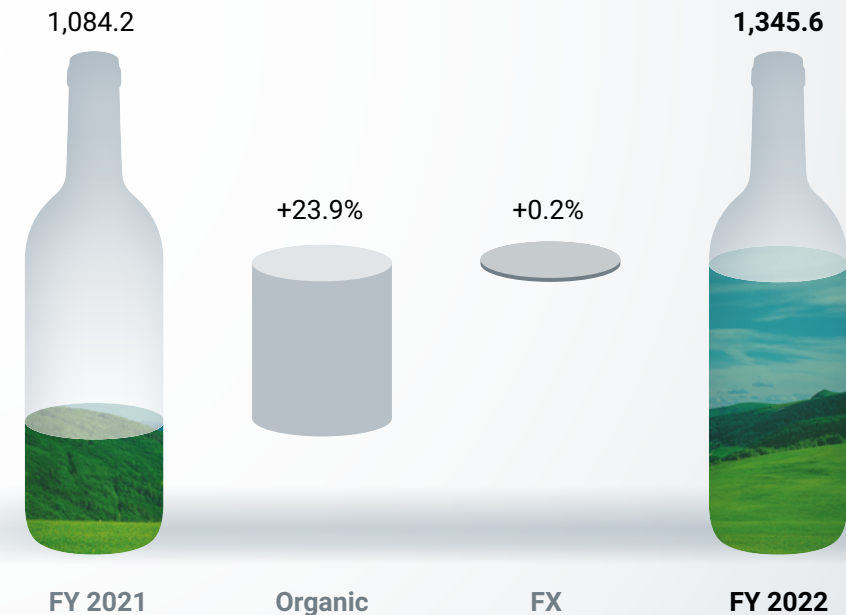
Earnings performance

Sales

Net sales registered by Vidrala during the full year 2022 amounted to EUR 1,345.6 million, representing an increase of 24.1% over the previous year. On a constant currency basis, sales grew organically 23.9%.

SALES YEAR OVER YEAR CHANGE

EUR million



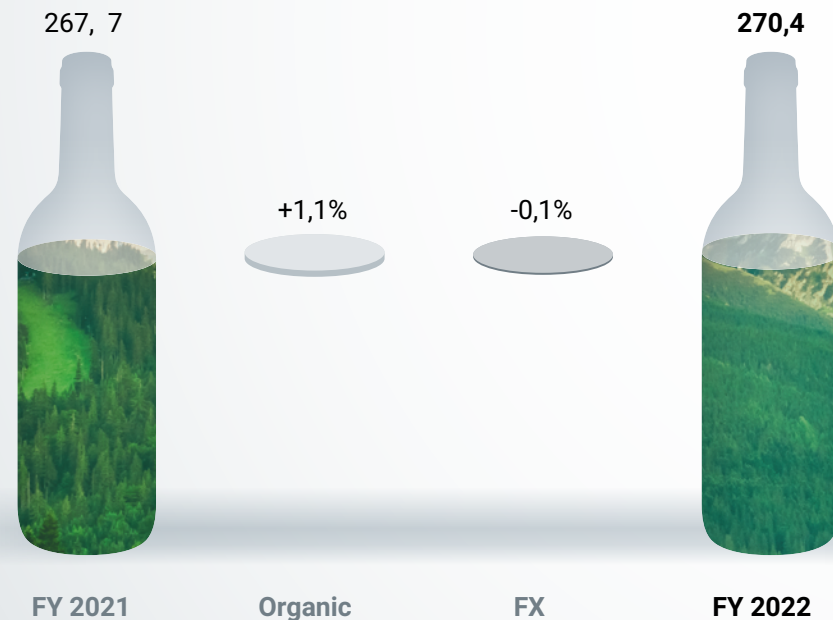
Operating results

Operating profit –EBITDA– obtained over 2022 reached EUR 270.4 million. This represents an increase of 1.0% over the figure reported last year reflecting an organic growth, on a constant currency basis, of 1.1%.

EBITDA margins reached 20.1% over sales. This represents a contraction of approximately 460 basis points over the previous year.

EBITDA YEAR OVER YEAR CHANGE

EUR million



EBITDA MARGINS YEAR OVER YEAR CHANGE

As percentage of sales



Results and financial position

Net profit for the full year 2022 amounted to EUR 153.7 million. As a result, earnings per share during the period reached EUR 4.97 per share. This represents an increase of 6.9% over the previous period.

Net debt at December 31, 2022 stood at EUR 167.2 million. This is equivalent to a leverage ratio of 0.6 times last twelve months EBITDA.

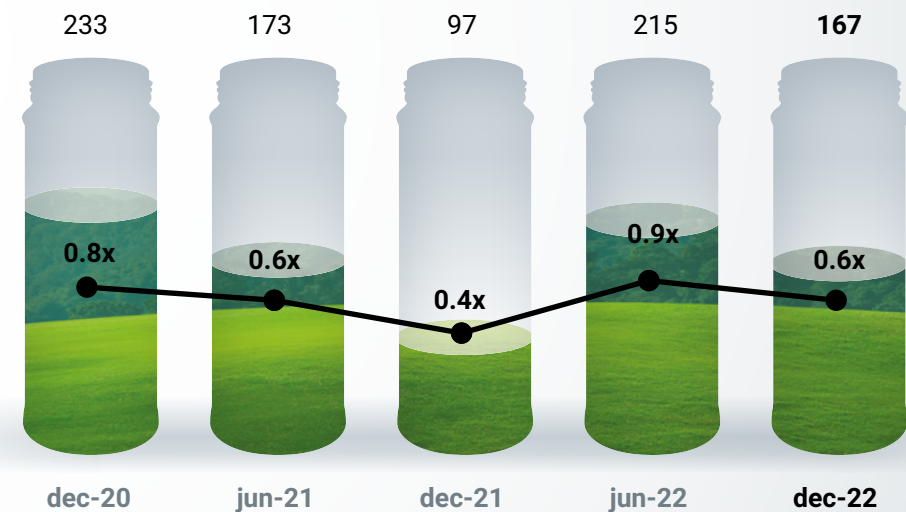
EARNINGS PER SHARE SINCE 2018

EUR per share



DEBT SIX-MONTHLY EVOLUTION SINCE 2020

Debt in EUR million and times EBITDA



Debt figure and leverage ratio do not include the effect of IFRS 16 Leases, which entails an increase of EUR 2.4 million in debt and EUR 0.6 million in consolidated EBITDA (EUR 1.1 and 0.3 million, respectively, in 2021).

Key figures

	2021	2022
Sales (EUR million)	1,084.2	1,345.6
EBITDA (EUR million)	267.7	270.4
EBITDA margin (percentage over sales)	24.7%	20.1%
EBIT (EUR million)	178.6	184.2
Net profit (EUR million)	145.2	153.7
Free cash flow (EUR million)	172.0	-5.1
Debt (at the end of the reporting period, EUR million)	97.1	167.2
Debt / EBITDA (multiple)	0.4x	0.6x
Debt / shareholder's equity (multiple)	0.1x	0.2x
EBITDA / net financial expenses (multiple)	79.01x	147.88x
Total assets (EUR million)	1,703.2	1,953.5
Shareholder's equity (EUR million)	966.9	1,033.6

Conclusions and outlook

Global demand for glass packaging remains solid, particularly in Europe and Latin America, grounded on the **strong underlying fundamentals for consumption of food and beverages and the continuous support from packagers**, brand owners and consumers to glass as the ultimate sustainable packaging material.

Under this market context, our ambitious capex program initiated in 2019 is progressing well, including the specific investments directed to **better serve our customers, grow the business, offer differential services, selectively enhance our manufacturing facilities and improve the sustainability of our operations**. In return, our industrial footprint is today stronger and the way we serve our customers evolves at comparable good levels even though inventories are tight across the industry.

The year 2022 was affected by unprecedented cost **inflationary pressures derived from distorted European energy markets**, as a consequence of the conflict between Russia and Ukraine. Nevertheless, our initially deteriorated operational margins gradually recovered as a result of **internal energy cost mitigation actions, a sustained solid manufacturing performance, the first effects of our ambitious investment plan and a progressive adaptation of our sales prices**. Recent improvements in operating margins are expected to continue during the start of 2023.

After all, the structural fundamentals of the business stay strong and our strategic guidelines remain firmly committed to our **long-term priorities: customer, competitiveness and capital**. We will invest to diversify and grow the business with our customers in mind and the aim to supply our services and make our products in the most competitive and sustainable way. And we will do it securing a **strict capital discipline and an attractive remuneration to our shareholders**.

As evidence of the above, Vidrala has recently completed **two significant corporate transactions** that will positively impact results from 2023.

Since January 31, 2023 our subsidiary in the UK Encirc Ltd. owns **the beverages filling facilities and the logistic infrastructure in Bristol, known as 'The Park' that were acquired to the renowned global wine producer Accolade Wines**. The business purchased further improves the range of services we provide in the UK market, securing glass volumes, helping our existing customers to grow, improving logistics, increasing flexibility, minimising carbon footprint and reinforcing Encirc's unparalleled fundamentals as the only company to offer a full 360 approach to the beverage supply chain.

Moreover, in early February 2023, Vidrala announced the acquisition of a **minority stake of 29.36% in the Brazilian company Vidroporto, S.A., a renowned competitive Brazilian manufacturer of glass containers** that operates two high quality sites from where it serves some of the main brands in Brazil in segments like beer, spirits or soft drinks. This first step remarkably represents for Vidrala a very deliberate strategic development, diversifying the business towards the growing Brazilian market, creating a driver for future growth in regions that will offer interesting opportunities with an aim of reinforcing long-term partnerships with some of the main global beer customers.

Shareholder remuneration

The shareholder remuneration policy implemented by Vidrala is based on the gradual growth in cash dividends as the main way of distributing benefits. The shareholder remuneration policy implemented by Vidrala is based on the gradual growth in cash dividends as the main way of distributing benefits. Annual payments are typically increased by attendance bonuses to the shareholders' annual general meeting. In addition, Vidrala tries to define complementary tools for shareholder remuneration that are considered efficient and consistent with prevailing business conditions.

Consistent with that policy, cash dividends distributed during the year 2022 amounted to EUR 1.1639 per share, and EUR 4.00 cents per share were offered as attendance bonus to the general meeting, accumulating an annual cash distribution of EUR 1.2039 per share.

Likewise, during December 2022, Vidrala executed a free share capital increase in a proportion of one new share for every twenty existing shares to be freely allocated between all shareholders. All outstanding company shares, without distinction, were fully granted for this 5% bonus share issue.

Regarding the dividend payments for 2023, Vidrala has proposed a results distribution that represents –considering the effect of the new shares assigned free of charge after the bonus share issue completed in December 2022– an increase in the annual dividend of 10%. The first interim payment was paid on February 15, 2023 for EUR 88.52 cents per share. A second complementary payment is proposed to be paid on July 14, 2023 for an amount EUR 33.69 cents per share. Additionally, EUR 4.00 cents per share will be offered as attendance bonus to the general meeting. Overall, cash remuneration during 2023 would accumulate EUR 1.2621 per share.

SHAREHOLDER REMUNERATION CASH DIVIDENDS AND AGM ATTENDANCE BONUSES

EUR million, since 2019



As an additional extraordinary measure, once the previous share buy-back program was completed, the Board of Directors -dated April 27, 2022- approved a new one, to acquire up to 300,000 shares for a maximum amount of EUR 30 million, which concluded in August 2022. Within the framework of the two programs carried out during 2022, a total of EUR 31.8 million has been allocated to acquire own shares, which have already been amortised, increasing the earnings per share corresponding to each shareholder.

Business risks

Risk management in the Vidrala Group involves procedures supervised by the directors, coordinated by management and implemented in each operating area of the organisation.

The main external risk factors affecting our business results in the short-term future, under the current overall business context, are: the continuation of the solid sales context, global economic trends and their potential impact on end-consumer demand for our products; the management of needed inventory levels to serve our customers and subsequent adaptation of production capacities at our facilities; the abnormal inflation in the prices of energy, raw materials and other operating costs necessary to produce and sale glass containers and our ability to transfer these cost increases into our sales prices, through contractual pass through formulas or direct renegotiations; the investment intensity in our industrial perimeter to grow or diversify the business and reduce operating costs.

Operational risk

Vidrala, through eight production centres, carries out a continuous production-intensive industrial manufacturing activity that is subject to inherent risks linked to routine operations.

In this respect, during the year 2022, work continued on the review, evaluation and definition of business risks defined as operational and documented in a risk map. The aim was to engage in a dynamic process to identify potential risks, gain a perspective on their impact and probability of occurrence and, principally, to link each area of operations and each business process to adequate control and monitoring systems in order to minimise their potential adverse effects.

I. Environmental risks

The Vidrala Group declares itself firmly committed to protecting the environment. In order to minimise the impact on the environment, Vidrala implements specific action plans in relation to emissions in the atmosphere, dumping, waste, the consumption of raw materials, energy, water and noise.

Glass manufacturing is an energy-intensive process as melting furnaces are in operation 24 hours a day, 365 days a year. As a consequence of the industrial process, one of the primary management objectives is to reduce contaminating emissions. In order to do this, specific investments are made to upgrade factory facilities and adapt them to the most efficient technological systems for reducing environmental impacts. Additionally, operating priorities are focused on the growing use of recycled products as the main raw material for manufacturing glass, which not only avoids the consumption of natural raw materials but also contributes to reducing energy consumption and emissions volumes.

One of the Group's strategic guidelines is the implementation of environmental management systems. In line with this commitment, all Group's production facilities have ISO 14001:2015 certification, demonstrating that Vidrala operates under the guidelines of a global, verified and recognised environmental management system. Furthermore, in line with its undertaking to continuous improvement, we have started implementation and verification processes for new environmental standards such as ISO 14064:2018 in 5 of our manufacturing sites, related to the voluntary declaration of CO₂ emissions, or ISO 50001:2018, on energy management systems, already certified in 3 of our factories and another 2 of them in implementation phase.

**The Vidrala Group
declares itself firmly
committed to protecting
the environment.**

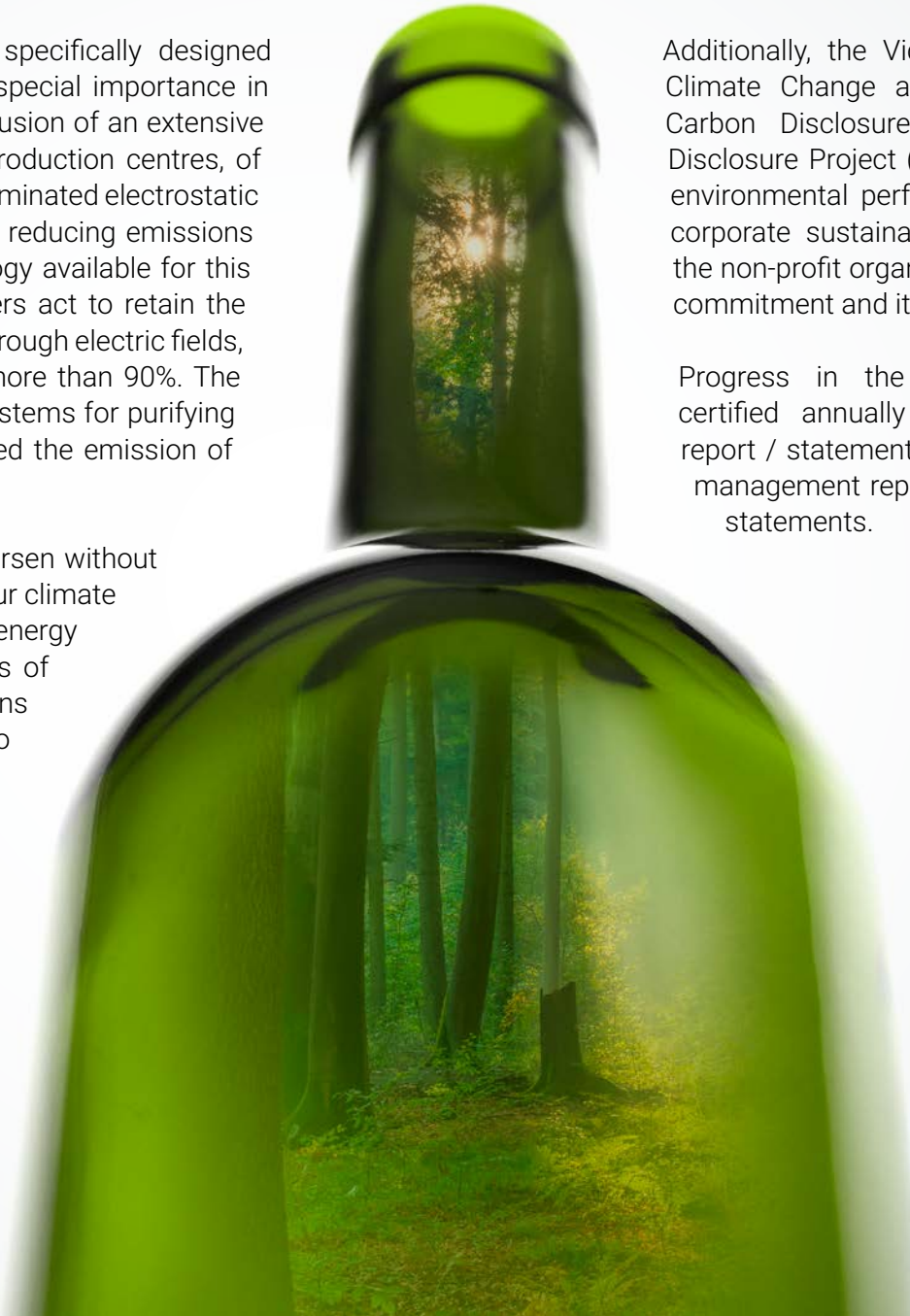


In addition, Vidrala maintains an investment commitment specifically designed to minimise the potential pollutant effect of its facilities. Of special importance in recent years, this concrete effort has materialised in the conclusion of an extensive investment project developed for the installation, in all the production centres, of special systems of purification of atmospheric emissions, denominated electrostatic precipitators or electrofilters. These installations are aimed at reducing emissions of pollutant particles and are recognised as the best technology available for this purpose by the European legislation. The installed electrofilters act to retain the particles generated in the melting process by attracting them through electric fields, reducing the usual emissions of glass melting furnaces by more than 90%. The electrofilters installed in Vidrala have been accompanied by systems for purifying SOx emissions, desulfurisers, which have considerably reduced the emission of this pollutant.

The impacts of climate change are already visible and will worsen without proper action. Reducing our carbon footprint and minimising our climate impact is vital for us. To do so, we have been investing in more energy efficient furnaces, as well as switching to renewable sources of energy to reduce reliance on fossil fuels. Additionally, our plans are formally aligned with the goal of limiting global warming to levels below 1.5°C, after being validated by the Science-based Target Initiative (SBTi).

Additionally, the Vidrala Group obtained an 'A-' rating for Climate Change and 'B' for Water Management in the Carbon Disclosure Project questionnaires. The Carbon Disclosure Project (CDP) qualification allows visualising the environmental performance, management and progress in corporate sustainability matters. The report published by the non-profit organisation reaffirms Vidrala's environmental commitment and its leadership position in sustainability.

Progress in the Group's environmental efficiency is certified annually and documented in a sustainability report / statement of non-financial information, part of the management report of the full year consolidated financial statements.



II. Occupational health and safety

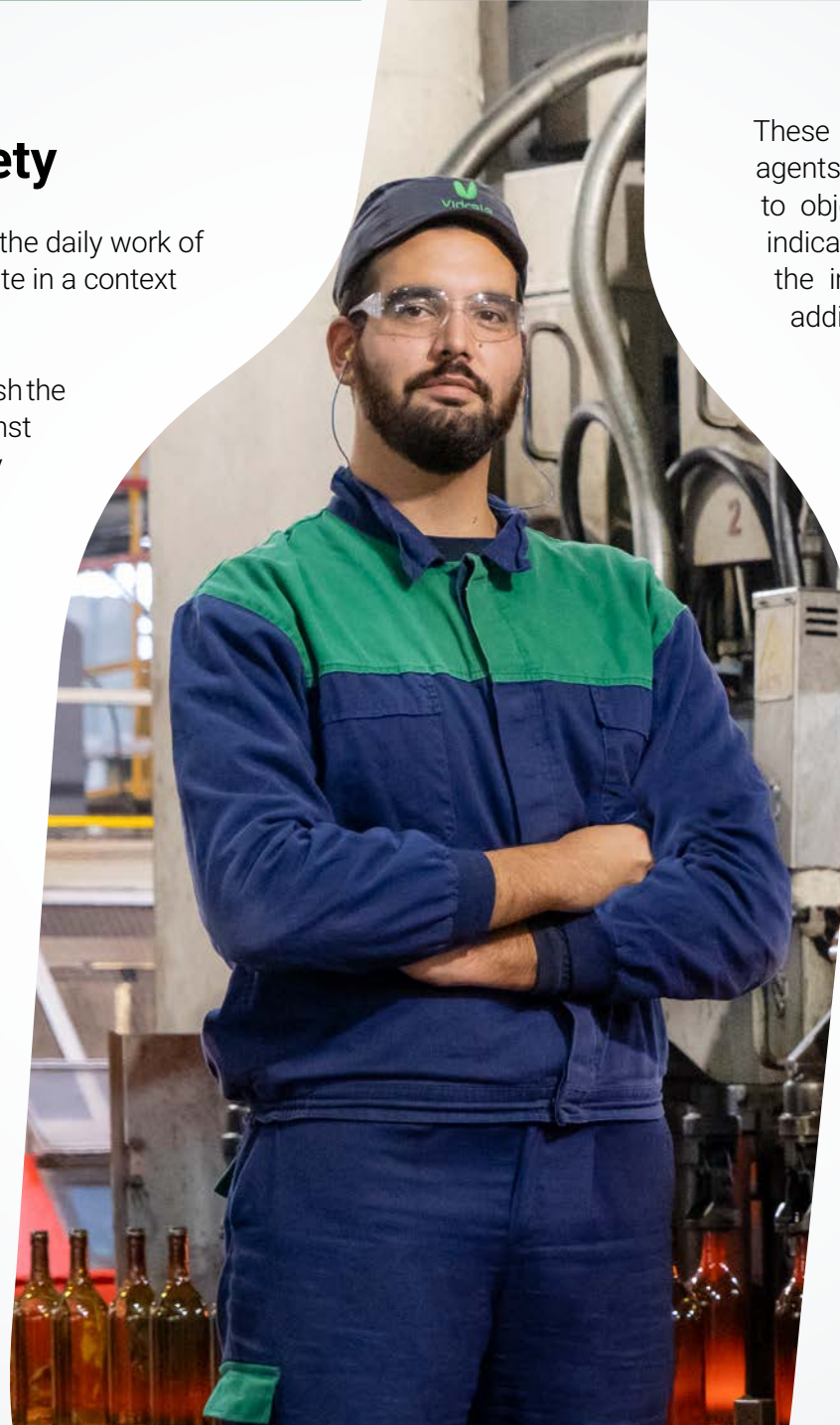
The activity developed by the Vidrala Group is grounded on the daily work of the more than 3,600 people employed, most of which operate in a context of industrial or manufacturing work.

In this sense, the Vidrala Group remains determined to establish the most effective measures of prevention and protection against occupational accidents. This commitment is evidenced by the progressive implementation of occupational health and safety systems, based on the ISO 45001:2018 standard, which are certified by independent entities accrediting the existence of an internationally recognised management framework.

With the aim of preventing labour-related accidents and, more relevant, with the guideline to improve health and well-being at work, Vidrala implements specific and systematic ongoing staff training and awareness plans. The sustainability report, included in the Group's full year consolidated financial statements, details the evolution of the indicators linked to the management of occupational risk prevention, having registered a 2022 accident rate 25% below that of 2021, with a total of 88 accidents. Part of this decrease is due to the investment of 15,271 training hours in this area.

These plans are developed and disseminated among all the agents involved in the organisation and allow the business to objectively document the trend in occupational safety indicators and, consequently, the actual effectiveness of the implemented control processes, evidencing whether additional corrective measures are necessary.

Vidrala Group remains determined to establish the most effective measures of prevention and protection against occupational accidents.

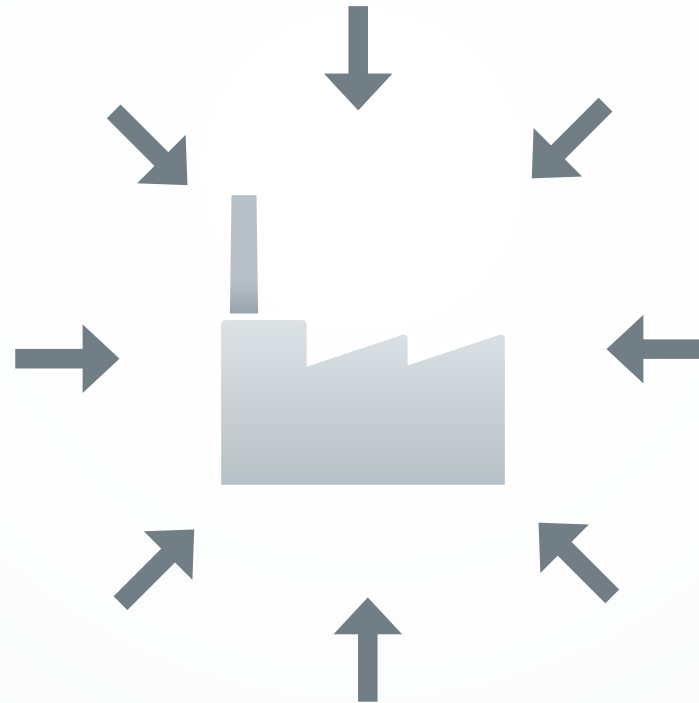


III. Supply chain risk

Production-intensive, continuous-service industries such as Vidrala's can be vulnerable to risks of distortion in the supply chain.

With regard to supply risk affecting key assets or products for the production process, management initiatives include the continual and specialised search for supply sources and strengthening ties with suppliers, diversifying and forging long-term relationships, establishing ongoing audit and standardisation processes and developing supply alternatives in all relevant areas. Besides, to ensure stability in volume, quality and price of certain key raw materials, Vidrala plans to move forward with the verticalisation of its activity, deploying a specific strategy for each of the regions in which it operates, adapting to particular risks and casuistry.

Continual search for supply sources, strengthening ties with suppliers and developing supply alternatives in all relevant areas.



Steps taken to address customer service and product quality risks include the development of a specific departmental area, separate from the rest of the organisational areas dedicated exclusively to quality. Specific investments are being made across all the Group's facilities to guarantee quality targets and optimise product quality control in production plants through implementation of the latest available technological advances.

Concerning inventory risk, the Group systematically carries out specific and periodic control measures to ensure the quality of finished products in the warehouse, to optimise ageing and rotation so that stocks, both in volume and value, are balanced to sales forecasts. These controls have resulted in the implementation of automated stock monitoring processes and the subsequent application of specific physical and valuation measures.

IV. Risks of inflation in the cost of energy and raw materials

Under the abnormal inflationary context in industrial production costs, current inflation for a typical structure of glass container production costs -at the reporting date- is estimated at >40% year on year.

In particular, energy consumption, principally natural gas and electricity, represents a significant source of costs inherent in most production-intensive industries. Supplies of other raw materials are an equally relevant cost for the Group. Volatility in the variables affecting their prices, represented by the natural variability of the global commodity markets, affects the cost of the production process and can have a greater or lesser impact on the business profitability.

Risk management is based on establishing processes to mitigate potential unforeseen effects on operating margins that would occur in the event of inflationary market trends.

These measures consist of the implementation of adapted price-setting formulas, the continuous monitoring of market variables through specifically dedicated departments and risk control through price hedging strategies, including the contracting of tariffs at fixed prices and the use of derivative hedging instruments. In this extremely inflationary and volatile context, Vidrala has developed its supply capacity with alternative fuels to natural gas, as an additional measure of risk mitigation. This element also increases the security of supply in a highly uncertain context in natural gas markets.

Due to this risk management policy, as of December 21, 2022, the Vidrala Group had contracted protection or hedging instruments against increases in energy commodity prices for a nominal amount equivalent to EUR 39 million. Additionally, some energy supplies have been directly contracted at a fixed price. As a result of these measures, the Group estimates that it has approximately 55% and 13% of the consumption hedged for 2023 and 2024, respectively.

Risk management is based on establishing processes to mitigate potential unforeseen effects on operating margins.

V. Cybersecurity risk

Cybersecurity risk refers to potential threats and vulnerabilities that may affect control systems or information and communication systems, as well as any other asset supported by information technology systems. Currently, the risk of suffering a cybersecurity attack is real and growing, although no relevant incident in this area has materialised in the Vidrala Group in 2022. The constant advancement of technology has great benefits, while also increases exposure to malicious attacks, sabotage, as well as other intentional acts that can lead to interruptions at the operational level, theft of sensitive information, intellectual and industrial property, etc. with significant impacts on the Group's activity.

In order to manage this risk, the Vidrala Group has a Cybersecurity Master Plan, launched in 2021, that has involved specific investments and spending after an intense analysis resulting from the advice of external consultants, self-assessment of risks and the development of policies and procedures for continuous improvement that help to continue strengthening our control environment. Some, but not all, of these improvement tools include the following:

- **Cybersecurity manager has sufficient autonomy and independence to carry out his/her functions.**
- **Various cybersecurity management policies and procedures are in place to ensure compliance.**
- **Cyber-attack drills and third-party audits are carried out in order to continuously improve our response and business continuity protocols.**
- **Constant education and training of all workers is promoted as training for the first line of defence.**
- **There is a Security Operations Center that continuously detects, analyses and reports alerts and possible threats.**



Fiscal risk

The Vidrala Group operates in a multinational environment, through companies with activities in Spain, Portugal, the United Kingdom, Ireland, Italy and France, subject to different tax regulations.

The purpose of Vidrala's fiscal policy is to ensure compliance with applicable regulations in all the tax territories in which the Group operates. That respect for tax regulations is developed in coherence with the purpose of the business, that is to create value in a sustained manner for the shareholder, avoiding tax risks and seeking fiscal efficiencies in the execution of business decisions.

Under tax risks we include those potentially derived from the application of aforementioned regulations, the interpretation thereof within the framework of the Group's corporate structure or the adaptation to tax modifications that may occur.

For its monitoring, Vidrala has a comprehensive risk management system that includes the relevant fiscal risks and the mechanisms for its control. Likewise, the Board of Directors assumes among its powers the supervision of the fiscal strategy.

In order to incorporate the indicated control principles into corporate tax planning, **Vidrala assumes among its practices:**



Prevention, adopting decisions on tax matters based on a reasonable and advised interpretation of the regulations, avoiding possible conflicts of interpretation through the use of instruments established by the relevant authorities such as prior consultations or tax agreements, evaluating in advance the investments or operations that present a special fiscal particularity and, above all, avoiding the use of opaque or artificial structures, as well as operations with companies resident in tax havens or any others that have the purpose of avoiding tax burdens.



Collaboration with tax administrations in the search for solutions regarding tax practices in the countries in which the Vidrala group is present, providing information and tax documentation when requested by the tax authorities, in the shortest possible time and a fully manner, strengthening agreements and, finally, encouraging a continuous dialogue with tax administrations in order to reduce fiscal risks and prevent behaviours likely to generate them.



Information to the Board of Directors, through the Audit and Compliance Committee, providing information on the fiscal policies and criteria applied and reporting on tax consequences when they are a relevant factor.

Financial risk

Global uncertainty in the financial markets and the growing scale of Vidrala's operations expose the Group to potentially destabilising elements of an external nature. These financial risks require the implementation of specific control mechanisms.

Managing the Group's financial risks focuses on the identification, analysis and monitoring of natural market fluctuations in items that could affect the business's profits. This involves defining systematic measurement, control and monitoring processes to minimise any potential adverse effects and structurally reduce the volatility of results. To hedge certain risks, the Group employs, or is in a position to employ, derivative financial instruments which are described in the annual report.

The most relevant financial risks identified are as follows:

I. Currency risk

The Vidrala Group operates at international level and is therefore exposed to currency risk on foreign currency operations.

Currency risk affecting the Group's present structure arise, mainly, from the risks inherent in the global expansion of the Group after the incorporation of Encirc Ltd. in 2015, whose business is largely conducted in Pounds Sterling. In order to quantify

the sensitivity to the currency at a consolidated level, as a result of the above, 33.54% of sales and 31.24% of operating income, EBITDA, obtained during the year 2022 is generated in Pounds Sterling, which may be affected by fluctuations in this currency against the Euro. There is also a risk of translating cash generated by the acquired business in Pounds Sterling to Euros, to repay a debt that was acquired in Euros. The depreciation of the Pound Sterling against the Euro could reduce its equivalent value in Euros, thus reducing cash.

Quantifying currency risk based on 2022 data, if the Pound Sterling depreciated against the Euro by an average of 5% over a year, without considering any hedging or insurance instruments, and the remaining variables remained constant, consolidated profit of the Group would be affected by approximately 1.3%, and annual cash flow would be reduced by approximately 3%.

To control currency risk, Vidrala uses derivative instruments, mainly forwards or options. Thus, as of December 31, 2022, Vidrala has contracted sales structures in pounds sterling with maturities during the year 2023, for an accumulated equivalent value of EUR 35 million, equivalent to approximately 40% protection on the net cash flow expected to be generated during the year 2023.

II. Interest rate risk

Borrowings contracted at variable interest rates expose the Group to the risk of interest rate fluctuations, which in turn affects forecast cash flows.

The Group's financing policy concentrates the main part of its borrowings on variable rate instruments. The Group manages interest rate risks in cash flows mainly through interest rate swaps. These instruments convert variable-rate borrowings to fixed-rate, thus avoiding the risk of fluctuations in variable interest rates. Generally, the Group obtains long-term variable rate borrowings and swaps them for fixed interest rates. This normally give better rates than had the financing been obtained directly with fixed interest rates. Through interest rate swaps the Group undertakes to periodically exchange the difference between fixed and variable interest with other financial entities. The difference is calculated based on the contracted notional amount. Under interest rate caps the Group has the right, and the counterparty the obligation, to settle the difference between the variable interest rate and the established rate if this is positive. The effectiveness of these instruments as regards fixing the interest rate of contracted financing is assessed and documented using accepted methodologies under applicable accounting legislation.

As a result of this risk control policy, as of December 31, 2022, Vidrala has contracted interest rate hedging instruments in the form of interest rate swaps for a notional of EUR 205 million, with progressive maturities up to 2026.



III. Credit risk

The Vidrala Group has a well-diversified customer base made up of a combination of large owners of widely recognised global consumer brands, local or regional packers and packaging distribution companies. No customer accounts for more than 10% of revenue. Top ten clients represent approximately 32% of revenue. The 50th percentile of sales is composed of the main 24 customers.

The Vidrala Group has policies to ensure that sales are only made to customers with adequate credit records and solvency in order to minimise the risk of default. This control process involves ongoing solvency analysis, setting specific, assumable risk limits for each customer considering variables such as specific credit metrics, the segment or geographical area in which they operate and preparing detailed individual ratings typical of evolved credit control systems, using a proprietary rating system.

Furthermore, control of collection risk is intensified with a second level of control through policies of repeat contracting of credit insurance with external insurance policies to cover the impact of any bad debts. During 2022, the impact of bad debts has represented 0.03% of the Group's consolidated sales.

Other credit risks: financing, derivative and cash operations are only carried out with financial entities with high credit ratings.



CUSTOMERS



No customer accounts for more than
10%
of revenue



IV. Liquidity risk

Vidrala's liquidity risk basically stems from the maturing of current and non-current debt obligations, transactions with derivative instruments and payment commitments with other trade creditors. Group policy is to continually monitor and ensure that sufficient resources are available to meet these obligations, maintain internal control processes through follow-ups of budgets and deviations, and implement any necessary contingency plans.

In order to accomplish these objectives, the Group prudently manages its liquidity risk by adapting maturities to the financed assets, diversifying the sources of financing used and maintaining the availability of immediate financing.

As of December 31, 2022 the Group maintains EUR 702 million in external financing available resources, of which EUR 42 million correspond to promissory notes issued in the Alternative Fixed Income Market (MARF) whose maturities will take place in the short term.

Vidrala bases its financial liquidity management strategy on prudence, flexibility, cost efficiency and the appropriate duration long-term structure. For this reason, in order to maintain a solid financing position capable of assuming the repayment of the maturities of the currently arranged debt, the impact of any unforeseen or change of context in the markets, and maintain an adequate structure to face strategic operations that could require payments agility, the Group has –as of December 31, 2022– EUR 378 million in immediately available, undrawn credit, on top of EUR 154 million in cash and cash equivalents.

V. Debt and solvency

As of December 31, 2022 Vidrala's consolidated net debt amounted to EUR 167.2 million. As a result, indicators of financial solvency as of December 31, 2022 reflects a leverage of 0.6 times last twelve months EBITDA, evidencing the financial capacity and stability of Vidrala's equity position.

The core part of the financing structure is concentrated in a long-term syndicated financing agreement, signed by a selected group of nine financing entities, for an amount in force at the reporting date of EUR 260 million. Its maturity date is September 13, 2025, being progressively amortisable from September 13, 2024. Consequently, during 2023 the financing will be in a grace period with no obligations to repay the loan principal.

The mentioned loan contract contains certain covenants, mainly in relation to the net debt to EBITDA ratio. All these covenants had been met as of December 31, 2022:

**Leverage ratio (Financial Net Debt /
LTM Consolidated EBITDA):**

0.62x

**LTM Consolidated EBITDA /
Net Financial Result:**

147.88x

In addition to the syndicated structure, Vidrala has complementary financing. In the long term, in order to provide flexibility, financial strength and to adapt the Group's debt maturity structure to its future needs, the Vidrala Group has credit lines and additional loans for an amount of EUR 326 million, with maturities between 2023 and 2032. On top of that, for the short-term management of flows and cost efficiency, the Group has a Commercial Paper Program (CPP) registered in MARF for a limit of EUR 200 million which –as of December 31, 2022– is used in EUR 42 million. Finally, the Group has working capital credit lines for limits of EUR 74 million.

VI. Other risks: conflict between Russia and Ukraine

In February 2022, Russia began the war in Ukraine. As of the reporting date, this conflict is still in force and its effects on the financial markets are intensifying.

The direct impact on Vidrala's business is limited, as the Group does not have assets or maintains any industrial or commercial activity, does not produce, sell or buy directly in Ukraine or Russia.

However, the indirect impact is evident in the growing difficulties in global supply chains and, specially, in the abnormal increases in energy prices. In particular, the price of natural gas, the main source of energy in glass manufacturing, which represented approximately 15% of the Group's total cost of production in 2021, generally dictated by organised pan-European markets, is behaving with abnormal volatility related to the perception of the risks of lower supply from Russia to central Europe. Thus, market gas prices have multiplied by almost 3 times from 2021 levels. Additionally, we observe collateral effects of higher electricity prices and some raw materials, which together accounted between 35% and 40% of production.

In response to this inflationary situation, Vidrala has implemented exceptional measures to adapt sales prices and temporary hedging by setting energy prices, which are discussed in detail in its specific section. On the costs side, and on top of the various initiatives taken by national governments to alleviate the industry's energy bill, Vidrala has increased the flexibility of its natural gas supply contracts to accommodate, if necessary, supplies of alternative, more competitive fuels in a situation of energy crisis. These measures should be efficient in preserving business margins at consistent levels over a normal period of time. However, in the short term, if extreme volatilities persist, a deterioration in operating margins would be unavoidable until the measures take full effect or markets stabilise. Regarding the risks of a cut in the gas supply, experts believe that the infrastructure in our regions of activity, Iberia, the United Kingdom and Italy, is particularly protected. However, there would be physical measures that would allow, in most of the facilities and for a short time, partial alternatives to natural gas supply to maintain production activity.





Financial Statements

Consolidated Balance Sheet

31 December 2021 and 2022 (EUR thousands)

ASSETS	2021	2022
Property, plant and equipment	773,627	829,543
Right-of-use assets	770	2,302
Goodwill	209,890	209,890
Other Intangible assets	48,510	73,077
Other financial assets	26	33
Deferred tax assets	41,542	39,832
Derivative financial instruments	6,411	18,045
Other non-current assets	103	103
Non-current assets	1,080,879	1,172,825
Inventories	166,491	254,683
Trade and other receivables	240,536	318,696
Current tax assets	17,016	11,317
Derivative financial instruments	24,010	1,114
Other current assets	13,774	40,863
Cash and cash equivalents	160,540	154,029
Current assets	622,367	780,702
Total assets	1,703,246	1,953,527

EQUITY AND LIABILITIES	2021	2022
Equity		
Share capital	30,438	31,341
Other reserves	8,109	8,399
Retained earnings	973,506	1,050,381
Own shares	(9,246)	-
Other comprehensive income	(10,839)	(29,298)
Interim dividend distributed during the year	(25,066)	(27,199)
Equity attributed to equity holders of the Parent	966,902	1,033,624
Deferred income	9,129	5,106
Loans and borrowings	184,003	273,464
Derivative financial instruments	480	-
Deferred tax liabilities	73,705	81,178
Provisions	69,120	70,794
Other non-current liabilities	947	799
Non-current liabilities	337,384	431,341
Loans and borrowings	73,613	50,089
Derivative financial instruments	29,552	2,715
Trade and other payables	259,271	386,779
Current tax liabilities	6,466	20,856
Provisions	9,971	1,744
Other current liabilities	20,087	26,379
Current liabilities	398,960	488,562
Total liabilities	736,344	919,903
Total equity and liabilities	1,703,246	1,953,527



Consolidated income statement

31 December 2021 and 2022 (EUR thousands)

	2021 (*)	2022
Revenues	1,084,166	1,345,610
Services rendered	533	972
Other income	11,780	27,317
Changes in inventories of finished goods and work in progress	4,261	72,380
Merchandise, raw materials and consumables used	(472,228)	(767,014)
Employee benefits expense	(196,396)	(214,028)
Amortisation and depreciation	(86,284)	(85,460)
Impairment of non-current assets	(2,840)	(724)
Other expenses	(164,419)	(194,839)
Profit loss from operating activities	178,573	184,214
Finance income	114	2,819
Finance costs	(6,173)	(3,435)
Fair value variation in financial instruments	-	4,638
Gain on disposal of financial instruments	-	(488)
Profit before income tax from continuing operations	172,514	187,748
Income tax expense	(27,357)	(34,062)
Profit for the year from continuing operations	145,157	153,686
Profit for the year	145,157	153,686
Profit for the year attributable to equity holders of the Parent	145,157	153,686
Earnings per share (expressed in Euros)		
- Basic	4.88	4.97
- Diluted	4.88	4.97

(*) Restated. See Note 2



Sustainability Report

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Sustainability Report

Introduction

About us

Vidrala is a **consumer packaging company**. We make **glass containers for food and beverage products and offer a wide range of packaging services that include logistic solutions and beverage filling activities**. Our industrial knowledge, growing geographical presence, glass manufacturing expertise, level of service and understanding of customers' processes, make us a business partner for many of the main food and beverages brands. Our products and services help maintain our customers' reputation and values, and play a role in their strategies, helping to develop the end consumers' brand experiences.

We operate in an international environment, managing **8 industrial centres** located in Spain (3), Portugal (2), the UK & Ireland (2), and Italy (1). Manufacturing activity is based on a **continuous, uninterrupted industrial process**. 24 hours a day, 365 days a year, and is subject to inherent risks and complexities associated with the intensive nature of production.

We sell products to a wide range of customers, normally the owners of well-known food and beverage consumer brands, in their respective spheres. The Group's sales are mostly in the geographical region of **Western Europe and the United Kingdom**. The glass bottles produced by us are intended for a wide range of food and beverage products, among which include **wine, beer**, food preserves, water, spirits, and soft drinks.

Today, we produce **more than 8 billion bottles and jars per year**, which are sold to over 1,600 customers. Our aim is to make glass containers, the ultimate fully recyclable material, and to serve packaging services as efficiently, profitably, and sustainably as possible, whilst ensuring the safety and well-being of our people and meeting the expectations of our customers.



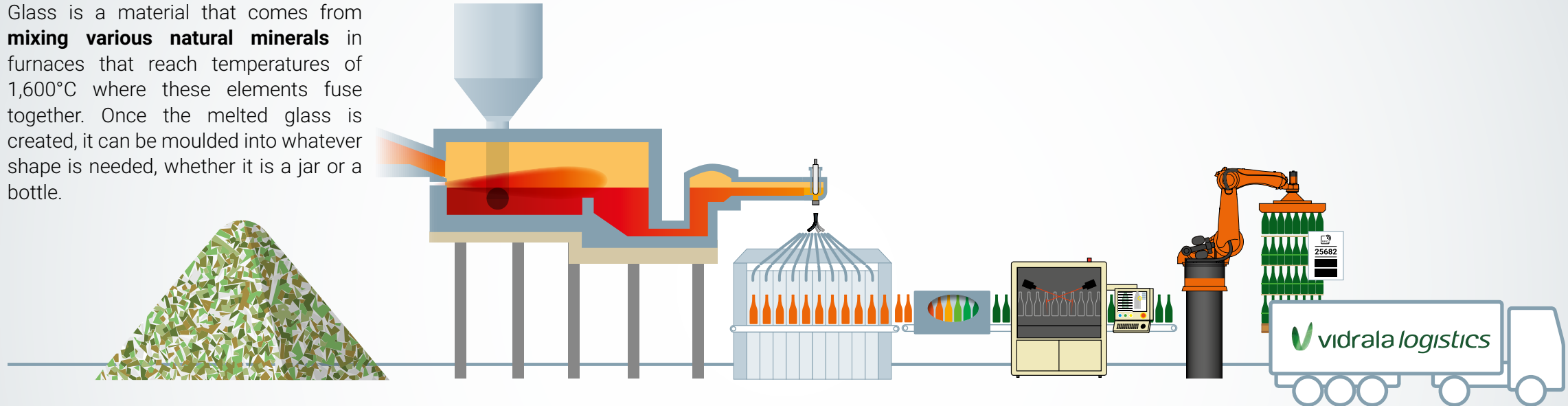
Since 1965, the Vidrala Group has been working to incorporate the latest technological developments into the production of packaging so that it can positively contribute to a more sustainable society. A successful track record has made us the benchmark company in the sale and manufacture of glass containers.

There are a number of significant advantages to using glass, compared to alternative materials. The fact that it is made from natural and abundant raw materials makes it the most sustainable packaging material, unlike those made from limited fossil fuel resources. Glass is fully recyclable using the same manufacturing process that allows it to be handled over and over again without losing any of its properties and benefits. Glass can adapt to the needs of the customer as it has the capacity to adopt any shape.

At Vidrala, we believe glass is the future and we have a mission to drive innovation, providing sustainable packaging solutions for our customers.

How glass is made

Glass is a material that comes from **mixing various natural minerals** in furnaces that reach temperatures of 1,600°C where these elements fuse together. Once the melted glass is created, it can be moulded into whatever shape is needed, whether it is a jar or a bottle.



1. Raw materials.

The core ingredients of silica sand, soda ash, and recycled glass, are mixed into a precise batch formulation. More ingredients can be added to create different colours of glass.

2. Melting

The prepared batch travels along a conveyor belt to the furnace, which melts the raw materials at 1,600°C for 24 hours. Now ready for forming, the melted glass is distributed to a forehearth, where it is conditioned and equalised into a uniform temperature.

3. Forming

streams of melted glass enter a feeder and are pushed down a narrow tube by a plunger. As they emerge, mechanical shears cut them into gobs, before going to blank moulds in the forming machine to create partially shaped melted glass called 'parisons'. There are two methods of forming: the 'Press & Blow' method and 'Blow & Blow' method.

4. Annealing lehr

Loaded into the annealing lehr, the bottles are heated again and then cooled to room temperature, relieving internal stress and improving durability.

5. Quality control

Moving along to the automated inspection area, careful monitoring involves a comprehensive range of electronic, mechanical and manual checks to ensure bottles are of the highest quality, and any that don't pass the test are returned for recycling.

6. Packaging and expedition

All the bottles are automatically packed into pallets and wrapped hermetically so they can be delivered to customers in the best condition.

Our approach to sustainability

At Vidrala, we know that having a sustainable business model has a direct impact on our social, environmental and economic standing. This is why, for many years, **sustainability has been at our core**. Everything we do, from the way we make our products, to the transportation methods we choose, to how we act as individuals, all links back to our four core pillars of being a responsible business: **People, Place, Planet and Prosperity**.



People

The people who work at Vidrala are our most important asset. Encouraging their development is key to our growth as a sustainable business. We are committed to supporting the safety, well-being and health of our employees, whilst promoting equality, diversity and inclusion.

Place

Vidrala sites are spread across Europe. Our surrounding communities support us every day, with many of our employees calling them home. Making sure we continually give back to these areas, and work with ethical customers and suppliers is key to maintaining our positive standing as a job creator and community asset that locals are proud to live alongside.

Planet

Vidrala prides itself on placing sustainability at the heart of our operations from our products to our transportation, we understand that we have a responsibility to invest in a greener future. As a business, we are always looking to go the extra mile and find new ways to have a positive impact on the planet.

Prosperity

Our long-term success as a business is intrinsically linked to sustainability. By working in line with national and international environmental commitments, we are minimising wastage and maximising opportunities whilst making ourselves an attractive, sustainable business for investors. This means we can keep reinvesting in our sites, creating a circular business model, fit for a truly circular economy.



Gorka Schmitt
CEO

"The reality of a future shaped by the climate crisis is coming quickly into focus. If businesses are going to make the contribution required of them to keep global warming below 1.5°C, we must consider how we will operate in future and the real work needed to get there. In 2022, the culmination of our work at Vidrala was to clearly define our objectives for the future. It is up to us to create the manufacturing industry we want to be part of, one which has sustainability at the forefront. That is why our strategy extends to supporting everyone we work with but has our own impact at the centre of it all. Our four key pillars: People, Place, Planet and Prosperity will be the foundations for us to build on as we work towards our targets."



Fiacre O'Donnell
Sustainability Director

"The validation of our Science-Based Targets (SBTs) earlier this year was the result of a process of understanding, planning, and sharing the adjustments we need to make to futureproof our business. It represents an acknowledgement of what we have already achieved, and an important step in charting the uncharted territory into which the next steps will undoubtedly take us. We are committed to reducing our Scope 1 and 2 greenhouse gas (GHG) emissions by 47%, and our Scope 3 emissions by 28% by 2030, from a 2019 base year. As the gold standard to measure corporate climate action, these SBTs allow us to evaluate our progress against real, robust, and credible benchmarks. But we will not be able to do this alone. Hitting our target for Scope 3 emissions means engaging with our partners and working together towards a beverage and food supply chain that makes both environmental and business sense. Our 360 solution is a great example of how we already do this. By empowering our peers to shift from a system that hauls individual glass bottles to one that ships liquid in bulk, we can significantly reduce the carbon footprint of an entire supply chain."

SUSTAINABLE DEVELOPMENT GOALS

The **Sustainable Development Goals (SDGs)** are fundamental to our 4 P's strategy and highlight our commitment to support the United Nations blueprint to achieve a better, fairer and more sustainable future for all. The most relevant **SDGs relating to our strategy are highlighted below:**



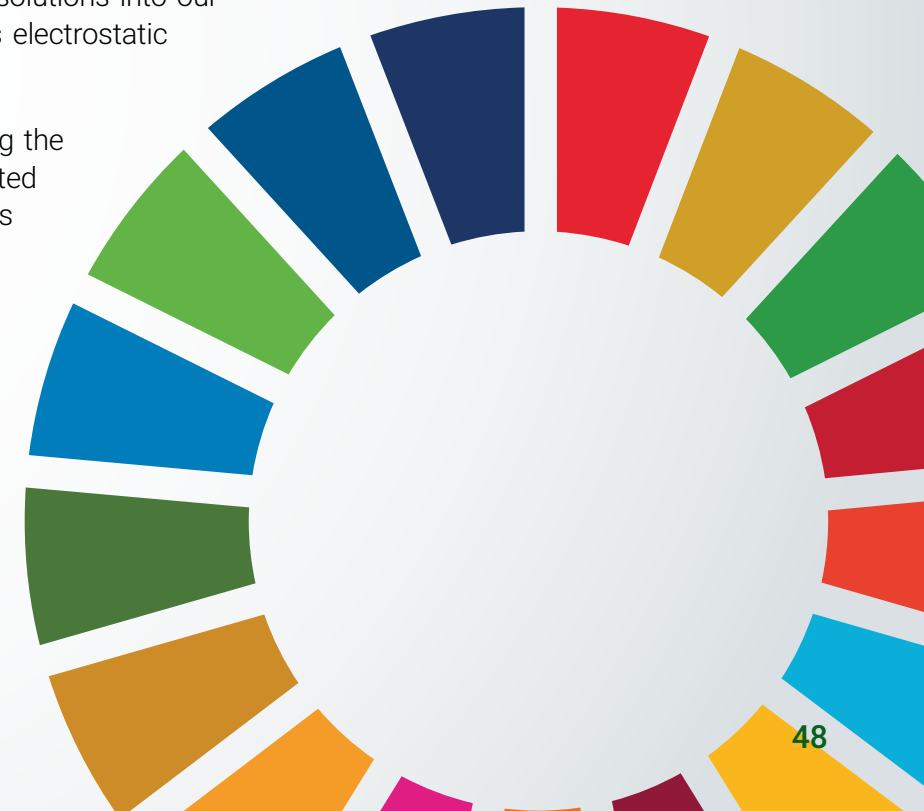
SDG9 Industry, Innovation, and Infrastructure: To meet future challenges, and ensure we have resilient infrastructure for the future, we have invested to bring innovative manufacturing equipment as well as alternative energy solutions into our business. Developing sustainable industrial processes and incorporating clean technologies, such as electrostatic precipitators, will help to ensure our long-term sustainability.



SDG7 Affordable and Clean Energy: Accelerating the use of renewable energy is essential to tackling the climate crisis, especially in energy intensive industries like glass manufacturing. Therefore, we are committed to incorporating renewable energy in our industrial processes and improving our energy efficiency as well. Demonstrating this, we have recently begun investing in solar sites to start generating our own renewable energy, and are looking to continue this investment over the coming years.



SDG13 Climate Action: The impacts of climate change are already visible and will worsen without proper action. Reducing our carbon footprint and minimising our climate impact is vital for us. To do so, we have been investing in more energy efficient furnaces, as well as switching to renewable sources of energy to reduce reliance on fossil fuels. We also have a Near-Term Science-Based Target (SBT), in line with 1.5°C approved by the Science-Based Target initiative (SBTi). In December 2022, we submitted our Long-Term SBT, in line with 1.5°C, for validation by the SBTi.

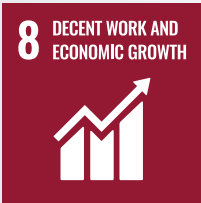




SDG5 Gender Equality: Maximising the opportunities for gender equality within the manufacturing sector is an important goal. We are committed to supporting the recruitment, training, development, and careers of both women and men in manufacturing roles and we believe by doing so makes us a stronger, more resilient organisation.



SDG12 Responsible Consumption and Production: The efficient use of natural resources and investing in new technologies to improve our production methods is key. We work with organisations to increase the quantity and quality of recycled glass. This reduces our demand for new natural resources, minimises waste and helps contribute towards a more circular economy.



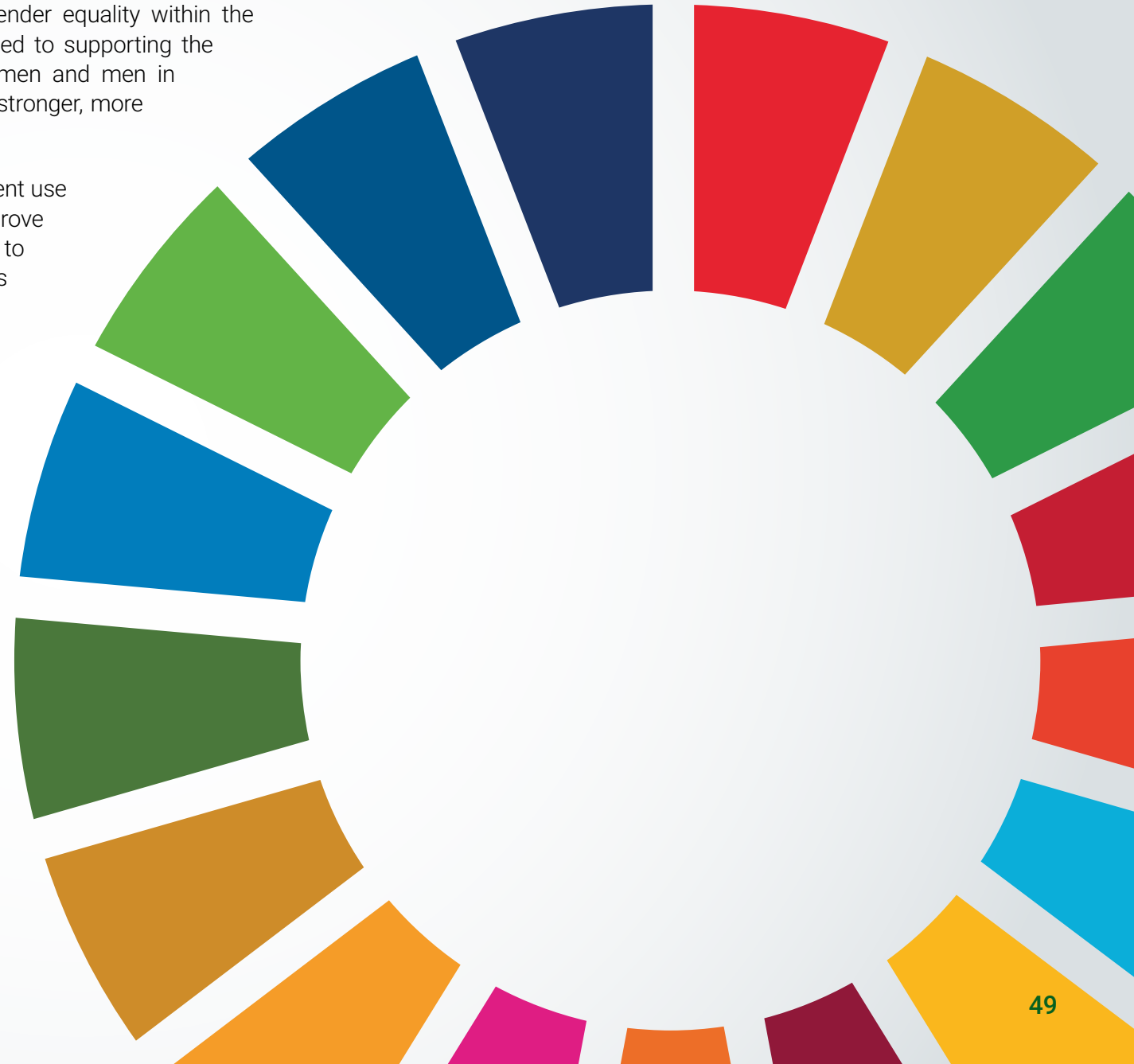
SDG8 Decent Work and Economic Growth: We recognise the importance of sustainable economic development and creating high quality working conditions for our staff. We are committed to providing employees with full-time satisfying jobs, with a suite of employee benefits and take care to promote a healthy work-life balance.



SDG15 Life on Land: Protecting our planet is one of our core business values. We are dedicated to conserving resources, where possible, as well as helping to develop and promote biodiversity.



SDG4 Quality Education: Providing quality education for all is fundamental to creating a peaceful and prosperous world. Education gives people the knowledge and skills they need to stay healthy, get jobs and foster tolerance.

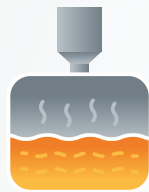


2022 Key indicators

Percentage variations over FY 2021



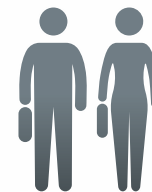
8
Manufacturing
sites



19
Furnaces



More than
8.0
billion containers
produced



More than
1,600
customers



More than
3,600
employees



More than
130,000
training hours



49%
recycled glass over
raw materials



+0.4%
consumption of raw
materials



+0.9%
in water usage



+2.2%
in CO2 emissions



-1.7%
in energy consumption



-1.9%
customer complaints

**Annual variation over 2021, in unitary terms (i.e., over ton of melted glass). This is a reference unit of measure in the glass industry. Any information based on ton of melted glass -tmg- enables both the assessment of the company's performance and the comparison among different companies in the sector.*



Sustainability Report

Glass Made Good

Prosperity

We have a brighter outlook

“This first ‘P’ may seem the least specific, but it is the enabler of the other three strategic pillars. Without a prosperous, economically viable future, the sustainability of our business would not be secured in the long-term. That is why this pillar underpins our 4P strategy.” Raúl Gómez, CFO.

Our long-term success is intrinsically linked to sustainability and it is fundamental that sustainability continues to underpin our business. Sustainability is an essential part of our business strategy and our governance encompasses robust oversight and risk management. It informs how we operate and the decisions we make. Ensuring a prosperous future is vital for the success of our Planet, People and Place strategies.

The key portion of our Prosperity pillar is our commitment to market responsibility, ensuring we demonstrate best practice climate risk management across our operations and continue to engage with our stakeholders.



Marketplace Integrity

We see it as our responsibility to lead our industry and **help create a better world for future generations**. In order to drive positive change we ensure our business operations follow **five key principles**:

- Ensuring our operations, the products and services we provide to the market have a positive social, economic and environmental impact - leading us to make an overall positive impact on the world.
- Understanding the impact of our products through their full life cycle. At Vidrala, we recognise the importance of continuously innovating and investing in our products and services to ensure we maximise their positive impact within society.
- Encouraging behaviour change and education among our suppliers and customers to help ensure our products are being used as responsibly as possible.
- Using the company's position to leave a positive legacy for future generations.
- Providing transparency within our supply chain, and holding our suppliers accountable to be responsible - ensuring human rights are being protected across the whole supply chain.

These core elements aim to significantly reduce the impact of our operations on the world, and will help **ensure Vidrala stays resilient whilst transitioning to a more sustainable business**.



A strategic acquisition that will further expand the business, broaden differentiation and secure sales, profitability and future

In November 2022, the Vidrala Group made a deal with Accolade Wines to acquire 'The Park', a bottling and warehousing facility in Bristol, UK. This new deal hopes to be a step towards a new sustainable future in the UK beverage industry. This acquisition is expected to close early 2023.

We will acquire 'The Park' facility, including all associated equipment. This includes the use of all rail distribution infrastructure between sites, supply services and retail sites. This ensures we can continue to provide a ultra-efficient service, creating a sustainable supply chain across the UK beverage market. The acquisition includes the transferral of 400 employees from Accolade to Encirc, whom we are very excited to welcome into the team.

Accolade Wines is highly committed to providing excellence across its global supply chain in terms of innovation, quality, efficiency and sustainability. 'The Park' is a technologically and sustainably advanced manufacturing facility that has won awards for its innovative and modern facilities. The manufacturing facility is currently zero waste and carbon neutral. In 2019, wind turbines were installed at site to help contribute to the site being a 100% renewable electricity facility.

Together, Vidrala Group and Accolade Wines are showing their ambition to be organisations that put the planet and sustainability at the centre of their vision for the future.



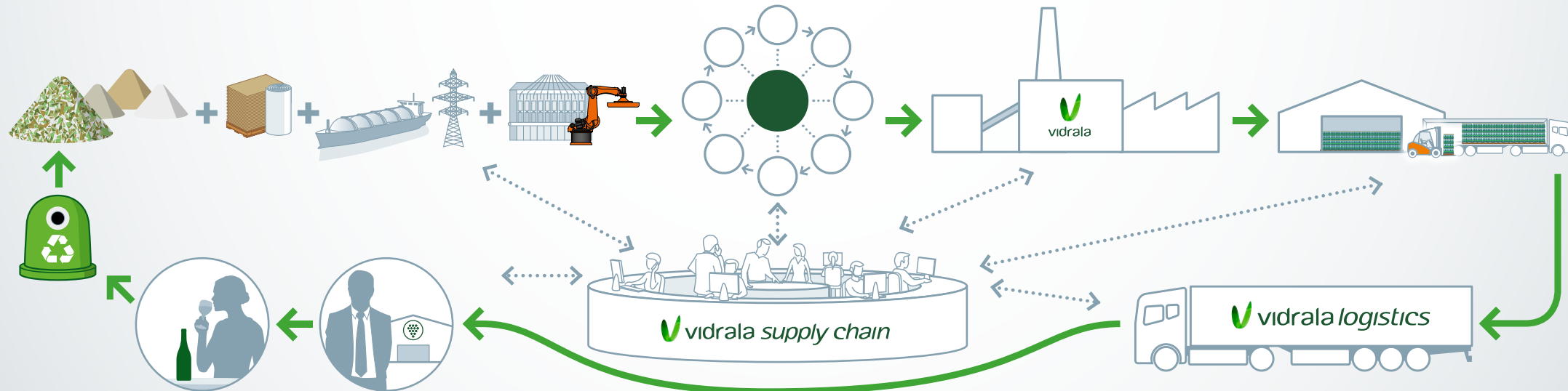
Supply chain management

To demonstrate market responsibility, we have developed a **supplier code of conduct** to outline what is required to ensure sustainable and ethical procurement from our suppliers and subcontractors. The code of conduct is implemented across the business, and defines the ethical standards that we expect our suppliers to adhere to. Equivalent principles of fairness and honesty must also be replicated by the suppliers within their own supply chain.

Our supplier quality assurance and management system consists of five main processes:

1. An initial selection process is undertaken, followed by a desk-based review and evaluation. The results of this initial review, as well as any additional standards / regulation the supplier needs to adhere to, will determine if a secondary audit is required.

2. The secondary audits are undertaken by a multidisciplinary team, following a process to assess if they meet out minimum supply chain standards.
3. Following the supplier's selection, we ensure they are evaluated on a quarterly basis.
4. Any incidences of non-compliance are investigated to assess the severity and the possible corrective measures required.
5. Our supplier improvement team also conducts mid-year reviews, with the purpose of detecting larger issues before they occur, or to discuss key new development projects that would have mutual benefits.



Supplier Audits

As we continue to strive to become a more sustainable business, we recognise that our supply chain is a very important component of that strategy. Due to our strategically diverse supply chain and our key local suppliers, the robustness of our supply chain is evident.

To build Environmental, Social and Governance (ESG) reputability in our supply chain and further embed sustainable procurement practices into our business, we have recently introduced **supplier audits that now include ESG related questions**. In 2022 we introduced a number of carbon-related questions, including specific questions about Scope 3 emissions, into our audit checklist to help understand our supplier's decarbonisation journeys. In future, we may require new suppliers to meet certain criteria before onboarding takes place. This will help ensure that we are **partnering with like-minded suppliers who share and can support our sustainability goals**. The areas these ESG questions explore include quality management, emissions profile, emissions reductions targets and initiatives, purchasing, people, environment, health & safety, and traceability. In addition, the audit questionnaire includes questions about social responsibility such as human and labour rights, non-discrimination and women's rights, minor hiring, etc. In the future, it will be integrated with the Human Right's policy and risk matrix.

33
audits
completed



During 2022 we executed 33 audits (vs. 19 in 2021 and 12 in 2020) and 100% of the audits were deemed satisfactory, since no serious deviations were identified in this regard. In 5 cases they have been a product re-validation, in 8 cases they have been a homologation of new suppliers-products, in 12 cases they have been a continuous improvement and supplier development and in 8 cases they have been supplier monitoring. This audits are performed following Vidrala's Supplier Quality Assurance and Development methodology, which is a tool for auditing the control performance and helps to obtain a verdict and judgement over it. The procedure to select the suppliers to be audited is based on last year audits follow up, the suppliers considered as critics and those suppliers about which complaints or claims have been received.

33
suppliers screened for
ESG criteria

Materiality and stakeholder engagement

Stakeholder engagement involves working closely with our key stakeholders. Listening and learning from both internal and external stakeholders is key to success. In our engagement, we are guided by four key principles:

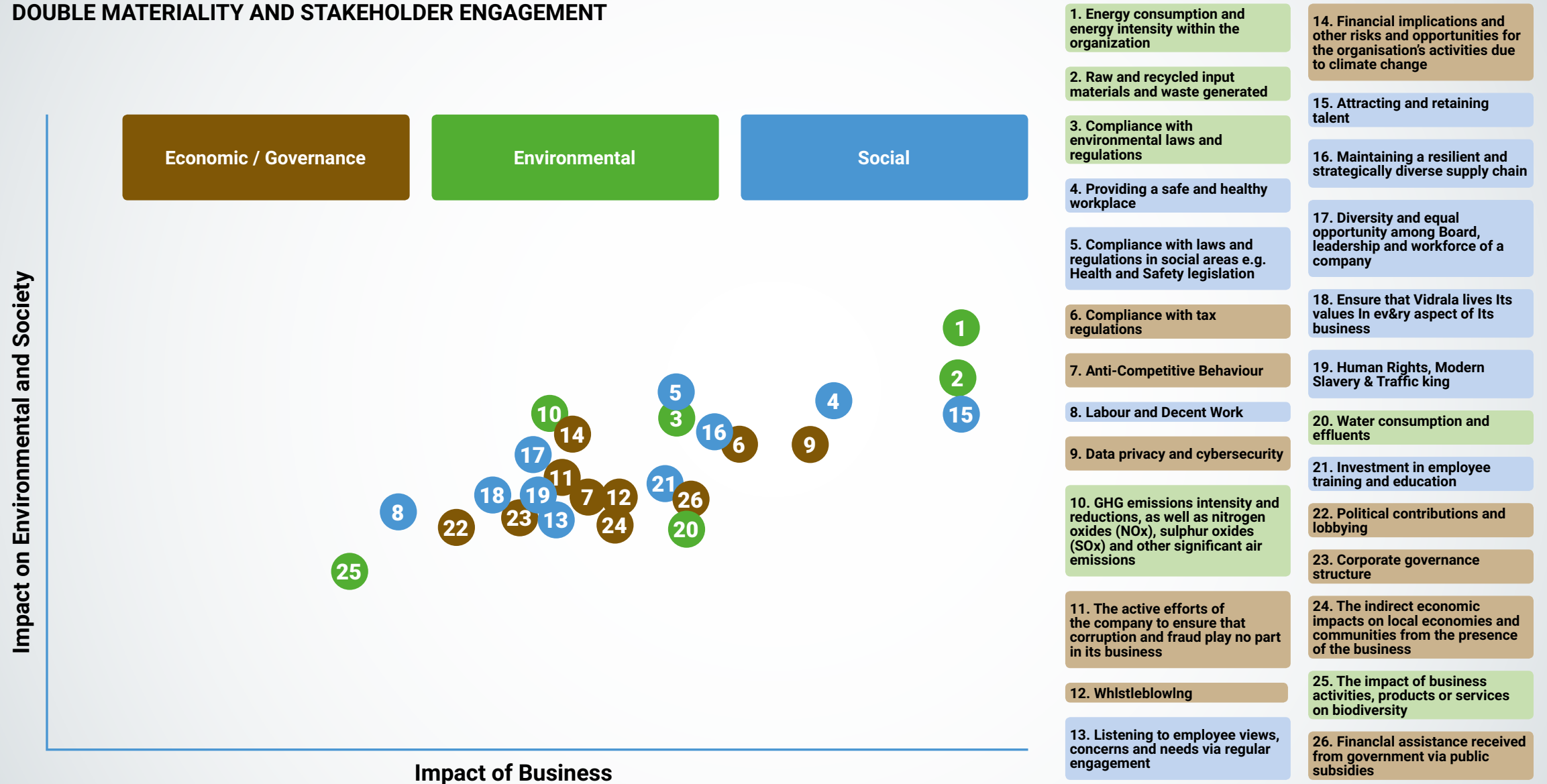
- Our business decisions are made by consulting and collaborating with our stakeholders.
- We partner with key stakeholders to create innovative solutions, building trust and generating success for all parties.
- We listen to and address the issues of our stakeholders, including underrepresented groups.
- We recognise the importance of sharing both successes and challenges to have an honest dialogue with stakeholders.

As part of our 4 P's strategy, we committed to acting and reporting on all ESG issues that stakeholders tell us are most important. Following our last materiality assessment in 2020, we conducted our first **Double Materiality Assessment** in 2022. Using this approach allows us to assess both impact materiality as well as financial materiality.

1. Impact Materiality: Vidrala's potential impact on the external environment and society over short, medium or long term. The assessment reviews our operations, products and services alongside our value chain in order to assess all potential impacts.

2. Financial Materiality: The potential impact of an ESG topic on Vidrala. This could affect Vidrala's future cash flows and enterprise value over the short, medium or long term.

DOUBLE MATERIALITY AND STAKEHOLDER ENGAGEMENT



Methodology

We mapped ESG topics against Vidrala's corporate risk register against our external disclosures. This allowed us to develop a comprehensive list of potential ESG impacts on our business operations, our value chain and wider society. Next, **we surveyed both internal and external stakeholders on how they evaluated these potential ESG issues.**

We sought input from representatives from the following stakeholder groups:



1. Employees. They make the business project possible. Understanding their concerns and motivations, having them play an active part in the business, and attracting and retaining talent are fundamental principles to ensure the commitment of the team, continuous improvement, and the long-term sustainability of the business.



2. Customers. Customers are at the heart of what we do and how we do it. For this reason, we understand it is key to go beyond our customer's expectations through the delivery of sustainable packaging solutions, accompanied by an excellent level of service.



3. Suppliers. They supply us with the necessary goods and services for the development of our business activity and, therefore, key partners for the organisation. For this reason, facing conversations with assertiveness and frankness, from a win-win and long-term perspective, are essential ingredients to create strategic alliances that result in competitive advantages.



4. Community. All economic growth is dependent on sustainable development. Therefore, we are committed to the circular economy, the generation of quality and stable employment, the promotion of the regional economy through our predilection for local suppliers, as well as our social projects and the resulting association or sponsorship actions.



5. Shareholders. Our shareholders place their trust in the success of the business by committing their capital. Generating value through sustained cash generation and having clear priorities is essential to create an attractive profitability or return. In this context, our conversations with shareholders and investors are based on clarity about the evolution and prospects of the business, as well as its potential risks.

Stakeholders rated each issues for potential impact and assessed whether this would occur over the short, medium or long-term. Survey responses were scored for potential impact materiality and potential financial materiality. Lastly, **additional focus groups were conducted with members of our Executive Management Team** to further understand the potential financial impact to the business of these top material ESG issues.

The results of this double materiality analysis are presented in the matrix above. In short, environmental issues were found to be the most important potential impacts, both to the business and to the wider world. Energy usage and intensity are particularly high on the agenda at present, both for external and internal stakeholders, and play a major role in our sustainability strategy. The reduction of waste in manufacturing and increasing circularity is equally important to internal stakeholders, but slightly less so to external respondents, although it is the second most important issue overall. Similarly, the challenge of attracting and retaining employees was the third most important issue internally but did not score so highly externally. Instead, compliance with social legislation and health and safety scored more highly with external stakeholders. This should not, of course, imply that it is not as important to Vidrala but it could reasonably be supposed that internal stakeholders would have a better understanding of the company's programmes to address these issues.

In future, we plan to reassess the materiality of ESG issues on an annual basis. We will also continue to refine our approach. Following release of the **Corporate Sustainability Reporting Directive (CSRD)** guidance by the **European Financial Reporting Advisory Group (EFRAG)**, for example, we will ensure that we comply with the new EFRAG methodology for Double Materiality.

Energy usage and intensity are particularly high on the agenda at present, both for external and internal stakeholders, and play a major role in our sustainability strategy.

Anti-corruption

We do not tolerate any violation of our anti-corruption, anti-bribery and ethical policies and we are committed to addressing any incidents which do so. Our Anti-Corruption, Anti-Fraud and Competence Defence Policy establishes the applicable regulation, who this policy applies to, the general basic principles of action and the channel of communication in case of a suspect or clear violation of the policy.

We ensure all our employees are trained on such issues. Our **code of ethics policy** is communicated to each new employee and is available on our Intranet. It is also periodically communicated to current employees by email. We have also implemented new software which is used to identify and investigate any suspicious behaviour related to purchases and payments, minimising potential risks in this field.

Our **Anti-Corruption, Anti-Fraud and Competency Defence Policy** also addresses the issue of Anti-Competitive Behaviour. We continued to report no legal actions or breaches related to anti-competitive behaviour and violation this year. In addition, in 2022 we implemented a new **Whistleblowing Channel** to promote the confidentiality of the complaint, guaranteeing anonymity. The new Whistleblowing Channel is available through the Vidrala website.



Effective climate risk management

Climate change poses significant risk on the environment, society, and economy as we see it today. While Governments are being called upon to act, businesses are recognising the need to understand their long-term strategy on mitigating and adapting to climate change. We recognise that climate change presents both transition and physical risks to Vidrala Group, and we are committed to ensure alignment with the recommendations laid out in the **Task Force on Climate-Related Financial Disclosures** (TCFD).



In preparation for the European CSRD requirements, the following outlines Vidrala Group's response to the recommendations and recommended disclosures of the TCFD. In 2022, Vidrala undertook an in-depth study, bringing executive members from across the Group together with external climate risk experts. We have summarised our progress against the four core elements of the TCFD disclosures:

- **Governance:** How we govern climate-related risks and opportunities across our business. This provides transparency of our Board's and the Executive Committee's role in assessing and managing climate related risks and opportunities.
- **Strategy:** The actual and potential impacts of climate-related risks and opportunities on our business, strategy and financial planning over the short, medium and long-term.
- **Risk Management:** How we identify, assess and manage climate-related risks, and integrate this into future strategy and risk management processes.
- **Metrics and Targets:** How we measure and manage our performance in addressing these risks and opportunities.

We will continue to enhance our policies, processes and reporting with respect to the TCFD recommendations and are aiming to be fully aligned by the end of 2023.

Governance of our sustainability strategy

To ensure responsible leadership and transparency, appropriate governance needs to be implemented across our business, markets and the wider community. **Responsible leadership** is key to ensuring the businesses long-term success for both ourselves, and our stakeholders.

Our key principles include:

- Governance and responsibility of our 4 P's business strategy being shared throughout the business and championed from the top-down and bottom-up.
- As we strive to lead sustainability progress, we will always look to influence practices across our business sector and the wider business community.
- To be a responsible and sustainable business, with external stakeholders, including our peers and external disclosures such as Carbon Disclosure Project (CDP) recognising this.
- To ensure checks and balances are robust across the whole business, as well as our strategy and operations being transparent to our stakeholders. This includes remuneration, Board composition, accountability oversight, and payment of the fair amount of taxes in all geographies that we operate.
- We tackle climate change through the identification, assessment and management of the Group's climate-related risks and opportunities, ensuring these are embedded into our overarching risk management approach.

Our governance is led by our Board of Directors. The Board of Directors is made up of 11 members. Our directors have created an effective structure that encompasses all the policies and processes needed to support the success of our business and our culture of integrity.

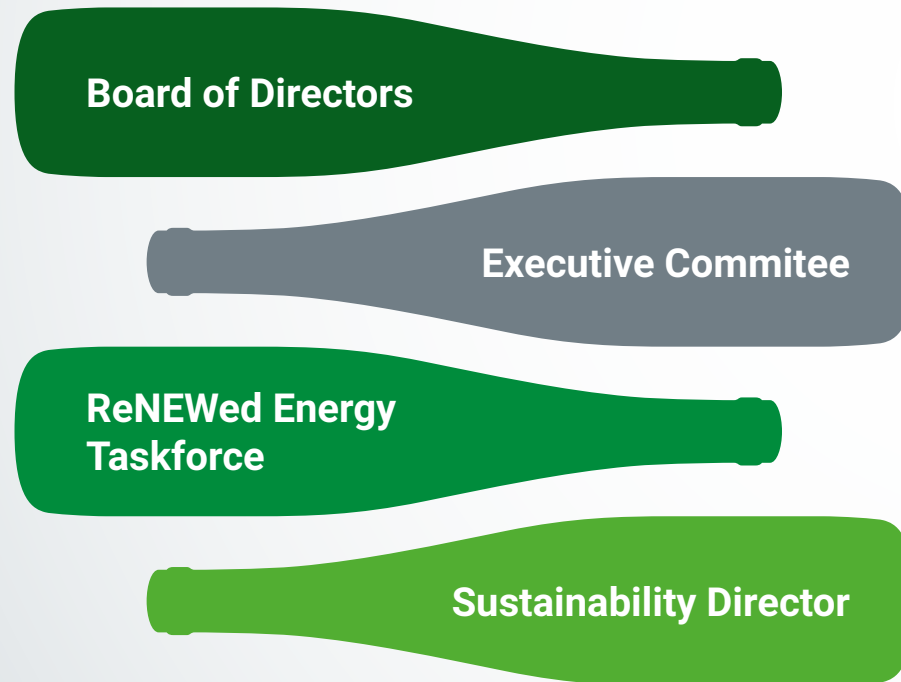


All Board members are non-executive



To ensure our Executive Committee has competence on climate-related issues and opportunities and can demonstrate responsible leadership, a number of the Executive Team members have taken part in Carbon Literacy training. A total of 38 employees have completed this training. This course covers a range of topics, including the environmental and human impacts of climate breakdown, and how to measure and report our impact and nature-based solutions.


Our sustainability strategy is endorsed at the Group level in accordance with the following governance framework:



Our Executive Committee monitors the progress of our sustainability strategy, advises on our 4 P's sustainability strategy, and is responsible for the overarching approval of the strategy. The Group's top climate-related risks and opportunities are reported to the Executive Committee at least annually to ensure that they have oversight of the potential impact, and the mitigation and control measures being taken to reduce the climate-related impact. The Executive Committee delegates responsibility to the ReNEWed Energy Taskforce to review business cases of investments related to our sustainability strategy, as well as ensure other business investments are not-counter to our sustainability vision and goals.

Climate risk as a part of Executive Committee Remuneration

The Executive Committee is ultimately accountable for performance against the Group's sustainability targets and goals. Thus, the new executive compensation scheme links 30% of the long-term incentive to the achievement of decarbonisation, use of renewable energy and safety targets.



Besides this, the **ReNEWed Energy Taskforce** continuously monitors our sustainability strategy. This Taskforce consists of seven top-level managers, including our Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operations Officer (COO), Encirc's Managing Director (MD), Technical Director, Sustainability Director, and Energy Procurement Manager.

The focus of the Taskforce is to **develop, oversee, and implement** our 4 P's strategy's targets and direction to ensure we're taking the right action on climate change, energy efficiency, innovation, diversity & inclusion, employee well-being, biodiversity, and our communities. The Taskforce is responsible for the alignment and coordination of efforts across the different functional units and advocating and supporting all the actions required for the Group to achieve its Near-Term Science Based Target (SBT). It is also accountable for the top risks and opportunities, keeping track of the potential impact these risks could pose across various climate scenarios, and taking responsibility to ensure appropriate risk management including adaptation and controls is implemented.

Finally, the **Sustainability Director** is responsible for the **day-to-day strategy building, goal setting, execution and progress of all 4 P's related performance metrics**. There is also a broad group of stakeholders including Human Resources (HR), Health and Safety Executive (HSE) and environmental teams, that bring a broad spectrum of experience to our sustainability strategy, further supporting us in achieving our 4 P's aligned targets. This joined up approach helps to ensure our 4 P's strategy is integrated to all areas of the business. Functional units including Procurement, HR, Technical, Communications & Marketing, Regulatory, Sales and Operations, are responsible for the implementation of all areas of our strategy.

Identifying and assessing climate-related risks

To establish Vidrala's exposure to climate-related risk, a comprehensive list of both physical and transition **risks and opportunities was developed with the support of specialist advisors**. The list of potential climate-related risks and opportunities was built using our risk management framework. Physical risks can be acute or chronic, while transition risks are related to the transition to a low-carbon economy. For example, transition risks can include policy and regulatory, technological, market, reputational or legal risks.

These climate-related risks and opportunities have been assessed by the Executive Committee for materiality based on time-horizon and impact. This approach, which will be regularly reviewed and updated, is aligned to our risk register and risk management framework, and is based on current expectations of climate trajectories and global action.

The risks identified are refined according to their **impact, time horizon and likelihood materiality**. To understand the potential impacts of our top risks, we have undertaken qualitative scenario analysis in 2022. This process assessed our top risks and opportunities against three different climate scenarios, including Current Policies (above 3°C), Delayed Transition (2°C) and Net Zero by 2050 (1.5°C). By analysing our top risks and opportunities across these scenarios, it allows us to better understand the importance of taking early action to combat future impact and implement risk management strategies to mitigate the risks. These risks are embedded by the ReNEWed Energy Taskforce into the risk register and risk management framework.

Climate risk into risk management

Risk management at Vidrala involves procedures supervised by the directors, coordinated by management. We are taking action to ensure all risks that could result in a potentially material impact are managed to ensure **effective planning, mitigations and controls are put in place** to reduce the future impact. All climate-related risks and opportunities identified within this process are integrated into our overarching risk register.

We recognise that monitoring and managing climate-related risks effectively will be key to ensuring our business will thrive in a low-carbon society. Effective risk management also requires early action to help mitigate and adapt to the impact of climate change in the future. We recognise the importance of effective risk management and horizon **scanning of regulations and compliance related to climate**. This ensures that early action can be taken to reduce the potential impact of transition and physical risks, such as climate litigation.

To improve the resilience of our organisation against climate-related risks, we will be reviewing the current mitigations and controls in place for our most material climate-related risks. In the future, and following best practice, we will begin to consider our overarching transition plan to 2050, to help reinforce our future resilience whilst remaining profitable in a Net Zero world. This will allow us to understand how risk management and adaptation can be improved for the Group.

Strategy

We have assessed climate-related risks across every aspect of our value chain, including our business operations, products and services, upstream and downstream suppliers. We have also considered the varying climate-related risks and opportunities across the geographic regions in which we operate. As a result, we identified the six top climate-related risks and five top climate-related opportunities that could have a material impact upon the Group (table 1). Of these, four are transition risks and two are physical risks.

The climate-related risks and opportunities have been classified by the time horizon within which we anticipate the impact to occur. These include:

- **Short-term: 0-5 years** (2022-2027)
- **Medium-term: 5-10 years** (2028-2033)
- **Long-term: 10-28 years** (2034-2050)



Table 1: Vidrala Group's Top Climate-Related Risks and Opportunities by Time Horizon

Category	Category overview	Risk / Opportunity	Time horizon
Transition Risks	Increased likelihood of regulation and climate litigation puts companies due to the transition to a low-carbon world. Transition risks include market, technology and reputational risks.	Energy price volatility and supply security	Short-term (2023-2027)
		Increased cost of raw materials decreasing revenue if absorbed or making products less competitive if passed on	Short-term (2023-2027)
		Damaged reputation through not meeting enhanced emissions reporting obligations imposed by regulators and suppliers	Medium-term (2028-2033)
		Inappropriate or untimely investment in technology leading to increased costs, reinvestment needs and failure to meet strategy	Medium-term (2028-2033)
Physical Risks	Physical risks relate to the physical impacts of climate change. They can either be acute and/or chronic.	Growing risk of drought and an increase in water scarcity could impact ability to produce products at maximum capacity	Long-term (2034-2050)
		Extreme weather events (flooding, drought, wildfires etc) could cause disruption to business operations	Long-term (2034-2050)
Opportunities	These relate to the potential opportunities Vidrala could reap from taking early action to transition to a low-carbon world. Net Zero could lead to new strategy, markets and investment.	Green capital knowledge could open access to green finance	Short-term (2023-2027)
		Strengthening relationships with internal & external stakeholders, expanding business opportunities	Short-term (2023-2027)
		Policy Incentives driven by climate change for using a particular energy source may result in a cost saving. Early action on climate change could lead to a favourable position for public policy	Long-term (2034-2050)
		Investing in the use of Cullet (recycled glass) can help to reduce Vidrala's reliance on virgin raw materials, as well as help reduce energy consumption	Medium-term (2028-2033)
		Using new technologies, more environmentally-friendly fuels and developing new products and services is an opportunity to increase the brand image and the Group's reputation	Medium-term (2028-2033)

Undertaking climate-related scenario analysis allows us to assess the impact of our top climate-related risks and opportunities across three climate scenarios by time-horizon. Scenario analysis ensures that our business can adequately plan potential impact into our 4 P's strategy and address risks and uncertainties, as well as capitalise on opportunities presented. Understanding the potential impact of the risk or opportunity to the business ensures that we promptly implement mitigating controls.

To guide the scenario analysis we identified multiple focal questions. Determining focal questions prior to analysis helped to inform decisions, actions and when to pivot strategy based on future climate scenarios. The Group identified broad focal questions that cover overarching strategy decisions relating to climate-related risks and opportunities, as well as more specific focal questions per individual risk.

Our overarching focal questions are:

What is the impact on our strategic and financial plan?

What level of risk are we willing to tolerate?

What is the impact on our Net Zero Transition?

Where are the interdependencies that we need to stress test between the risks and opportunities?

Climate scenarios

In order to understand and plan for how we will be impacted in plausible future climate scenarios, we selected the most appropriate scenarios to use for the assessment.

The **Network for Greening the Financial System (NGFS) Framework** is one of the TCFD recommended frameworks for scenario analysis and meets the recommendation to assess business resilience under different climate-related scenarios, including a 2°C or lower scenario.

	Net Zero 2050 (1.5 °C)	Delayed Transition (2 °C)	Current Policies (3 °C)
What does this mean?	<ol style="list-style-type: none"> 1. Policies are implemented immediately and smoothly. 2. Technology change is fast and there is reliable on CO₂ removal. 3. Global carbon prices over \$600USD/tCO₂e by 2050. 4. Aligned to RCP 2.6 - equivalent of warming of above 1 °C. 	<ol style="list-style-type: none"> 1. Without immediate additional policies, emissions rise until 2030. After 2030, there are stringent policies imposed causing emissions to decline aggressively to get to Net Zero by 2050. 2. Carbon pricing increases over \$200 USD/tCO₂e between 2030 and 2050. 3. Aligned to RCP 4.5 - equivalent of average warming of above 1.5°C by 2050. 	<ol style="list-style-type: none"> 1. Only currently implemented policies influence businesses and society, leading to a continued rise in emissions. 2. Technology change remains slow. 3. No modelled changed. 4. Aligned to RCP 8.5 - equivalent to an average warming of above 2°C by 2050.
What is the impact?	Higher transition risk; Lower physical risk. Sharp changes towards decarbonising all aspects of the economy from today.	Transition risk is high in this scenario with increased physical risk. Higher transition risk; significant physical risk. Aggressive change towards decarbonising the economy from 2030 onwards.	Limited transition risk; Higher physical risk. Reduced support to limit the effects of climate change-only current policies applied.

Transition risks are modelled to have the highest risk to the Group in a Net Zero 2050 and Delayed Transition Scenario over the medium-long term. The risk is highest in these scenarios as new stringent legislation, regulation, and carbon taxes will likely be put in place to help transition to a low-carbon society. This is driven by **increased pressure from governments, investors and customers to decarbonise**. Over the long-term, the Group can expect the highest impact in a Delayed Transition Scenario, as late action is expected to cause strict regulations to be imposed quickly. In a Current Policies Scenario, limited change to current regulation and carbon pricing is expected, and as such the impact of transition risks remain low in this scenario.

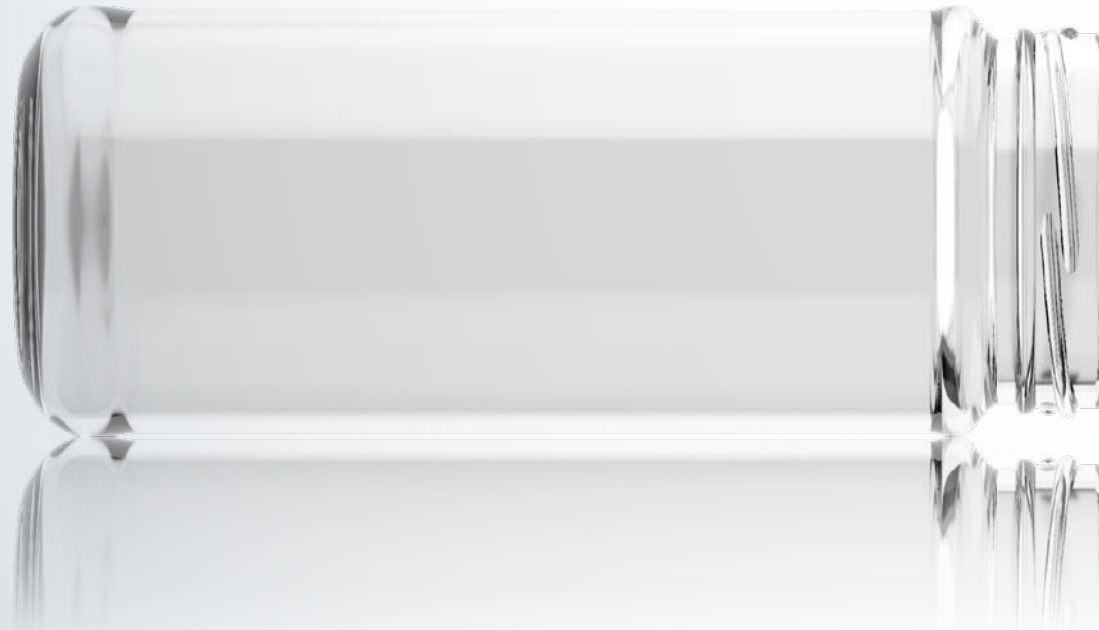


Table 2: Transition risks impact on Vidrala by time horizon and climate scenario

Scenario 1: Current policies (3 °C) <i>Business as Usual</i>		Scenario 2: Delayed transition (2 °C) <i>Late action taken</i>		Scenario 3: Net Zero 2050 (1.5 °C) <i>Smooth transition</i>	
Transitional risk category	Scenario	Short-term (2022-2027)	Medium-term (2028-2033)	Long-term (2034-2050)	
Energy Price & Supply Security	1	High	High	High	
	2	High	High	Very High	
	3	High	Very High	Very High	
Raw Materials	1	Medium	Medium	High	
	2	Medium	High	Very High	
	3	High	High	Very High	
Reputation	1	Low	Low	Low	
	2	Low	Very High	High	
	3	Very High	High	High	
Technology	1	Medium	High	Very High	
	2	Medium	High	High	
	3	Medium	Medium	High	

While we recognise the significant impact climate-related risks could have upon our business and operations, we have also identified five key opportunities that the business could experience if identification and action is taken early (Table 4). The opportunities are reaped by the Group during the global transition to a low-carbon society, and therefore have the highest impact under a Net Zero by 2050 and Delayed Transition scenario.

The identification of our opportunities highlight the inter-related nature of climate-related risks and opportunities. Timing, investment and policy are all variables that could impact whether we experience the impact as a risk or opportunity.

Building and maintaining trust in our climate actions among stakeholders, and being ready to respond to issues is important, and could cause high impact as ESG rises on investors agendas. To ensure opportunities related to early climate action can be experienced, we will continue to maintain regular horizon scanning of technology, research and government regulation. Working alongside our glass industry peers, suppliers, customers, and glass associations - such as the European Container Glass Federation (FEVE), Anfevi, Glass Futures or Assovetro, among others - will be important in the future.

Table 4: Opportunities impact on Vidrala by time horizon and climate scenario

Scenario 1: Current policies (3 °C) Business as Usual		Scenario 2: Delayed transition (2 °C) Late action taken		Scenario 3: Net Zero 2050 (1.5 °C) Smooth transition	
Climate-related opportunities		Scenario	Short-term (2022-2027)	Medium-term (2028-2033)	Long-term (2034-2050)
Green Finance	1	Low	Low	Low	
	2	Low	High	High	
	3	Low	Medium	Medium	
Stakeholder Relationships	1	Low	Low	Medium	
	2	Low	High	High	
	3	High	High	High	
Policy Incentives	1	Low	Low	Low	
	2	Low	High	High	
	3	Medium	Medium	High	
Cullet Investment	1	Low	Medium	Medium	
	2	Low	Medium	High	
	3	High	High	Very High	
Technological Investment	1	Medium	Medium	High	
	2	Medium	High	High	
	3	High	Very High	Very High	

Metrics and targets

Being able to clearly implement and use metrics and targets is important to assess and manage our top climate-related risks and opportunities. This is to ensure that progress is monitored over time, and to guarantee that climate-related risks and opportunities remain aligned to strategy and risk management processes.

We report greenhouse gas (GHG) emissions, including Scope 1, 2 and 3 emissions. We have set a Near-Term Science-Based Target (SBT) for Scope 1, 2 and 3 to **drive decarbonisation over the next decade**. We have recently submitted our Long-Term SBT to the Science-Based Targets initiative (SBTi) for validation in mid-2023.

Improving our energy efficiency and reducing energy consumption are important metrics to help mitigate the risk of energy prices and supply volatility. The result of our continued investment in energy efficiency and energy reduction projects across the business is presented later in the 'PLANET - Energy usage' section.

We also track the **recycled content of containers manufactured**. This metric is important to help track the future transitional risk of raw materials increasing in cost and scarcity. Through 'Close the Glass Loop', an initiative sponsored by the European Container Glass Federation (FEVE) aiming to increase the quantity and quality of available recycled glass, the industry is targeting a 90% average collection rate of used glass packaging by 2030. This should further promote circularity in our production process.

Drought and water scarcity emerged as a long-term physical risk for Vidrala. The potential impact to our business and our local communities makes it vital **that we take steps to reduce our water consumption and improve water efficiency across our operations**. We track our water consumption to determine the water intensity ratio per tonne of glass. We have set targets to reduce water consumption by driving water reduction initiatives and programmes in the future.

Over the next year, we are planning to review, refine and set more climate-related metrics and targets specific to the most material risks and opportunities we have identified. These metrics will help track the magnitude of the risks, the Group's exposure and the effectiveness of our controls. The work will also help us to capture and maximise climate opportunities, further strengthening our resilience during the transition to a low-carbon economy. Climate-related risks and opportunity performance metrics are currently not incorporated into remuneration policies, but this will be assessed within the next phase of our TCFD journey.

Recognised for our value creation track record

In 2022, Vidrala was awarded the 'Value Creation Award' by elEconomista - one of Spain's daily newspapers which focuses on economic, financial and business affairs. These awards were part of the 8th edition of the 'elEconomista Fund Investment Awards'. Carlos Delclaux, chairman at Vidrala, attended the awards ceremony to collect the award from Joaquín Gómez, deputy director of elEconomista. Rodrigo Buenaventura, chairman of the Spanish Securities and Exchange Commission (SEC), was also present at the awards ceremony.

These annual awards recognise those companies, products or values that are innovative and cutting edge, highlighting the effort and originality of the initiatives. Carlos Delclaux said: "It is an honour to receive an award that values the work and effort behind the group. In recent years, the company has focused on dealing with disruptions, to adapt to each circumstance and continue generating value for our clients and investors, and for society."



elEconomista.es

Planet

We are making glass cleaner and greener

"A sustainable planet is something we are striving for, and the ability to recycle glass again and again makes it a great choice as the material of the future. We have always had a great record in making the sector greener, and that is definitely something we will keep pushing for, raising our environmental credentials and moving the industry forward to create a better planet." Oriol Moya, COO.

Sustainability is at the heart of our operations. We are committed to respecting the environment, to preventing pollution, and **reducing the environmental impact from our products and processes**. At the heart of this pillar we have a focus on energy, transportation, waste reductions and resource efficiency. We have a strategic approach to reduce the impact of the activities at our sites, all of which are certified to **ISO 14001:2015**, an environmental management standard ensuring we have the required environmental legal compliance procedures in place for the organisation.

Acknowledging the key risks that climate change poses is key to creating a combination of effective adaptation and mitigation strategies to create a resilient organisation. We have a Near-Term Science-Based Target (SBT), in line with 1.5°C approved by the **Science-Based Target initiative (SBTi)**. In December 2022, we submitted our Long-Term SBT, in line with 1.5 °C, for validation by the SBTi. Developing a SBT reiterates our commitment to reduce our greenhouse gas (GHG) emissions to prevent the worst effects of climate change and help us measure and manage progress towards a decarbonised economy.

Leading the race towards the industry decarbonisation

In April 2022, we announced the validation of our Near-Term Science-Based Target (SBT). The Science-Based Targets initiative (SBTi) has created a framework for companies to ensure emissions targets are in line with climate science. The targets determine how much and how quickly we need to reduce emissions to limit global warming to 1.5°C above pre-industrial levels.

The news represents the next step in our journey to create a sustainable future and make the first Net-Zero carbon glass containers. This is a pivotal moment for the organisation as we become one of the first in the industry to have our SBT approved.

Our Near-Term SBT commits us to:

- Reduce absolute Scope 1 and 2 GHG emissions 47% by 2030 from a 2019 base year.***
- Reduce absolute Scope 3 GHG emissions 28% by 2030 from a 2019 base year.***

Extending this, we have been working on our SBTi Net-Zero target, and have recently submitted this for validation to the SBTi. Committing to a Long-Term target will require us to reduce our Scope 1, 2 and 3 emissions by 90%. Our targets will help prevent the worst effects of climate change, whilst future proofing our operations. At Vidrala, we have the ambition to become the most sustainable glass business in the world by 2030, and it is hoped that the emission-reducing activity being rolled out across the Group will help enable this.

Packaging plays an essential role in modern day living; protecting, preserving, and enabling the distribution of products to all who need them. This is why conserving key natural resources that are used for making glass, as well as water, are essential to using resources efficiently. **Glass can be recycled an infinite number of times**, highlighting why it is so important we work to achieve a more circular economy in our industry. As our global populations grow, the need for the best and most sustainable packaging solutions will continue to grow. Within this changing landscape, glass arises as **the optimal packaging of choice**.

During 2022 there has not been any complaints related to environmental issues and the sanctions paid, which belongs to previous years investigations are not significant.



Raw materials

We must **shift from a linear to a circular economy** to ensure enough resources for all in the future. Our ambition is to develop a circular economy mindset. The involvement of strategic suppliers is key in this journey. To achieve our resource efficiency goals, we are committed to designing out excess material in our products, recycling and reusing where possible, and reducing waste to zero.

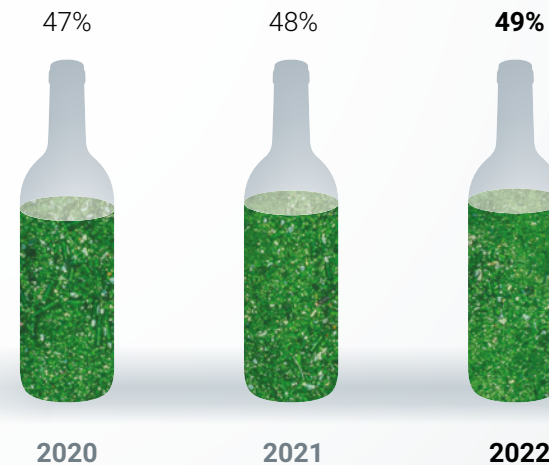
Glass is made from using **natural and abundant raw materials** - silica sand, soda ash, and mostly recycled glass. To produce container glass, these ingredients are melted at high temperatures in our furnaces. The more recycled glass we can incorporate into the glass making process, the more we can reduce our reliance on taking these key ingredients from the planet.

RAW MATERIALS CONSUMPTION (ton/tmg*)

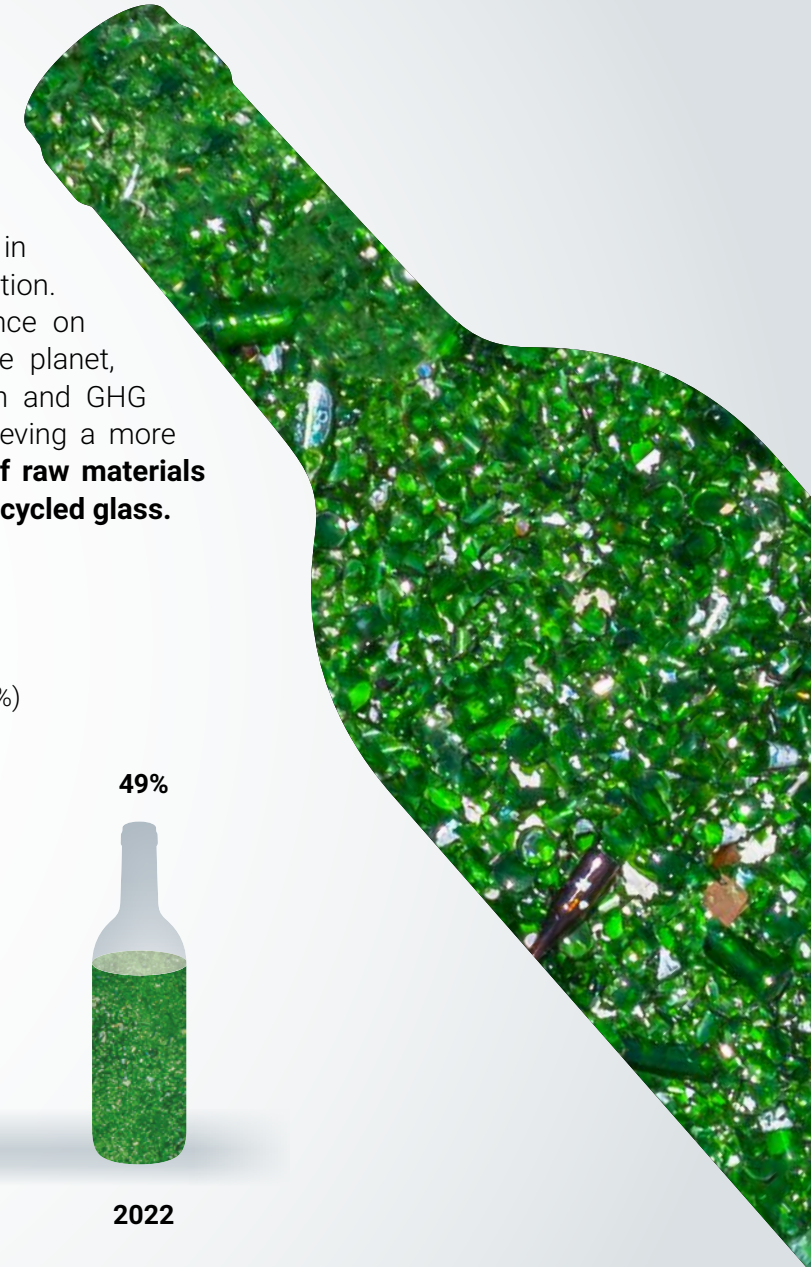
**tmg = ton of melted glass.
This is a reference unit of
measure in the glass industry.
Any information based
on tmg enables both the
assessment of the company's
performance and the
comparison among different
companies in the sector.*



USE OF RECYCLED GLASS (%)



The finished product can be **recycled an infinite number of times without losses in quality or quantity** which makes increasing the amount of recycled glass used in our manufacturing an attractive option. By doing so, we reduce our reliance on taking new raw materials from the planet, it reduces our energy consumption and GHG emissions and supports us in achieving a more circular economy. **This year 49% of raw materials introduced into our furnaces was recycled glass.**



Best for the environment.

Glass can be recycled and reshaped over and over again without ever losing any of its properties or advantages. This, and the fact it is made from natural and abundant raw materials, makes glass the most sustainable packaging material there is, unlike other materials made from limited fossil fuels.

Best for health.

Glass is the healthiest and most hygienic form of packaging in the world. It forms an absolute barrier against gases, vapour, and liquid, thereby protecting and preserving the flavour and properties of the food or drink within. It is one of the only packaging forms that guarantees no contamination from outside sources.

Best for taste.

Because glass forms the perfect barrier, the taste of the product within will always be as the brand intended. Glass is chemically inert, which means unlike other packaging forms, it will never interact with the product inside or distort the intended taste.

A circular edition of 'Forotech'

We are once again sponsoring the 'Forotech' event, the week of Engineering and Technology organised by the University of Deusto. The Sustainable Development Goal (SDG) #17 aims to strengthen the Global Partnership for Sustainable Development, based on the idea that the SDGs can only be achieved through strong global partnerships and cooperation. Likewise, this forum seeks partnerships between business and academia, with direct contacts between professionals and students. In this tenth edition, Vidrala provided more than 2,000 refillable glass containers customised with the branding of the event, which avoided the use of thousands of single-use plastic bottles.



We are making our best efforts to further increase the recycled content of the containers we manufacture. This includes broken glass or waste glass and other recycled materials. To demonstrate our commitment, in 2021 we launched a specific plan named **'Cullet, the raw material for our future'**, under which we committed to investing in creating long-term partnerships, working with administrations, transforming logistics to make recycled glass more available in the most difficult locations and, as result of this, progressively increasing its use in our production process.

By working in partnership with the whole value chain we want to drive effective circularity, we have a future vision to achieve 100% recycling of all collected glass packaging. We are currently working to achieve a 90% average European Union (EU) collection rate of used glass packaging by 2030 (up from the current average of 79%) and better quality of recycled glass, so more recycled content can be used in the production loop.



choose
tomorrow,
today

Working “Towards Zero Waste” certification

Waste generation is one of the most important environmental challenges facing society today, the volume of waste generation on a global scale is continuously increasing. The inadequate management of waste has significant impacts on the environment and leads to pollution of water, soil and air, contributing significantly to climate change and ecosystem loss. However, when waste is properly managed, it can be converted into resources that have a positive effect on the conservation of natural resources and ecosystems. The Zero Waste strategy is an essential goal for Vidrala to work towards as it closes the material cycle, reduces the environmental impact associated with waste disposal, and encourages innovation in product design.

In 2022, we began processes at our plants Aiala Vidrio and Castellar Vidrio to become a certified member of the “Towards Zero Waste” management system, promoting continuous improvement in waste management with the aim to achieve up to 90% diversion of waste from landfill, incineration, and the environment.



**Towards
ZERO
Waste**

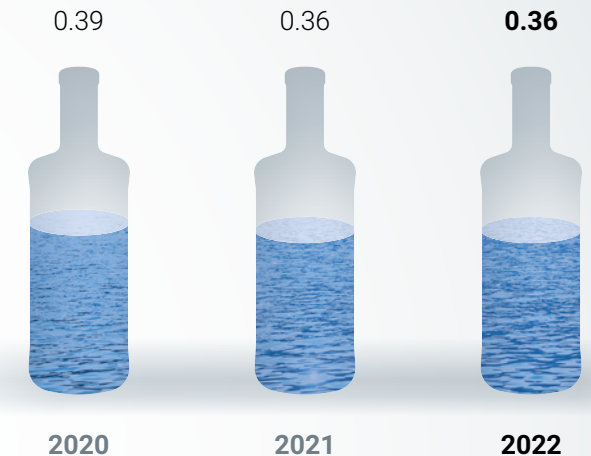
Water usage

We recognise that climate change is projected to increase the severity and frequency of droughts and water scarcity in certain areas. The world's freshwater ecosystems are already under huge strain due to the rapidly increasing demand. This is a great concern to our business, and the local communities that we operate in. Water is an essential component to our manufacturing process, it cools our hot end equipment, compressors, and any unused melted glass. The impact to our business and our local communities makes it increasingly important that we take steps to reduce our water consumption and improve water efficiency across our manufacturing sites. This is important to not only protect this valuable resource but also ensure long-term business sustainability.

Over the past few years, we have worked hard to improve water efficiency and we believe we can still do more. This year we have continued to undertake several projects to improve our water consumption and as a result, we have consolidated the previous year achievement, reporting again a water intensity ratio of 0.36 cubic metres per ton of melted glass.

WATER CONSUMPTION

(m³/tmg)



We have included 2019 data as this is our baseline year for our Science Based Target (SBT).

Our site in Derrylin is a great example of the improvements performed in water management. We have seen almost a 60% reduction in water consumption since 2018. At Vidrala Italia, we have also seen water consumption more than halve since 2018. These reductions are due to a large number of water efficiency initiatives being implemented across operations. For example, we have an objective to reduce the number of compressors used across our sites. This is important to our water consumption as

our air compressors used in the manufacturing process rely on water for cooling during their operation. Each compressor consumes between 40 and 50 cubic meters of water per hour. By replacing these water-cooled compressors with new compressors, we will be able to reduce our annual water consumption by 9,000 cubic meters annually, which is equivalent to eliminating the same amount of water needed to fill nearly 4 Olympic sized swimming pools! We have also been making upgrades to the water treatment plants across our sites in Spain. These upgrades will reduce water consumption, improve the quality, and reduce the cost of treating wastewater.

We also see **opportunities to reuse and recycle water** in water stressed areas, increasing water circularity. Water stress measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. We have identified two sites in Spain, Castellar Vidrio and Crisnova Vidrio that are located in high water stress regions, according to the WRI Aqueduct tool. It is therefore vital that Vidrala reduces water consumption across the business to ensure the worst impacts of water scarcity are avoided.

We are in the process of developing a water policy to increase oversight of water-related risks, opportunities and issues throughout our operations.

Energy usage

Glass has demonstrated itself to be one of the most sustainable packaging solutions for the environment and our core belief is that glass is key to a better, more circular economy. However, we recognise that manufacturing glass is **an energy intensive process** and contributes to the release of GHG emissions. Therefore, finding more efficient ways to manufacture glass is fundamental for us to remain a leader in the sector and achieve our SBT.

2022 showed **strong inflationary pressures**, as a consequence of supply chain tensions and the energy crisis, aggravated by the war in Ukraine which caused an unprecedented surge in the prices of natural gas, oil and electricity markets. This extraordinary situation forced us to make huge efforts to **increase the flexibility of our energy consumption profile** by implementing internal actions to optimise our energy mix, including a temporary switch to alternative fuels.

The energy crisis has changed our mindset, in terms of the way we approach energy supply and usage at Vidrala. Alternative energy sources will play a key role in our next steps, ensuring more environmentally friendly manufacturing, and safeguarding us against future variations.

Already in 2021, we worked with Glass Futures to prove that **glass bottles are able to be made from 100% recycled glass using energy solely from burning ultra-low-carbon biofuels**. This has the potential to reduce the carbon footprint of each bottle by up to 90%, making it the world's most sustainable glass bottle. In 2022, this project was one of the winners of the "The Good Practice" awards by Ingeniería Social. This award shows our desire to promote best practice and be a socially responsible business.

In 2022, **Vidrala and Diageo partnered to create the worlds first Net Zero glass bottles**. Encirc plans to build a new furnace, powered by zero carbon electricity and hydrogen from the Vertex (HyNet) plant in Cheshire, that should be operational by 2027. Decarbonising glass packaging will be a key part of the UK Government's commitment to reach Net Zero by 2050.

To quantify the impact of our operations on the climate we have reported our GHG emissions annually since 2019. This allows us to measure progress against our verified SBT. We hold ourselves accountable by continuously reviewing our strategies and targets in light of the latest climate science.

Scope 1 emissions cover the direct emissions from our production and represent those associated with the fuels that we have used on site. Our Scope 2 figure includes emissions from the purchased electricity that we use at our sites. Our Scope 3 emissions figure accounts for the emissions that occur in our value chain, including goods and products we purchase, logistics and employee travel. We intend to continue taking steps to improve the data quality of our Scope 3 emissions over the coming years. In 2022, we launched supplier questionnaires to start collect actual emissions data. By doing so, we will significantly increase the robustness of these numbers, and begin to track the benefits gained from our engagement and action with our key suppliers as they decarbonise.

Table 5: Energy Consumption

Energy source	2019	2020	2021	2022
Fuels (kWh)	3,713,564,750	3,206,985,481	3,469,914,537	3,525,633,817
Electricity (kWh)	320,520,064	310,775,667	324,997,913	337,108,160
Renewable (kWh)	301,906,706	281,477,408	317,689,012	338,236,340
Total Energy Consumption (kWh)	4,335,991,520	3,799,238,556	4,112,601,462	4,200,978,317
Fuels intensity (kWh/tmg)	1,438	1,328	1,303	1,275
Electricity intensity (kWh/tmg)	124	129	122	122
Renewable intensity (kWh/tmg)	117	117	119	122
Total intensity (kWh/tmg)	1,679	1,573	1,545	1,519

Historical values of the 'fuels' row have been amended to include consumption of other fuels beyond natural gas.

Table 6: CO2 Emissions

GHG source	2019	2020	2021	2022
Scope 1 (tCO2e)	887,045	810,398	862,314	908,242
Scope 2 / Location-based (tCO2e)	188,493	168,199	164,261	136,776
Scope 2 / Market-based (tCO2e)	109,742	80,204	74,875	86,355
Scope 3 (tCO2e)	816,950	88,220	938,055	1,231,068
Total Emissions / Location (tCO2e)	1,892,488	1,066,817	1,964,630	2,276,086
Total Emissions / Market (tCO2e)	1,813,737	978,822	1,875,244	2,225,665
Total Scope 1 & 2 / Location (tCO2e)	1,075,538	978,597	1,026,575	1,045,018
Total Scope 1 & 2 / Market (tCO2e)	996,787	890,602	937,189	994,597
Carbon Intensity (tCO2e/tmg) Total Scope 1 & 2 / Location	0.417	0.405	0.386	0.378
Carbon Intensity (tCO2e/tmg) Total Scope 1 & 2 / Market	0.386	0.369	0.352	0.360

Scope 1 includes emissions from consumption of natural gas and other fuels, decarbonisation of raw materials, leaked refrigerants and use of our fleet. We have included 2019 data as this is our baseline year for our Science Based Target (SBT).

In 2022, direct emissions produced from the burning of fuels (**Scope 1**) increased by 5.3% compared to the previous year, which is mainly explained by higher production levels. This shows that the temporary and exceptional use of diesel in some of our factories has had a controlled impact on emission levels. In this same line, including the indirect emissions generated by the electricity consumed and purchased (Scope 2), market-based emissions of Scope 1 and 2 increased by 6.1%. It should be noted that renewable electricity already represents 50% of our Scope 2 emissions. **If we do this same analysis per ton of melted glass, the increase in emissions in 2022 was limited to 2.2%, evidencing our efforts to improve the sustainability profile of our operations.**

The rest of the indirect emissions produced in our value chain (**Scope 3**) reflect an increase of 31.2%. As the majority of emissions were calculated using spend, raw materials cost inflation explains most of this increase. We have also seen a bounce back in our emissions from business travel due to the return of normal travel patterns as Covid restrictions are removed. For the first time in 2022, we have incorporated supplier-specific emission factors.

We are embracing and helping **drive change across our operations** and the wider sector. We have started collaborating with a number of external stakeholders including suppliers, peers and partners to create a pipeline of innovations and research projects. We will continue to strongly invest to accelerate the energy transition of our operations.

We are continually focused on **improving the efficiency of equipment and processes to reduce overall energy demand**. We monitor all equipment with variable consumption in the plants: from compressors and dryers, to transformers, fans, pumps, and others. This is vital for controlling our manufacturing processes and guaranteeing reliability. Monitoring our activities also enables us to identify opportunities to improve performance and eliminate both waste and inefficiencies. These actions have generated a continuous and significant reduction in the non-melting energy consumption.



Embedding energy efficiency across our business

In 2022, we extended the implementation and certification of the ISO 50001 Energy Management System to our Castellar Vidrio and Crisnova Vidrio plants. ISO 50001 provides a framework of requirements for organisations to develop a policy for more efficient usage of energy. The implementation of the Energy Management System has allowed us to use consumption data to better understand and make decisions about energy use.

During 2022, work has been done to improve the way in which energy from gas is used throughout the production process. This improvement has been made through continuous daily monitoring of consumption, allowing us to understand where consumption can be reduced. Being able to prioritise consumption and raise awareness of the importance of responsible consumption has been key to the implementation of ISO 50001, which has resulted in the following changes:

i) Reduced energy consumption by 3% in the glass melting process, this has resulted in the saving of 2,500 tCO₂e. This is equivalent to the total energy required to power 315 average homes for one year (EPA, 2022).

ii) Reduced energy consumption by up to 15% in processes not associated with glass melting. This is equivalent to 1,500 tCO₂e saved.

All this has been achieved without affecting production capacity or reducing the quality of the final product. The success of these energy efficiency projects have highlighted the importance of continuing to implement ISO 50001 Energy Management Systems at all of our sites.

To support this, we have committed to implementing energy efficiency measures such as the ISO 50001 energy management system across all our factories. Alongside this, we are exploring opportunities to replace fossil fuels as we transition to 100% renewable energy across our sites. **In 2022, 50% of our electricity came from renewable sources.** We are also introducing important initiatives to reduce our energy usage and carbon footprint.

We have invested significantly in **on-site renewable energy production**. At our Crisnova plant in Caudete, Castilla La Mancha, we have started construction of a solar photovoltaic power generation plant, which will be used for consumption in the industrial process, partially substituting fossil and electrical energy from the grid. This will have a capacity of 12 MW using cutting-edge ground-based technology. The project is part of Vidrala's sustainability and energy efficiency strategy and is a clear demonstration of our commitment to the environment and to the communities where the group operates. During the first quarter of this year, the construction works have started of the project, which will avoid ≈9,000 tonnes of CO2 being released into the atmosphere per year.

We are also taking steps to reduce other pollutants that are released into the environment from our sites as a result of manufacturing glass. To manage these pollutants, we have adopted the **Best Available Techniques (BAT)** of the glass industry, applicable to European manufacturers. Specific measures of BAT were included in the design stage of new furnaces and during partial repairs of existing furnaces. These measures range from the use of low NOx emission burners, to replacing fossil fuels with electrification. SOx and other particles mainly originate from the glass melting process. To reduce this, all of our factories now have electrostatic precipitators.

We also take steps to reduce noise and light pollution from our sites to minimise our impact in the local areas in line with relevant state regulations.



In 2022, we submitted our second full Vidrala Group submission to CDP and did so for both the Climate Change and Water Security questionnaires. This is a huge step forward in our disclosure practices and demonstrates our commitment to tackling climate change and reducing our impact. **We scored an A- in the Climate Change questionnaire, this has increased from a B in 2021, showing the progress we have continue to make in driving sustainability across our business.** We continued to score a B in the Water Security questionnaire. The questionnaires have the added benefit of helping us identify key areas for further improvement to drive sustainability across our operations.



In 2022, we also continued to disclose to EcoVadis. EcoVadis helps companies manage their network both upstream and downstream, either by sharing performance data with stakeholders or monitoring the performance of upstream value chains. We again received an EcoVadis **Silver Award, reflecting the continued importance of sustainability in our business.**

We are committed as a business to reducing the environmental impact of all our transportation activities in line with our recently validated SBT. Here at Vidrala, we are walking the walk when it comes to creating an ambitious logistics strategy. **By 2025, all of our lorries will be converted to liquefied petroleum gas (LPG) or EURO 6 (which is the highest emissions standard for diesel vehicles), reducing our NOX emissions from transportation by 84% in the same timeframe.** As part of our SBT, we have a target to reduce annual fuel consumption from logistics by 4% every year up to 2030.

At Vidrala, we are committed to driving innovation and sustainability across our operations and supply chains. In 2022, we conducted **more than 50 trials examining the benefits of mixing rail and road methods for raw material deliveries to sites,** and outbound shipping of both empty glass containers and filled products. It is thought that by combining rail and road journeys, we could reduce the number of road kilometres travelled by lorries by over 3,200,000 kilometres a year. This is equivalent to driving from our Derrylin site to our Castellar del Vallès site 1,428 times! This would see our carbon emissions from logistics reduce by over 3,200 tonnes a year throughout our supply chain. This is equal to taking 134 cars off the road – further improving the Group's sustainability credentials. We are also discussing block chain logistics within the sector. For our overseas deliveries, we support and encourage bulk shipping processes which significantly improve delivery efficiency and reduce the environmental impact.

Alongside trialling the mixed use of rail and road transportation, in 2022 **Vidrala trialled HVO (hydrotreated vegetable oil) in trucks to replace standard diesel.** HVO is a low carbon, low emission, fossil-free and sustainable alternative to conventional fossil diesel. It is fully interchangeable with conventional diesel, and can be mixed at any percentage. Our HVO trial revealed some very positive results, the most evident one being the huge reduction of CO2 created whilst using HVO in comparison to conventional diesel. We also noticed a slight advantage in kilometres per gallon on HVO and the feedback from the drivers during the trial was that it had no detriment to power or performance of the truck.

Vidrala has also started investing in a **new fleet of trucks powered by natural gas.** Natural gas burns much cleaner than traditional fuels, meaning 50-60% less carbon dioxide is used on every journey.





"To reduce the carbon footprint of one glass container, we need to look closely into the most carbon intensive stages of its lifecycle. The environmental challenges for glass are linked directly to production and transportation. We're making waves in both areas, having conducted a trial with bio fuels and looking at future trials with both hydrogen and biomethane, while also focusing on transforming our supply chains. Intramodality is crucial in this regard and has so much to offer – we can't wait to see what these 50 trials hold for the future of sustainability in our business and the industry." Adrian Curry, **Encirc Managing Director**.

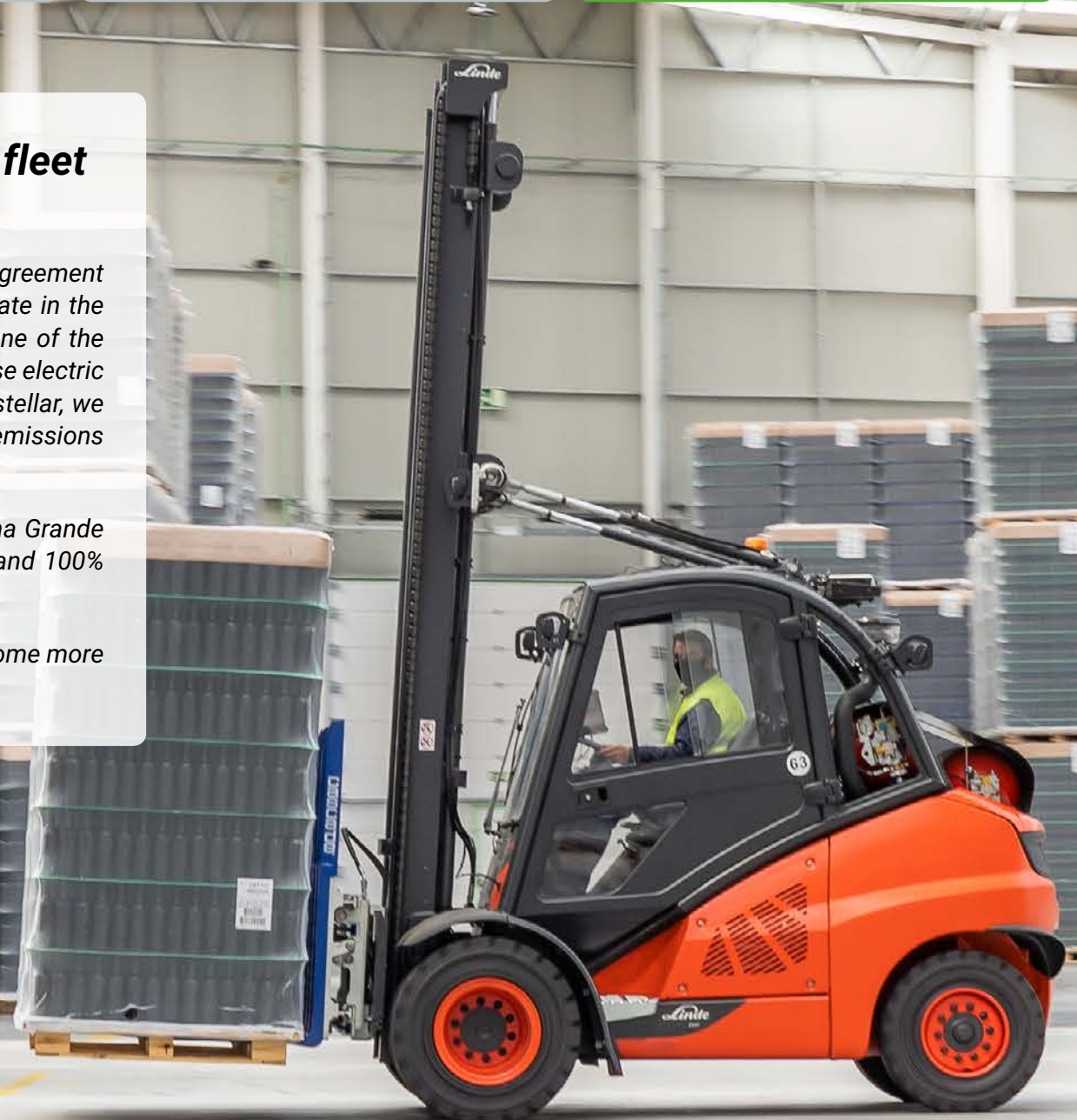
Additionally, at our site in Elton, we continue to use a railhead which enables us to bring nearly half of our raw materials to the site by rail – keeping thousands of trucks off the road every year and GHG emissions out of the atmosphere. Also, in 2021 we were able to successfully trial the use of 100% renewable HVO fuel to deliver glass sand to our Elton facility by rail. This initiative is a testament to the great work we do when we collaborate with our supplier partners, and it has the potential to reduce the carbon footprint of this part of our products supply chain by 98.7% by removing the need to use diesel.

Driving sustainability forward by increasing our fleet of electric vehicles

In September 2022, at our plant in Castellar del Vallés (Barcelona) we closed an agreement with Linde Material Handling to replace the thermal trucks that currently operate in the finished product warehouse with electric trucks. Linde Material Handling is one of the world's leading manufacturers of forklift trucks and warehouse equipment. These electric trucks will have the highest energy efficiency standard. This means that at Castellar, we will have a 100% electric internal fleet by the first quarter of 2023, reducing CO₂ emissions by approximately 300 tonnes.

In addition to this milestone at our Castellar plant, at our Gallo Plant in Marinha Grande (Portugal) we introduced a fleet of 100% electric forklifts in December 2022 and 100% electric forklifts at the Garcia Warehouse in November 2022.

Projects such as these show our drive to reduce our carbon emissions and become more sustainable throughout our operations.



People

We put everyone first

"All the people who make up the Vidrala project are key to deliver the continuous improvement of our daily operations, as well as the development of new processes and boost partnerships with our customers. For this reason, we constantly work to offer an attractive value proposition for our people, in an increasingly competitive context. Similarly, it is essential to develop long-term relationships with strategic agents in our local communities, such as suppliers or public entities." Joseba Fernández de Mendiá, **Chief People Officer**.

At Vidrala, we know that the success of an organisation depends on the people who devote all their commitment, knowledge and determination to its development. Our people have **an instrumental role in driving the success and growth** of our future project. We have continued to embrace efforts to increase workplace equality and diversity and ensure that our working environment is as supportive and inclusive as possible, as a way to promote the improvement of our competitiveness.



People development

People are fundamental to our sustainable business strategy and without their **skills, engagement, and experience**, our success would not be realised. It is important that our people feel valued and engaged in the work they do. We recognise that all our staff are individuals with different needs and career objectives, and we therefore provide **personalised development programmes based on performance assessment programs**, as well as global development programs at Group level, with an aim of helping our employees achieve their professional and personal goals in the short and long term.



HORIZON vidrala

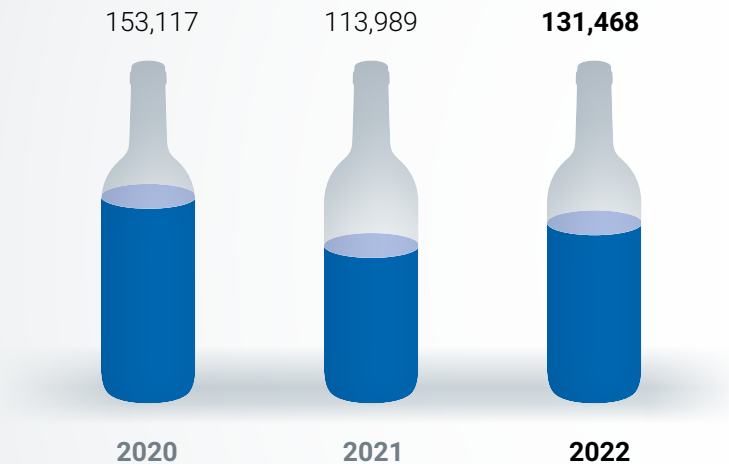
We believe that the professional development, health and well-being of our people is key to our sustainable business strategy. Therefore, we provide excellent employment opportunities that offer **job security and competitive working conditions**.

At Vidrala, our value proposal is based on the 'Vidrala Horizon' and, for example, the **One Horizon International Program** for directors, department managers and technical specialists supports and defines our leadership mentality, driving the organisation towards the achievement of your present and future goals. At the operational level, it is a talent development program that reaches more than 350 people throughout the Group. One Horizon is a program that is renewed every 3 years and which aims to:

- **Develop internal talent from a short-, medium- and long-term strategic perspective**
- **Provide the opportunity to share learning and best practice experiences across the Group**
- **Provide E-learning solutions to all participants**

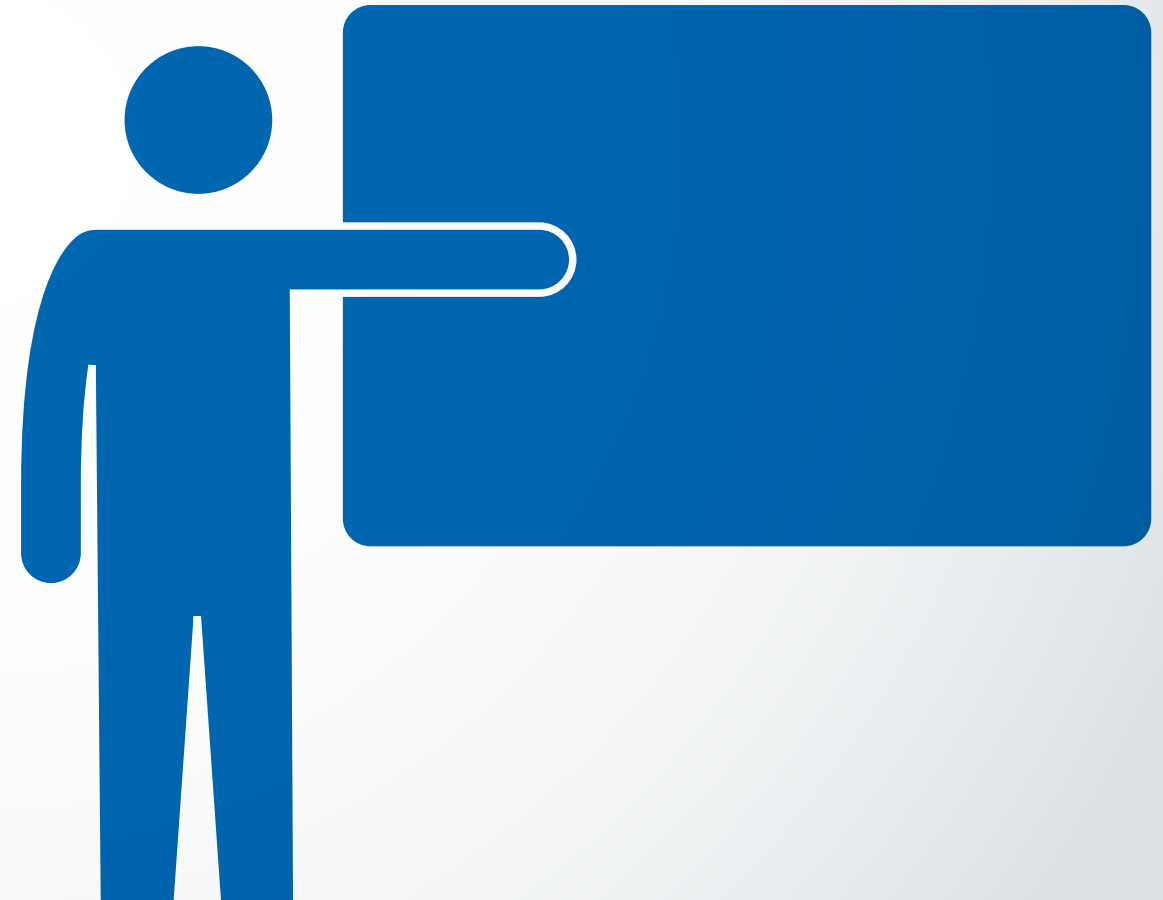
To ensure training is adapted to our needs and serves to promote professional development, as well as the success of our project, we annually reassess the training and development needs of our employees. For this reason, **in 2022 we have continued to invest in our employees through training, with a total of 131,468 training hours taking place this year.**

TRAINING HOURS (#)



We advocate leadership at all levels, an idea that irrespective of where an employee sits within the business hierarchically, they have the opportunity and responsibility to contribute to continuous improvement. To do this, we have created collaborative goals and objectives for employees whose daily responsibilities are not immediately related to our sustainable business strategy. This is an important part for nurturing the next generation of responsible future leaders.

Similarly, within the framework of our 'Vidrala Horizon' value proposition, we have continued to progress our transversal people management processes with an evolution of our external talent management strategy, our corporate branding, onboarding - outboarding, renewing our Internships Programs, Undergraduate and Master's Programs, laying the first stones of our 'Vidrala Alumni' philosophy. In the same way, we are being able to channel professional development opportunities through the management of internal promotions and we continue to implement evolved programs linked to our internal Mentoring and Coaching management policies.



Equality, diversity, and inclusion

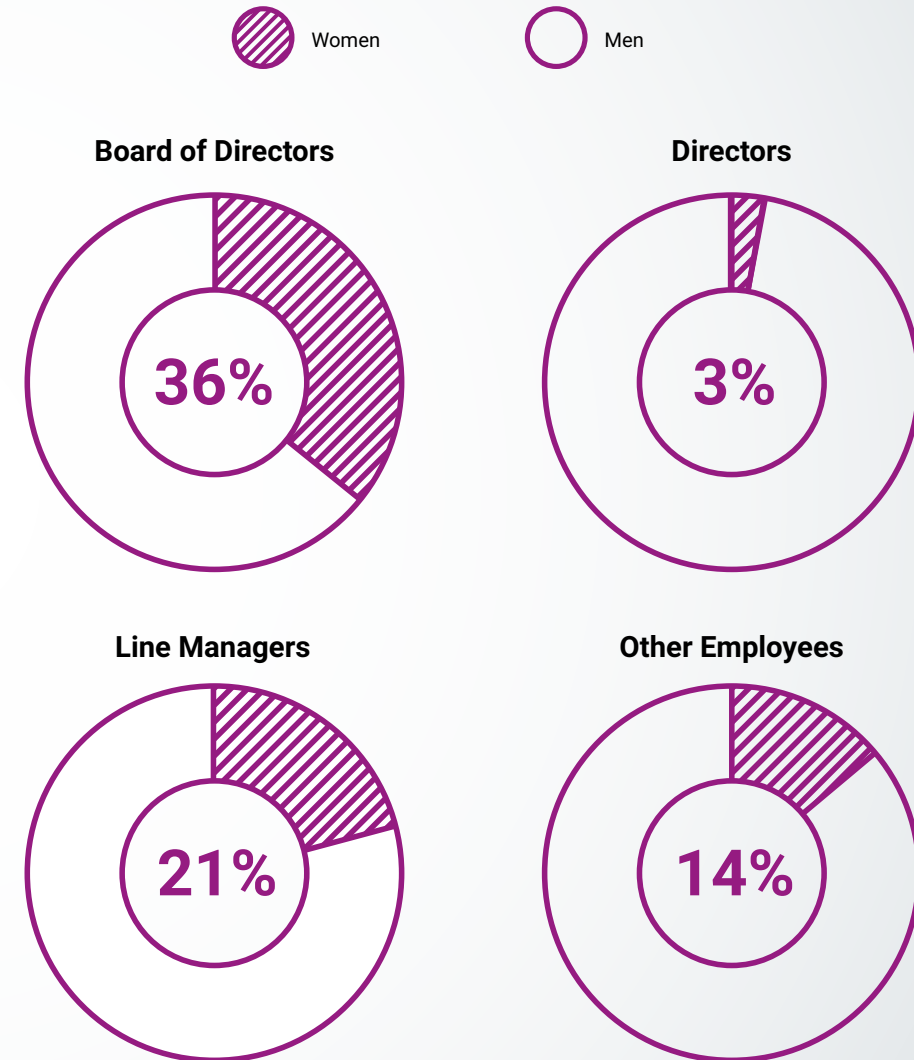
Equality, diversity, and inclusion is one of our key pillars in our People pillar and critical for being a successful business. Having a diverse workforce stretches us through the power of **differing opinions, viewpoints, knowledge, skills and cultural perspectives**. By fostering inclusivity and equality of opportunity, we empower all employees to thrive and improve the performance of our teams.

In 2010, we developed our first **Equality Plan** in Spain which outlines our key objectives for achieving universal equality and preventing any form of discrimination. The lessons learned from all the updates made within the Equality Plan have been the basis for the implementation of more advanced policies for the entire Group. Likewise, action protocols have been updated to ensure that we offer the best protection possible to our employees. Our human resources teams receive updated training on relevant topics in order to offer efficient, close and accurate advice. The legal framework in each of the Group's countries is significantly different and, therefore, a local approach is essential in promoting equality plans that are fit for purpose in each location. However, a Group spirit prevails as a hallmark.

Despite operating in a historically male-dominated industry, we remain strongly committed to **gender diversity** and improving the representation of women at all levels.

Policies that integrate **equal treatment and opportunities among both women and men** are applied from the selection stage through to promotion, via our pay policy, training, employment conditions, occupational health, flexible working, and the commitment to support a work-life balance, including for those with family.

FEMALE PRESENCE ACROSS THE ORGANISATION (%)



Promoting diversity and inclusion in the glass industry

To ensure Vidrala is an attractive place for everyone, we recently developed a diversity charter that helps us promote gender equality across the Group.

The Women in Manufacturing charter, which has been signed by our executive team, outlines progressive measures to eliminate unconscious bias throughout our recruitment stages, ensuring there are no discriminatory candidate lists on grounds of sex, race, religion, etc.

We are also committing to the use of gender neutral language in all general communications around recruitment activity. Unfortunately, manufacturing has clear limitations when it comes to not just gender diversity, but also a skills shortage. It falls on companies like us, to lead change and help increase our talent pool by championing an inclusive culture and reaching out to the local community.

In 2022, we are proud to announce that we continued to achieve a Bronze Award in the Diversity Mark accreditation, whose mission is to help businesses across the UK and Ireland build more diverse and inclusive workplaces, through accreditation, insights, best practice and peer support. The Diversity Mark is a 'Mark of Progress' that publicly declares a commitment to building a more diverse and inclusive workplace to benefit all employees.





“The Girls Network”, a partnership to help tackle gender barriers

We have proudly partnered with ‘The Girls Network’ in the UK and Ireland, to provide an initial cohort of 7 mentors for girls based in Merseyside, from a variety of backgrounds and departments.

The Girls Network was founded back in 2013, providing one-to-one mentoring initiative designed to help girls overcome barriers such as gender stereotyping, societal pressure and a lack of professional role models in their networks.

Partnering with The Girls Network, highlights that we are doing our part to ensure access and advice for career aspirations in the glass manufacturing industry within schools in our local community. We recognise that the glass manufacturing industry has historically been male-dominated, however we want to do all we can to encourage accessibility and career aspirations in the industry to all girls and women. The work we are doing in this space is aiming to target both positive changes for both Vidrala Group’s people and place, ensuring opportunities are provided to all.



We clearly state that **there is no gender pay gap across our business**. However, the average pay level of females compared to males is 11.5% lower. This difference is a result of women in the business currently holding less leadership and managerial positions than men, as well as holding less hot end productions workers compared to men, both of which contribute to a lower associated pay level. We are dedicated to supporting our female employees on progressing through the business and developing their careers.

We also have a **remuneration policy that establishes pay levels linked to the position held in the organisation**, regardless of gender, race, religion, or other factors. Historically, the nature of the production process has led to it being less attractive to women, which is why we launched the programme 'Women in Manufacturing' to improve the participation of women in the organisation.

We have implemented policies as part of our code of conduct that commit us to **identifying and eliminating any vulnerability to human rights**. These policies are communicated to all of our employees and form part of our Code of Conduct and are based on the basic principles of human rights. In 2022, we implemented a new **Whistleblowing Channel** to promote the confidentiality of the complaint, guaranteeing anonymity. The new Whistleblowing Channel is available through the Vidrala website, as well as other internal channels. For further information, please review the minimum criteria of the taxonomy chapter.

We promote respect for all employees, provide confidential channels for whistleblowing and for any complaints, and we ensure that the established controls for monitoring criminal risk are present and operational. Furthermore, 100% of our operational team employees were partial or totally covered by collective agreements across all of our operating locations in 2022.

At Vidrala, we demand strict compliance with the provisions of the International Labour Organisation and we have implemented internal policies to ensure that our suppliers have specific procedures in place to prevent child labour. Likewise, human resources and risk prevention teams regulate the performance of psychosocial risk assessments. These evaluations are facilitated by external professionals and represent an essential tool to detect possible incidents of discrimination. Due to prevention measures that we have established, there were no human rights violation complaints in 2022.



Health and well-being

Whilst career development is important, championing the health and well-being of our employees is also a top priority. A high-quality, stable work environment is essential, which is why of the over 3,600 of people we employ, **94% are in full-time, indefinite positions**, showing our dedication to providing stable working conditions.

A key pillar of our health and well-being programme is to build a sustainable workforce through policies designed to encourage and facilitate a healthy work-life balance, whilst **promoting mental health**. As of the end of 2022, we have 39 employees trained as Mental Health First Aiders (MHFAs), with a further 16 due to undertake the training at the start of 2023. The MHFAs are from a variety of different roles across the business, from factory floor to support roles, so the team are able to provide support across all areas of the business. The MHFAs will be identifiable to our employees by a mixture of lanyards, specialised bumper caps or badges and we will also have a “who’s who” noticeboard like we do for normal first aiders.

In addition, since 2015, the Vidrala Group has been implementing well-being programs that have gradually evolved in all the Group sites towards a ‘Be Healthy’ program, being our SB Vidros plant in Marinha Grande -the last to join the Group- where there have been recent advances in this regard that were postponed due to the circumstances derived from the pandemic in recent years.



Running into the 'Be Healthy' programme

At our plant SB Vidros in Marinha Grande, we officially launched our Be Healthy programme on October 2022. Throughout 2022, we have already implemented a number of initiatives, however we wanted to carry out a retrospective launch with the aim of making the program known to both our workers and their families... and we did this running! On a sunny morning we organised non-competitive races for adults and children at the plant. Over 200 people attended the launch, including the authorities of Marinha Grande, highlighting the commitment of Vidrala to the health and well-being of our employees.



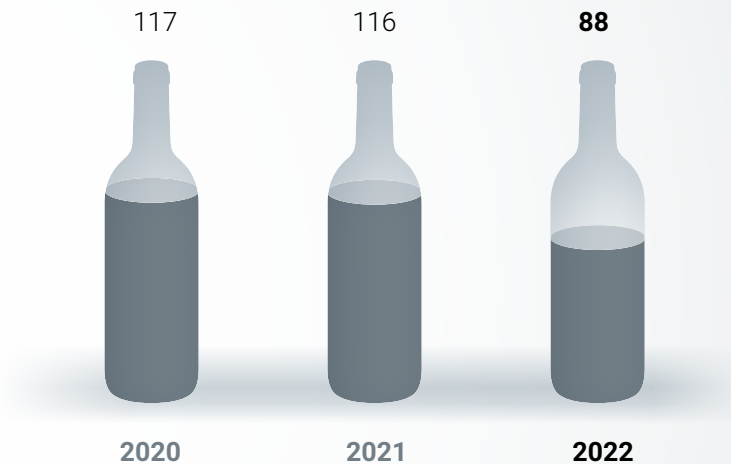
The Vidrala Group has implemented professional classification systems and adapted work calendars (4 shifts, 5 shifts, etc.) in each site that combine the needs of internal flexibility, the improvement of our competitiveness and customer service with the opportunities reconciliation of personal and professional life. In 2022, for example, we have introduced 5-shift systems with an organisational logic at our UK & Ireland plants that have previously been successfully implemented at our Portuguese plants, to improve the work-life balance of our employees.

A high standard of **health and safety is a critical component of our business operations**, particularly for the industrial and manufacturing setting that our employees work in. At the start of 2022, we launched our R3 initiative with an aim of further promoting a totally safe workplace. This is achieved by reducing exposure to accident risks, encouraging safe habits and positive learning. This effort has resulted in the contribution of many improvements and learnings that are contributing to the sustainable objectives of Vidrala and making our plants a safer and healthier place to work.

“Protecting the health and safety of our employees is paramount to us and we continue to make improvements to our processes and minimise risks. We’ve reduced people’s exposure to accident-risk environments and encouraged colleagues to actively engage in safe habits. Equally important, we’ve taken great strides in 2022 when it comes to supporting people’s mental health, introducing mental health first aid training and adapting crew programmes for each site to make sure everyone has a healthy work-life balance and somebody to go to if they ever need help.” Gorka Echebarria, **Industrial Processes Director**.

We are committed to ensuring the most relevant policies, procedures and standards are in place to minimise the risks that are present. **The accident rate in 2022 is almost 25% lower than in 2021. In 2022, we recorded 88 accidents, an improvement on 2021.** This improvement showcases our commitment to continuously improve health and safety across our business.

LOST-TIME INJURIES (#)



In recognition of the potential risks our employees may face, we have implemented occupational health and safety management systems across all our sites. Specifically, all the Group’s production facilities are currently certified under **ISO 45001 standards**, the international standard for occupational health and safety management, except for the plants in the United Kingdom and Ireland, which have developed their health and safety management system based on the ‘Successful Health and Safety Management’ (HSG65) Model. We plan for these plants to adopt ISO 45001 soon, ensuring we continue to improve the working conditions for our employees.

In 2022, we provided over 15,271 hours of training to prevent accidents. This training includes emergency response training, first aid courses, incident investigation and safety awareness training to help reduce the occurrences of accidents. We provide forklift training licences and hand arm vibration training, as well as bespoke training for employees to help them become confident working at heights and operating heavy machinery.

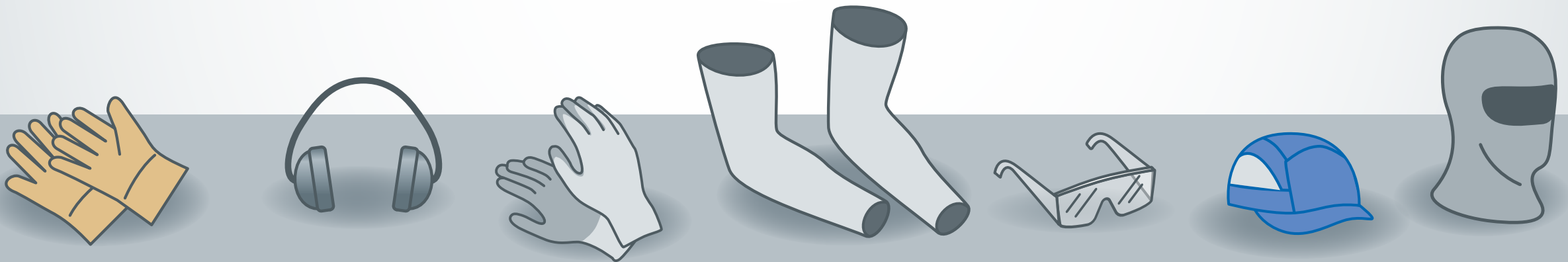
The industrial processes used in our facilities can expose employees to certain risks such as burns, cuts and muscle strains. For this reason, we have implemented behavioural safety programs for our employees to improve their awareness of risk and their overall safety. We are able to identify these health and safety risks before they occur in order to apply the most effective mitigation techniques. To address these risks, we have installed **hot end fire protection systems**, provided machinery risk assessments, and provided guidance for safely lifting equipment within our factories.

Not only is managing the health and safety risks for our employees a priority, but **protecting consumers** is also a core focus. We use different resources and strategies

to guarantee food security. Specifically, we have a Risk Analysis and Critical Control Points Team for each production plant, whose job is to analyse each stage of production in order to determine potential physical, chemical and microbiological risks. These analyses consider various elements including the handling of the product by humans and considerations related to raw materials, machinery and equipment.

The hazards detected are compiled in a document shared by the team members in order to identify which hazards are significant, thus determining the measures to be implemented. Through this system, we can determine what the key points in the manufacturing process are to minimise these risks.

Furthermore, we carry out an annual verification and validation process of our system to monitor the health and safety of our products. A product recall simulation test is also carried out to verify the ability to determine the product traceability and response time to potential product recalls, in the event of an emergency. To further manage such risks, all of our containers have a product traceability label that complies with the relevant legal requirements, as well as a quality guarantee.



Place

We are responsible for our surroundings

*“Place is about connecting with our communities and the environment around us, having a positive impact on the people and the area we work in, supporting economic development and job creation in these regions. Biodiversity is another relevant factor, making sure the flora and fauna around us have the space, time, and ability to thrive without being negatively impacted by our operations.” Gerardo Arbeo, **Procurement Director**.*

Every local community in which our sites are situated are very important to us as a business. They support us each day and many of our employees call these areas home. Ensuring a positive impact on our local communities, and **being considered as an important asset to the community** is extremely valuable to us. Engaging with our local communities is fundamental to our strategy. Within the work we do, we aim to partner with ethical and local customers and suppliers, and are taking steps to ensure we are making a positive impact on the local biodiversity.



Community engagement

We strive to raise awareness amongst our colleagues, customers, and suppliers on how we can all **have a positive impact on our local communities**. We also have a strong role to play within our communities to encourage, shape, influence, and deliver valuable experiences and learning opportunities in an equitable and inclusive way for the future leaders of tomorrow. Throughout 2022, we regularly engaged with local businesses and the wider community on a wide range of issues including biodiversity, recycling and wider sustainability within the sector. For example, in June we presented to the Glass Society of Ireland to discuss sustainability within the glass industry. We also had an interview with DEFRA (Department for Environment, Food & Rural Affairs) to discuss waste collection and packing reform in the sector.

In 2022, our Sustainability Director participated as a keynote speaker in the **“Building a Sustainable Future”** international conference taking place at South West College, Northern Ireland. Vidrala’s contribution to the day was to help showcase how organisations can develop their sustainability strategies in line with government regulation, and targets on carbon emissions and achieving Net Zero by 2050 or sooner. The conference focused on the sustainability progress Vidrala has been making across its operations and supply chain, with a particular focus on the circular economy.

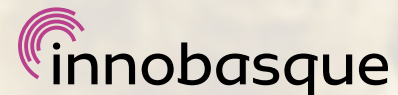


Encouraging participation in STEAM careers

In 2022, more than a hundred Basque secondary students participated in a meeting held at the University of Deusto in Bilbao, to promote scientific-technological vocations among students (STEAM - Science, Technology, Engineering, Arts and Mathematics). Over twenty science and technology professionals from the top companies in the Basque Country, including Vidrala, presented to the students and provided advice regarding career options.

The meeting adopted the original and dynamic speed dating format. Thus, the students were divided into groups of four people per table and next to them, in fifteen-minute shifts, the invited professionals sat down to share their experiences.

The 'STEAM Sare' project, ran by Innobasque, shows Basque youth what research, science and innovation professionals are like and what they work on in order to drive interest in STEAM careers and encourage them to get involved in a range of technical studies.



VIDRALA MASTER GLASS DESIGN CONTEST

Engaging with students and inspiring the next generation to think of fresh ideas when it comes to packaging and sustainability is vital to ensure continued innovation across the sector. For yet another year, Vidrala held its **"VII MasterGlass Design Contest"**, a contest that seeks innovative and sustainable ideas among university students and technical schools in Spain and Portugal. The finalists had to defend their proposals in front of a jury of experts in design, which valued aspects such as innovation, originality, functionality, viability and

sustainability of the projects presented. In 2022, the winner was the 'IZZl', as it was the project that best met the assessed criteria. The prize consisted of a trip to the 2023 Milan Furniture Fair (Salone Internazionale del Mobile di Milano). Every year, this is a great opportunity to engage with students to drive continued innovation when it comes to packaging.



**MasterGlass
Design Contest
seeks innovative
and sustainable
ideas**

During 2022, we also participated in a variety of charity projects and activities supporting associations across our local communities ranging from sports, education, and health. At Vidrala Group, we give a portion of our donations to sustainability focused initiatives that are developing activities in line with our Glass Made Good strategy. **In total we donated over EUR 153,800 to these causes, of which EUR 73,294 were sponsorships.**

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Throughout the year, our site level teams have been busy organising events to raise money for a range of charities. This allows our people to give back to the charities closest to their hearts, for the local community and beyond. Examples of our 2022 charity initiatives are outlined below:



**ALDEAS
INFANTILES SOS**

Each year we encourage participation in our customer satisfaction survey by linking responses to donations to the NGO 'Aldeas Infantiles'. Therefore, each participant, in addition to providing us with valuable information for our continuous improvement, contributes to improving care for children and young people who are in vulnerable situations, promoting their development and autonomy.



CHESHIRE COMMUNITY FOUNDATION

Cheshire Community Foundation (CCF). CCF raises funds to support hundreds of small charities and voluntary groups across the whole of Cheshire and Warrington. The foundation grant-makers ensure that the money we donate reaches the heart of our local communities that need it most. The foundation looks to **tackle poverty and inequality** - helping to build stronger, happier and more resilient communities. In 2021 alone, CCF supported 164,000 children and young people, elderly and those needing support with mental health.



Cancer Connect Northern Ireland (CCNI). CCNI is a County Fermanagh charity, supporting and guiding those affected by cancer. The Cancer Connect Centre provides information, guidance, and practical support within a safe and confidential environment to individuals and their families who have been touched by cancer. CCNI can support individuals through connecting them with specialist complementary therapists and providing them with specialist information services.



Unicef. In collaboration with UNICEF, we participated in the solidarity project '**Emergency in Ukraine**' with the aim of **supporting children and families in emergency situations** in various fields of action such as hospitals, schools and alternative care centres. All the contributions were destined for the delivery of emergency supplies, health services, psychosocial care and cash assistance to families, in addition to the delivery of basic items such as clothing, footwear and blankets.



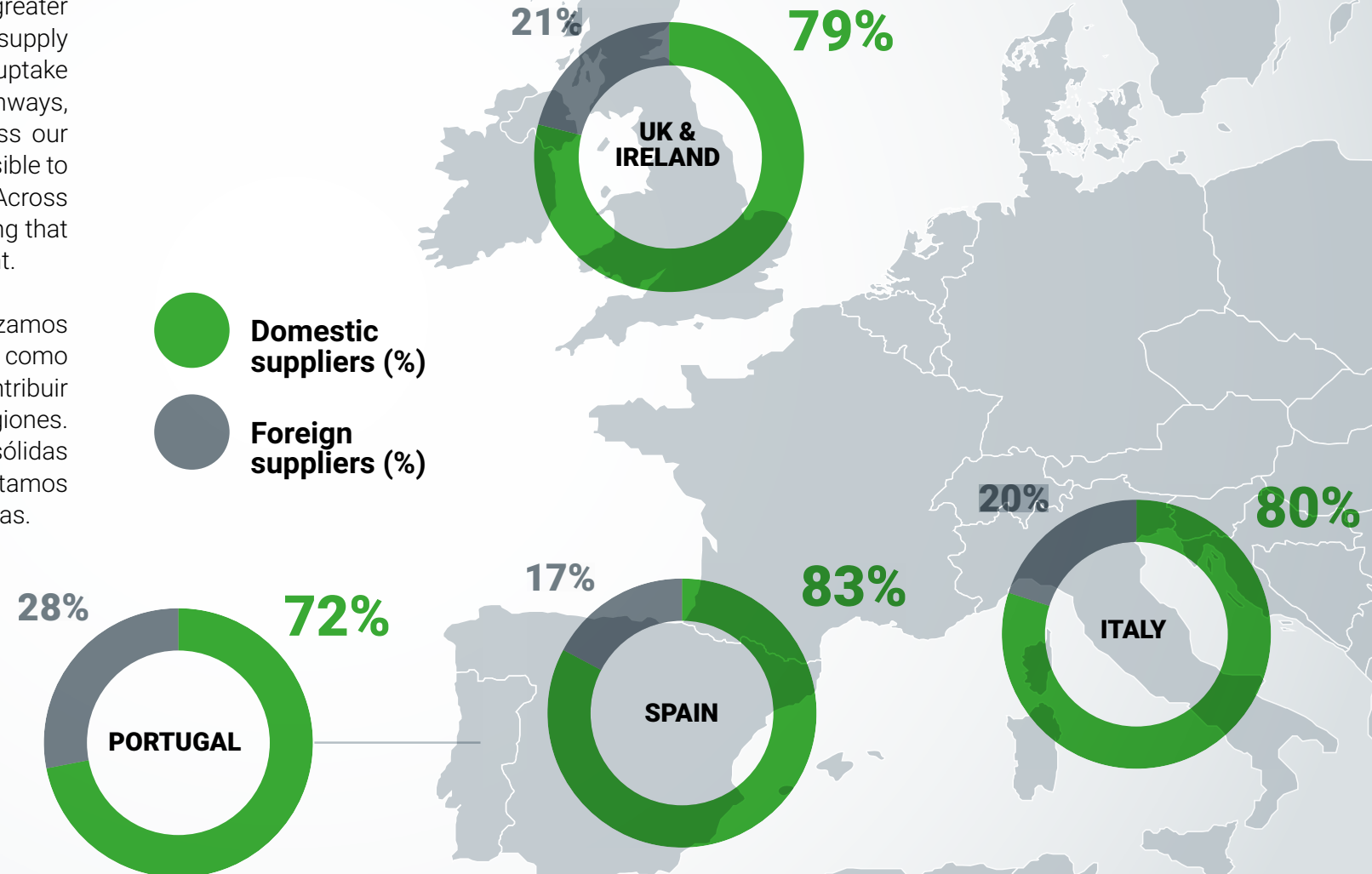
ASOCIACIÓN
CTNNB1

CTNNB1 Association. For our company race in 2022, we raised money for the CTNNB1 Association. CTNNB1 Syndrome is a severe neurodevelopmental disorder, the syndrome is associated with developmental delay, intellectual disability, as well as speech delay, among other impairments. The Association's mission and commitment is to help all families affected by CTNNB1 syndrome by offering them information, guidance, support and everything they may need. For each participant in the company race, Vidrala made a donation of 10 euros per person / per km to this association.

Customer and supplier partners

Ensuring supply chain integration from our suppliers to our customers is a key priority to us. Working together across our supply chain helps to ensure cross collaboration, and helps to create a greater impact both today and in the future. We are working with our supply chain on a number of initiatives, including encouraging the uptake and implementation of science-based decarbonisation pathways, ensuring human rights are protected in every element across our supply chain, and partnering with local suppliers wherever feasible to help support local economies and community development. Across all of these initiatives, we have an environmental focus ensuring that all of our operations have a positive impact on the environment.

Local suppliers. Como hemos mencionado antes, nos esforzamos por trabajar con tantos proveedores y empresas locales como podamos en las comunidades en las que operamos, para contribuir al desarrollo económico y la creación de empleo en estas regiones. Siempre nos hemos esforzado por entablar relaciones sólidas con las empresas de nuestras comunidades locales, y estamos continuamente agradecidos por estas colaboraciones continuas.



On average across our organisation, 80% of our suppliers are local, demonstrating our commitment in this area and to the local communities that we operate in.

The robustness of our supply chain was successfully tested during the pandemic, with no supply disruptions even during the most restrictive lockdowns. This is thanks to a strategically diversified supply chain as well as the local suppliers of each region playing a key strategic role.

Supporting our customers. The packaging our customers use often falls to scrutiny, with a number of less sustainable materials causing growing concerns for society, both environmentally and for our health. In response, many of our customers are exploring the sustainability of their packaging decisions, and are re-evaluating their previous choices and reverting to glass. The glass container protects, preserves, ensures quality and health, enables efficient distribution, and reduces waste. And above all, it is 100% recyclable, indefinitely, becoming **the ultimate sustainable packaging material for the future.**

As a key supplier, we are strongly committed to supporting them in these conversations and sustainability efforts. It is critical that our customers know they have a partner who can drive change, invest with sustainability in mind and already believe in a better future for all. We want all of our customers to know that we will support them on their sustainable transformation. Cross collaboration at all levels of the glass packaging supply chain, as availability of recycled glass is the key to our sustainable goals.





Keep Recycling Local

'Keep Recycling Local'

We have been working to help support the conversation around recycling campaigns and infrastructure at an industry and local Government scale. In May, Encirc partnered with Enva and Bryson Recycling, two leading recycling and waste recovery providers across the UK and Ireland, to create a new campaign - 'Keep Recycling Local'. This campaign hopes to highlight the importance of improving local recycling infrastructure across local Governments, as well as having a consistent approach to the recycling collection to result in high quality recycled materials to increase the supply of recycled glass.

Adopting a three-stream approach is predicted to help increase local recycling rates in Northern Ireland from 10% to 80%. This collaboration is hoping to influence the current recycling collection processes, and ensure the adoption of best practice. 'Keep Recycling Local' will aim to target behavior change and engage with the public to help them better understand the importance of recycling, and what happens to the waste following collection.



Biodiversity

Vidrala Group recognises the importance of protecting and promoting biodiversity across our operations and value chain. **Biodiversity provides humans with raw materials for consumption and production, supports functioning ecosystems that supply clean air and water essential for our survival, the pollination of plants, and many recreational benefits from being out in nature.** We play an active role in promoting biodiversity and raising awareness levels of our colleagues, communities, customers, and suppliers on how they can have a positive impact on biodiversity. We are committed to engaging with partnerships and creating further biodiversity initiatives in the future.

In 2022, we started to grow our commitment to enhancing biodiversity through multiple initiatives throughout the year. A few of our biodiversity initiatives have included local beach clean ups and commissioning new green space near the office buildings.

Vidrala Group plans to continue to assess the businesses impact on the environment and biodiversity on an annual basis and have started to consider future plans to ensure Vidrala Group can ensure a positive impact on its local biodiversity, as well as along the businesses value chain.



Collaborating with 'One Piece After Another' in the clean-up of a beach in Portugal

In 2022, Vidrala organised and participated in a beach clean-up in Portugal. This was in the aim of recognising the importance of biodiversity, ensuring action is taken to support contributions to foster biodiversity in the local communities.

59 employees and volunteers linked to our plant 'SB Vidros', partnered with 'One Piece After Another' to collect 350kg of marine garbage, which included fishing ropes and microplastics washed up on shore.

A local community effort was needed to make this such a success, this included efforts from the local council of Pataias, who made themselves available to help collect and dispose of the rubbish appropriately.



The Prince's Responsible Business Network

Responsible Business of the Year!

In 2022, we were awarded the Northern Ireland Responsible Business of the Year Award by Business in the Community (BITC), a business-led charity focused on promoting responsible business practice. This confirms the great work that Encirc, and the wider Vidrala Group are doing as a responsible business, placing the company in the spotlight and celebrating our fantastic achievements as we continue to lead the way within the industry.

We also achieved a Platinum award in the Business & Biodiversity Charter. This highlights our commitment in supporting biodiversity initiatives across our operations, fostering links between environmental organisations, the work we do and the community.



Sustainability Report

About this report

Regulatory framework

This report has been prepared in line with the requirements established in Law 11/2018 of December 28, 2018 on nonfinancial information and Diversity, approved on December 13, 2018 by the Congress of Deputies by which The Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, are modified in Non-financial information and diversity (from Royal Decree-Law 18/2017, of November 24).

In its preparation, the guidelines on the presentation of non-financial reports of the European Commission (2017 / C 215/01) derived from Directive 2014/95 / EU have also been considered. Likewise, the provisions of the Guide for the preparation of sustainability reports of the Global Reporting Initiative (GRI standards) have been considered, for which a series of standards have been selected based on the information requirements of Law 11/2018, Vidrala's activity sector and the materiality analysis carried out.

In this context, through this report, we aim to report on environmental, social and personnel-related issues and in relation to human rights relevant to the company in the execution of its own business activities.



EU Taxonomy

The EU proposed the “Action on Plan on Sustainable Finance” with the aim to direct investments towards sustainable projects and activities as an instrument to help achieve the goal of becoming the first climate neutral continent by 2050. In this context, the EU Taxonomy Regulation (Regulation (EU) 2020/852) requires large non-financial companies to disclose information on how far and to what extent their activities are associated with economic activities that qualify as environmentally sustainable.

Taxonomy aligned activities need to contribute substantially to one of the six environmental objectives set out by the European commission: (i) Climate Change Mitigation, (ii) Climate Change Adaptation, (iii) Use and protection of water and marine resources, (iv) Transition to a circular economy, (v) Pollution prevention and control and (vi) Protection and restoration of biodiversity. In addition, the CapEx, OpEx and Sales that meet with the substantial contribution must prove that they do no significant harm to the other objectives, while also being in compliance with minimum social safeguards.

The current regulatory framework is defined by the following regulations:

- Regulation (EU) 2020/852 establishes the criteria by which an economic activity will be considered environmentally sustainable. Article 8 of Regulation (EU) 2020/852 required the EU Commission to adopt a Disclosures Delegated Act to specify the content and presentation of the information to be disclosed. As of 1 January 2023, for the reporting period 2022, the Delegated Act will apply fully to non-financial undertakings.

- The Delegated Act (EU) 2021/2139 (Climate Delegated Act) establishes the technical screening criteria to determine under what conditions an economic is considered to substantially contribute to climate change mitigation or climate change adaptation and to determine if the activity does no significant harm to any of the other environmental objectives.

Amended for the introduction of economic activities in the nuclear and natural gas sectors by Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards public disclosure of specific information on these economic activities.

- The Delegated Act (EU) 2021/2178 specifies the content and presentation of the information to be disclosed as well as the methodology to be used to comply with regulation.

The Taxonomy Regulation is being implemented in phases with the environmental objectives of climate change mitigation and climate change adaptation applicable first.



Disclosures requirements

In compliance with article 8 of Regulation (EU)2020/852, in 2021 non financial undertakings disclosed the share of turnover, Capital expenditures (CapEX) and Operating Expenditures (OpEx) that were eligible according to the classification set out by the EU. In 2022 companies are also required report on the proportion of these KPIs that is considered aligned.

Reporting undertakings are also required to disclose relevant information regarding the accounting policy, the methodology for calculating those KPIs and qualitative information to support the understanding of these KPI's.

SCOPE

Annex 1 supplementing Regulation (EU) 2020/852 was used to define the scope of activities our business could align to.

Turnover, capital expenditure (CapEx) and operating expenditure (OpEx) were determined and allocated to the numerator and denominator using Section 1.1 of Annex 1 of the Disclosures Delegated Act.

The following four activities were identified in 2022 and included in scope:

- 4.25 Production of heat/cool using waste heat
- 7.3 Installation, maintenance, and repair of energy efficiency equipment
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6 Installation, maintenance, and repair of renewable energy technologies

It is expected for the taxonomy to be extended over time to include the additional environmental objectives. This is significantly relevant for Vidrala, as our business model may have activities more aligned with other environmental objectives such as the transition to the circular economy.

The taxonomy is an evolving framework, and as such it requires companies to review disclosed information regularly to ensure the reporting is aligned with the expectations of EU regulators and relevant stakeholders.

In this sense, the FAQs published in October 6, 2022, and on December 19, 2022 by the European Commission have provided implementation guidance on the Taxonomy regulation framework.

Vidrala will continue to review the reporting criteria every year, ensuring the accuracy and quality of the information and ensuring that the information reported coincides with the perimeter of the Consolidated Annual Accounts. This report covers all the production plants and locations of Vidrala, S.A.

Assessment of compliance

Taxonomy eligible

Due to a greater understanding of the Taxonomy Regulation (Regulation (EU) 2020/852) and its application to Vidrala's economic activities, we have reviewed and updated our 2021 reported data.

In this sense, the items initially included in some of the activities reported in 2021 have been reconsidered, as they do not correspond precisely to the description of the activity. Below is the comparison made for activities reported as eligible in 2021 applying the change of criteria.

ACTIVITY	CapEx eligible reported - 2021	CapEx eligible reviewed - 2021	Explanation of variation
4.15 - District heating/cooling distribution	8.2%	—%	Analysing the description of the activity, the investment originally assigned to 4.15, aligns closer to 4.25
4.25 - Production of heat/cool using waste heat	0.4%	12.7%	The increase is due to the reassignment of 4.15. This CapEx now contributes a larger percentage of the total, however the spend amount remains the same
5.2 - Renewal of water collection, treatment and supply systems	12.7%	—%	The investment does not meet the description of the activity.
5.3 - Construction, extension and operation of waste water collection and treatment	—%	19.0%	Analysing the description of the activity, the investment originally assigned to 5.2, aligns closer to 5.3. The spend meets the description of the activity for 5.3. This CapEx now contributes a larger percentage of the total, however the spend amount remains relatively similar
6.6 - Freight transport services by road	4.0%	—%	The investment does not meet the description of the activity.
7.3 - Installation, maintenance and repair of energy efficiency equipment	62.2%	55.3%	A proportion of CapEx spend does not meet the description of the activity.
7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.9%	11.7%	This CapEx now contributes a larger percentage of the total, however the spend amount remains the same
7.6 - Installation, maintenance and repair of renewable energy technologies	0.9%	1.3%	This CapEx now contributes a smaller percentage of the total, however the spend amount remains the same
9.1 - Engineering activities and related technical consultancy dedicated to adaptation to climate change	3.8%	—%	The investment does not meet the description of the activity.
Total CapEx eligible	8,566,859€	5,751,793€	
Total taxonomic CapEx	112,604,000€	113,328,000€	
Percentage eligible over total	7.6%	5.1%	

The percentages per activity are calculated as 'Total eligible CapEx per activity/ Total eligible CapEx'.

Four of Vidrala's economic activities are EU Taxonomy eligible, and account for 31.1% of total taxonomic CapEx. The following table is a breakdown of CapEx spend for the 2022 reporting period:

ACTIVITY	CapEx eligible-2022
4.25 - Production of heat/cool using waste heat	0.5%
5.2 - Renewal of water collection, treatment and supply systems	2.9%
5.3 - Construction, extension and operation of waste water collection and treatment	0.4%
7.3 - Installation, maintenance and repair of energy efficiency equipment	89.5%
7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	3.4%
7.6 - Installation, maintenance and repair of renewable energy technologies	3.3%
Total CapEx eligible	€50,210,190
Total taxonomic CapEx	161,212,581€
Percentage eligible over total taxonomic CapEx	31.1%

The percentages per activity are calculated as 'Total eligible CapEx per activity/ Total eligible CapEx'. The substantial increase of the 7.3 activity is due to an increase of the investments related to this activity.

Regarding OpEx, in fiscal year 2021 an eligible OpEx percentage close to 2% was presented. As previously mentioned, due to the current degree of understanding of the descriptions of the activities and the technical criteria included in the Taxonomy, it has been revised that the taxonomic Opex is not material for the activities since the relevant items are related to the relative ones. to supplies and personnel expenses and other operating expenses, which represent more than 98% of OPEX. For this reason, it has been decided to adopt a conservative criterion, indicating that the eligible OpEx is close to 0% of Vidrala's accounting OpEx. Likewise, the restated OpEx figure for 2021 would also be close to 0% due to the application of the change in criteria.

The following table justifies the evaluation carried out for the materiality of the Opex of the 2021-2022 comparison:

	2022	2021
OpEx taxonomic	4,012,822.0€	14,929,723.0€
OpEx consolidated annual accounts	1,177,479,551.0€	828,055,137.0€
Percentage taxonomic over consolidated annual accounts	0.3%	1.8%

Taxonomy aligned

To be Taxonomy-Aligned, the activity must make a substantial contribution to at least one of the EU's Taxonomy objectives, while at the same time not significantly harm any of these objectives and meeting minimum social safeguards. Where the do not significantly harm criteria does not apply to the environmental objective, this has been marked by not applicable in the CapEx and OpEx templates, presented below.

Substantial contribution

How Vidrala complies with each substantial contribution criteria for CapEx in 2022:

EU TAXONOMY ACTIVITY	SUBSTANTIAL CONTRIBUTION CRITERIA	APPLICATION TO VIDRALA
4.25 - Production of heat/cool using waste heat	La actividad produce frío/calor del calor residual.	Lehr is a heat recovery system that uses waste heat from the annealing ark.
7.3 - Installation, maintenance, and repair of energy efficiency equipment	<p>Examples of activity include</p> <ul style="list-style-type: none"> (i) external walls, roofs, lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for the application of the insulation (including mechanical fixings and adhesive); (ii) replacement of existing windows with new energy efficient windows; (iii) replacement of existing external doors with new energy efficient doors; (iv) installation and replacement of energy efficient light sources; (v) installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies. 	<ul style="list-style-type: none"> (i) Refractory wall, and spend to support it's construction to insulate the furnace walls, and decrease heat loss. (ii) Energy efficiency lighting in the warehouses. (iii) Replacement of ventilation units. (iv) Ceramic seals to ensure air tightness.
7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of building	<p>The activity consists in one of the following individual measures:</p> <ul style="list-style-type: none"> (i) installation, maintenance and repair of building automation and control systems, (ii) building energy management systems (BEMS), (iii) lighting control systems (iv) energy management systems (EMS). 	Energy Management Systems which support field digitalisation, and monitoring energy efficiency.
7.6 - Installation, maintenance, and repair of renewable energy technologies	The activity consists in one of the following individual measures, if installed on-site as technical building systems: installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment; installation, maintenance and repair of solar hot water panels and the ancillary technical equipment.	Installation of solar plants.

Three of Vidrala's economic activities are EU Taxonomy aligned, and account for 5.4% of total taxonomic CapEx spend:

ACTIVITY	CapEx aligned / Total CapEx Eligible- 2022	CapEx aligned / Total CapEx - 2022
7.3 - Installation, maintenance and repair of energy efficiency equipment	10.8%	3.4%
7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	3.4%	1.0%
7.6 - Installation, maintenance and repair of renewable energy technologies	3.3%	1.0%
Total CapEx aligned	8,740,770€	
Total CapEx eligible	50,210,190€	
Total taxonomic CapEx	161,212,581€	
Percentage Aligned over total CapEx Eligible	17.4%	-
Percentage Aligned over total taxonomic CapEx	-	5.4%

Significant harm to environmental objectives - DNSH

To comply with the do not significantly harm criteria for the environmental objectives, an assessment has been made:

Climate change adaptation

Investments linked to the following activities comply with appendix A of the EU taxonomy, which is related to climate risk analysis, linked to TCFD. In 2022, Vidrala undertook an in-depth study of the three RCP forecasts (2.6, 4.5 and 8.5), bringing together members of the management team with external experts in climate risks. After carrying out this analysis, no significant risks have been concluded that consider adaptation measures necessary for the moment:

- 7.3 - Installation, maintenance and repair of energy efficiency equipment
- 7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6 - Installation, maintenance and repair of renewable energy technologies.

Our CDP Climate Change and Water Security questionnaire scores can be found in our Sustainability Report.

Pollution prevention and control

The related investments in activity 7.3 - Installation, maintenance and repair of energy efficiency equipment comply with appendix C of the EU taxonomy.

Minimum social safeguards

Human rights management

Vidrala Group has developed in 2022 its own Human Right policy based on the **Modern Slavery Act** 2015, the International Treatments and Conventions, especially the Universal Declaration of Human Rights of the United Nations and sets out the steps that Vidrala has taken and is continuing to take to ensure that modern slavery or human trafficking is not taking place within our business or supply chain. The commitment to developing policies that integrate equal treatment and opportunities among employees, without any direct or indirect discrimination based on race, sex, nationality, language, origin, personal convictions, marital or health status, is applied from the selection to the promotion, through pay policy, training, employment conditions, occupational health, the organisation of working time and the reconciliation of family life and work. Likewise, there is a monitoring system that aims to guarantee the achievement of the equality objectives expressed, and communication procedures to report on the decisions, plans and measures adopted, as well as to report the progress made.

This policy, as same as the Code of Conduct approved in 2019, is available to all employees through the corporate intranet. In addition, our Code of Conduct acts as the guiding criterion for all its activities, one of its pillars being not to tolerate any action of corruption and bribery, among other crimes and it is communicated to each new employee and it is refreshed on an annually basis.

Vidrala Group ensures that their suppliers accept the Suppliers Code of Conduct, approved in 2022, at the moment of the registration as a new supplier. This Code establishes the human right compliance framework that each supplier has to accept, as same as the acceptance of being audited on this topic, among others. The Quality

Department is in charge of performing the audits to the suppliers, as explained in the current report.

The Group is working on updating the audits templates basing them in the new human rights risk matrix. This matrix has been developed based on the last regulation published.

At least once per year, the Audit Committee is being informed of any violation regarding Human Rights. During 2022 no violations were recorded.

Complaint / claim mechanism

In 2022, Vidrala Group implemented a new Whistleblowing Channel based on the complies with current legislation as set out in European Directive 2019/1937 of the European Parliament and of the Council, of October 23, 2019, regarding the protection of people who report violations of Union Law, as well as its transpositions to the regulations of the countries where the Vidrala Group has a presence. Its aim is to promote the confidentiality of the complaint, guaranteeing anonymity. This Whistleblowing Channel as same as its management policy can be found <https://www.vidrala.com/en/investors/governance/whistleblowing-channel/>. Throughout 2022, no complaint has been reported. 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, are considered to be at risk.

Consumer interests

Vidrala complies with the European Data Protection Regulation (GDPR).

Regarding the customer complaints, Vidrala Group manages 100% of any instances of dissatisfaction of its direct clients who are, in turn, in direct contact with consumers. The indicator used -number of dissatisfactions per million tonnes sold- has experienced a progressive improvement in recent years that could be appreciated in table 24 from the annex.

To ensure that all our complaints are all evaluated and responded to in a standardised way, our Customer Service Team use an informatic system, 'E-Gestiona'. The response to any complaints covers an analysis of the cause of the complaint, and any relevant corrective and preventative actions to be implemented. In the first place, the customer service department gets in contact with the customer to gather additional information and open the dissatisfaction in Vidrala's quality management system, 'E-Gestiona'. After that, the quality department assigns the dissatisfaction depending on its typology (product, packaging, logistics, or commercial) and origin (plants or central) so that a solution is provided as quickly as possible. The Vidrala Group has established a set of key performance indicators (KPIs) to monitor our process, specifically the proportion of complaints answered, and the time taken to answer. The use of KPIs ensures that we are improving the effectiveness of our system and process. Furthermore, in response to the complaints gathered, the Vidrala Group establishes unique action plans in order to minimise the quantity of complaints and, specifically, reduce the severity of the received complaints.

Anti-corruption and Defence of competence

We do not tolerate any violation of our anti-corruption, anti-bribery and ethical policies and we are committed to addressing any incidents which do so. Our Anti-Corruption, Anti-Fraud and Competence Defence Policy approved in 2020, establishes the applicable regulation, who this policy applies to, the general basic principles of action and the channel of communication in case of a suspect or clear violation of the policy. We ensure all our employees are trained on such issues. Our Code of Conduct is communicated to each new employee and is available on our Intranet. It is also periodically communicated to current employees by email. We have also in place a software which is used to identify and investigate any suspicious behaviour related to purchases and payments, minimising potential risks in this field. As part of the internal audit plan, a continuous audit is carried out that involves the purchasing, invoicing and treasury processes to detect possible fraud and process improvements.

Our Anti-Corruption, Anti-Fraud and Competency Defence Policy also addresses the issue of Anti-Competitive Behaviour. We continued to report no legal actions or breaches related to anti-competitive behaviour and violation this year.

Taxes

The purpose of the group's tax policy is to ensure compliance with applicable regulations in all the tax territories in which the group operates, consistent with the activity carried out in each of them. The Vidrala group has specialized external advice for the evaluation and continuous management of tax risks in those geographies where it operates.

Methodology and accounting policy

An assessment in the allocation of revenues or expenditures to different economic activities was undertaken using management information. This formed the basis for how turnover, CapEx and OpEx were calculated.

Due to Vidrala's economic activity, sales do not meet the description of any activity, and therefore the percentage is 0.0%.

The proportion of CapEx and OpEx has been calculated as the numerator divided by the denominator.

CapEx Denominator

The denominator covers additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. Vidrala applies international financial reporting standards (IFRS) and national generally accepted accounting principles (GAAP). Leases that do not lead to the recognition of a right-of-use over the asset have not been counted. The denominator figures could be found in the notes of the Consolidated Annual Accounts. Additions of fixed assets exclude additions to intangibles for CO2 emission rights.

CapEx Numerator

The numerator equals the part of the CapEx included in the denominator that is related to assets or processes that are associated with Taxonomy-aligned economic activities. Notably activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act.

Avoiding any double counting in the allocation, each investment across economic activities was achieved by using a unique identifier called PEP and sub-PEP.

OpEx Denominator

The denominator covers direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. Vidrala has a specific code to identify all the OpEx considered as sustainable that meets with this definition.

OpEx Numerator

The numerator equals the part of the OpEx included in the denominator that is related to assets or processes associated with Taxonomy economic activities, including training and other human resources adaptation needs, and direct non-capitalised costs that represent research and development not already accounted for in the CapEx KPI.

In both numerator considerations, it has only be taken into account the CapEx and OpEx that has an associated invoice. A breakdown of the part of the CapEx and OpEx allocated to substantial contribution to climate change adaptation is provided in the numerator.

The turnover, CapEx and OpEx meet the requirements established for the environmental objective of climate change mitigation.

				Substantial Contribution Criteria						Criteria for DNSH															
Economic Activities (1)	Codes (2)		CapEX absolute (3)	CapEX proportion (4)	Mitigation to climate change (5)	Adaptation to climate change (6)	Marine and hydric resources management (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Mitigation to climate change (11)	Adaptation to climate change (12)	Marine and hydric resources management (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of the CapEx that adjusts to the taxonomy, year N (18)	Proportion of the CapEx that adjusts to the taxonomy, year N-1 (19)	Enabling activity (20)	Transition activity (21)				
			EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T				
A. ACTIVITIES ELIGIBLES ACCORDING THE TAXONOMY																									
A.1. ENVIRONMENTAL SUSTAINABLE ACTIVITIES (Taxonomy aligned)																									
Intallation, maintenance and repair of energy efficiency equipment	7.3	I	5,418,850	3.4%	3.4%	0%	N/A	N/A	N/A	N/A	N/A	Yes	N/A	N/A	Yes	N/A	Yes	3.4%	–	E					
Intallation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	I	1,684,736	1.0%	1.0%	0%	N/A	N/A	N/A	N/A	N/A	Yes	N/A	N/A	Yes	N/A	Yes	1.0%	–	E					
Intallation, maintenance and repair of renewable energy technologies	7.6	I	1,637,185	1.0%	1.0%	0%	N/A	N/A	N/A	N/A	N/A	Yes	N/A	N/A	Yes	N/A	Yes	1.0%	–	E					
CapEx of the environmentally sustainable activities (A.1)		I	8,740,770	5.4%	5.4%	0%	N/A	N/A	N/A	N/A	N/A	–	N/A	N/A		N/A	–	5.4%	–	–	–				
A.2. ELEGIBLE ACTIVITIES ACCORDING THE TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE (not taxonomy aligned)		I	-	0.0%	–	–	–	–	–	–	–	–	–	–	–	–	–								
Production of heat/cool using waste heat	4.25	I	246,213	0.2%																					
Renewal of water collection, treatment and supply systems	5.2	I	1,473,316	0.9%																					
Construction, extension and operation of waste water collection and treatment	5.3	I	208,000	0.1%																					
Istallation, maintenance and repair of energy efficiency equipment	7.3	I	39,541,891	24.5%																					
CapEx of eligible activities according the taxonomy but not environmentally sustainable activities (A.2)		I	41,469,419	25.7%																		–	–	–	–
TOTAL (A.1+A.2)		I	50,210,189.80	31.1%																		5.4%			
A. ACTIVITIES NON ELIGIBLES ACCORDING THE TAXONOMY					*The objectives related to Hydric Resources, Circular Economy, Pollution and Biodiversity related to the substantial contribution are not applicable because they have not been published. ** In the DNSH criteria, those ones that are “N/A” is because they dont proceed.																				
CapEx of not eligible activities according th the taxonomy (B)		I	111,002,391.15	68.9%																					
TOTAL (A+B)		I	161,212,580.95	100%																					

*The objectives related to Hydric Resources, Circular Economy, Pollution and Biodiversity related to the substantial contribution are not applicable because they have not been published.

** In the DNSH criteria, those ones that are "N/A" is because they dont proceed.

Economic Activities (1)	Codes (2)	CapEX absolute (3)	CapEX proportion (4)	Substantial Contribution Criteria						Criteria for DNSH						Minimum safeguards (17)	Proportion of the CapEx that adjusts to the taxonomy, year N (18)	Proportion of the CapEx that adjusts to the taxonomy, year N-1 (19)	Enabling activity (20)	Transition activity (21)
				Mitigation to climate change (5)	Adaptation to climate change (6)	Marine and hydric resources management (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Mitigation to climate change (11)	Adaptation to climate change (12)	Marine and hydric resources management (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. ACTIVITIES ELIGIBLES ACCORDING THE TAXONOMY																				
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES																				
OpEx of the environmentally sustainable activities (A.1)				-	-	-	-	-	-	-	-	-	-	-	-	-				
A.2. ELEGIBLE ACTIVITIES ACCORDING THE TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE				-	-	-	-	-	-	-	-	-	-	-	-	-				
OpEx of eligible activities according the taxonomy but not environmentally sustainable activities			-												-	-	-	-	-	-
TOTAL (A.1+A.2)			-																	
A. ACTIVITIES NON ELIGIBLES ACCORDING THE TAXONOMY																				
OpEx of not eligible activities according the taxonomy			4,012,822.00																	
TOTAL (A+B)			4,012,822.00	100%																

Economic Activities (1)	Codes (2)	Absolute turnover (3)	Proportion turnover (4)	Substantial Contribution Criteria						Criteria for DNSH						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (18)	Category (enabling activity) (20)	Category (transition activity) (21)
				Mitigation to climate change (5)	Adaptation to climate change (6)	Marine and hydric resources management (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Mitigation to climate change (11)	Adaptation to climate change (12)	Marine and hydric resources management (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	F	T
A. TAXONOMY ELIGIBLE ACTIVITIES			%																	
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
Turnover of the environmentally sustainable activities (taxonomy-aligned) (A.1)	-	-	-	-	-	-	-	-	-								-			
A.2. ELEGIBLE ACTIVITIES ACCORDING THE TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE																				
Turnover of taxonomy-eligible bur not environmentally sustainable activities (not taxonomy-aligned activities) (A.1)	-	-	-														-	-	-	-
TOTAL (A.1+A.2)		-	0%																	
B. TAXONOMY NON ELIGIBLE ACTIVITIES																				
Turnover of taxonomy-non-eligible activities (B)		-																		
TOTAL (A+B)		-	0%																	

A large circular inset with a decorative, wavy border occupies the left and center of the page. Inside the circle is a vibrant green forest scene with sunlight filtering through the leaves and a fallen tree trunk in the foreground.

Sustainability Report

Annexes

Annex 1.Full data tables

Table 1
Consumption of raw materials (tons)

	2020	2021	2022
Raw materials	2,600,642	2,949,598	3,077,260
Auxiliary raw materials	523	748	749
TOTAL	2,601,165	2,950,346	3,078,009

Table 2
Water consumption (m³)

	2020	2021	2022
Water consumption	949,946	950,459	996,383

Table 3
Other pollutants (kg)

	2020	2021	2022
Nitrogen Oxides – NOx	3,894,426	4,248,111	3,270,982
Sulphur Dioxides – SOx	2,955,850	3,003,145	2,350,454
Particles	43,496	77,242	70,096
TOTAL	6,893,772	7,328,498	5,691,532

Table 4
Waste generation (tons)

	2020	2021	2022
Hazardous / Disposed	3,043	3,401	3,277
Hazardous / Recovered	846	1,095	2,525
Non-hazardous / Disposed	2,370	1,556	1,182
Non-hazardous / Recovered	18,362	11,630	10,965
TOTAL	24,621	17,682	17,949

Hazardous waste, such as dragger sludge, electrostatic precipitator waste, furnace chamber cleaning waste, empty containers, absorbent rags, oil, etc. **Non-hazardous waste**, such as wood, paper and cardboard, plastic packaging, metal scrap, electrical scrap, disused moulds, obsolete machinery wiring, lithium batteries, etc. Disposed refers to **non-recoverable waste**, which will end up in a landfill. Recovered refers to discarded materials that will be recycled to serve a useful purpose by replacing other materials which would otherwise have been used to fulfil a particular function. Historical values have been amended due to reclassifications.

Table 5
Employees by country

	2020	2021	2022
United Kingdom	1,321	1,358	1,497
Spain	1,123	1,102	1,097
Portugal	868	848	872
Italy	193	190	187
Ireland	12	11	10
France	10	11	10
TOTAL	3,527	3,520	3,673

Table 6**Employees by gender, age, and professional category (#)**

	2020	2021	2022
Female	493	499	529
Male	3,034	3,021	3,144
TOTAL	3,527	3,520	3,673
Under 30 years old	359	347	406
31-50 years old	2,255	2,226	2,249
Over 50 years old	913	947	1,018
TOTAL	3,527	3,520	3,673
Directors	47	49	47
Line Managers	399	452	469
Other employees	3,081	3,019	3,157
TOTAL	3,527	3,520	3,673

Table 7**Indefinite contracts by gender, age, and professional category (#)**

	2020	2021	2022
Female	445	464	491
Male	2,838	2,853	2,960
TOTAL	3,283	3,317	3,451
Under 30 years old	255	269	314
31-50 years old	2,135	2,121	2,136
Over 50 years old	893	927	1,001
TOTAL	3,283	3,317	3,451
Directors	46	49	47
Line Managers	391	445	461
Other employees	2,846	2,823	2,943
TOTAL	3,283	3,317	3,451

Table 8**Temporary contracts by gender, age, and professional category (#)**

	2020	2021	2022
Female	47	36	39
Male	197	167	183
TOTAL	244	203	222
Under 30 years old	104	78	92
31-50 years old	121	105	113
Over 50 years old	19	20	17
TOTAL	244	203	222
Directors	1	1	0
Line Managers	8	7	8
Other employees	235	195	214
TOTAL	244	203	222

Table 9**Part-time contracts by gender, age, and professional category (#)**

	2020	2021	2022
Female	46	43	61
Male	93	61	80
TOTAL	139	104	141
Under 30 years old	3	1	12
31-50 years old	48	41	56
Over 50 years old	88	62	73
TOTAL	139	104	141
Directors	1	1	1
Line Managers	13	9	12
Other employees	125	94	128
TOTAL	139	104	141

Table 10**Dismissals by gender, age, and professional category (#)**

	2020	2021	2022
Female	3	4	5
Male	28	27	27
TOTAL	31	31	32
Under 30 years old	9	5	7
31-50 years old	15	13	16
Over 50 years old	7	13	9
TOTAL	31	31	32
Directors	0	1	1
Line Managers	3	7	3
Other employees	28	23	28
TOTAL	31	31	32

Table 11**Average remuneration* by gender, age and professional category (EUR)**

	2020	2021	2022
Female	36,377	38,154	40,268
Male	41,471	44,293	45,893
TOTAL	40,772	43,423	45,083
Under 30 years old	33,928	37,003	37,422
31-50 years old	41,730	44,141	45,729
Over 50 years old	41,108	44,087	46,712
TOTAL	40,772	43,423	45,083
Directors	158,912	164,586	181,795
Line Managers	72,653	70,842	72,730
Other employees	34,856	37,351	38,940
TOTAL	40,772	43,423	45,083

Table 12**Average remuneration* of the Board of Directors, by gender (EUR)**

	2020	2021	2022
Female	90,528	93.100	99,796
Male	143,408	146.701	159,416
TOTAL	128,986	132.083	139,543

Table 13**Average remuneration* of Directors, by gender (EUR)**

	2020	2021	2022
Female	**	**	146.335
Male	**	**	183.371
TOTAL	158,912	164,586	181.795

*Reported data includes variable remuneration, mainly related to results and productivity, as well as other remuneration items (such as social benefits, retirement supplement, travel supplements and allowances, etc.). In order to improve comparability, the average remuneration by category does not include amounts related to multi-year variable remuneration of irregular perception. **Average remuneration of Directors, by gender: omitted in previous years for data protection reasons, as there was only one female director.

Table 14**Employees with disabilities (#)**

	2020	2021	2022
Employees with disabilities	36	45	44

Reported figures include available data for the UK and Ireland division. Comprehensive data is expected looking forward, as we improve monitoring of such information.

Table 15**Absenteeism** (hours and index)

	2020	2021	2022
Total hours lost	593,587	589,617	556,394
Theoretical working hours	6,277,911	6,254,915	6,321,574
INDEX	9.5%	9.4%	8.8%

Table 16**Occupational diseases by gender** (#)

	2020	2021	2022
Female	12	15	12
Male	62	52	64
TOTAL	74	67	76

Historical values have been amended to better adjust to the calculation methodology defined by law.

Table 17: Number of work accidents by gender** (#)

	2020	2021	2022
Female	7	11	8
Male	110	105	80
TOTAL	117	116	88

**Lost-time injuries.

Table 18**Frequency rate by gender** (index)

	2020	2021	2022
Female	9.4	14.4	9.5
Male	24.0	21.8	16.2
TOTAL	21.7	20.7	15.3

Frequency rate = # of accidents x 1,000,000 / # of hours worked.

Table 19**Severity rate by gender** (index)

	2020	2021	2022
Female	0.24	0.72	0.20
Male	0.96	0.79	0.47
TOTAL	0.85	0.78	0.43

Severity rate = # of days lost x 1,000 / # of hours worked.

Table 20**Total hours of training by professional category** (hours)

	2020	2021	2022
Directors	863	1,632	940
Line Managers	25,428	22,494	17,763
Other employees	126,826	89,863	112,765
TOTAL	153,117	113,989	131,468

Table 21**Average hours of training by professional category** (hours per employee)

	2020	2021	2022
Directors	18	33	20
Line Managers	64	50	38
Other employees	41	30	36
TOTAL	43	32	36

Table 22**Contributions to non-for-profit organisations** (EUR)

	2020	2021	2022
Group	240,328	192,084	153,809

Table 23**Local and non-local suppliers by country** (#)

	2020 Locals	2020 Foreign	2021 Locals	2021 Foreign	2022 Locals	2022 Foreign
Spain	9,994	1,996	10,178	2,053	10,351	2,100
Portugal	2,344	906	2,464	960	2,591	1,053
Italy	1,650	403	1,699	428	1,761	453
UK & Ireland	3,333	920	3,569	977	4,128	1,096

Table 24**Number of dissatisfactions per million tons sold** (index)

	2020	2021	2022
Dissatisfaction index	414	411	403
YoY CHANGE	(7.1%)	(0.8%)	(1.9%)

Table 25**Profits obtained, country by country** (EUR '000)

	2020	2021	2022
Spain	158,532	236,583	200,719
United Kingdom	50,233	41,772	37,362
Portugal	26,876	14,139	8,202
Italy	11,548	5,659	12,172
Ireland	1,990	1,694	2,156
France	130	-71	3,693

Table 26**Taxes paid on profits** (EUR million)

	2020	2021	2022
Group	32.4	27.8	8.6

Table 27**Public grants received** (EUR million)

	2020	2021	2022
Group	0.9	0.8	3.6



ANEXO 2. Global Reporting Initiative (GRI) Index

GRI UNIVERSAL STANDARDS 2021 - Updated as mandatory into reporting January 2023

GRI 1: Foundation 2021

Vidrala Group has reported the information cited in this GRI content index for the period 01/01/2022 -31/12/2022 with reference to the GRI Standards.

GRI 2: General Disclosures 2021

Topic	Indicator	Reporting framework	Page N°	Answer, Additional comments, Reason for omission
Organization and reporting practices	Organisational Details	GRI 2-1		Vidrala, S.A. Nature of Ownership and Legal Form: Listed, public limited company Headquarters: Llodio, Álava (Spain) Countries of operations: Spain (3), Portugal (2), UK and Ireland (2), and Italy (1)
Organization and reporting practices	Entities included in the organization's sustainability reporting	GRI 2-2		This report covers all production plants and locations of Vidrala, S.A.
Organization and reporting practices	Reporting period, frequency and contact point	GRI 2-3		Reporting period: 1st January 2022 - 31st December 2022 Frequency of reporting: Annually Publication date of report: 28th February 2023 Report contact details: Fiacre O'Donnell fiacre.odonnell@encirc360.com
Organization and reporting practices	Restatements of information	GRI 2-4		Any restatements are included throughout the report.
Organization and reporting practices	External assurance	GRI 2-5		This report has been verified by Ernst & Young, Climate Change & Sustainability Services (CCaSS). The independent verification report of the statement of non-financial information can be found in the full-year consolidated financial statements.
Activities and workers	Activities, value chain and other business relationships	GRI 2-6		Sector: Retail and Manufacturing. Activities: Manufacturing of glass containers for food and beverage products. Net sales of products: Main markets: Southern Europe, Western Europe, UK & Ireland
Activities and workers	Employees	GRI 2-7	32 - 37, 56 - 59	Breakdown of employees available in this report. Methodology: full-time equivalent (FTE). Year-on-year fluctuations are explained by company growth.
Activities and workers	Workers who are not employees	GRI 2-8		Vidrala Group do not have workers who are not employees, or whose work is controlled by the organisation.

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Governance	Governance structure and composition	GRI 2-9	13 - 15	The governance structure is described and published on the corporate website: https://www.vidrala.com/en/investors/governance/committee/ https://www.vidrala.com/en/investors/governance/commission/
Governance	Nomination and selection of the highest governance body	GRI 2-10	13 - 15	The designation of a new member of the Board of Directors is the responsibility of the General Shareholders' Meeting, following a proposal from the Board of Directors and a favorable report from the Nomination and Remuneration Committee. As an exception to the foregoing, in the event of the designation of an independent member of the Board of Directors, it is the Nomination and Remuneration Committee that submits the appointment proposal. The CV of each of the members is explained on the corporate website.
Governance	Chair of the highest governance body	GRI 2-11	13-15	The Chairman of the Board of Directors has no executive functions.
Governance	Role of the highest governance body in overseeing the management of impacts	GRI 2-12	10 - 16	The Board of Directors is competent to adopt agreements on all kinds of matters that are not attributed by law or the Bylaws to the General Shareholders' Meeting, with no more substantial limit than that established by the corporate purpose. The Board of Directors has the broadest powers and faculties to manage and represent the Company. However, the Board of Directors will focus its activity on the supervision, organization and strategic coordination of the Vidrala group, defining, in particular, the level of risk that it is willing to assume.
Governance	Delegation of responsibility for managing impacts	GRI 2-13	10 - 16	The Board's policy is to delegate the ordinary management of the Group to the management team and concentrate its activity on the general function of supervision, organization and strategic coordination of the Vidrala group. The Board of Directors will supervise the actions of the Chairman of the Board of Directors, as the case may be, of the Chief Executive Officer and the Executive Committee and also of the senior management and will guarantee the effectiveness of the system of counterbalances provided for in the applicable legislation. This supervision is carried out at least in each Board of Directors.
Governance	Role of the highest governance body in sustainability reporting	GRI 2-14		As established in Article 5.5 of the Regulations of the Board of Directors, the Board is responsible for reviewing and approving the information presented. https://www.vidrala.com/default/documentos/814_en-regulation_of_the_board_of_directors_16042019.pdf
Governance	Conflicts of interest	GRI 2-15		Article 33 of the Regulations of the Board of Directors regulates the procedure to be followed in the event of conflict of interest situations of the members of the Board of Directors. No ongoing conflicts of interest in the operation of the Board of Directors have been identified. If such circumstance exists, it will be made public within the framework of the Annual Corporate Governance Report and the financial statements of the Company.
Governance	Communication of critical concerns	GRI 2-16		In each of the Boards of Directors, those points of interest and monitoring of the business are raised to this body. Likewise, if a critical concern arises, an extraordinary meeting will be established in order to deal with it.
Governance	Collective knowledge of the highest governance body	GRI 2-17	14	To ensure our Executive Committee has competence on climate-related issues and opportunities and can demonstrate responsible leadership, a number of the Executive Team members have taken part in Carbon Literacy training.
Governance	Evaluation of the performance of the highest governance body	GRI 2-18		The Board of Directors has a fixed salary with no bonus based on the company's results, neither financial nor environmental. However, the Executive Committee has its 30% of the long-term incentive for the achievement of the objectives of decarbonization, use of renewable energy and security. This bonus is reviewed by the Nominations and Remuneration Committee at least once a year.

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Governance	Remuneration policies	GRI 2-19	35, 57 - 58	The General Shareholders' Meeting of April 27, 2021 approved the remuneration policy (https://www.vidrala.com/default/documentos/1207_es-politica_de_remuneraciones_2021-2023.pdf) for directors referring to the period 2021-2023, in accordance proposed by the Board of Directors with the prior favourable report of the Nominations and Remuneration Committee. This document establishes the remuneration policy for Directors. The Board of Directors, with the favourable report of the Nominations and Remuneration Committee, establishes the remuneration policy for the Executive Management.
Governance	Process to determine remuneration	GRI 2-20	35	The General Shareholders' Meeting of April 27, 2021 approved the remuneration policy for directors referring to the period 2021-2023, in accordance proposed by the Board of Directors with the prior favourable report of the Nominations and Remuneration Committee. Likewise, the annual report on directors' remuneration is submitted to a consultative vote at each General Shareholders' Meeting (https://www.vidrala.com/es/inversores/gobierno/informe-anual-de-remuneraciones-de-consejeros/), so that interest groups can find out (and in the case of shareholders, vote) the way in which the remuneration policy for directors has been applied in each year.
Governance	Annual total compensation ratio	GRI 2-21		The highest-paid individual equals 11,6x times the average annual total compensation for all employees. The percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees is 6,6%.
Strategy, policies and practices	Statement on sustainable development strategy	GRI 2-22	5-7	
Strategy, policies and practices	Policy commitments	GRI 2-23		All the policies are approved by, at least, one of the members of the Executive Team or a Delegated Committee of the Board of Directors. All the policies approved are available in the company's intranet. In the corporate website are the ones related to the Governance Bodies: https://www.vidrala.com/es/inversores/gobierno/reglamentos/
Strategy, policies and practices	Embedding policy commitments	GRI 2-24		Before the approval of any policy or procedure, there have been several meetings between the process owners, managers and directors where the draft and final versions have been agreed by all the parties. Once is approved, it is shared through an announcement in the intranet to all the employees. During the adaptation to the new policy, there is a follow-up by the own owners.
Strategy, policies and practices	Processes to remediate negative impacts	GRI 2-25	13-21, 49-50	
Strategy, policies and practices	Mechanisms for seeking advice and raising concerns	GRI 2-26	13-21, 49-50	
Strategy, policies and practices	Compliance with laws and regulations	GRI 2-27		Vidrala Group have had no instances of non-compliance with laws and regulations during the reporting period.
Strategy, policies and practices	Membership associations	GRI 2-28		Fédération Européenne du Verre d'Emballage (FEVE), International Partners in Glass Research (IPGR), Ecovidrio, British Glass, Glass Futures, Consorzio Recupero Vetro (CoReVe), HyNet Northwest, The Drinks Trust, The Wine and Spirit Trade Association (WSTA).
Stakeholder engagement	Approach to stakeholder engagement	GRI 2-29	10-13	
Stakeholder engagement	Collective bargaining agreements	GRI 2-30	35	

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GRI 3: Material Topics 2021

Topic	Indicator	Reporting framework	Page N°	Answer, Additional comments, Reason for omission
Disclosure on material topics	Process to determine material topics	GRI 3-1	10-12	Double Materiality Assessment taking within reporting period, assessing against GRI 2021 Universal Standards.
Disclosure on material topics	List of material topics	GRI 3-2	10-12	
Disclosure on material topics	Management of material topics	GRI 3-3	12-16	

Economic Performance

Topic	Indicator	Reporting framework	Page N°	Answer, Additional comments, Reason for omission
Economic Performance	Financial implications and other risks and opportunities for the organisation's activities due to climate change	GRI 201 - 2	13 - 22	Vidrala Group have disclosed for the first year against the Task Force on Climate-related Financial Disclosures (TCFD).
Public subsidies	Financial assistance received from government	GRI 201-4	60	
Indirect Economic Impacts	Extent of the development of infrastructure investments, and expected impacts on communities and local economies	GRI 203-1	38 - 43	
Procurement impacts	Proportion of spending on local suppliers	GRI 204-1	41, 60	
Anti-corruption	Operations assessed for risks related to corruption	GRI 205-1	13, 50	
Anti-corruption	Communication and training about anti-corruption policies and procedures	GRI 205-2	13, 50	
Anti-corruption	Confirmed incidents of corruption and actions taken	GRI 205-3	13, 50	

Environmental Performance

Topic	Indicator	Reporting framework	Page N°	Answer, Additional comments, Reason for omission
Materials	Recycled input materials used	GRI 301-2	3, 23 - 25, 55	
Energy	Energy consumption within the organization	GRI 302-1	27 - 28	
Energy	Energy intensity	GRI 302-3	27 - 28	
Water and effluents	Water consumption	GRI 303-5	26 - 27, 55	
Emissions	Direct (Scope 1) GHG emissions	GRI 305-1	28 - 29	
Emissions	Energy indirect (Scope 2) GHG emissions	GRI 305-2	28 - 29	
Emissions	Other indirect (Scope 3) GHG emissions	GRI 305-3	28 - 29	Scope 3 figures: 2022 and 2021 calculations include all relevant GHG categories.
Emissions	GHG emissions intensity	GRI 305-4	28	
Emissions	Reduction of GHG emissions	GRI 305-5	28 - 30	
Emissions	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	GRI 305-7	55	
Waste	Waste by type and disposal method	GRI 306-2	55	
Supplier Environmental Assessment	New suppliers that were screened using environmental criteria	GRI 308-1	9	



Social Performance

Topic	Indicator	Reporting framework	Page N°	Answer, Additional comments, Reason for omission
Occupational health and safety	Occupational health and safety management system	GRI 403 -1	35-37	
Occupational health and safety	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	GRI 403-2	35-37, 58 - 59	
Occupational health and safety	Health and safety topics covered in formal agreements with trade unions	GRI 403-4		Omitted: Health and safety at work are excluded from the scope of negotiation of collective agreements. The management of these aspects is set within the framework of our internal policies for the prevention of occupational risks, which have evolved extensively in recent years. The negotiations of the agreements focus instead on finding a balance between the sustainability of employer-employee relations, the competitiveness of the plant in question and the fair and proportional updating of the work conditions of the workforce.
Occupational health and safety	Worker training on occupational health and safety	GRI 403-5	35 - 37	
Occupational health and safety	Promotion of worker health	GRI 403-6	35 - 37	
Occupational health and safety	Work-related injuries	GRI 403-9	58 - 59	
Occupational health and safety	Work-related ill health	GRI 403-10	58 - 59	
Training and education	Average hours of training per year per employee	GRI 404-1	59	
Training and education	Programs for upgrading employee skills and transition assistance programs	GRI 404-2	32-33, 37, 59	
Diversity and equal opportunity	Diversity of governance bodies and employees	GRI 405-1	14, 33-35	
Diversity and equal opportunity	Ratio of basic salary and remuneration of women to men	GRI 405-2	35, 57-59	
Non-discrimination	Incidents of discrimination and corrective actions taken	GRI 406-1	49	
Child Labor	Operations and suppliers at significant risk for incidents of child labor	GRI 408-1	49	
Forced or Compulsory Labor	Operations and suppliers at significant risk for incidents of forced or compulsory labor	GRI 409-1	49	
Human Rights Assessment	Operations that have been subject to human rights reviews or impact assessments	GRI 412-1		Our human resources and occupational risk prevention policies regulate the performance of psycho-social risk assessments. These evaluations are conducted by external professionals and represent an essential tool to detect possible situations or cases of discrimination.
Human Rights Assessment	Employee training on human rights policies or procedures	GRI 412-2	32-33, 37, 59	

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Customer Health and Safety	Incidents of non-compliance concerning the health and safety impacts of products and services	GRI 416-2	37, 49	
Customer Privacy	Substantiated complaints concerning breaches of customer privacy and losses of customer data	GRI 418-1	49	No non-compliance with the mentioned laws has been recorded.
Socioeconomic Compliance	Non-compliance with laws and regulations in the social and economic area	GRI 419-1	49-50	No non-compliance with the mentioned laws has been recorded.



ANEXO 3. Spanish Law 11/2018 Index

General information

Topic	Indicator	Reporting framework	Page N°	Answer, Additional comments, Reason for omission
Business model	Brief description of the group's business model: Business environment, Organization and structure, Markets served, Objectives and strategies of the organization, Main factors and trends that may affect its future development, Main risks related to those issues linked to the group's activities	GRI 2-1, GRI 2-2, GRI 2-6, GRI 201-2, management report ('business risks' section)	3-4	Vidrala, S.A. Nature of Ownership and Legal Form: Listed, public limited company Headquarters: Llodio, Álava (Spain) Countries of operations: Spain (3), Portugal (2), UK and Ireland (2), and Italy (1) Sector: Retail and Manufacturing. Activities: Manufacturing of glass containers for food and beverage products. Net sales of products: Main markets: Southern Europe, Western Europe, UK & Ireland
Materiality	Materiality assessment	GRI 3-1 GRI 3-2 GRI 3-3	10-12	
EU Taxonomy			50 - 54	



Environmental information

Topic	Indicator	Reporting framework	Page N°	Answer, Additional comments, Reason for omission
Environmental management	Management approach	Spanish Law*	13 - 22	
Environmental management	Current and foreseeable effects of the company	Spanish Law*		The manufacture of glass is inherently intensive in the consumption of energy as a result of the use of melting furnaces that operate continuously, 24 hours a day, 365 days a year. As a consequence of the industrial nature of the process, the reduction of the environmental impact associated with it is highlighted as one of the management's objectives. All the Vidrala Group's plants are certified to ISO 14001: 2015. Likewise, 5 of our plants have obtained verification of ISO 14064:2018 and 3 of them the ISO 50001 standards, being another 2 implementing this last one. Furthermore, over recent years, the different Vidrala Group plants have adapted their corresponding Integrated Environmental Authorisations (IEAs) to the requirements of the BAT (Best Available Techniques) conclusions defined in the BREF document for the glass sector and in the Industrial Emissions Directive.
Environmental management	Environmental assessment and certification procedures	Spanish Law*	13 - 22	
Environmental management	Resources dedicated to the prevention of environmental risks	Spanish Law*	13 - 22	
Environmental management	Application of the precautionary principle	Spanish Law*		Vidrala allocates the necessary resources to different lines of work in the field of the environment. First, environmental consulting services are contracted to verify compliance with applicable legal guidelines at each plant. These services include the necessary support to comply with the filing fees for the annual legal documentation, modifications in environmental permits, consumption and water discharge taxes, emissions tax, among others. We also invest in continuous improvement projects to improve our environmental performance and contribute to the sustainability of the organization, for example, the zero waste project that will be carried out in 2022. Along the same lines, we also invest in modifying or replacing facilities that allow us to improve our environmental impact. For example, renewal of Automatic Measurement Systems to verify compliance with emissions, new Industrial Wastewater Treatment Stations with the aim of minimizing water contaminants and increasing water use, noise studies for its minimization, among other projects.
Environmental management	Amount of provisions and guarantees for environmental risks	Spanish Law*		Vidrala ensures its environmental risks through insurance policies that are contracted to cover the environmental impact in possible situations involving accidents with large-scale losses. The total indemnity ceiling of these policies amounts to EUR 15 million.
Pollution	Measures to prevent, reduce or repair emissions that affect the environment	Spanish Law*		In addition to the air pollution data reported in the report, the Vidrala Group follows the applicable state regulations in all our plants to guarantee the minimisation of the impact of noise and light pollution.
Circular economy and waste prevention and management	Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	GRI 301-2, GRI 306-2	24-26, 38, 41-42, 55	
Circular economy and waste prevention and management	Actions to combat food waste	Spanish Law*		Omitted: This is not a material topic to the Vidrala Group.
Sustainable use of resources	Water consumption and water supply in accordance with local constrains	GRI 303-5	26 - 27, 55	

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Sustainable use of resources	Description of the initiatives carried out to minimize water consumption	Spanish Law*	26 - 27	
Sustainable use of resources	Consumption of reused water out of total water consumed	GRI 303-3	26 - 27, 55	
Sustainable use of resources	Consumption of raw materials	Spanish Law*	3, 23-25, 55	
Sustainable use of resources	Measures taken to improve the efficiency of its use	Spanish Law*	23-31	
Sustainable use of resources	Energy consumption, direct and indirect	GRI 302-1, GRI 302-3	27 - 28	
Sustainable use of resources	Measures taken to improve energy efficiency	Spanish Law*	27 - 30	
Sustainable use of resources	Use of renewable energy	Spanish Law*	29 - 30	
Climate change	Significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-7	28 - 29	2022 data estimated, pending official audit. Under the current procedure, Vidrala performs its own internal calculation of Greenhouse Gases (GHG). Every year, before February 28, Vidrala is audited by an accredited entity. Subsequently, the audit report must be submitted to be verified by the national environmental administration and presented to the European Commission. Once validated, the final calculation is used to proceed with the delivery of CO ₂ quotas. Therefore, previous years' figures may be adjusted.
Climate change	Measures taken to adapt to the consequences of climate change	Spanish Law*	13 - 22	
Climate change	Voluntary medium- and long-term reduction targets to reduce greenhouse gas emissions and the means implemented to that purpose	Spanish Law*	6-7, 21, 23	
Protection of biodiversity	Measures taken to preserve or restore biodiversity	GRI 304-3	42	
Protection of biodiversity	Impacts caused by activities or operations in protected areas	Spanish Law*		Omitted: Our materiality assessment exercise determined this was not a material topic to the Vidrala Group.

Information on employees and social matters

Topic	Indicator	Reporting framework	Page N°	Answer, Additional comments, Reason for omission
Employment	Management approach	Spanish Law*	32 - 37	
Employment	Number of employees by gender, age, and professional category	GRI 2-7, GRI 405-1	56	Directors: includes members of the Executive Committee and directors of functional areas. Line managers: includes middle management staff. Rest of employees: includes the rest of white- and blue-collar workers.
Employment	Number of employees by country	GRI 2-7	56 - 57	
Employment	Number of employees by contract type	GRI 2-7	56 - 58	
Employment	Annual average of indefinite and temporary contracts by gender, age, and professional category	GRI 2-7	57	
Employment	Annual average of part-time contracts by gender, age, and professional category	GRI 2-7	57 - 58	
Employment	Number of dismissals by gender, age and professional category	Spanish Law*	35, 57-58	
Employment	Wage gap	GRI 405-2	57 - 58	Wage gap has been calculated as: [(Average remuneration of women / Average remuneration of men) - 1]
Employment	Average remuneration by gender, age and professional category	Spanish Law*	57 - 58	Reported data includes variable remuneration, mainly related to results and productivity, as well as other remuneration items (such as social benefits, retirement supplement, travel supplements and allowances, etc.). In order to improve comparability, the average remuneration by category does not include amounts related to multi-year variable remuneration of irregular perception.
Employment	Average remuneration of the Board of Directors, by gender	Spanish Law*	58	
Employment	Average remuneration of Directors, by gender	Spanish Law*	58	
Employment	Implementation of labour disconnection policies	Spanish Law*	35 - 36	
Employment	Number of employees with disabilities	GRI 405-1	58	
Work organization	Organization of working time	Spanish Law*		The working time of our employees is broken down into different calendars and work patterns adapted to meet the needs of each department and/or organisational unit in each plant. This includes considering fixed working days, flexible working days, telecommuting, fixed shift patterns and rotating shift patterns. These elements are considered to ensure we are meeting the needs of each department where possible. The working hours for office employees usually go from 7.30-9.00 am to 17.00-18.30 pm. The direct workforce group is governed by the cultural and industrial casuistry of each work center, usually in a rotating shift regime of 8 or 12 hours of presence.
Work organization	Number of absenteeism hours	GRI 403-2	58	
Work organization	Measures aimed at facilitating the enjoyment of work-life balance by both parents	Spanish Law*	35 - 36	
Health and safety	Health and safety conditions at work	GRI 403-4	35 - 37	

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Health and safety	Number of work accidents by gender	GRI 403-2	59	
Health and safety	Frequency rate by gender	GRI 403-2	59	
Health and safety	Severity rate by gender	GRI 403-2	59	
Health and safety	Occupational diseases by gender	GRI 403-2	58	
Social relationships	Organization of social dialogue, including procedures for reporting and consulting staff and negotiating with them	Spanish Law*	35, 49	
Social relationships	Percentage of employees covered by collective agreements by country	GRI 2-30	35	
Social relationships	Balance of collective agreements, particularly in the field of health and safety at work	GRI 403-4		Omitted: Health and safety at work are excluded from the scope of negotiation of collective agreements. The management of these aspects is set within the framework of our internal policies for the prevention of occupational risks, which have evolved extensively in recent years. The negotiations of the agreements focus instead on finding a balance between the sustainability of employer-employee relations, the competitiveness of the plant in question and the fair and proportional updating of the work conditions of the workforce.
Social relationships	Mechanisms and procedures that the company has to promote the involvement of workers in the management of the company, in terms of information, consultation and participation	GRI 2-29	35	
Training	Policies implemented in the field of training	Spanish Law*	32-33, 37, 59	
Training	Total hours of training by professional category	GRI 404-1	59	
Equality	Measures taken to promote equal treatment and equal opportunities for women and men	Spanish Law*	14, 33-35	
Equality	Equality plans, measures adopted to promote employment, protocols against sexual harassment and for gender reasons	Spanish Law*	33 - 35, 49	There is a specific protocol against sexual harassment and gender reason, among other threats. The whistleblowing channel is the way that all communications are received.
Equality	Integration and universal accessibility for people with disabilities	Spanish Law*	58	Vidrala has grown in terms of hiring people with disabilities or handicaps, which already account for about 1% of its workforce. In addition, collaboration has been consolidated with Special Employment Centres and other external entities, composed of people with reduced abilities or physical and mental disabilities, who provide certain auxiliary services to Vidrala's main activity, under the direct coordination of professionals specialised in monitoring these professionals.
Equality	Policy against all forms of discrimination and, where appropriate, diversity management	Spanish Law*	33 - 35, 49	

Information on respect for human rights

Topic	Indicator	Reporting framework	Page N°	Answer, Additional comments, Reason for omission
Human rights assessment	Management approach	Spanish Law*	49	
Human rights assessment	Application of due diligence procedures in the field of human rights	GRI 412-1	36, 49	Our human resources and occupational risk prevention policies regulate the performance of psychosocial risk assessments. These evaluations are conducted by external professionals and represent an essential tool to detect possible situations or cases of discrimination.
Human rights assessment	Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses committed	GRI 412-2	49	
Human rights assessment	Human rights violations complaints	GRI 412-1, GRI 406-1	49	
Human rights assessment	Promotion and compliance with International Labour Organization Conventions related to association freedom respect and the right to collective bargaining	GRI 102-41	49	
Human rights assessment	Elimination of employment discrimination	Spanish Law*	49	
Human rights assessment	Elimination of forced labour	GRI 409-1	49	
Human rights assessment	Effective abolition of child labour	GRI 408-1	49	

Information on the fight against corruption and bribery

Topic	Indicator	Reporting framework	Page N°	Answer, Additional comments, Reason for omission
Anti-corruption	Management approach	Spanish Law*	50	
Anti-corruption	Measures taken to prevent corruption and bribery	GRI 205-1, GRI 205-2, GRI 205-3, GRI 206-1	13, 50	
Anti-corruption	Measures to combat money laundering	GRI 205-2		Omitted: Vidrala's business is not included in the list of activities defined as anti-money laundering under the Spanish Law.
Anti-corruption	Contributions to non-for-profit organizations	Spanish Law*	59	

Information on Society

Topic	Indicator	Reporting framework	Page N°	Answer, Additional comments, Reason for omission
Commitment of the company with sustainable development	Management approach	Spanish Law*	38 - 43	
Commitment of the company with sustainable development	Impact of the company's activity on employment and local development	GRI 204-1, GRI 413-1	38 - 43, 49 - 50	
Commitment of the company with sustainable development	Impact of the company's activity on local populations and territory	GRI 413-1	38 - 43	
Commitment of the company with sustainable development	Relationships maintained with the local communities and modalities of dialogue adopted	GRI 413-1	38 - 43	
Commitment of the company with sustainable development	Association or sponsorship relations/actions	GRI 102-13	27-2	
Subcontracting and suppliers	Inclusion in the procurement policy of social, gender equality and environmental issues	GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2	9	
Subcontracting and suppliers	Consideration in the suppliers and subcontractors' relations of their social and environmental responsibility	GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2	9	
Subcontracting and suppliers	Monitoring systems, audits and results	Spanish Law*	9	
Consumers	Measures for consumers health and safety	GRI 416-1	37, 49	
Consumers	Complaint systems/channels	GRI 416-2	49	
Consumers	Complaints received and resolution	GRI 416-2	60	
Tax information	Profits obtained, country by country	Spanish Law*	60	
Tax information	Taxes paid on profits	Spanish Law*	60	
Tax information	Public grants received	GRI 201-4	60	

*Spanish Law 11/2018, of December 28, 2018, as regards non-financial information and diversity.

