

Informe Anual **2011** Annual Report



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Dear Shareholder,

I am writing to inform you about the performance of our company and introduce the annual report for the year 2011.

During the year we remained focused on our strategic priorities, concentrating on consolidating our commercial positioning and developing actions addressed towards our objectives of cash generation, solvency and return on capital.

The business expansion reported for the year was materialized in increased sales across geographical areas, products and customers. Glass is asserted as the optimal material for the packaging requirements and consumer preferences of food and beverage products. In Vidrala we remain firm in our commitment to research, develop and innovate as a way to strengthen ties with our customers. During the year we launched a number of new models with attractive designs, friendly to the environment, aiming to maximize the advantages of glass packaging in terms of image as well as its benefits for health protection and taste preservation.

I would like to highlight the standards reached in our quality indicators. The score obtained in the annual customer satisfaction survey, at its highest level over the past years, shows the improvements attained in product quality and client service, the consolidation of customer relationships and the development of our commercial positioning.

The care for our environment remains a strategic target, having completed during 2011 the environmental certification of the six production sites of the group. This and other progresses are detailed along the sustainability report included in the annual report.

Turnover in 2011 amounted to EUR 433.3 million, which means an increase of 6.7% compared to the previous year. Two thirds of this sales growth was reached through exports.

In terms of manufacturing operations, the glass packaging industry was globally conditioned by inflationary pressures in input costs, especially those related to energy and certain raw materials. Additionally, in Vidrala, capacity utilization rates have been curtailed below optimal levels. This way, we reaffirm our responsibility to

gradually adapt production capacity to the prevailing demand conditions with the aim to assure the highest standards in supply and customer service and a disciplined management of inventories and working capital. As a consequence of the aforementioned, and despite the efforts implemented to improve productivity and efficiency, it was not possible to realize the positive operating leverage derived from higher sales in the full year operating margins.

Net operating income, EBIT, amounted to EUR 61 million, which represented a margin over sales of 14.1%. Net profit during the year totalled EUR 43.7 million and earnings per share stood at EUR 1.79, 11% lower than the previous year.

In terms of cash, we continued to focus on a tight management of working capital and a disciplined approach to investments, with capital expenditures for the year that did not surpass depreciation. As a result, the Group financial position improved and our balance sheet is stronger. Net debt was reduced by 13.5% compared to 2010 meaning that, at the end of the year, it was less than 1.9 times the EBITDA.

Regarding shareholder remuneration, the Board of Directors has proposed the distribution of cash dividends on account of 2011 results of EUR 0.5421 per share. Additionally, new shares were freely granted to the shareholders through a bonus share issue executed in November 2011. Overall, cash dividends to be received on account of 2011 would increase by 5% over the previous year. It is consequently reaffirmed a remuneration policy based on a gradual and sustained dividend increase, achieving in 2012 twenty consecutive years of dividend growth.

Complementary, Vidrala carried share buybacks during the year, having cancelled 550,000 shares from the acquired treasury stock, a 2.3% of the share capital. As a result, shareholders increased their stake in the company.

In conclusion, during 2011, under a tough economic backdrop and against an operational performance far from the targets and aggravated by inflationary pressures, Vidrala expanded its turnover, strengthened its financial position and set the management priorities that will determine the future path.

At the end of the year, Javier Gutiérrez, who had been our CEO during the last ten years, retired. He has been replaced by Gorka Schmitt, a highly experienced professional within the Company. Javier will remain with us as a Board member.

For 2012 we face renewed growth objectives. Despite not having observed signs of weakness in demand for glass packaging products, uncertainties along the European economic and financial situation will encourage us to keep a close market monitoring. The required effort to recover the targeted operational efficiency levels in every site, will enable us to capitalize better on the benefits of our industrial structure and our geographical footprint, that are suitable to the forecasted demand trends.

Vidrala's strategic priorities remain firm. These are based on maximizing the value of our asset structure, focusing on a strict capital allocation under criteria of return and cash generation, and on management targets addressed towards a profitable and sustainable business growth.

Our team has the required knowledge and expertise to succeed in this changing world, in an industry challenged by growing technological complexity and quality requirements from customers.

The well consolidated relationships with our clients, our aim to innovate and improve every day, our focus in a business we know, and our financial strength, comprise the best support for the future.

On behalf of the Board of Directors and all the staff of the Group, I thank you all, the Shareholders of Vidrala, for your trust in our Company.

Carlos Delclaux
Chairman

VIDRALA GROUP



vidrala

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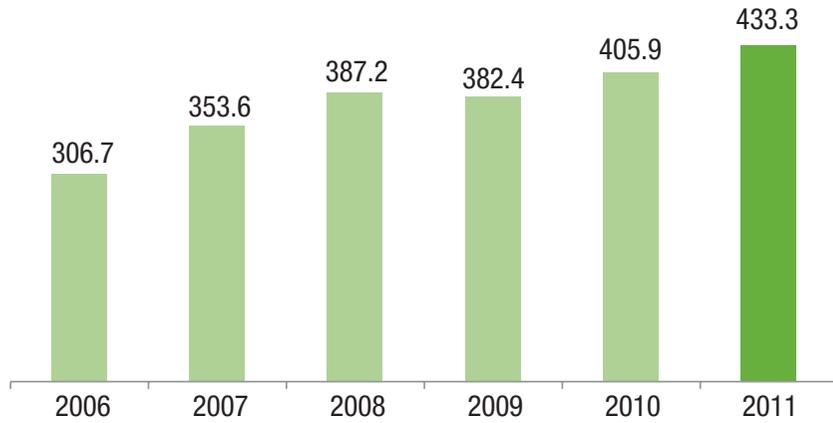
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main figures

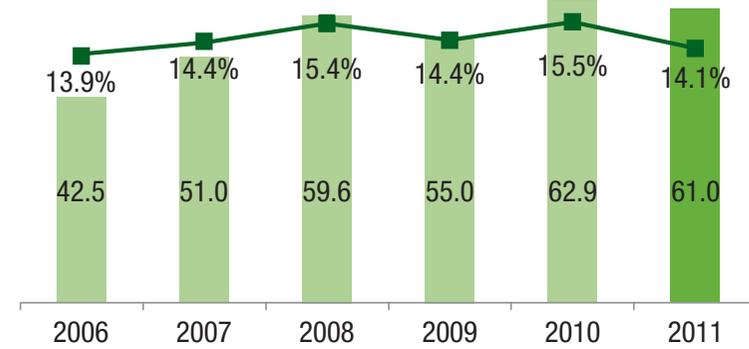
Net Sales

EUR Million



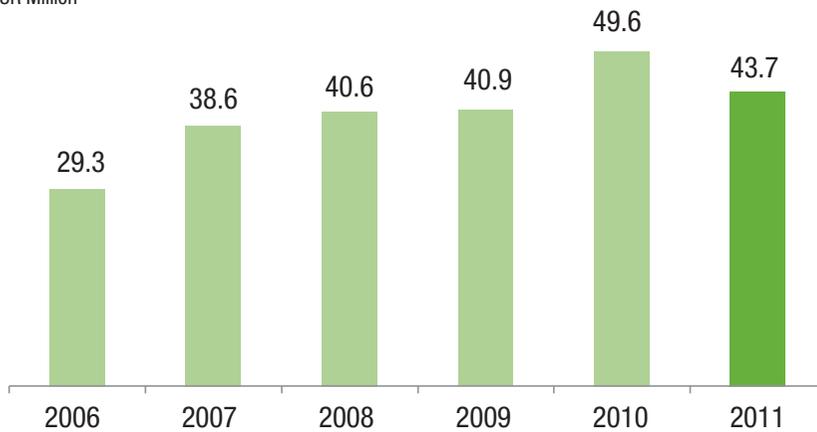
Operating Income (EBIT) and EBIT Margin

EUR Million



Net Profit

EUR Million



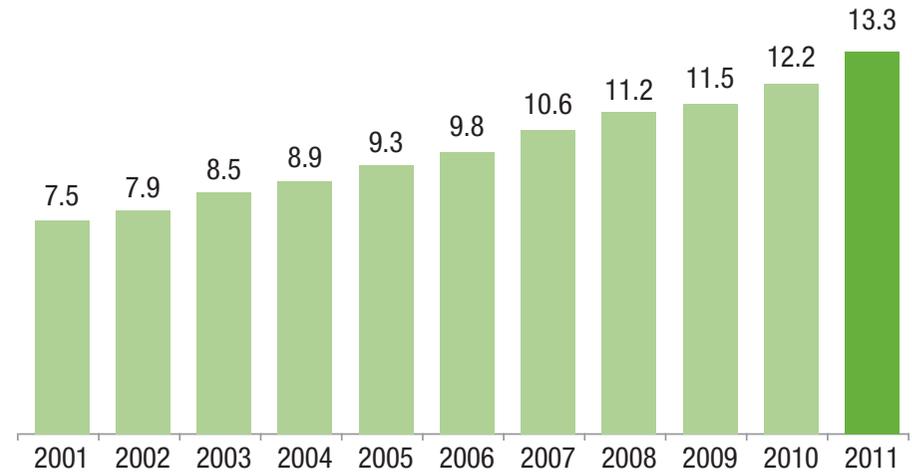
Net Debt and Net Debt /EBITDA

EUR Million



Cash dividends and attendance bonuses

EUR Million



Relevant business figures

EUR Million	2007	2008	2009	2010	2011
Net Sales	353.6	387.2	382.4	405.9	433,3
Operating Income - EBIT	51.0	59.6	55.0	62.9	61,0
Net Profit	38.6	40.6	40.9	49.6	43,7
Total Assets	605	688	698	699	697
Shareholders Equity	200	226	252	287	312
Net Debt	211	251	257	219	189

Relevant share figures

	2007	2008	2009	2010	2011
Share closing price (EUR/share)	25.25	15.48	18.85	21.40	18.60
Shares Outstanding (at year closing)	22,766,625	22,766,625	22,766,625	23,904,957	24,522,705
Market cap (EUR Million)	574.9	352.4	429.2	511.6	456.1
Dividends per share (EUR/share)	0.468	0.492	0.516	0.542	0.542
AGM attendance bonus (EUR/share)	0.026	0.026	0.028	0.028	0.028
Cash dividends and attendance bonuses (EUR Million)	10.6	11.2	11.5	12.2	13.3



annual report 2011



vidrala



annual report 2011
annual accounts



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Auditors' Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

To the Shareholders of Vidrala, S.A.

We have audited the consolidated annual accounts of Vidrala, S.A. (the Parent company) and subsidiaries (the Group), which comprise the consolidated balance sheet at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto. As specified in note 2 to the accompanying consolidated annual accounts, in accordance with International Financial Reporting Standards adopted by the European Union and legislation governing financial information applicable to the Group, preparation of the annual accounts is the responsibility of the Parent company's directors. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying consolidated annual accounts for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of Vidrala, S.A. and subsidiaries at 31 December 2011, and the consolidated results of its operations and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards adopted by the European Union and with the applicable legislation governing financial information.

The accompanying consolidated directors' report for 2011 contains such explanations as the Directors of the Parent company consider relevant to the situation of the Group, the evolution of its business and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2011. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Vidrala, S.A. and subsidiaries.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Juan José Llorente

23 February 2012

Consolidated Balance Sheets

31 December 2011 and 2010 (Thousand Euros)

	Note	2011	2010
ASSETS			
Non-current assets			
Property, plant and equipment	5	354,276	351,745
Goodwill	6	59,233	59,233
Other intangible assets	6	13,796	12,663
Other financial assets		7	7
Deferred tax assets	8	37,393	41,749
Derivative financial instruments	7	-	49
Other non-current assets	26	277	1,428
		464,982	466,874
Current assets			
Inventories	9	100,911	106,156
Trade and other receivables	10	98,388	100,564
Current tax assets		1,985	525
Other current assets	11	30,388	25,198
Cash and cash equivalents		76	40
		231,748	232,483
Total assets		696,730	699,357

The accompanying notes form an integral part of the consolidated annual accounts



Consolidated Balance Sheets

31 December 2011 and 2010 (Thousand Euros)

	Note	2011	2010
EQUITY AND LIABILITIES			
Equity	12		
Share capital		25,013	24,383
Other reserves		5,247	6,206
Retained earnings		298,666	276,684
Own shares		(5,737)	(9,667)
Other comprehensive income		(1,789)	(1,138)
Interim dividend		(9,620)	(9,278)
Equity attributable to equity holders of the parent		311,780	287,190
Non-current liabilities			
Deferred income	13	27,742	31,875
Loans and borrowings	14	112,847	130,299
Derivative financial instruments	7	2,485	1,581
Deferred tax liabilities	8	26,167	26,132
Provisions	18	25,341	25,018
		194,582	214,905
Current liabilities			
Loans and borrowings	14	76,431	88,587
Derivative financial instruments	7	22	-
Trade and other payables	15	98,108	92,520
Current tax liabilities	8	5,084	5,856
Provisions	18	1,441	-
Other current liabilities	11	9,282	10,299
		190,368	197,262
Total liabilities		384,950	412,167
Total equity and liabilities		696,730	699,357

The accompanying notes form an integral part of the consolidated annual accounts

Consolidated Income Statements for the years ended

31 December 2011 and 2010 (Thousand Euros)

	Note	2011	2010
Total Revenue	21	433,915	406,592
Other income	21	12,546	10,292
Change in inventories of finished goods and work in progress		(5,833)	(10,294)
Self-constructed non-current assets		10	706
Merchandise, raw materials and consumables used		(143,445)	(122,828)
Employee benefits expense	23	(96,264)	(91,222)
Amortisation and depreciation	5 y 6	(39,255)	(37,643)
Other expenses	22	(100,675)	(92,672)
Finance income	24	225	1,453
Finance expenses	24	(6,505)	(5,281)
Profit from continuing operations, net of income tax		54,719	59,103
Income tax expense	8	(11,020)	(9,525)
Profit for the year from continuing operations		43,699	49,578
Profit for the year		43,699	49,578
Profit for the year attributable to equity holders of the Parent		43,699	49,578
Earnings per share (expressed in Euros) - Basic and diluted		1,79	2,02

The accompanying notes form an integral part of the consolidated annual accounts

Consolidated Statements of Comprehensive Income

for the years ended 31 December 2011 and 2010. (Expressed in thousands of Euros)

	Note	2011	2010
Profit for the year		43,699	49,578
Other Comprehensive Income:			
Cash flow hedges	12	(904)	(650)
Tax effect	12	253	182
Other comprehensive income, net of income tax		(651)	(468)
Total comprehensive income for the year		43,048	49,110
Total comprehensive income attributable to equity holders of the Parent		43,048	49,110

The accompanying notes form an integral part of the consolidated annual accounts.

Consolidated Statements of Changes in Equity

for the years ended 31 December 2011 and 2010 (Expressed in thousands of Euros)

	Equity attributable to equity holders of the Parent						
	Share capital	Other reserves	Retained earnings	Own shares	Cash flow hedges	Other comprehensive Interim dividend paid during the year	Total equity
Balances at 31 December 2009	23,222	7,367	238,018	(7,911)	(670)	(8,438)	251,588
Total comprehensive income for the year	-	-	49,578	-	(468)	-	49,110
Share capital increase	1,161	(1,161)	(42)	-	-	-	(42)
Own shares redeemed	-	-	-	(4,876)	-	-	(4,876)
Own shares sold	-	-	589	3,120	-	-	3,709
Distribution of 2009 profit							
Dividends	-	-	(11,578)	-	-	8,438	(3,140)
Interim dividend on account of 2010 profit	-	-	-	-	-	(9,278)	(9,278)
Other movements	-	-	119	-	-	-	119
Balances at 31 December 2010	24,383	6,206	276,684	(9,667)	(1,138)	(9,278)	287,190
Total comprehensive income for the year	-	-	43,699	-	(651)	-	43,048
Share capital increase	1,191	(1,191)	(8)	-	-	-	(8)
Capital reductions	(561)	-	(9,063)	9,624	-	-	-
Own shares redeemed	-	-	-	(7,042)	-	-	(7,042)
Own shares sold	-	-	267	1,348	-	-	1,615
Distribution of 2010 profit							
Dividends	-	-	(12,657)	-	-	9,278	(3,379)
Interim dividend on account of 2011 profit	-	-	-	-	-	(9,620)	(9,620)
Other movements	-	232	(256)	-	-	-	(24)
Balances at 31 December 2011	25,013	5,247	298,666	(5,737)	(1,789)	(9,620)	311,780

The accompanying notes form an integral part of the consolidated annual accounts.

Consolidated Statements of Cash Flows

for the years ended 31 December 2011 and 2010. (Indirect method). (Expressed in thousands of Euros)

	Note	2011	2010
Cash flows from operating activities			
Profit for the year		43,699	49,578
Adjustments for:			
Amortisation and depreciation	5 y 6	39,255	37,643
(Reversal of) impairment losses on trade receivables		424	400
Impairment losses on inventories		(1,070)	135
Exchange (gains) / losses	24	38	(23)
Changes in provisions	18	1,684	714
Government grants recognised in the income statement		(1,382)	(1,378)
Gain/(loss) on financial assets at fair value through profit or loss	24	-	(122)
Finance income	24	(255)	(1,308)
Finance expenses	24	6,467	5,281
(Gain)/loss on sale of property, plant and equipment		433	(549)
Income tax	8	11,020	9,525
		100,313	99,896
Changes in working capital, excluding the effect of acquisitions and translation differences			
Inventories		6,315	8,506
Trade and other receivables		(8,251)	(21,483)
Trade and other payables		7,862	5,689
Application of provisions		(908)	(4,929)
Cash generated from operating activities		105,331	87,679
Interest paid		(6,193)	(6,442)
Income tax paid		(11,396)	(10,261)
Net cash from operating activities		87,742	70,976

Continued →

	Nota	2011	2010
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,990	1,031
Proceeds from sale of intangible assets		174	126
Proceeds from sale of financial assets		1,038	721
Interest received		255	268
Acquisition of property, plant and equipment		(46,664)	(25,716)
Acquisition of intangible assets		(1,717)	(154)
Net cash used in investing activities		(44,924)	(23,724)
Cash flows from financing activities			
Proceeds from issue of own shares and own equity instruments		1,615	3,709
Proceeds from loans and borrowings		42,198	54,007
Proceeds from grants, donations and bequests		5,214	1,611
Payments relating to redemption of own shares and other own equity instruments		(7,042)	(4,876)
Payments relating to loans and borrowings		(72,077)	(92,570)
Dividends paid		(12,657)	(11,479)
Other		(33)	(62)
Net cash used in financing activities		(42,782)	(49,660)
Net increase/(decrease) in cash and cash equivalents		36	(2,408)
Cash and cash equivalents at 1 January		40	2,448
Cash and cash equivalents at 31 December		76	40

The accompanying notes form an integral part of the consolidated annual accounts.

1. Nature, Activities and Composition of the Group

The principal activity of Vidrala, S.A. (hereinafter the Company, the Parent company or Vidrala), which was incorporated with limited liability under Spanish law, is the manufacture and sale of glass containers. Its registered offices are in Llodio (Alava, Spain).

The shares of Vidrala, S.A. are listed on the Spanish organised stock market.

Details of the companies comprising the Vidrala Group, the interest held by the Parent (direct and/or indirect) at 31 December 2011 and 2010 and the address and activity of each one which forms part of the consolidated group, are as follows:

Company	Location	Investment	Shareholder	Consolidation method	Activity	Auditor
CRISNOVA VIDRIO, S.A.	Caudete (Albacete, Spain)	100%	Vidrala, S.A.	Fully consolidated	Manufacture and sale of glass containers	KPMG (*)
INVERBEIRA, SOCIEDAD DE PROMOCIÓN DE EMPRESAS, S.A.	Llodio (Alava, Spain)	100%	Vidrala, S.A.	Fully consolidated	Promotion and development of companies	KPMG (**)
AIALA VIDRIO, S.A.U.	Llodio (Alava, Spain)	100%	Vidrala, S.A.	Fully consolidated	Manufacture and sale of glass containers	KPMG (*)
GALLO VIDRO, S.A.	Marinha Grande (Portugal)	99,99%	Inverbeira, Sociedad de Promoción de Empresas, S.A.	Fully consolidated	Manufacture and sale of glass containers	KPMG (*)
J. FERREIRA DA SILVA, LTDA.	Marinha Grande (Portugal)	100%	Gallo Vidro, S.A.	Fully consolidated	Transport services	KPMG (**)
CASTELLAR VIDRIO, S.A.	Castellar del Vallés (Barcelona, Spain)	100%	Inverbeira, Sociedad de Promoción de Empresas, S.A.	Fully consolidated	Manufacture and sale of glass containers	KPMG (*)
VIDRALA ITALIA, S.R.L.	Córsico (Italy)	100%	Inverbeira, Sociedad de Promoción de Empresas, S.A.	Fully consolidated	Manufacture and sale of glass containers	KPMG (**)
MD VERRE, S.A.	Ghlin (Belgium)	100%	Inverbeira, Sociedad de Promoción de Empresas, S.A.	Fully consolidated	Manufacture and sale of glass containers	KPMG (**)
OMÈGA IMMOBILIÈRE ET FINANCIÈRE, S.A.	Ghlin (Belgium)	100%	Inverbeira, Sociedad de Promoción de Empresas, S.A.	Fully consolidated	Real estate	Not subject to statutory audit
INVESTVERRE, S.A.	Ghlin (Belgium)	100%	Inverbeira, Sociedad de Promoción de Empresas, S.A.	Fully consolidated	Holding company	Not subject to statutory audit
CD VERRE, S.A.	Burdeos (France)	100%	Investverre, S.A.	Fully consolidated	Commercialisation	Not subject to statutory audit

(*) KPMG Auditores, S.L.

(**) Limited review of the financial statements carried out by KPMG Auditores, S.L.

There have been no changes to the consolidated group in 2011 and 2010.

2. Basis of Presentation

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Vidrala, S.A. and of the consolidated companies. The consolidated annual accounts for 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS), and other provisions of the financial information reporting framework applicable to the Group, to present fairly the consolidated equity and consolidated financial position of Vidrala, S.A. and subsidiaries at 31 December 2011, as well as the consolidated financial performance and changes in consolidated equity and cash flows for the year then ended.

On 1 January 2004 the Group adopted EU-IFRS and applied IFRS 1 First-time Adoption of IFRS on the same date.

The Parent's directors consider that the consolidated annual accounts for 2011, authorised for issue on 23 February 2012, will be approved without changes by the shareholders at their annual general meeting.

(a) Basis of preparation of the annual accounts

These consolidated annual accounts have been prepared on a going concern basis using the historical cost principle, with the exception of derivative financial instruments, which have been recognised at fair value.

(b) Comparative information

The accounting criteria used in preparing these consolidated annual accounts have been applied consistently for the two years presented.

In accordance with the Spanish Accounting and Auditing Institute's resolution of 29 December 2010 on disclosures in notes to annual accounts in relation to information included in note 16 on late payments to suppliers in commercial transactions, comparative information for 2010 refers exclusively to the balance payable to suppliers for which

the maximum legal payment period was exceeded at year end, and consequently, the information for 2011 is not comparable with that of the prior year.

(c) Relevant accounting estimates, assumptions and judgements used when applying accounting principles

The preparation of consolidated annual accounts in conformity with EU-IFRS requires management to make judgements, estimates and assumptions that affect the application of Group accounting policies. A summary of the items requiring a greater degree of judgement or complexity, or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts, are as follows:

(i) Relevant accounting estimates and assumptions

Goodwill impairment:

The Group tests for impairment of goodwill on an annual basis. The calculation of the recoverable amount of a cash generating unit to which goodwill has been allocated requires the use of estimates. The recoverable amount is the higher of fair value less costs to sell and value in use. The Group uses cash flow discounting methods to calculate these values. Cash flow discounting calculations are made considering that the activity of cash generating units has an infinite life and free cash flow projections are made based on financial projections approved by management. Cash flows beyond the budgeted period are extrapolated using estimated growth rates (see note 6). The flows take into consideration past experience and represent management's best estimate of future market performance. The key assumptions used to determine value in use include growth rates, the weighted average cost of capital and tax rates indicated in note 6. The estimates, including the methodology employed, could have a significant impact on the values and the impairment loss.

Useful lives of property, plant and equipment:

Group management determines the estimated useful lives and depreciation charges for its plant and equipment. This estimate is based on the projected life cycles of products for its high technology division. This could change considerably as a result of technical innovations and initiatives adopted by the competition in response to severe sector cycles. Management will increase the depreciation charge when the useful lives are lower than the lives estimated previously or will depreciate or eliminate technically obsolete or non-strategic assets which are idle or sold.

Calculation of the fair value of derivatives and financial instruments:

The fair value of financial instruments used by the Group, mainly interest rate swaps, is based on reports from the financial entities which extended the instruments. This information is then verified by group financial management through historical analyses of the instruments in question.

Valuation allowances for bad debts

Valuation allowances for bad debts require a high degree of judgement by management and a review of individual balances based on customers' credit ratings, market trends, and historical analysis of bad debts at an aggregated level.

Income tax

The Group files income tax returns in numerous jurisdictions. Tax legislation applicable to certain group companies means that certain calculations have to be estimated.

Any differences between the final tax calculation and the amount initially recognised have an effect on the profit or loss for the period in question.

Group management estimates that any differences arising from the use of assumptions and judgements in estimating income tax for 2011 will be immaterial.

Capitalised tax credits

The Group evaluates the recoverability of capitalised tax credits based on estimates of whether sufficient future taxable income will be available against which they can be offset.

(ii) Changes in accounting estimates

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2011, future events may take place requiring these estimates to be modified in subsequent years. The effect on the consolidated annual accounts of modifications resulting from adjustments to be made in subsequent years are recognised prospectively.

(d) Standards and interpretations issued and not applied

The IASB has issued new accounting standards (IFRS) and interpretations (IFRIC) which are due to become effective for accounting periods beginning on or after 1 January 2011. Details of the nature of the changes in accounting policy and a summary of group management's assessment of the impact these new standards could have on the Group's financial statements are as follows:

IFRS 9 Financial instruments – issued November 2009 (pending adoption by the European Union)

This standard, which partially replaces IAS 39, simplifies the classification and measurement criteria for financial instruments, maintaining a mixed measurement model and establishing only two main financial asset categories: amortised cost and fair value. The classification criteria is based on the entity's business model and the characteristics of the financial asset's contractual cash flows.

The Group will assess the impact of this standard for the first year in which it becomes effective.

This standard is effective for periods beginning on or after 1 January 2015.

IFRS 10 Consolidated financial statements – issued May 2011 (pending adoption by the European Union)

This new consolidation standard supersedes the previous version of IAS 27 Consolidated and Separate Financial Statements including the related interpretation SIC 12 Consolidation – Special Purpose Entities. The objective of this standard is to obtain a single consolidation model based on three premises: the exposure or existence of rights to variable returns from involvement with the investee; the ability to affect those returns through power over the investee; and linkage between power

and returns.

Management does not consider that this new approach alters the conclusion on the existence of control.

This standard is effective for periods beginning on or after 1 January 2013.

IFRS 12 Disclosure of Interests in Other Entities – issued May 2011 (pending adoption by the European Union)

This standard combines all disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities, and states that an entity may aggregate the disclosures required if aggregation is consistent with the disclosure objective, is clear and does not lead to confusion.

The Group will assess the impact of this standard for the first year in which it becomes effective.

This standard is effective for periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement – issued May 2011 (pending adoption by the European Union)

This standard supersedes the different guidelines contained in individual standards and serves as a single source of guidance for all fair value measurements, including the relevant disclosure requirements.

This standard is effective for periods beginning on or after 1 January 2013.

Amendment to IAS 1: Presentation of Items of Other Comprehensive Income - issued June 2011 (pending adoption by the European Union)

This amendment deals only with presentation, the main difference being that items that could be reclassified to profit or loss at a future point in time would be presented separately in Other Comprehensive Income from items which will never be reclassified.

The impact of this new presentation criteria will be assessed in the first year in which it becomes effective.

This amendment is effective for periods beginning on or after 1 July 2012.



3. Significant Accounting Principles

(a) Subsidiaries

Subsidiaries are entities over which the Company exercises control, either directly or indirectly through subsidiaries. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Information on subsidiaries forming the consolidated Group is included in note 1.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from their acquisition date, which is the date on which the Group obtained effective control of the subsidiaries. Subsidiaries are no longer consolidated once control is lost.

Intragroup balances and transactions and unrealised gains or losses are eliminated on consolidation. Nevertheless, unrealised losses are considered as indicative of impairment of the transferred assets.

The accounting policies of subsidiaries have been adapted to those of the Group for transactions and other events in similar circumstances.

The annual accounts or financial statements of consolidated subsidiaries have been prepared as of the same date and for the same reporting period as the financial statements of the Parent.

(b) Property, plant and equipment

Initial recognition

Property, plant and equipment are recognised at cost or deemed cost, less accumulated depreciation and any accumulated impairment losses. The cost of work carried out by the Group for assets is determined using the same principles as for an acquired asset, while also considering the criteria applicable to production costs of inventories. The production cost is capitalised by allocating the costs attributable to the asset under work carried out by the Group for non-current assets in the consolidated income statement.

Spare parts for use in installations, equipment and machinery as replacements for similar parts with a warehouse cycle of more than one year are measured using the aforementioned criteria and depreciated over the same period as the related assets. Parts with a warehouse cycle of less than one year are recognised as inventories.

Moulds are considered property, plant and equipment as their period of use exceeds one year, and are depreciated according to the quantities they produce.

At 1 January 2004 the Group applied the exemption permitted by IFRS 1, First-time Adoption of International Financial Reporting Standards, relating to fair value or revaluation as deemed cost, for certain items of property, plant and equipment acquired prior to that date.

Depreciation

The Company determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

Property, plant and equipment are depreciated on a straight-line basis using the following estimated useful lives:

	Estimated useful life
Buildings	20 - 30
Plant and machinery	
Internal transport and fixed maintenance installations	6 - 10
General installations	10 - 30
Furnaces, installations and production machinery	8 - 16
Workshop machinery	8 - 14
Furniture	6 - 12
Other assets	8 - 12

The Group reviews residual values, useful lives and depreciation methods for property, plant and equipment at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

Subsequent costs

Subsequent to initial recognition of the asset, only those costs incurred which will probably generate future profits and for which the amount may reliably be measured are capitalised. Costs of day-to-day servicing are recognised in profit and loss as incurred.

Impairment

The Group evaluates and determines impairment losses and reversals of impairment losses on property, plant and equipment in line with the criteria described in section (e).

(d) Intangible Assets

(i) Goodwill

Goodwill corresponds to the excess between the consideration paid plus the value assigned to non-controlling interests and the net amount of assets acquired and liabilities assumed in business combinations made by the Group.

Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs) or groups of CGUs which are expected to benefit from the synergies of the business combination and the criteria described in the note on impairment are applied. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Internally generated intangible assets

Expenditure on research is recognised as an expense when it is incurred.

Costs associated with development activities relating to the design and testing of new and improved products are capitalised to the extent that:

- The Group has technical studies that demonstrate the feasibility of the production process.
- The Group has undertaken a commitment to complete production of the asset to make it available for sale (or internal use).

- The asset will generate sufficient future economic benefits as, according to management's best estimates, a market exists that will absorb production or the internal use of the asset.
- The Group has sufficient technical and financial resources to complete development of the asset (or to use the asset internally) and has devised budget control and cost accounting systems that enable monitoring of budgetary costs, modifications and the expenditure actually attributable to the different projects.

Costs incurred in the course of activities for which costs attributable to the research phase are not clearly distinguishable from costs associated with the development stage of intangible assets are recognised as an expense.

(iii) Emission rights

Emission rights are recognised when the Group becomes entitled to such rights and are measured at cost, less accumulated impairment losses. Rights acquired free of charge or at a price substantially lower than fair value are carried at fair value, which generally coincides with the market value of the rights at the beginning of the relevant calendar year. The excess between this value and, where applicable, the payment made for the right is credited to government grants under deferred income. Amounts recognised under government grants are taken to profit or loss in accordance with the emissions made as a percentage of total emissions forecast for the entire period for which they have been allocated, irrespective of whether the previously acquired rights have been sold or impaired.

Expenses generated by the emission of greenhouse gases are recognised in line with the use of emission rights allocated or acquired as these gases are emitted during the production process, with a credit to the corresponding provision.

Emission rights recognised as intangible assets are not amortised but written off against the corresponding provision upon delivery to the authorities to cancel the obligations assumed.

(iv) Other intangible assets

Other intangible assets acquired by the Group are carried at cost, less any accumulated amortisation and impairment losses.

(v) Useful life and amortisation rates

The Group assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded by the Group as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis using the straight-line method over its useful life, which is estimated to be a maximum of ten years for computer software and, in the case of development expenses, the period over which profit is expected to be generated from the start of the commercial production of the product.

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(vi) Impairment

The Group evaluates and determines impairment losses and reversals of impairment losses on intangible assets in line with the criteria described in section (e).

(e) Impairment losses of non-financial assets subject to amortisation or depreciation

The Group tests non-financial assets subject to depreciation or amortisation for impairment with a view to verifying whether their carrying amount exceeds their recoverable amount.

The Group tests goodwill and intangible assets that are not yet ready to enter service for potential impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

The recoverable amount of assets is the higher of their fair value less costs to sell and their value in use. An asset's value in use is measured based on the future cash flows the Group expects to derive from use of the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows the Group expects to derive from the asset.

Negative differences resulting from comparison of the carrying amounts of the assets with their recoverable amount are recognised in profit or loss.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Impairment losses recognised for CGUs are initially allocated to reduce, where applicable, the goodwill attributed to the CGU and then to the other non-current assets of the CGU pro rata on the basis of the carrying amount of each of the assets, which is limited to the highest of its fair value less costs to sell, its value in use and zero.

(f) Leases

• Lessee accounting records

The Group has rights to use certain assets through lease contracts.

Leases in which the Group assumes substantially all the risks and rewards incidental to ownership upon inception are classified as finance leases, otherwise they are classified as operating leases.

• Finance leases

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest is expensed using the effective interest method.

The accounting policies applied to the assets used by the Group by virtue of finance lease contracts are the same as those set out in the section on property, plant and equipment.

• Operating leases

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term.

(g) Financial instruments

(i) Classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument set out in IAS 32 Financial Instruments: Presentation.

The Group recognises financial instruments when it becomes party to the contract or legal transaction, in accordance with the terms set out therein.

Regular way purchases or sales of financial assets, understood as those in which the reciprocal obligations of the parties must be consumed within the time frame established generally by regulation or convention in the marketplace concerned and cannot be settled by differences, are recognised by type of asset at trade date. However, a contract which can be settled by differences is recognised as a derivative financial instrument.

Financial instruments are classified into the following categories: financial assets and financial liabilities at fair value through profit or loss, loans and receivables and financial liabilities at amortised cost. The Group classifies financial instruments into different categories based on the nature of the instruments and management's intentions on initial recognition.

(ii) Offsetting principles

A financial asset and a financial liability are offset only when the Group currently has the legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are derivative instruments designated as held for trading. Derivatives are classified in this category, except those designated as effective hedging instruments.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

After initial recognition, they are recognised at fair value through profit or loss. Fair value is not reduced by transaction costs incurred on sale or disposal.

The Group does not reclassify financial assets or liabilities to or from this category while they remain on the consolidated balance sheet, unless due to a change in the classification of derivative hedging instruments.

At 31 December 2011 and 2010 the Group has entered into floating-to-fixed interest rate swaps on borrowings.

It has also signed emission rights swap contracts, but has no currency insurance at 31 December 2011 and 2010 for the exchange rate at which the transactions are carried out.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified in other financial asset categories.

These assets are recognised initially at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

(v) Impairment and uncollectibility of financial assets

The Group recognises impairment losses and defaults on loans and other receivables in an allowance account for financial assets. Recognition is based on ageing, monitoring, and third party data and reports on the economic circumstances of the debtors. When impairment and uncollectibility are considered irreversible as all avenues for collecting the debt, including the courts, have been exhausted, the carrying amount is written off with a charge to the allowance account. Impairment reversals are also recognised against the allowance account.

• Impairment of financial assets carried at amortised cost

In the case of financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the

asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of an impairment loss is recognised in profit or loss and may be reversed in subsequent periods if the decrease can be objectively related to an event occurring after the impairment has been recognised. The loss can only be reversed to the limit of the amortised cost of the assets had the impairment loss not been recognised. Impairment reversals are recognised against the allowance account.

(vi) Financial liabilities at amortised cost

Financial liabilities, including trade and other payables, which are not classified at fair value through profit or loss, are initially recognised at fair value less any transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

(vii) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new asset obtained less any new liability assumed and any cumulative gain or loss deferred in other comprehensive income, is recognised in profit or loss.

Transactions in which the Group retains substantially all the risks and rewards of ownership of a transferred financial asset are recognised as a liability for the consideration received. Transaction costs are recognised in profit or loss using the effective interest method.

(viii) Derecognition of financial liabilities

A financial liability is derecognised when the Group either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The Group has contracted reverse factoring facilities with various financial entities to manage payments to suppliers. Trade payables settled under the management of financial entities are recognised under trade and other payables, providing the Group remains responsible for settling the debt.

(h) Hedge accounting

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments.

The Group has cash flow hedges.

At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge

and in subsequent years in achieving offsetting changes in cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis) and the actual effectiveness, which can be reliably measured, is within a range of 80%-125% (retrospective analysis).

For cash flow hedges of forecast transactions, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss.

The structure of hedges in all cases is as follows:

- Hedged item: floating-rate financing received.
- Hedging instrument: Interest rate swaps (IRS) in which the Group pays a fixed rate and receives a floating rate. These are forward start swaps, which means that the flows of the hedged item are only hedged from the time the IRS comes into effect.
- Hedged risk: changes in the cash flows of the hedged item (interest payments) in the event of changes in benchmark interest rates.

The Group recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in other comprehensive income. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised with a debit or credit to finance expenses or finance income.

The Group recognises in profit or loss amounts accounted for in other comprehensive income in the same year or years during which the hedged transaction affects profit or loss and in the same caption of the consolidated income statement.

(i) Parent own shares

The Group's acquisition of equity instruments of the Parent is recognised separately at cost of acquisition in the consolidated balance sheet as a reduction in equity, regardless of the motive of the purchase. No gain or loss is recognised on transactions involving own equity instruments.

Transaction costs related to own equity instruments are accounted for as a reduction in equity, net of any tax effect.

(j) Distribution to shareholders

Dividends are recognised as a reduction in equity when approved by the shareholders.

(k) Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value.

The cost of purchase includes the purchase price, other costs directly attributable to the acquisition and indirect taxes not recoverable from Spanish taxation authorities. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.

The Group uses the following measurement criteria to determine the cost of each type of inventory:

a. Raw materials: at weighted average cost.

b. Finished goods and work in progress: at actual cost, which includes raw materials, direct labour and direct and indirect manufacturing overheads (based on normal operating capacity).

c. Auxiliary and production materials: at weighted average cost.

The cost of inventories is adjusted against profit or loss when cost exceeds the net realisable value.

The previously recognised reduction in value is reversed against profit or loss when the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances. The reversal of the reduction in value is limited to the lower of the cost and revised net realisable value of the inventories. Reductions and reversals of the value of inventories are classified under change in inventories of finished goods and work in progress and raw materials and other supplies used in the consolidated income statement.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions.

The Group recognises interest received as cash flows from investing

activities and interest paid as cash flows from operating activities. Dividends received are classified under investing activities and dividends paid under financing activities.

(m) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached.

(i) Capital grants

Capital grants awarded as monetary assets are recognised under deferred income in the consolidated balance sheet and allocated to other income in line with the amortisation or depreciation of the assets for which the grants have been received.

The accounting treatment of grants related to emission rights is described in section (d).

(ii) Operating grants

Operating grants are recognised under other income.

(iii) Interest-rate grants

Financial liabilities comprising implicit assistance in the form of below market interest rates are initially recognised at fair value. The difference between this value, adjusted where necessary for the cost of issuing the financial liability and the amount received, is recognised as a government grant based on the nature of the grant awarded.

(n) Employee benefits

(i) Pension commitments

The Group has pension plan commitments. Contributions are made to externally managed funds and are classified as defined contributions.

The Group recognises the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered service to the Group. The contributions payable are recognised as an expense for employee remuneration, and as a liability after deducting any contribution already paid.

(ii) Other commitments with employees

“Provisions” in the consolidated balance sheet include a provision for commitments assumed with the employees of one of the Group’s companies in accordance with legal requirements in the country of origin. According to this legislation, companies are obliged to provide for or contribute certain amounts to an externally managed pension plan, calculated on the basis of employees’ remuneration, which are redeemed when an employee’s working relationship with the company terminates.

(iii) Termination benefits

Termination benefits paid or payable that do not relate to restructuring processes in progress are recognised when the Group is demonstrably committed to terminating the employment of current employees prior to retirement date or when employees voluntarily agree to termination in exchange for these benefits. The Group is demonstrably committed to terminating the employment of current employees when a detailed

formal plan has been prepared and there is no possibility of withdrawing or changing the decisions made.

(iv) Short-term employee benefits

The Group recognises the expected cost of profit-sharing and bonus plans when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated.

If it is not probable that an outflow of resources embodying economic resources will be required to settle an obligation, the provision is reversed. The provision is reversed against the caption of the consolidated income statement in which the related expense was recognised, and any surplus is accounted for in other income.

(i) Provision for emission rights

Provision is systematically made for expenses related to the emission of greenhouse gases and is cancelled when the rights are received.

(p) Revenue recognition

Revenue from the sale of goods or services is measured at the fair value of the consideration received or receivable. Volume rebates, prompt payment and any other discounts are recognised as a reduction in the consideration. Revenue is presented net of value added taxes and any other amount or tax which, in substance, corresponds to amounts received on behalf of third parties.

Discounts granted to customers are recognised as a reduction in sales revenue when it is probable that the discount conditions will be met.

Revenue is only recognised when there is evidence of an agreement between the parties, the goods have been delivered or the services rendered, amounts are agreed and collection is reasonably assured.

(q) Income tax

The income tax expense or tax income for the year comprises current tax and deferred.

Current tax is the expected tax payable or receivable on the consolidated taxable income or loss for the year.

Current tax assets or liabilities are measured at the amounts expected to be paid to or recovered from the taxation authorities, using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences, whereas deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits. Temporary differences are considered to be the difference between the carrying amount of the assets and liabilities and their tax base.

(i) Taxable temporary differences

Taxable temporary differences are recognised in all cases.

(ii) Deductible temporary differences

Deductible temporary differences are recognised provided that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable income.

Tax planning opportunities are only considered on evaluation of the recoverability of deferred tax assets and if the Group intends to use these opportunities or it is probable that they will be utilised.

A deferred tax asset is recognised for unused tax losses, tax credits and deductions to the extent that it is probable that future taxable profits will be available against which they can be utilised. Certain deductions for investments in property, plant and equipment or business acquisitions are applied in line with the depreciation period of the assets or business plan of the acquired activities which generated the tax credits with a credit to deferred income (see note 12).

(iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets which do not meet the above conditions are not recognised in the consolidated balance sheet. At the reporting date the Group assesses whether deferred tax assets which were previously not recognised meet the conditions for recognition.

(iv) Offsetting and classification

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends

either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right, when they relate to income taxes levied by the same taxation authority and on the same taxable entity and when the taxation authority permits the Group to make or receive a single net payment, or to recover the assets and settle the liabilities simultaneously in each future year in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated balance sheet under non-current assets or liabilities, irrespective of the date of realisation or settlement.

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(s) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other

expenses in the period in which they are incurred. Nonetheless, the Group recognises environmental provisions and, where applicable, reimbursement rights by applying the general criteria described in the note on provisions.

Assets acquired by the Group to minimise the environmental impact of its activity and protect and improve the environment, including the reduction or elimination of future pollution caused by the Group's operations, are recognised in the consolidated balance sheet in line with the recognition, measurement and disclosure criteria detailed in the note on property, plant and equipment.

(t) Foreign currency transactions and balances

The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, the Parent's functional and presentation currency.

Transactions in foreign currency are translated to the functional currency at the foreign exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates prevailing at the dates the cash flows occur.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Exchange gains or losses on monetary financial assets or financial liabilities denominated in foreign currencies are also recognised in profit or loss.



4. Segment Reporting

As described below, the Group is organised internally into operating segments, which are strategic business units. The strategic business units have the same products and services, the manufacture and sale of glass containers, and are managed separately, by geographical markets, because they require different market strategies.

The information used at board and management level and for reporting to third parties is broken down by geographical location.

At 31 December 2011 and 2010 the Group comprises the following operating segments:

- **Spain**
- **European Union**

Segment performance is measured based on the pre-tax profit generated by each segment. The profit generated by each segment is used as a measure of its performance because the Group considers this to be the most relevant information in assessing the profits generated by specific segments in relation to other groups which operate in these businesses.

Details of group sales and services rendered to external customers of each segment, assigned by geographical location of production companies, are as follows:

	Thousands of Euros	
	2011	2010
Spain	270,741	248,218
European Union	163,174	158,374
	433,915	406,592

The table above shows details of sales and services rendered to external customers, and consequently, there are no transactions between geographical segments.

Revenues and non-current assets attributed to foreign countries amount to Euros 163,174 thousand and Euros 198,226 thousand, respectively.



Profit before income tax from continuing operations and profit for the year after income tax by geographical location of manufacturing companies are as follows:

Thousands of Euros				
Area/location	2011		2010	
	Profit before income tax from continuing operations	Profit after income tax	Profit before income tax from continuing operations	Profit after income tax
Spain	49,179	40,015	51,111	42,974
European Union	5,541	3,684	7,992	6,604
	54,720	43,699	59,103	49,578

Details of finance income and expenses by geographical location of manufacturing companies are as follows:

Thousands of Euros				
Area/location	2011		2010	
	Expenses	Income	Expenses	Income
Spain	5,792	219	4,794	1,451
European Union	682	6	487	2
	6,474	225	5,281	1,453

Details of impairment and reversals of impairment relating to receivables and inventory and changes in provisions by geographical location of manufacturing companies are as follows:

Thousands of Euros				
Area/location	2011		2010	
	Spain	European Union	Spain	European Union
Impairment (reversal) of receivables	638	-	406	(6)
Impairment of inventory	269	158	989	(34)
Changes in provisions	(290)	43	250	(3,530)
	617	201	1,645	(3,570)

Information on the main captions in the consolidated annual accounts by geographical location of production assets is as follows:

Thousands of Euros						
Area/location	2011			2010		
	Assets	Liabilities	Investments during the year	Assets	Liabilities	Investments during the year
Spain	423,160	125,121	21,633	412,094	125,969	16,044
European Union	176,922	44,362	22,897	186,274	41,180	13,635
	600,082	169,483	44,530	598,368	167,149	29,679

Segment assets mainly include property, plant and equipment, intangible assets, inventories, accounts receivable and operating cash flow. Deferred tax assets and goodwill are not included.

Segment liabilities comprise non-current and operating liabilities and exclude deferred tax liabilities and borrowings.

Investments for 2011 and 2010 correspond to additions of property, plant and equipment (see note 4) and intangible assets (see note 5) and do not reflect the value of emission rights allocated for the year (see note 5).

Impairment losses and amortisation and depreciation by segments for 2011 and 2010 are as follows:

Thousands of Euros

	2011		2010	
	Depreciation/amortisation			
Area/location	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets
Spain	22,122	1,232	20,011	1,086
European Union	15,891	11	16,531	15
	38,013	1,243	36,542	1,101



5. Property, Plant and Equipment

Details of property, plant and equipment and movement during 2011 and 2010 are as follows:

2011	Thousands of Euros				
	Balances at 31.12.10	Additions	Disposals	Transfers	Balances at 31.12.11
Cost					
Land and buildings	192,523	2,422	-	855	195,800
Plant and machinery	426,140	30,784	(6,632)	5,574	455,866
Moulds	38,628	6,458	(2,817)	381	42,650
Furniture	5,762	294	-	-	6,056
Other assets	5,610	262	(93)	70	5,849
Property, plant and equipment under construction	4,661	2,593	(61)	(6,880)	313
	673,324	42,813	(9,603)	-	706,534
Depreciation					
Land and buildings	57,047	4,255	-	-	61,302
Plant and machinery	234,156	29,136	(5,993)	-	257,299
Moulds	23,326	3,963	(1,249)	-	26,040
Furniture	4,766	398	-	-	5,164
Other assets	2,284	261	(92)	-	2,453
	321,579	38,013	(7,334)	-	352,258
Carrying amount	351,745				354,276

Thousands of Euros

2010	Balances at 31.12.09	Additions	Disposals	Transfers	Balances at 31.12.10
Cost					
Land and buildings	190,797	1,765	(39)	-	192,523
Plant and machinery	413,969	15,890	(12,203)	8,484	426,140
Moulds	35,931	5,443	(2,746)	-	38,628
Furniture	6,017	206	(513)	52	5,762
Other assets	5,769	142	(301)	-	5,610
Property, plant and equipment under construction	7,118	6,079	-	(8,536)	4,661
	659,601	29,525	(15,802)	-	673,324
Depreciation					
Land and buildings	52,796	4,289	(38)	-	57,047
Plant and machinery	217,971	28,220	(12,035)	-	234,156
Moulds	21,884	3,340	(1,898)	-	23,326
Furniture	4,842	437	(513)	-	4,766
Other assets	2,315	256	(287)	-	2,284
	299,808	36,542	(14,771)	-	321,579
Carrying amount	359,793				351,745

(a) Government grants received

Deferred income includes government grants received for investments made by group companies in property, plant and equipment. Income pending recognition from these grants amounts to Euros 7.2 million and Euros 8.4 million at 31 December 2011 and 2010, respectively (see note 13).

(b) Commitments

Commitments for the acquisition of property, plant and equipment are as follows:

	Thousands of Euros	
	2011	2010
Plant and machinery	10,595	13,871

(c) Insurance

The Group has contracted various insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

Note 21 shows details of the amount of insurance compensation received by the Group in relation to property, plant and equipment.

(d) Revaluations

As permitted by Alava Regional Authority Local Law 42/1990 of 27 December 1990, subsequently developed in Royal Decree 19/1991 of 22 January 1991 of the Alava Congress of Deputies, which approved the regulations for restating balances, the Company increased its reserves by Euros 3.3 million.

At 31 December 1996 Vidrala revalued its property, plant and equipment in accordance with Alava Regional Authority Local Law 4/1997 of 7 February 1997, the net effect of which amounted to Euros 3.8 million.

At 31 December 1996 Crisnova Vidrio, S.A. revalued its property plant and equipment in accordance with Royal Decree Law 7/1996 of 7 June 1996, the net effect of which totalled Euros 3.8 million.

As permitted by various legal provisions in its country of origin, Gallo Vidro, S.A. restated balances by a total amount of Euros 4 million. The estimated effect of these restatements on the depreciation charge for 2011 and 2010 attributable to the consolidated group is not significant.

As permitted by IFRS 1, the Group revalued certain land on 1 January 2004, the date of first-time adoption of IFRS, based on independent expert appraisals and its market value. The revaluation gains, net of the corresponding deferred tax, equivalent to Euros 8,683 thousand, were recognised under shareholders' equity.

(e) Fully depreciated assets

At 31 December 2011 the restated cost of fully depreciated property, plant and equipment still in use amounts to Euros 120 million (Euros 114 million in 2010).

(f) Finance leases - lessee

Property, plant and equipment at 31 December 2010 included the following amounts corresponding to assets leased by the Group under finance leases, the purchase option for which was exercised in 2011:

	Thousands of Euros
Cost	2,179
Accumulated depreciation	(1,961)
Carrying amount	228

Lease instalments payable at 31 December 2010 amounted to Euros 55 thousand (see note 14).

6. Intangible Assets

Details of intangible assets and movement during 2011 and 2010 are as follows:

Thousands of Euros						
2011	R&D expenditure	Goodwill	Emission rights	Computer software	Work in progress	Total
Cost						
Balances at 31 December 2010	1,121	59,233	7,130	7,954	7	75,445
Additions	563	-	7,675	1,154	-	9,392
Disposals	-	-	(7,015)	-	(1)	(7,016)
Balances at 31 December 2011	1,684	59,233	7,791	9,108	6	77,821
Amortisation						
Balances at 31 December 2010	(343)	-	-	(3,206)	-	(3,549)
Additions	(180)	-	-	(1,063)	-	(1,243)
Balances at 31 December 2011	(523)	-	-	(4,269)	-	(4,792)
Carrying amount						
At 31 December 2010	778	59,233	7,130	4,748	7	71,896
At 31 December 2011	1,161	59,233	7,791	4,839	5	73,029

Thousands of Euros						
2010	R&D expenditure	Goodwill	Emission rights	Computer software	Work in progress	Total
Cost						
Balances at 31 December 2009	1,037	59,233	7,425	7,884	7	75,586
Additions	84	-	7,006	70	-	7,160
Disposals	-	-	(7,301)	-	-	(7,301)
Balances at 31 December 2010	1,121	59,233	7,130	7,954	7	75,445
Amortisation						
Balances at 31 December 2009	(203)	-	-	(2,245)	-	(2,448)
Additions	(140)	-	-	(961)	-	(1,101)
Balances at 31 December 2010	(343)	-	-	(3,206)	-	(3,549)
Carrying amount						
At 31 December 2009	834	59,233	7,425	5,639	7	73,138
At 31 December 2010	778	59,233	7,130	4,748	7	71,896

(a) Emission rights

In 2011 an amount of Euros 5,797 thousand (Euros 7,102 thousand in 2010) has been paid to public entities with a charge to the provision for emission rights (see note 18).

The cost of emission rights for 2011, which have been recorded against the corresponding provision (see note 18), amounted to Euros 6,871 thousand (Euros 6,203 thousand in 2010) and basically corresponds to the estimated consumption of emission rights for 2011 of 485,322 tonnes (466,092 tonnes in 2010).

Derivative financial instruments contracted in relation to emission rights are detailed in note 7.

Details of emission rights allocated free of charge during the National Allocation Plan period and their annual distribution are as follows:

	No. of rights
2009	542,832
2010	542,832
2011	554,347
2012	554,347

Movement in the number of rights during 2011 and 2010 is as follows:

	Free of charge
Balances at 1 January 2010	48,777
Additions	542,832
Estimated emissions 2010	(466,092)
Adjustments	(20,680)
Sales	(30,000)
Balance at 31 December 2010	74,837
Additions	554,347
Estimated emissions 2011	(485,322)
Adjustments	17,022
Sales	(15,000)
Balance at 31 December 2011	145,884



(b) Impairment and allocation of goodwill to CGUs

For impairment testing purposes, goodwill has been allocated to the Group's cash-generating units (CGUs) based on the production unit which generated the cash, as follows:

Cash Generating Unit	Country	Thousands of Euros	
		2011	2010
Gallo Vidro	Portugal	20,799	20,799
Castellar	Spain	26,155	26,155
Vidrala Italia	Italy	12,279	12,279

The recoverable amount of a CGU is determined based on value in use calculations using the discounted cash flow method. These calculations are based on cash flow projections for a five-year period from the financial budgets approved by management. Cash flows beyond this period are extrapolated using the estimated growth rates indicated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used in value in use calculations are as follows:

	Growth rate	Discount rate before tax	
		2011	2010
Gallo Vidro	1.5%	15.74%	12.53%
Castellar	1.5%	12.30%	12.15%
Vidrala Italia	1.5%	11.83%	11.26%

The Group has determined budgeted gross margins based on past experience and forecast market development. Average weighted growth rates are consistent with forecasts in industry reports. Pre-tax discount rates are used which reflect specific risks related to the relevant segments.

Based on the recoverable amounts resulting from the analysis carried out, goodwill is not impaired at 31 December 2011 and 2010. There are deemed to be no reasonably possible changes in the key assumptions which would result in the carrying amount of the CGU exceeding its recoverable amount, thus giving rise to impairment. The sensitivity analyses were performed by stressing the discount rate by +/-5% and the perpetuity growth rate by +/-2.5%, and goodwill would remain unimpaired. No impairment losses would thus have to be recognised on either goodwill or property, plant and equipment.

7. Derivative Financial Instruments

Details of derivative financial instruments are as follows:

	Thousands of Euros			
	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading				
Emission right swaps	-	22	49	-
Hedging derivatives				
Interest rate swaps	-	2,485	-	1,581
Total	-	2,507	49	1,581

These financial instruments are classified in accordance with categories established in IFRS 7 using the valuation method, in the category of unquoted prices obtained from observable markets.

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate fluctuations.

The fair values of interest rate swaps are determined by direct reference to observable market interest rate curves at the measurement date. The counterparty of these instruments uses customary sources to obtain quoted interest rates published in active markets.

The Group applies hedge accounting to interest rate swaps.

These hedging instruments, contracted between 2009 and 2011, have an accumulated nominal of Euros 81,666 thousand at 31 December 2011 (Euros 57,500 thousand in 2010). Under these contracts, effective until 2015, Vidrala will pay a fixed interest rate of between 1.75% and 3.64%.

Total cash flow hedges recognised in equity and taken to other comprehensive income under finance expenses, are as follows:

	Thousands of Euros Income/(Expenses)	
	2011	2010
Other comprehensive income	(1,641)	(1,250)
Reclassification to finance expenses	737	600
	(904)	(650)

The classification of cash flow hedges by reporting periods in which the cash flows are expected to occur, which coincides with those expected to impact the consolidated income statement, is as follows:

Thousands of Euros						
2011						
Occurrence of cash flows						
Carrying amount	Expected cash flows	2012	2013	2014	2015	
Interest rate swaps	(2,485)	(2,522)	(348)	(1,695)	(86)	(393)

Thousands of Euros						
2010						
Occurrence of cash flows						
	Carrying amount	Expected cash flows	2011	2012	2013	
Interest rate swaps	(1,581)	(1,606)	(756)	(746)	(104)	

Emission right swaps

In 2008, certain consolidated group companies signed emission right swaps with banks involving basically an exchange, with a counterparty, of emission rights (EUAs) for carbon credits (CERs). Both emission rights (EUAs) and carbon credits (CERs) have the same nominal value, i.e., they represent the right to emit one tonne of CO₂. However, although they have equivalent underlying values, their market price is not the same.

The 2008-2012 National Allocation Plan provides for the possibility of delivering CERs instead of EUAs in order to comply with annual delivery obligations based on emissions generated up to a maximum of 7.9% of the annual allocation.

The formalised contracts are based on the above-mentioned criteria. In other words, 7.9% of EUA allocations have been exchanged for group CERs, taking advantage of the price difference at the date the agreements were signed. The fair values of emission rights swaps were determined by direct reference to publicly quoted prices in active markets. The fair value of these instruments at 31 December 2011 is Euros 22 thousand (Euros 49 thousand in 2010).

8. Income Taxes

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

Thousands of Euros						
Deferred tax liabilities	Goodwill	Property, plant and equipment	Depreciation and amortisation	Financial assets	Other	Total
At 31 December 2009	4,057	15,683	2,323	402	3,557	26,022
Debit (credit) to income statement	830	(492)	(161)	(101)	34	110
At 31 December 2010	4,887	15,191	2,162	301	3,591	26,132
Debit (credit) to income statement	831	(506)	(198)	(144)	52	35
At 31 December 2011	5,718	14,685	1,964	157	3,643	26,167

Deferred tax assets	Tax loss carryforwards	Provisions for personnel	Tax deductions and credits	Financial liabilities	Other	Total
At 31 December 2009	8,529	1,453	31,803	260	3,277	45,322
Transfer	(675)	.	675	.	.	.
(Debit)/ credit to income statement	1,134	(1,090)	(2,553)	.	(1,246)	(3,755)
Debit/(credit) to other comprehensive income	.	.	.	182	.	182
At 31 December 2010	8,988	363	29,925	442	2,031	41,749
(Debit)/ credit to income statement	(568)	55	(3,425)	.	(672)	(4,610)
Debit/(credit) to other comprehensive income	.	.	.	254	.	254
At 31 December 2011	8,420	418	26,500	696	1,359	37,393

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months, are as follows:

	Thousands of Euros	
	2011	2010
Deferred tax assets	32,912	37,994
Deferred tax liabilities	(26,167)	(26,132)
	6,745	11,862

Deferred taxes on items recognised directly in other comprehensive income during 2011 and 2010, corresponding to cash flow hedges, amounted to Euros 253 thousand and Euros 182 thousand, respectively (Euros 182 thousand and 213 thousand, respectively in 2010).

Details of the income tax expense are as follows:

	Thousands of Euros	
	2011	2010
Current tax		
Present year	9,603	9,719
Prior years' adjustments	(440)	(1,272)
Deferred tax		
Source and reversal of temporary differences	4,645	3,865
Deferred income taken to income tax (note 13)	(2,788)	(2,787)
Total	11,020	9,525

Details of the income tax expense related to profit from continuing operations are as follows:

	Thousands of Euros	
	2011	2010
Profit for the year from continuing operations, net of income tax	54,719	59,103
Tax calculated at the tax rate of each country	14,847	15,403
Deferred taxes from consolidation adjustments	471	1,236
Capitalisation of deductions for shortfall in income tax	(456)	(2,762)
Prior year adjustments	(992)	(1,559)
Deferred income taken to income tax (note 13)	(2,788)	(2,787)
Other	(62)	(6)
Income tax expense	11,020	9,525

In general, each group company has open to inspection by the tax authorities the years which have not prescribed in accordance with tax legislation applicable to each company.

The years open to inspection by the tax authorities vary for the different companies of the consolidated tax group, but mainly cover the last three or four years.

In accordance with current legislation in Spain, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. At 31 December 2011 all main applicable taxes since 31 December 2006 are open to inspection by the taxation authorities. Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any event, the directors do not consider that any such liabilities that could arise would have a significant effect on the 2011 consolidated annual accounts taken as a whole.

9. Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2011	2010
Raw materials	5,411	10,182
Auxiliary and production materials	30,219	24,727
Finished goods and work in progress	68,077	75,113
	103,707	110,022
Valuation allowance	(2,796)	(3,866)
	100,911	106,156

At 31 December 2011 and 2010, there are no inventories with a recovery period of more than 12 months from the consolidated balance sheet date.

Group companies have contracted insurance policies to cover the risk of damage to their inventories. The coverage of these policies is considered sufficient.

The effect of the change in the valuation allowance has been recognised under changes in inventories of finished goods and work in progress.

10. Trade and Other Receivables

Details of trade and other receivables are as follows:

	Thousands of Euros	
	2011	2010
Trade receivables	100,557	104,707
Personnel	1,438	1,579
Other loans	2,938	399
Less bad debt valuation allowances	(6,545)	(6,121)
Total	98,388	100,564

The carrying amount of trade and other receivables does not differ significantly from their fair value.

There is no concentration of credit risk as regards trade receivables as the Group has numerous customers all over the world.

At 31 December 2011 trade and other receivables discounted at banks amount to Euros 5,488 thousand (Euros 7,452 thousand in 2010) (see note 14).

At 31 December 2011, personnel includes Euros 303 thousand (Euros 119 thousand in 2010) relating to loans to management personnel (see note 26(b)).

11. Other Current Assets and Liabilities

Details of other current assets are as follows:

	Thousands of Euros	
	2011	2010
Public entities		
VAT	30,376	20,128
Grants	-	4,997
Other	12	73
	30,388	25,198

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Details of other current liabilities are as follows:

	Thousands of Euros	
	2011	2010
Public entities		
VAT	4,468	5,848
Withholdings and payments on account	2,830	2,623
Social Security	1,925	1,561
Other	59	267
	9,282	10,299



12. Equity

Details of equity and movement during the year are shown in the statement of changes in equity.

Details of other reserves and retained earnings and movement during the year are shown in the Appendix.

(a) Share capital

Movement of shares outstanding in 2011 and 2010 is as follows:

	Number of shares outstanding	Thousands of Euros		
		Ordinary shares	Own shares	Total
At 31 December 2009	22,292,234	23,222	(7,911)	15,311
Share capital increase	1,138,332	1,161	-	1,161
Acquisition of own shares	(281,800)	-	(4,876)	(4,876)
Sale of own shares	188,938	-	3,120	3,120
At 31 December 2010	23,337,704	24,383	(9,667)	14,716
Share capital increase	1,167,748	1,191	-	1,191
Capital reduction	-	(561)	9,624	9,063
Acquisition of own shares	(370,096)	-	(7,042)	(7,042)
Sale of own shares	77,404	-	1,348	1,348
At 31 December 2011	24,212,760	25,013	(5,737)	19,276

At 31 December 2011 the share capital of Vidrala, S.A. is represented by 24,255,705 ordinary shares (23,904,957 in 2010) represented by book entries of Euros 1.02 par value each, fully paid and listed on the Spanish organised stock market. No company directly or indirectly holds more than 10% of share capital.

These shares are freely transferable.

As agreed by the shareholders of Vidrala, S.A. at their annual general meeting held on 17 June 2010, the Company increased its share capital by Euros 1,161 thousand with a charge to freely distributable reserves.

At their annual general meeting held on 23 June 2011, the shareholders of Vidrala, S.A. agreed to increase share capital by Euros 1,191 thousand with a charge to freely distributable reserves.

By virtue of the powers delegated by the shareholders at their annual general meeting held on 17 June 2010, on 23 June 2011 it was agreed to reduce the Company's share capital by Euros 561 thousand through the redemption of 550,000 own shares - in the own share portfolio - with a par value of Euros 1.02 each.

At the annual general meeting of Vidrala, S.A. held on 23 June 2011, the shareholders agreed to authorise the directors to carry out a derivative acquisition of own shares, either directly or indirectly through group companies, in accordance with articles 146 and 509 of the Spanish Companies Act, thus rendering null and void the authorisation granted to the directors by the shareholders at their annual general meeting held on 17 June 2010 to reduce share capital in order to redeem own shares.

At the annual general meeting of Vidrala, S.A. held on 17 June 2010, the shareholders agreed to authorise the directors to carry out a derivative acquisition of own shares either directly or indirectly through group companies in accordance with article 75 of the Spanish Companies Act, thus rendering null and void the authorisation granted to the directors by the shareholders at their annual general meeting held on 18 June 2009, to reduce share capital in order to redeem own shares.

At their annual general meeting held on 19 June 2008 the shareholders of Vidrala, S.A. agreed to authorise the board of directors, for a period of five years, to issue bonds exchangeable for and/or convertible into company shares, and warrants up to a maximum amount of Euros 500 million, and to suppress the preferential subscription rights of shareholders and convertible bond holders.

In 2011 and 2010, 370,099 and 281,800 Parent company shares, respectively, were acquired on the organised market for Euros 7,042 thousand and Euros 4,876 thousand.

The Group's capital management objective is to safeguard the Company's capacity to continue trading as a going concern, enabling it to continue providing shareholder remuneration and benefiting other stakeholders, while maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, the Group can adjust the amount of dividends payable to shareholders, reimburse capital, issue shares or dispose of assets to reduce debt.

The Vidrala Group controls its capital structure by ensuring that equity as a percentage of total equity and liabilities on the consolidated balance sheet does not fall below 20%.

During 2011 the strategy has not changed compared to 2010, and the ratios for 2011 and 2010 have been determined as follows:

	Thousands of Euros	
	2011	2010
Total equity	311,780	287,190
Total equity and liabilities	696,730	699,357
Total equity/total equity and liabilities	44.7%	41.06%

The Vidrala Group controls its levels of net financial debt based on net debt as a percentage of equity.

This calculation was performed as follows:

	Thousands of Euros	
	2011	2010
Net financial debt	189,202	218,884
Equity	311,780	287,190
Debt ratio	0.61	0.76

Net financial debt is understood as current and non-current loans and borrowings less cash and cash equivalents.

(b) Revaluation reserves

Revaluation reserves correspond to the revaluation carried out by the Parent as permitted by Alava Regional Authority Local Law 4/1997 of 7 February 1997, whereby Vidrala revalued its property, plant and equipment in 1996 by a net amount of Euros 3.8 million.

This revaluation was inspected and agreed by the tax authorities in 1999 and therefore may be applied to offset losses, increase share capital in accordance with article 16 of the aforementioned Local Law or increase restricted reserves.

As these reserves are freely distributable, the Company transferred an amount of Euros 1,191 thousand to share capital in 2011 (Euros 1,161 thousand in 2010).

(c) Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Revised Text of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

(d) Reserves in fully consolidated companies

Details of reserves in fully consolidated companies at 31 December 2011 and 2010 are as follows:

Company or subgroup	Thousands of Euros	
	2011	2010
Crisnova Vidrio, S.A.	42,299	42,031
Inverbeira, Sociedad de Promoción de Empresas, S.A.	11,907	11,541
Gallo Vidro, S.A.	26,175	22,699
Aiala Vidrio, S.A.	5,471	4,960
Castellar Vidrio, S.A.	4,725	2,183
Vidrala Italia, S.R.L.	721	(2,218)
MD Verre, S.A.	(1,095)	(284)
Investverre, S.A.	(460)	(1,022)
Oméga Immobiliere et Finánciere, S.A.	(3,886)	(3,789)
CD Verre	68	68
	85,925	76,169

Restricted reserves and retained earnings in fully consolidated companies are as follows:

	Thousands of Euros	
	2011	2010
Legal reserve	12,469	10,559
Revaluation reserves	4,926	4,926
Goodwill reserve	3,748	2,499
	21,143	17,984

Revaluation reserves correspond to the following:

	Thousands of Euros	
	2011	2010
Crisnova Vidrio, S.A.	3,655	3,655
Gallo Vidro, S.A.	1,271	1,271
	4,926	4,926

The balance corresponding to Crisnova Vidrio, S.A. may not be distributed until the gain (depreciation or sale of the revalued assets) is realised. The Gallo Vidro, S.A. balance is restricted and may only be applied to offset prior years' losses.

(e) Other comprehensive income

Movement in accounts under other comprehensive income during 2011 and 2010, corresponding to cash flow hedges and their tax effect, is as follows:

	Thousands of Euros		
	Cash flow hedges	Tax effect	Net
Balances at 31 December 2009	(931)	261	(670)
Income and expenses generated during the year	(1,250)	350	(900)
Reclassification to profit or loss	600	(168)	432
Balances at 31 December 2010	(1,581)	443	(1,138)
Income and expenses generated during the year	(1,641)	459	(1,182)
Reclassification to profit or loss	737	(206)	531
Balances at 31 December 2011	(2,485)	696	(1,789)

(f) Dividends and restrictions on distribution of dividends

Total dividends distributed by Vidrala, S.A. to shareholders during 2011 amounted to Euros 12,657 thousand (Euros 11,578 thousand in 2010), which is equivalent to Euros 0.5421 per share (Euros 0.5163 per share in 2010). The dividends reflect the distribution of 2010 profit and interim dividends.

The distribution of company profits and reserves for the year ended 31 December 2010, approved by the shareholders at their annual general meeting held on 23 June 2011, was as follows:

Basis of allocation	Thousands of Euros
Profit for the year	38,084
Distribution	
Legal reserve	232
Other reserves	25,195
Interim dividend	9,278
Dividend	3,379
	38,084

On 20 December 2011, the directors agreed to distribute an interim dividend of Euros 0.3973 per share to shareholders, totalling Euros 9,620 thousand and payable on 14 February 2012.

The amount distributed did not exceed the profits reported by the Parent since the end of the previous reporting period, after deducting the estimated income tax payable on these profits, as required by article 277 of the Revised Text of the Spanish Companies Act.

The proposed distribution of 2011 profit and other Parent company reserves to be submitted to the shareholders for approval at their annual general meeting is as follows:

Basis of allocation	Thousands of Euros
Profit for the year	34,945
<hr/>	
Distribution	
Legal reserve	358
Other reserves	21,461
Interim dividend	9,620
Dividend	3,506
	34,945

The proposed distribution of dividends is equivalent to a dividend of Euros 0.5421 per share.

13. Deferred Income

Details of this caption are as follows:

	Thousands of Euros	
	2011	2010
Capital grants (note 5(a))	7,271	8,436
Tax credits for investments	20,334	23,122
Other	137	317
	27,742	31,875

During 2011 the Group incorporated additional capital grants amounting to Euros 217 thousand (Euros 6,248 thousand in 2010), of which Euros 1,382 thousand was taken to income during the year (Euros 1,378 thousand in 2010) (see note 21).

Tax credits capitalised in the consolidated balance sheet in 2004 and 2005 were recorded as deferred income and taken to the income statement in line with the depreciation of the financed assets, or the recovery of the investments in the case of business combinations. Euros 2,788 thousand and Euros 2,787 thousand were taken to profit or loss as a reduction in income tax in 2011 and 2010, respectively (see note 8).

14. Loans and Borrowings

Details of current and non-current loans and borrowings are as follows:

	Thousands of Euros			
	2011		2010	
	Non-current	Current	Non-current	Current
Loans and borrowings	109,191	64,363	121,429	80,785
Discounted notes pending maturity (note 10)	-	4,366	-	7,452
Other financial liabilities	3,656	7,425	8,870	-
Finance lease creditors (note 5)	-	-	-	55
Interest accrued	-	277	-	295
	112,847	76,431	130,299	88,587

In January 2005 Vidrala contracted credit facilities with various banks for a combined amount of Euros 140 million to meet payments on new business combinations.

During 2008 Vidrala contracted credit facilities with various financial entities for a combined amount of Euros 75 million. Repayment of these credit facilities, which accrue annual interest indexed to Euribor, falls due between 2007 and 2016.

In 2009, the Company contracted new credit facilities totalling Euros 63.3 million. The limit on these facilities will be reduced between 2009 and 2013.

In 2010, the Company contracted new credit facilities totalling Euros 75 million. The limit on these facilities will be reduced between 2012 and 2018.

In 2011, the Company contracted new credit facilities totalling Euros 42 million. The limit on these facilities will be reduced between 2012 and 2018.

Some of these contracts contain financial covenant clauses. At 31 December 2011 and 2010 the Group complies with these ratios.

Other financial liabilities include various interest-free loans from public entities.

On 1 July 2010 a contract was signed with a financial entity whereby the Group sold its emission rights for an amount of Euros 7,086 thousand. Simultaneously, a forward contract maturing on 25 December 2012 was signed with the same entity to repurchase these rights for Euros 7,659 thousand. The financial liability on this transaction has been recognised under other current financial liabilities for an amount of Euros 7,425 thousand, which corresponds to the amount obtained on the sale plus the effective interest accrued on the transaction (Euros 7,195 under other non-current financial liabilities at 31 December 2010).

Non-current loans and borrowings mature as follows:

	Thousands of Euros	
	2011	2010
Between 1 and 2 years	36,029	56,483
Between 2 and 5 years	66,109	66,990
More than 5 years	10,709	6,826
	112,847	130,299

The average effective interest rates on bank loans and borrowings at the consolidated balance sheet are approximately 2.86% and 1.84% APR for 2011 and 2010, respectively.

The carrying amount and fair values of current and non-current liabilities do not differ significantly.

Group financial liabilities are measured in Euros.

The credit facilities included under loans and borrowings have a combined limit of Euros 308 million and Euros 366 million at 31 December 2011 and 2010, respectively, while discounted notes are limited to Euros 22 million for both years.

15. Trade and Other Payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	2011	2010
Trade payables	75,665	66,134
Salaries payable	11,322	12,280
Dividends to shareholders	9,620	9,278
Fixed asset suppliers	244	4,095
Other payables	1,257	733
	98,108	92,520

The carrying amount of trade and other payables does not differ significantly from their fair value.



16. Late Payments to Suppliers. "Reporting Requirement" Third Additional Provision of Law 15/2010 of 5 July 2010

At 31 December 2011 the balance payable to suppliers for which the maximum legal payment term under Law 15/2010 of 5 July 2010 has been exceeded is Euros 235 thousand (Euros 316 thousand in 2010).

Details of late payments to suppliers for the year ended 31 December 2011 are as follows:

	Payments made and outstanding at the balance sheet date	
	Thousands of Euros	%
Within the maximum legal payment term	334,731	82.40
Rest	71,485	17.60
Total payments during the year	406,215	
Weighted average exceeded payment term (days)	18,71	



17. Risk Management Policy

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 organization.

Operational risk

The Group carries out process-intensive industrial activity which is subject to inherent risks linked to routine operations. In 2011, work continued on the review, evaluation and definition of business risks defined as operational and documented in a risk map, initiated in 2009. The aim was to engage in a dynamic process to identify potential risks, gain a perspective on their impact and probability of occurrence and link each area of operations and business process to control and monitoring systems aimed at minimizing their potential adverse effects.

Financial risk

The global business environment in which the Group operates and the growing scale of its activities are exposed to potentially destabilising elements of an external nature. These financial risks mean explicit control mechanisms must be implemented each year in our business risk management policies.

Managing the Group's financial risks focuses on the identification, analysis and monitoring of natural market fluctuations in items which could affect the income statement. This involves taking steps to minimise the potential adverse effects and reduce the volatility of results through the use of derivative instruments to hedge certain risks.

The most relevant financial risks identified are as follows:

Currency risk

The Group operates at international level, and is therefore exposed to currency risk on foreign currency operations. Nevertheless, our currency risk is limited to future commercial transactions, mainly the supply of raw materials contracted in US Dollars, the amounts of which may be affected by currency fluctuations. Financial management monitors currencies and takes decisions on hedging exchange rates in order to limit the potentially adverse effect that fluctuations could have on results. The Group's risk management policy is to cover planned transactions (imports) based on quantity and forecast occurrence for the next twelve months. To control currency risk, the Group uses derivative instruments, principally forward foreign exchange contracts.

As regards total forecast imports of raw materials in US Dollars for 2012, if the Euro depreciated by 10% compared to the US Dollar, and the remaining variables remained constant, consolidated profit would vary by approximately 0.4%.

Interest rate risk

Interest rate risk affects the cost of borrowings used to finance the Group. Borrowings contracted at floating interest rates expose the Group to the risk of interest rate fluctuations which in turn affects forecast cash flows.

The Group's financing policy is to focus its borrowings on floating rate instruments. The Group manages interest rate risks in cash flows through floating-to-fixed interest rate swaps. These interest rate swaps

convert variable interest rates on borrowings to fixed interest rates. Generally the Group obtains long-term variable rate borrowings and swaps these for fixed interest rates. These are normally at lower 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 floating interest with other financial entities. The difference is calculated based on the contracted notional amount. The effectiveness of these swaps at fixing the interest rate of contracted financing is assessed and documented using accepted methodologies under applicable accounting legislation.

Considering the proportion of borrowings hedged at a fixed rate of interest, if average interest rates during 2011 had been 10 basis points higher, and had the remaining variables remained constant, consolidated profit after income tax would have been 0.4% lower due to the higher cost of borrowing variable rate debt. The sensitivity of consolidated profit after income tax to fluctuations in interest rates is lower in 2011 than in 2010 due to the reduction in the Group's total debt over the last year. In 2012, approximately 30% of debt for the year is planned to be hedged using interest rate swaps.

Credit risk

As regards credit risk, 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 limits for each customer considering variables such as the segment or geographical area in which they operate and preparing detailed individual ratings typical of credit control systems, using a proprietary rating system.

Furthermore, and in light of the current economic climate, customer credit control is being combined with external credit insurance policies to limit the impact of any significant bad debts.

The impact of bad trade debts on the income statement in 2011 was Euros 0.6 million, equivalent to 0.15% of turnover. In 2012, the impact is not expected to be proportionately greater.

Aged, non-impaired receivables at 31 December 2011 amount to Euros 14.2 million, of which Euros 2.3 million is past due by over 90 days (Euros 13.8 million and Euros 1.2 million, respectively, at 31 December 2010).

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

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 ensure that sufficient resources are available to meet these obligations, maintain internal control processes through monthly follow-ups of cash flow 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 adjusted to the maturity of the financed assets, diversifying the different sources of bank financing and maintaining a sufficient level of immediately available, undrawn financing. At 31 December 2011 the Group had Euros 115 million in immediately available, undrawn credit, representing 61% of total debt.



Details of the Group's exposure to liquidity risk at 31 December 2011 and 2010 are shown below. The following tables reflect the analysis of financial liabilities by contractual maturity date:

	Thousands of Euros					
	2011					
	1 year	2 years	3 years	4 years	5 years	Thereafter
Loans and borrowings	78,850	37,352	23,040	22,701	14,090	20,029
Trade and other payables	105,680	-	-	-	-	-

	Thousands of Euros					
	2010					
	1 year	2 years	3 years	4 years	5 years	Thereafter
Loans and borrowings	95,312	63,800	39,533	29,133	10,767	3,042
Trade and other payables	92,520	-	-	-	-	-

Price risk in purchases of energy and raw materials

Energy consumption, principally natural gas and electricity, represents a significant source of costs inherent to most production-intensive industries. Raw materials are an equally significant cost for the Group.

Instability in the variables affecting prices has a bearing on the profitability of a business. Managing this situation involves analysing price-setting formulas, monitoring market variables and controlling instability through different price hedging strategies, including partially contracting tariffs at preset prices.

The Group's supplies department combines and implements policies based on an analysis of purchasing alternatives in optimum conditions, which in turn ensures reserve supplies in times of need.

18. Provisions

Movement in provisions in 2011 and 2010 is as follows:

	Thousands of Euros			
	Emission rights	Personnel	Other provisions	Total
At 31 December 2010	6,016	1,881	17,121	25,018
Charge against profit or loss	6,871	679	422	7,971
Payments	(5,797)	(908)	-	(6,705)
Write-offs	(87)	-	-	(87)
Transfers	-	(435)	(422)	(857)
At 31 December 2011	7,003	1,217	17,121	25,341

	Thousands of Euros			
	Emission rights	Personnel	Other provisions	Total
At 31 December 2009	6,988	1,998	17,219	26,205
Charge against profit or loss	6,203	714	-	6,917
Payments	(7,102)	(547)	-	(7,649)
Write-offs	(73)	-	-	(73)
Transfers	-	(284)	(98)	(382)
At 31 December 2010	6,016	1,881	17,121	25,018

In 2004 the Group reached agreements with the workforce of one of its production plants whereby previously established pension commitments were rescinded. Consequently, a provision for the amounts payable to the workers under the commitments was recognised based on actuarial studies. This provision amounted to Euros 252 thousand at 31 December 2011 and 2010. Additionally, at 31 December 2011 and 2010, current and non-current provisions for personnel included Euros 1,206 thousand and Euros 1,379 thousand, respectively, for commitments with personnel from other group companies in accordance with the legal requirements of the country of origin (see note 3.n). The provision for this last item was calculated based on an actuarial study, the most important assumptions of which are as follows:

	2011	2010
Annual discount rate	4.5%	3.70%

As a result of a change in legislation in the corresponding country, as of 2007 it is not necessary to update salary increases to determine the associated obligations.

The provision for emission rights includes the estimated consumption of emission rights in 2011 and 2010 measured at the grant date, as described in note 3.

Other provisions in the table at the beginning of this note basically include provisions for tax credits applied in prior years which are being questioned by the tax authorities.

Additionally, current provisions for liabilities and charges include the estimated amounts for third party claims, the movement in which is presented below:

	Thousands of Euros			2011
	2010	Charge	Transfers	
Provisions for personnel	-	584	435	1,019
Other items	-	-	422	422
	-	584	857	1,441

19. Contingencies

The Group has contingent liabilities for bank and other guarantees related to routine business operations amounting to Euros 8,338 thousand (Euros 9,094 thousand in 2010). These guarantees mainly comprise those extended to public entities for commitments assumed. The Group's directors do not expect any significant liabilities to arise from these guarantees.

20. Environmental Information

In 2010 positive results were obtained in the ISO 14001/2004 certification in recognition of our organisation's ongoing efforts to improve the environment.

The total cost of initiatives taken by the Vidrala Group in 2011 to comply with the Kyoto Protocol and emissions analysis amounted to Euros 133 thousand (Euros 129 thousand in 2010).

Environmental expenses mainly related to waste management incurred during 2011 totalled Euros 873 thousand (Euros 820 thousand in 2010).

Environment-related plant investments came to Euros 7,053 thousand (Euros 5,724 thousand in 2011).

21 Revenue and Other Income

Details of revenue are shown in note 4, Segment Reporting.

Details of other income are as follows:

	Thousands of Euros	
	2011	2010
Insurance compensation	1,000	-
Operating grants	491	541
Capital grants taken to the income statement (note 13)	1,382	1,378
Grants for emission rights	7,064	6,886
Reversal of defaults on trade and other receivables (note 10)	214	100
Other income	2,395	1,387
	12,546	10,292

22. Other Expenses

Details of other expenses are as follows:

	Thousands of Euros	
	2011	2010
External services	18,453	18,155
Electricity	21,310	19,957
Sales expenses	45,155	40,426
Emission rights (note 18)	6,871	6,203
Taxes	1,710	1,272
Impairment losses and defaults on trade and other receivables (note 10)	638	500
Provisions (note 18)	329	-
Other operating expenses	5,930	6,042
Losses on sale of property, plant and equipment	279	117
	100,675	92,672

23. Employee Benefits

Details of employee benefits during 2011 and 2010 are as follows:

	Thousands of Euros	
	2011	2010
Wages and salaries	73,388	72,098
Contributions to defined contribution plans	691	256
Other employee benefits	21,506	18,154
Contributions to other long-term employee benefits (note 18)	679	714
	96,264	91,922

67

The average headcount of the Group during 2011 and 2010, distributed by category, is as follows:

	Average headcount	
	2011	2010
Senior management	37	33
Middle management	193	195
Clerks	250	256
Operatives	1,439	1,420
	1,919	1,904



24. Finance Income and Expenses

Details of finance income and expenses are as follows:

	Thousands of Euros	
Finance income	2011	2010
Other finance income	225	1,308
Derivative financial instruments held for trading:		
Emission right swaps	-	122
Exchange gains	-	23
Total finance income	225	1,453

	Thousands of Euros	
Finance expenses	2011	2010
Interest on loans and borrowings	5,101	3,734
Derivative financial hedging instruments	737	600
Exchange losses	38	-
Other finance expenses	629	947
Total finance expenses	6,505	5,281

25. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit or loss for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held (see note 12).

Details of the calculation of basic earnings per share are as follows:

	2011	2010
Profit for the year attributable to equity holders of the Parent (thousands of Euros)	43,699	49,578
Weighted average number of ordinary shares outstanding (thousands)	24,429	24,555
Basic earnings per share (Euros per share)	1.79	2.02

The weighted average number of ordinary shares outstanding is determined as follows:

	2011	2010
Ordinary shares outstanding at 1 January	23,337,704	22,292,234
Effect of own shares	(76,548)	(42,875)
Free issue 2011	1,167,748	1,167,748
Free issue 2010	-	1,138,332
Weighted average number of ordinary shares outstanding at 31 December	24,428,904	24,555,439



(b) Diluted

Diluted earnings per share is determined by adjusting the profit or loss for the year attributable to equity holders of the Parent and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares.

26. Balances and Transactions with Related Parties

(a) Trade operations

During 2011 and 2010 the Group has not carried out any transactions with related parties as regards the sale or purchase of goods or the rendering of services.

(b) Related party balances

The Group has extended interest-free loans to management personnel which fall due in 2014. These loans have been included at their present value under other non-current assets and trade and other receivables for Euros 203 thousand and Euros 303 thousand, respectively (Euros 1,347 thousand and Euros 119 thousand in 2010).

(c) Article 229 of the Revised Text of the Spanish Companies Act

The members of the board of directors of Vidrala, S.A. also sit on the board of directors of Crisnova Vidrio, S.A., and neither they nor parties related to them hold any positions in companies with a statutory activity which is identical, similar or complementary to that of Vidrala, S.A., with the exception of the chairman of the board of Vidrala, S.A., who holds the following positions in other group companies:

Company	Position
Gallo Vidro, S.A.	Board member
Inverbeira Sociedad de Promoción de Empresas, S.A.	Board member representing Crisnova
Aiala Vidrio, S.A.	Board member representing Crisnova
Castellar Vidrio, S.A.	Board member representing Crisnova
Vidrala Italia, S.R.L.	Chairman
MD Verre, S.A.	Board member
Investverre, S.A.	Chairman
Omega Immobiliere et Financiere	Chairman

The members of the board of directors and any parties related to them do not hold any investments in companies with a statutory activity which is identical, similar or complementary to that of Vidrala, S.A.

(d) Remuneration of key management personnel and directors

Details are as follows:

	Thousands of Euros	
	2011	2010
Salaries and other current remuneration paid to employees, management and directors	4,977	4,880

During 2011 directors and senior management numbered 51 in total (46 in 2010).

(e) Remuneration of the directors of Vidrala

The Company has not extended any amounts to the members of the board of directors in respect of guarantees, advances or loans or any pension-related rights. Total remuneration accrued by the board during the year, including salaries, allowances and other items, amounted to Euros 970 thousand (Euros 924 thousand in 2010).

27. Audit Fees

The firm auditing the annual accounts of the Group have accrued net fees for professional services during the years ended 31 December 2011 and 2010 as follows:

	Thousands of Euros	
	2011	2010
Audit services	122	119
Other services	8	4
	130	123

These amounts include all fees for services rendered during 2011 and 2010, irrespective of the date of invoice.

Other companies of the KPMG Europe, LLP group have invoiced the Group net fees for professional services during the years ended 31 December 2011 and 2010 as follows:

	Thousands of Euros	
	2011	2010
Audit services	34	34
Other services	95	44
	129	78

Other entities affiliated to KPMG International have invoiced the Group fees and expenses for professional audit services during the years ended 31 December 2011 and 2010 amounting to Euros 61 thousand (Euros 60 thousand in 2010).

During 2011, other auditors have invoiced the Group fees of Euros 61 thousand (Euros 42 thousand in 2010) for professional services, mainly audit services.





Annual Report 2011
management report



vidrala

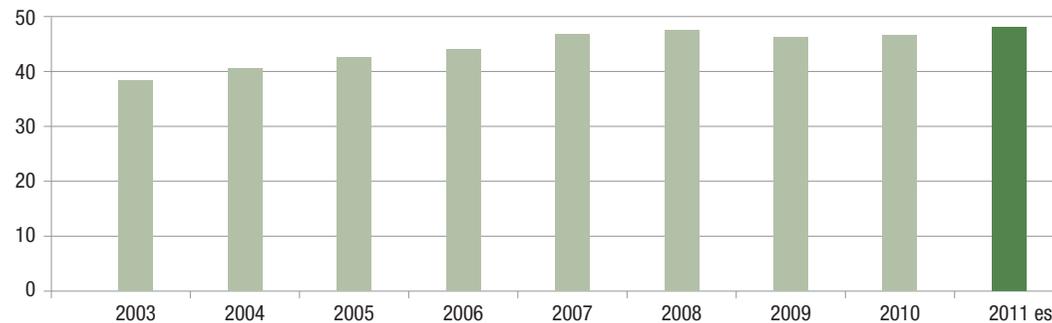
During 2011 the lack of stability continued to dominate the economic climate in Europe. The recessionary environment that started 3 years ago is still affecting activity, as it is the uncertainty surrounding the sustainability of public deficits in certain Eurozone member countries.

Nonetheless, despite the extremely challenging macroeconomic situation, the demand for glass food and beverage containers has shown signs of stabilization. This has been fuelled by the natural resistance of demand for food and beverage products to adverse economic cycles, the boost in tourism indicators in some southern regions, and, to a large extent, the upward trend seen in final exports along key segments of sales.

DEMAND FOR FOOD AND BEVERAGE PACKAGING IN WESTERN EUROPE (2003-2011)

Source: Datamonitor.

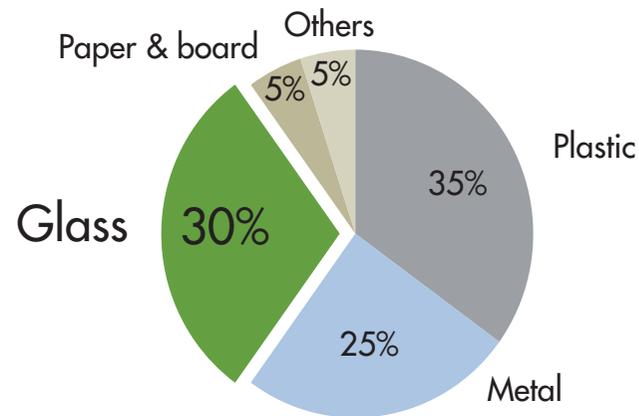
Thousands of Millions of Euros



Within the food and beverage packaging sector, glass is reasserted as a reference material, consolidating its market share. Consumer habits are increasingly shifting towards product quality, with demands for optimum conditions of preservation, packaging hygiene and environmental sustainability, and there is growing interest from customers in the versatility of glass containers as a powerful marketing tool.

BREAKDOWN OF BEVERAGE CONTAINERS BY MATERIAL

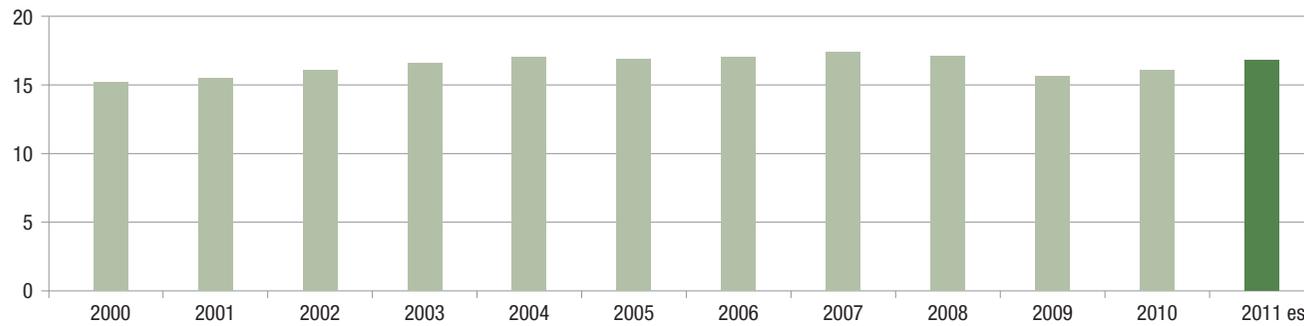
IN WESTERN EUROPE 2011 Source: Datamonitor



GLASS CONTAINER PRODUCTION

IN WESTERN EUROPE (2000-2011) Source: FEVE and Vidrala.

In Millions Of Tonnes

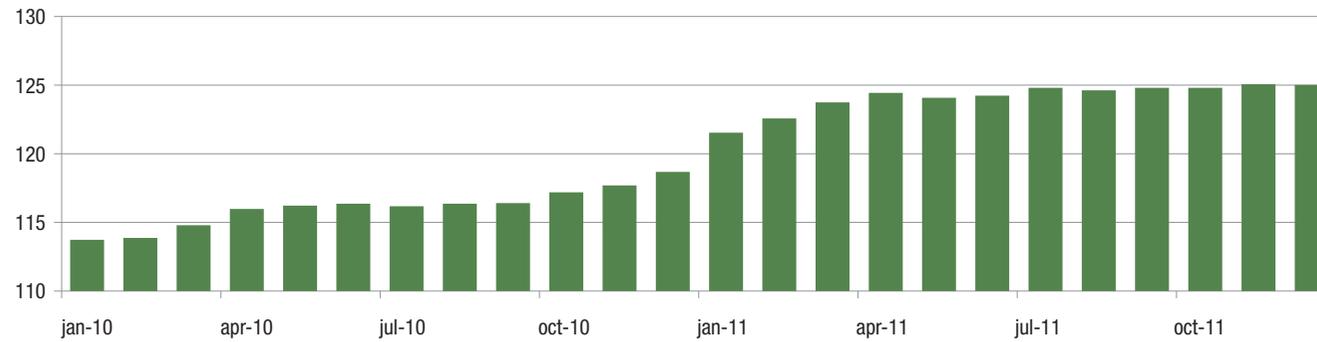


In any event, the factor which most affected the European packaging industry in 2011 was inflationary pressure on production costs. The sudden increase in energy and raw material costs, at times aggravated by the weakness of the Euro, has led to an overall deterioration in operating margins within the sector.

INDUSTRIAL PRICE INDEXES IN THE EUROZONE

SINCE 2010. Source: Eurostat

Annual variation
+5.2%



Highlights

The following are the main topics of the business performance during 2011:

- **Strengthening of the Group commercial positioning consolidating market shares in Europe.**
- **Stringent product inventory management adapting their value in terms of quantity and quality.**
- **Solid cash flow generation supported both on the decrease of working capital requirements and on the discipline regarding capex management.**
- **Net debt reduction and consolidation of the Group financial solvency.**
- **Improvement on both product quality and customer satisfaction indicators.**
- **Completion of environmental certification plan for the whole production sites that make up Vidrala Group.**
- **Settlement of the internal pillars towards 2015 business plan.**

Commercial activity

Turnover for 2011 increased by 6.7% compared to the previous year, amounting to EUR 433.3 million.

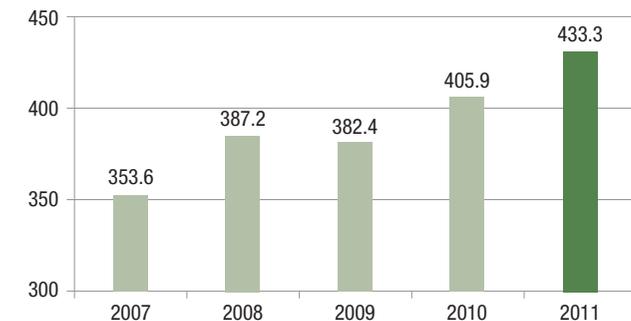
The business expansion is based on the solid positioning attained within the European regions of geographical influence. The consolidation of market shares along strategic segments and customers, consequence of the internationalization strategy implemented by Vidrala during the last years, have proven their benefits during 2011 business period.

As a reference, the increase of sales beyond the Iberian Peninsula has contributed with two thirds of the turnover total growth.

SALES

ANNUAL ACCUMULATED SINCE 2007

EUR in million

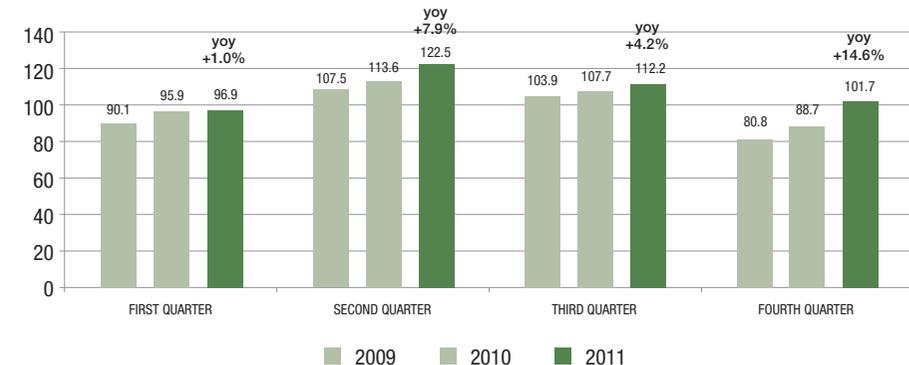


The market conditions throughout 2011 showed signs of stability within all the areas of influence. Thus, volumes have contributed to the growth of the turnover in a greater proportion than prices. During 2011 sales have reached the record figure of 3.3 billion units.

SALES

QUARTERLY SINCE 2009

EUR in million



Vidrala dealt with a total of 1,661 customers throughout the year. Progress in sales management and service, confirmed by the results of the customer satisfaction survey, is a solid indicator of positioning and loyalty.

As a reference out of the 50 most significant customers in 2009 in terms of turnover volume, 98% were still customers in 2011, and 70% of those bought higher volumes. Today, the top 50 customers account for 55% of the turnover.

By not altering its positioning management, bad debts have been kept to the recent past average of less than 0.15% of sales.

With regard to marketing policies, 2011 saw the publication of Vidrala's new multilingual website, which has been redesigned and adapted to respond to the needs of all its stakeholders. There are specific areas for customers, shareholders and investors and social and environmental information.

Vidrala has also established alternative channels of communication on new platforms, making it easy to directly interact with all parties interested in the world of glass. With corporate channels on social networks such as Youtube, LinkedIn or Twitter, the Group has joined the growing number of alternative communication channels with a view to being permanently in contact with the world around us.

During the year Vidrala was present at the 2011 edition of Enomaq, the grape and wine-growing industry's most important trade fair in the Iberian Peninsula. With its own 100m2 stand, visitors were able to gain first hand knowledge of the launch of the new 'natura' range, which under the logo "less is more" offers lightweight containers for the wine segment. These new models require fewer raw materials for manufacture and freight and considerably reduce CO2 emissions.

The national and European associations with which Vidrala collaborates on their respective marketing and communication committees, endorse and support the "Friends of Glass" movement, which promotes the rights of consumers to choose food and beverages stored in glass containers.

According to recent studies, glass has become the packaging material of choice for European customers. Vidrala remains firmly committed to continue developing the unrivalled value of the product on which its activity is based.

Industrial Activity

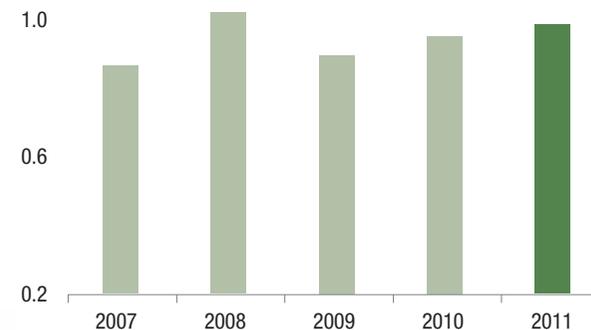
During 2011 capacity utilization rates were limited to an average level of roughly 90%. As a whole, the group registered lower than expected production efficiencies during the year.

Moreover, in the first quarter one of the glass melting furnaces in the facility of Gallo Vidro, in Portugal, was temporarily stopped for its scheduled refurbishment works.

PRODUCTION

EVOLUTION SINCE 2007

In Millions of Tonnes



Consequently, the increase of production was lower than that of sales. As a result, inventory levels were tight in certain periods to attend growing demand and Vidrala has incurred additional costs within the supply chain.



Throughout the year, manufacturing costs were considerably worse than expected. The sudden increase in energy and certain raw materials costs created inflationary pressure on the cost of the manufacturing process. As a result, variable costs have on average raised by over 10%.

Investments

During 2011, scheduled refurbishment works all over the group has continued. One of the two melting furnaces at the Gallo Vidrio plant in Marinha Grande, Portugal was completely rebuilt. This investment will improve useful lives, productivity and energy consumption, while new measures for improving the environment have been incorporated. This refurbishment process took place throughout the first quarter.

Additionally, the three-year long modernisation and improvement of Crisnova Vidrio plant installations (located in Caudete, Albacete) concluded, making this production site one of the most technologically advanced worldwide. These investments will allow an optimum use of the plant's facilities, generating profits from economies of scale and from a better absorption of overheads in order to ensure the necessary competitiveness and to meet demand with versatility.

Moulding systems have been developed or adapted throughout the Group's centres with the incorporation of modern, flexible machinery adapted to the highest service requirements in different markets.

Additionally, as part of the multi-year investment plans, improvements were made to all plants in the areas of safety, the environment, process control, information systems and maintenance management.

As a whole, capex during the year in assets depreciated over more than four years amounted to 36.4 million euros.

The Vidrala Group's capex management is focused on conducting a complete review of the useful lives of the facilities of its production plants in order to establish specific refurbishment plans and calendars to optimise recurring maintenance capital needs.

R&D&i

R&D&i activities have been focused on issues related to process improvements and product development.

Regarding process technology, efforts continued throughout 2011 to consolidate existing production technologies in the different plants. The priority of the team dedicated to technological innovation and development was adapting new systems aimed at process automation. Activities shared with external entities have been intensified with a view to identifying technological areas for future research.

In the area of product development, a total of 48 new container models were launched on the market in 2011, an increase of 70% compared to the previous year. Innovations involve customer service strategies, cost savings, environmental optimisation initiatives and enhanced product quality through the application of new designs, which in combination have resulted in lighter containers aimed at strategic sectors, without affecting performance. Making prototypes available to customers and rapid simulation and validation of new models are priorities for which specific tasks have been reinforced in order to expand the product range.

Another target for 2011 was the introduction of integral control systems for inventories of finished products. To this end, the RFID (Radio Frequency Identification) system was successfully implemented in the Castelllar Vidrio and Gallo Vidro warehouses.

Environmental issues

Concerning the environment, ISO 14001:2004 certification was obtained in 2011 for the MD Verre SA production plant in Belgium. This achievement means that the whole Vidrala Group's production sites are now environmentally certified. It is also evidence of the Group's commitment to mitigating and preventing the environmental impacts of its industrial production activity.

Also noteworthy is the ISO 14025 EPD (Environmental Product Declaration) awarded to the BH ECOLOGIQUE 750 wine bottle, meaning the Vidrala Group boasts the first glass container to receive this global recognition.

The Vidrala Group continues to work on limiting its environmental impact by defining annual environmental management and CO2 emission reduction programmes. The use of glass cullet instead of traditional raw materials and the capex in plant modernisation have become the best instruments for progress.

All of the above is set out in Vidrala 2011 corporate sustainability report. Based on the Global Reporting Initiative (GRI), an internationally recognised standard, it documents the Group's commitment to sustainability, transparency and corporate social responsibility through

open publication of its performance in the financial, environmental and social arenas. Vidrala supports the clarity and soundness of a framework such as GRI, and this year's report has received an A+ rating, the highest available.

The complete document is available at the Company website (www.vidrala.com).

Quality

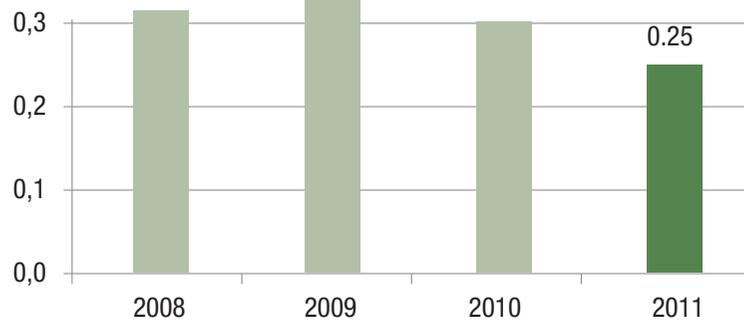
The glass container sector is subject to increasing quality requirements throughout the supply chain, and the corresponding action plans implemented by the Group, which form part of a specific, global, long-term policy, have had positive results.



As an example, product claims fell by a record 17% in 2011.

RESULTS OF PRODUCT CLAIMS

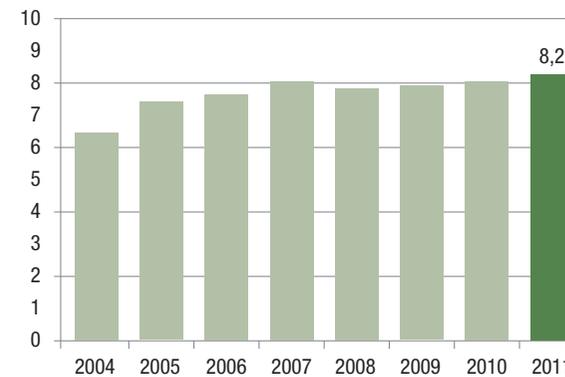
NUMBER OF CLAIMS PER 1,000 TONNES
SINCE 2008



Progress in the area of quality has been verified in the customer satisfaction survey, which has returned the best results since the survey began.

RESULTS OF CUSTOMER SATISFACTION SURVEY

RATING OUT OF A MAXIMUM OF 10. SINCE 2004



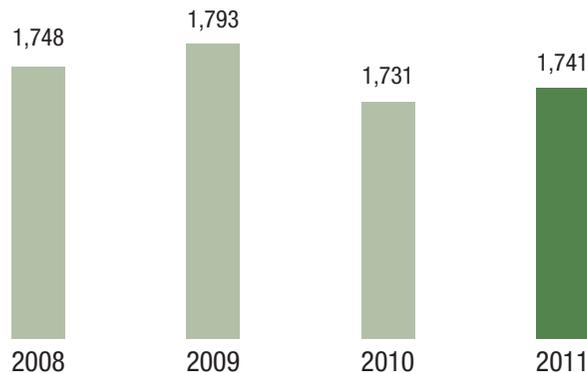
In 2011, the Global Safe Food Initiative (GSFI), a working group of the world's main food producers, defined specific food safety guidelines for its strategic suppliers. These guidelines are based on strict criteria which establish future challenges for all container suppliers. In this regard, all of Vidrala's production plants are ISO 22000 certified. Moreover, in 2011, work commenced on obtaining the maximum BRC/IOP rating, one of the most reputable standards.

Human resources, organisation and information systems

At the end of 2011 the Group's permanent headcount totalled 1,741. This slight rise (0.5%) is in response to greater use of installed production capacity. In any event, the focus is on improving productivity and reducing absenteeism, the results of which should be observable in the coming years.

VIDRALA GROUP PERMANENT HEADCOUNT

SINCE 2008. AT YEAR END



In 2011 collective bargaining over working conditions in different centres concluded, which makes the Company expect social stability for the coming years. Specifically, collective labour agreements have been signed in Vidrala (four years), Aiala Vidrio (three years), Vidrala Italia (four years), and MD Verre (three years), the latter being the most noteworthy. After the restructuring process in Belgium the prior year, a broad agreement was reached with social representatives resulting in a new labour relations framework and in a more flexible work organisation model adapted to product type.

In terms of human resources, programmes launched in prior years for standardising technical and management teams continued. Plans for recruiting and training new personnel specialised in the production equipment of Castellar Vidrio and Crisnova Vidrio were implemented, as were training plans associated with certified management systems, which are gradually being extended to all production centres: BRC food safety standard and OHSAS-18000 occupational health and safety certification. The result has been 70,566 hours of training, which is equivalent to around 38 hours' training per employee.

In the area of occupational health and safety, the OHSAS-18000 certification was awarded to the Castellar Vidrio and Gallo Vidrio centres. This, coupled with the drop in the number of work-related accidents, confirms the Group's resolve to fight against occupational hazards following advanced prevention and control standards.

Work continued on internal communication plans focused on rolling out business objectives and profit targets, as well as fostering the spirit of belonging and corporate identity. A corporate newsletter was thus launched, digital news devices were installed at all plants, and open days are still held (this year in the Llodio centre).

Regarding information systems, the first modules of the 'production information systems' were implemented. This allows better management of industrial and production information, with a direct impact on operations. Expansion of the RFID automated logistics and warehouse management project continued, with equally satisfactory results. Work also continued on improving infrastructures and communications to adapt them to the current scale of corporate management.

Results

The benefits derived from the positioning developed by Vidrala have enabled an increase in the volumes of sales during 2011 higher than the organic demand growth.

Nevertheless, cost inflation has overcome expectations as a result of the increase in energy, raw materials and general consumer price indicators linked to fixed costs.

Along the year, capacity utilization rates have been broadly constrained below optimal levels. As a result, and no recurrently, the business was unable to realize the operating leverage foreseeable from higher sales and production figures.

Consequently, the low utilization of capacity, the reduction of inventories and the effect of higher production costs not proportionate with sales prices have negatively affected operating margins.

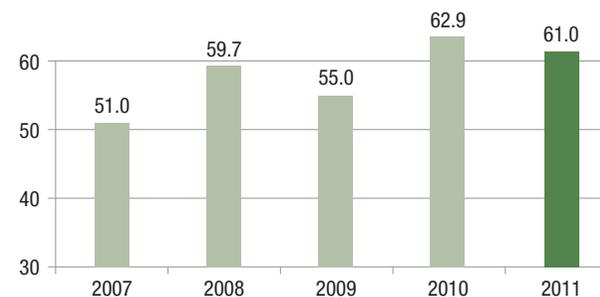
All in all, gross operating profit, EBITDA, was broadly unchanged from previous year, reaching EUR 100.3 million.

Regarding net operating profit, EBIT, it amounted to EUR 61.0 million, which represents a margin over sales of 14.1%.

OPERATING PROFIT (EBIT)

ANNUAL ACCUMULATED SINCE 2007

EUR in million



Despite the current situation of the credit markets, borrowing costs for the period amounted to less than 1.5% of sales. This is due to an increase in borrowing costs, partially mitigated by lower debt. Nonetheless, this is higher than the prior year, which was marked by historically low interest rates.

Finally, Vidrala reported a net profit of EUR 43.7 million, 11.9% lower than that of 2010.

Earnings per share at year end amounted to EUR 1.79.



Balance sheet and cash flow

With regard to the balance sheet, the Company reported a total net debt at December 2011 of EUR 189.3 million which meant a reduction of 13.5% compared to the previous year.

The strengthening of the financial position is a consequence of a free cash flow generation, before dividends and share buybacks, up to EUR 48.8 million.

Disciplined inventory management has resulted in an 11.6% reduction in the annual volume of stocks of finished products. This meant lower working capital requirements, thus freeing up resources and reducing the figure as a percentage of sales by more than 400 basis points to 26.9%.

The strict investment plan meant capex during the year was limited to EUR 36.4 million, or 8.4% of sales.

Thus, despite a lower than expected operating result, the free cash flow generated during the year was equivalent to 11.1% of sales.

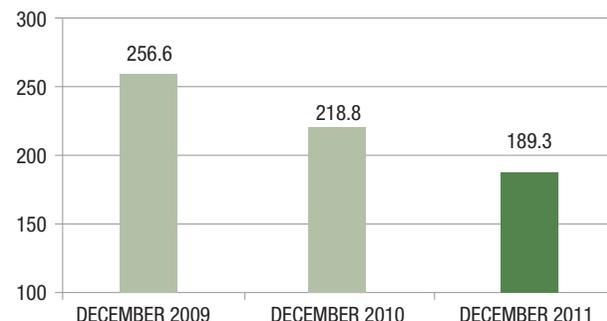
Cash flows have mainly been employed to reduce debt, after paying out EUR 13.3 million in dividends and premiums and spending EUR 5.5 million on share buy backs.

Consequently, the Group's financial position has been reinforced. Net debt at year end amounted to 61% of equity and was equivalent to 1.89 times accumulated EBITDA for the last twelve months.

At 31 December 2011, the Group has immediately available, undrawn credit facilities amounting to EUR 115 million.

NET DEBT

EUR in million. Since 2009.



Financial de solvency ratios as a 31 december 2011	
Net debt / LTMEBITDA	1.89x
Gearing (Net debt / Shareholders' equity)	0.61x

Summary and business outlook

The recent trends must be a sign that demand for glass packaging products in Europe is likely to remain steady during 2012. Expectations reflect the inherent characteristics of the food and beverage products supplied by the industry, whose demand is generally non discretionary and less affected by the economic cycle.

However, the sector is not completely immune to the economic context. The acknowledged macroeconomic conditions and the consequences of the fiscal discipline measures carried out throughout the European Union will determine in the short term the recovery pattern of consumption rates.

Therefore, the prospects for demand growth should be solid but moderate. Understanding the fundamentals of demand for some products supplied by the European glass packaging industry, it will be relevant the capacity to maintain the upward trend seen in final exports along key segments of sales. Besides, it will be important to evidence the improvement in tourism indicators along Southern Europe.

ANNUAL DEMAND GROWTH FORECASTS 2010-2014.

BY ITEM. SOURCE: EUROMONITOR

Glass containers worldwide demand growth	2.7%
Beverage containers worldwide demand growth	2.8%
Food containers worldwide demand growth	2.7%
Total containers European demand growth	1.8%

Operationally, production costs within the packaging industry remain pressured by unexpected high inflation rates that are damaging the sector competitiveness. The prices of energy and certain raw materials stay at record levels. Consequently, it must be a priority to adapt sales prices to the ongoing context of production costs.

Group's capacity utilization rates will remain broadly tight, aligned proportionately to increased demand requirements. Potentially positive effects of the operating leverage will have to be completed with improved operational efficiency levels and progresses in the optimization of the less efficient production sites.

The result of the aforementioned, combined with sales prices more suitably adapted to costs, allows to expect higher operating margins during 2012 compared to the previous year.

At the same time, the business management will be focused on optimizing cash generation as an axle of value creation. This way, capex for the year will not be higher than amortizations. The result of that, combined with higher operating results and a disciplined control of working capital shall end up in a greater free cash flow generation that will be mainly dedicated to reduce net debt and reinforce the financial position.

Relevant Information for Shareholders

Shareholder remuneration policy

Vidrala's shareholder remuneration policy is based on gradual dividend growth, which in 2012 will have risen again for the twentieth year running. Cash payments are supplemented by premiums for attending the general meeting of shareholders.

In addition to distributing cash, Vidrala has also carried out bonus shares issues in recent years. In these operations, four since 2006, new shares have been offered free of charge to shareholders in the proportion of one new share for every twenty existing shares. As a result, shareholders who were shareholders in 2006 have increased their shares, for free, by more than 20%.

In addition to the above, Vidrala has recently used share buy backs in order to increase shareholder remuneration in a selective way, based on the generation of cash flows and the market price of the share.

Dividends and AGM's attendance bonus paid during the year 2011 amounted to EUR 57.01 cents gross per share, representing a total distribution to shareholders 10% higher than that of the previous year, taking into account that all outstanding shares have been entailed to receiving it, including the ones freely allocated during the bonus share issue carried out in November 2010.

Additionally, during the year the company cancelled 550,000 shares, representing a 2.3% of the share capital. The redemption of treasury stock is considered as an indirect and additional method of shareholder remuneration that increases its participation share on the company results for free. The figure equivalent to the share buybacks for cancellation increases the shareholder remuneration in an additional 70% to the cash dividend.

Finally, during November 2011 the company carried out a bonus share issue of 1 new share per 20 existing shares, allocated freely among all shareholders.

The remuneration policy developed by Vidrala during 2011 proves the logic in the implementation of the mentioned remuneration management, based on the maintained improvement of the reward and the combination of alternatives considered efficient in every period.

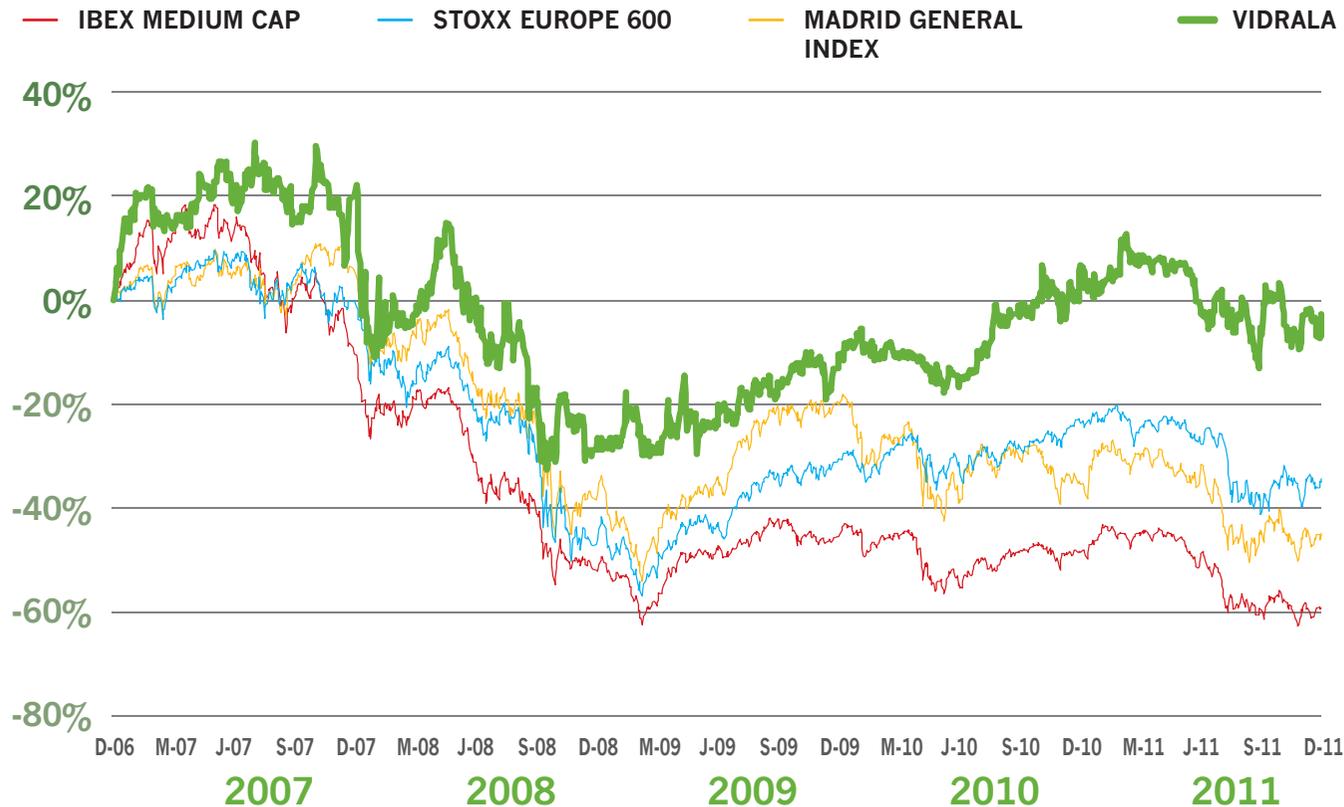


Vidrala's share price at the end of 2011 closed at Euros 18.60, equivalent to a market capitalisation of Euros 456.1 million and down 8.7% on the prior year given the complex situation of the financial markets. In the same period, the Madrid Stock Market General Index dropped 14.5%, the Ibx Medium Cap 20.7% and the Stoxx Europe 600 11.3%.

A total of 2,433,136 shares were traded on the stock market during the year, which is equivalent to Euros 43.9 million.

SHARE PRICE. COMPARED IN PERCENTAGE TERMS

SINCE 2007



Post balance sheet events

At its meeting held on 20 December 2011 the board of directors agreed the payment of a first dividend on account of 2011 profit of 39.73 euro cents (gross) per share, which was paid on 14 February 2012. All shares outstanding were entitled to a dividend, including new shares given free of charge to shareholders from the bonus share issue carried out in November 2011. The gross cash dividend to be received by each shareholder in this first distribution on account of 2011 profit is 5% higher than the prior year.

At the beginning of 2012, the subsidiary located in Corsico, Italy, changed its name to Vidrala Italia S.r.l. The new name, which is indicative of the Group to which it belongs and the country where it is located, reaffirms the industrial and commercial position of Vidrala in Italy.

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 organization.

Operational risks

The Company carries out process-intensive industrial activity which is subject to inherent risks linked to routine operations. In 2011, work continued on the review, evaluation and definition of business risks defined as operational and documented in a risk map, initiated in 2009. The aim was to engage in a dynamic process to identify potential risks, gain a perspective on their impact and probability of occurrence and

link each area of operations and business process to adequate control and monitoring systems in order to minimize their potential adverse effects.

Potential operating risks include the following:

I. Environmental risks

The Vidrala Group is firmly committed to protecting the environment. In order to minimise the impact of its activities on the environment, Vidrala takes specific steps in relation to 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 Vidrala's primary objectives is to reduce emissions. In order to do so, priorities involve increasing the use of recycled glass as a raw material and continuously refurbish its installations.

One of Vidrala Group management's priorities is the gradual implementation of environmental management systems. As a result of this, all production plants are ISO 14001:2004 certificated in 2011. The Group as a whole thus operates under the guidelines of a global and recognised environmental management system.

Progress in the Group's environmental efficiency is verified annually and documented in the sustainability report.

II. Occupational health and safety

The Vidrala Group is determined to establish occupational health and safety measures. Evidence of this is the implementation in all its plants of a system based on the internationally recognised OSHAS 18001:2007 standard.

With a view to preventing labour-related accidents, Vidrala draws up ongoing staff training and awareness plans.

III. Supply chain risk

As a result of the current economic climate, process-intensive industries such as Vidrala's are unavoidably subject to increasing pressure and are generally more vulnerable to the risks of distortion in the supply chain. In 2011, the Group defined a new function responsible for managing the supply chain.

Initiatives for mitigating supply risks include strengthening relations with habitual suppliers, analysing additional supply alternatives across all our areas of influence, and stricter more reactive control over our negotiating abilities and deadlines.

As regards inventory risk, specific steps were taken in 2011 to ensure the quality and rotation of stocks of finished products, which had an impact on inventory valuation.

Financial risks

The global business environment in which the Group operates and the growing scale of its activities are exposed to potentially destabilising elements of an external nature. These financial risks mean explicit control mechanisms must be implemented each year in our business risk management policies.

Managing the Group's financial risks focuses on the identification, analysis and monitoring of natural market fluctuations in items which could affect our income statement. This involves taking steps to minimise the potential adverse effects and reduce the volatility of results through the use of derivative instruments, detailed in the notes to the annual accounts, to hedge certain risks.

The most relevant financial risks identified are as follows:

I. Exchange rate risk

The Group operates at international level, and is therefore exposed to exchange rate risk on foreign currency operations. Nevertheless, our currency risk is limited to future commercial transactions, mainly the supply of raw materials contracted in US Dollars, the amounts of which may be affected by currency fluctuations. Financial management monitors currencies and takes decisions on hedging exchange rates in order to limit the potentially adverse effect that fluctuations could have on results. The Group's risk management policy is to cover planned transactions (imports) based on quantity and forecast occurrence for the next twelve months. To control currency risk, the Group uses derivative instruments, principally forward foreign exchange contracts.

As regards total forecast imports of raw materials in US Dollars for 2012, if the Euro depreciated by 10% compared to the US Dollar, and the remaining variables remained constant, consolidated profit would vary by approximately 0.4%.

II. Interest rate risk

Interest rate risk affects the cost of borrowings used to finance the Group. Borrowings contracted at floating interest rates expose the Group to the risk of interest rate fluctuations which in turn affects forecast cash flows.

The Group's financing policy is to focus its borrowings on floating rate instruments. The Group manages interest rate risks in cash flows through floating-to-fixed interest rate swaps. These interest rate swaps convert floating interest rates on borrowings to fixed interest rates. Generally the Group obtains long-term variable rate borrowings and swaps these for fixed interest rates. These are normally at lower 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 floating interest with other financial entities. The difference is calculated based on the contracted notional amount. The effectiveness of these swaps at fixing the interest rate of contracted financing is assessed and documented using accepted methodologies under applicable accounting legislation.

Considering the proportion of borrowings hedged at a fixed rate of interest, if average interest rates during 2011 had been 10 basis points higher, and had the remaining variables remained constant, consolidated profit after income tax would have been 0.4% lower due to the higher borrowing costs of variable rate debt. The sensitivity of consolidated

profit after income tax to fluctuations in interest rates is lower in 2011 than in 2010 due to the reduction in the Group's total debt over the last year. In 2012, approximately 30% of debt for the year is planned to be hedged using interest rate swaps.

III. Credit risk

Regarding credit risk, 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 limits for each customer considering variables such as the segment or geographical area in which they operate and preparing detailed individual ratings typical of credit control systems, using a proprietary rating system.

Furthermore, and in light of the current economic climate, customer credit control is being combined with external credit insurance policies to limit the impact of any significant bad debts.

The impact of bad trade debts on the income statement in 2011 was Euros 0.6 million, equivalent to 0.15% of turnover. In 2012, the impact is not expected to be proportionately greater.

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

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 ensure that sufficient resources are available to meet these obligations, maintain internal control processes through monthly follow-ups of cash flow 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 adjusted to the maturity of the financed assets, diversifying the different sources of bank financing and maintaining a sufficient level of immediately available, undrawn financing. At 31 December 2011 the Group had Euros 115 million in immediately available, undrawn credit, representing 61% of total debt.

V. Debt and solvency

At year end the Company had a net debt of EUR 189.3 million, 13.5% lower than the previous year. Solvency indicators are well within acceptable ranges, with a debt to equity ratio of 0.61, and debt equivalent to 1.89 times EBITDA (defined as gross operating profit) for the year.

VI. Price risk in supplies of energy and raw materials

Energy consumption, principally natural gas and electricity, represents a significant source of costs inherent to most production-intensive industries. Raw materials are an equally significant cost for the Group.

Volatility in the variables affecting prices has a bearing on the profitability of a business. Managing this situation involves analysing price-setting formulas, monitoring market variables and controlling volatility through different price hedging strategies, including partially contracting tariffs at preset prices.

The Group's supplies department combines and implements policies based on an analysis of purchasing alternatives in optimum conditions, which in turn ensures reserve supplies in times of need.





2011 sustainability report



vidrala

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1. THE PATH TO CORPORATE RESPONSIBILITY



1.1 Presentation of the 2011 Sustainability Report

In a context such as the current one, it is extremely important to consolidate a business vision that join both economic arguments and company values. This document showcases the Vidrala Group in general to **transparency and communication**.

The 2011 edition reflects further progress in the production of Sustainability Reports and further improves on the path started in 2010 as far as possible. Changes have therefore been introduced to the very process used to prepare the Report and also when it came to defining its contents.

First of all, this second edition has sought to pay special attention to the local environment, to those who are closely impacted by our day-to-day work. In order to make this possible, the **First Materiality Committee** was set up in the Vidrala Group, a good way to consolidate relations between the organisation and its stakeholders. Proof of the commitment to communication is Chapter 3 of this report, which is completely dedicated to that topic.

In the same way as in 2010, Vidrala turned to the **Global Reporting Initiative (GRI)** when structuring this report and to perform the necessary calculations to report the required information¹. However, this year the Group wanted to look beyond its immediate surroundings. In addition to GRI, it thus focused on some principles set by the ISO 26000:2010 International Standard, which, even though it is not certifiable, is the main benchmark in terms of the **integration of sustainability criteria in organisations**.

This integration process involves structuring the organisation and operating of the Vidrala Group around responsible behaviour, as that is increasingly being required from different areas of society. Aware of this situation, and in keeping with its proactive and innovative line, the organisation set off in 2011 on a journey of no-return towards corporate social responsibility and turning it into the new lifeblood that supplies each and every one of the departments of the organisation. This is the spirit that has infused the whole journey to the publication of this Report. Vidrala has implemented new communication mechanisms, means and channels, which are more flexible and dynamic, and enable the company to be in direct contact with all its stakeholders and, in short, with society overall.

¹ The Vidrala Group 2011 Sustainability Report has followed the indications laid down by the GRI Guide 3.1 to perform the calculations associated to each of the established indicators. However, in specific cases, Vidrala considered it to be of interest to provide additional information, calculated using its own calculation and estimation methods. In such cases this Report sets out the rationalization and provides relevant information to understand them.



DEGREE OF COVERAGE OF THE 2011 SUSTAINABILITY REPORT

PERIOD COVERED BY THE INFORMATION

2011

DATE OF THE PREVIOUS MOST RECENT REPORT

2010

REPORT PRESENTATION CYCLE

Annual

COVERAGE OF THE REPORT

In keeping with the recommendations of the Global Reporting Initiative Guide 3.1, Vidrala has included comprehensive information relating to its production plants and parent company in this Sustainability Report.

The sales offices located in France and sales representations are outside the scope of this Report, as their information is considered not to be relevant compared to the information for the production centres.

LEVEL OF APPLICATION

The 2011 Sustainability Report of the Vidrala Group has been prepared according to a Level A application of the Global Reporting Initiative Guide (version 3.1.)

LIMITATIONS ON THE SCOPE OR COVERAGE OF THE REPORT

Based on the information contained herein, Vidrala believes that the report reflects the social, environmental and economic performance for the period

covered in a clear, reasonable and balanced way. The limitations in the coverage are due to the low impact on the set of the aggregated data of the Group. Therefore, Vidrala considers that there is no impact on the assessment that the readers may have on the performance of the organisation.

DESCRIPTION OF THE EFFECT THAT THE RE-EXPRESSING OF INFORMATION FROM PREVIOUS REPORTS MAY HAVE, ALONG WITH THE GROUNDS FOR THAT RE-EXPRESSION

The information contained in the 2011 Report has complied with the parameters laid down in the latest GRI Guide (version 3.1). This new version stresses the reporting of the social performance of the organisation. Therefore, some indicators have had to be re-expressed, without that affecting the quality of the report information. Therefore, the 2009 and 2010 quantitative information could vary from that reported in previous years, as a result of this updating.

SIGNIFICANT CHANGES RELATING TO PERIODS PRIOR TO THE SCOPE, COVERAGE OR ASSESSMENT METHODS APPLIED TO THE REPORT

As has already been discussed, the contents of the Report have been checked against the Guide. Therefore, the most significant change with respect to previous reports is due to the application of the methods, calculations and ways of reporting the information that the Guide establishes.

CURRENT POLICY AND PRACTICES RELATING TO THE EXTERNAL VERIFICATION OF THE REPORT

The Vidrala Group has an independent external audit performed of its Sustainability Report. The external audit of this report is included herein in Section 1.2.



1.2 The Importance of Checking Our Commitment

The Vidrala Group considers that reporting is not the only purpose of integrating Sustainability into its work process. It is only a further step. And to guarantee this whole process, the company wanted, for the first time this year, an external independent agent to audit the contents herein.

When working on the 2011 Sustainability Report, Vidrala adapted its scope and contents to the new directives established in the **Guide for Preparing Sustainability Reports by the Global Reporting Initiative** (new version 3.1.).

The auditing process of the Report means a high level of involvement by the team making up Vidrala Group. It is an effort that the group deems to be necessary in order to be able to transmit its professional performance as transparently as possible, providing lights, but also shadows. By covering both realities, the Report acquires true credibility, by contributing its grain of sand to all those organisations that opt to report their business performance using an international benchmark.

How has the work been carried out? Basically, the auditor:

- Checked that all the economic data tallies with the financial statements.
- Checked the numerical calculations, along with the data aggregation system. The auditor also checked that the information is reliable, complete and that it reflects the true situation of the organisation.
- Reviewed the documentary proof of the information and confirmed its veracity. Likewise, when evaluating the data, the auditor considered the role of the interested parties and the internal auditors when preparing it.

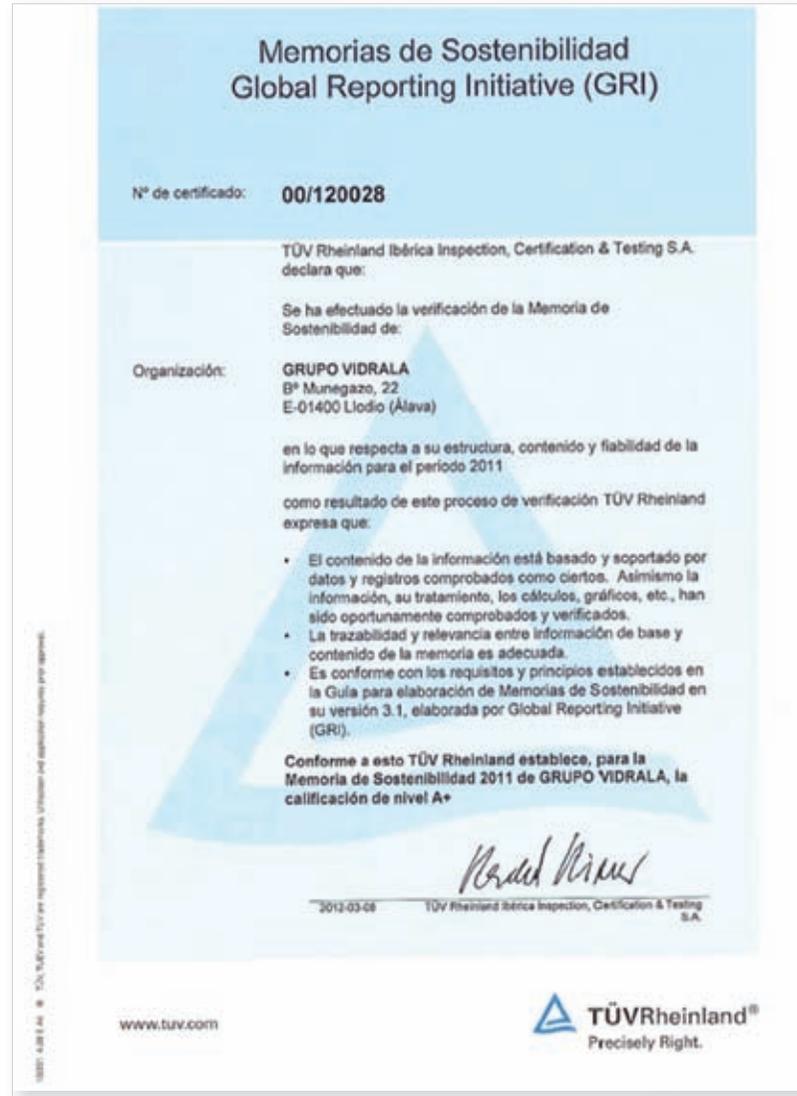


BENEFITS FOR VIDRALA, BENEFITS FOR EVERYONE:

- Placing the Group at a cutting-edge and leading position.
- Providing greater confidence about its performance.
- Communicating in a common and comparable language for all organisations.
- Efficiently consolidating the existing management system.



SUSTAINABILITY REPORT AUDIT CERTIFICATE



2. WHO IS BEHIND EACH BOTTLE OF THE VIDRALA GROUP

2.1 About Us

VIDRALA GROUP PROFILE

Incorporated as Vidrala, S.A., the origin of the company dates back to 1965. Right from the start, it has specialised in manufacturing glass containers for the food and sector. Vidrala has sought to constantly evolve, by introducing technical improvements, which have led to its now being **one of the leading glass manufacturers in Europe**.

The Group's headquarters are in Llodio (Álava) and it has 6 production plants, located in 4 European countries. The majority of the Vidrala products are sold in Western Europe.

YEAR JOINING THE GROUP	PLANTS
1965	Aiala Vidrio
1989	Crisnova Vidrio
2003	Gallo Vidrio
2005	Castellar Vidrio
2005	Vidrala Italia
2007	MD Verre

With regards to the **products** that the Vidrala Group manufactures at its different plants, they can be classified according to the future contents of those containers. The glass manufacturing group publishes its product catalogue for its stakeholders on its new website.

- Wine
- Cavas and Sparkling Drinks
- Water, Beer and Soft Drinks
- Juices
- Liqueurs and Spirits
- Preserves
- Oils and Vinegars
- Dairy and Others

Vidrala considers the location of its plants to be strategic. They are therefore located next to the main manufacturing and bottling areas logistic hubs, motorways, airports and ports on the Bay of Biscay, Atlantic, Mediterranean and Adriatic, thus facilitating the supply of the different European and national markets.



PHILOSOPHY OF THE BUSINESS GROUP

The Vidrala Group has always been noted for its stable and sound business behaviour, assuming risks even during difficult periods, yet which are essential for the organisation to continue to progress. Thanks to this leadership trait, Vidrala has managed to position itself as a benchmark company in the sector, capable of implementing groundbreaking, different and innovative projects in a business sector where it is, sometimes, is difficult to find new ways of standing out from the competition. The Group's human team has clearly played a key role in this energizing process. These men and women are, in short, the expression of the Vidrala business philosophy: sound, competitive and with a forward-thinking vision. The best guarantee for business sustainability.

MISSION

Within the packaging sector, Vidrala fosters the **development of our customers**, by responding to their needs, meeting their expectations, and constructing a **future with sustainable value for shareholders, employees, partners and society in general**.

VISION

To be a **benchmark company in the packing sector**, by creating future and anticipating changes, on the basis of our **human team and innovation capacity**.

VALUES

Future • Ethics • Creating value

ORGANISATION OF THE GROUP

The human team is, without question, the main value of the organisation. Technology, innovation or being environmentally responsible are of little use without a group of people that are clearly committed to the company. Irrespective of their geographical location, the Vidrala Management team seeks to ensure that all the employees are aware of and assume the aforementioned business philosophy. Managing a workforce of over 1.800 employees can only be achieved by honesty, transparency and ongoing effort.

Despite being made up of different plants and production centres, the Group has an overhauled internal structure capable of embracing the different responsibilities inherent to an organisation of this level in an efficient and organised manner. Divided into five main Operating Divisions and overseen by the General Management Team, the Group has different Executive Directors in each of the different divisions who guarantee an appropriate response to the ongoing needs.

In each manufacturing plant, the organisational structure is coordinated by the Plant Manager, who works closely with the Vidrala Group Operations Management Team. At a more technical level, there are different departments in each plant that are entrusted with the Production, Maintenance Services and Administrative tasks, thus providing complete coverage of the aspects inherent to industrial operations such as Vidrala's.

The new organisational vision of the company has a clear goal: to achieve the structuring of the Vidrala Group into a single organisation, that is more cohesive and integrated. Better prepared, in short, to approach the changes that in the future will have to be tackled with the decisiveness that characterises the Group.





GOOD CORPORATE GOVERNANCE AS THE BUSINESS MODEL IN VIDRALA

The Vidrala S.A. corporate governance is regulated by its Articles of Association, the Regulations of the General Meeting of Shareholders, the Regulations of the Board of Directors and in the Stock Market Internal Rules of Conduct. These documents are available to shareholders and investors at the company's headquarters and on its website (www.vidrala.com).

The company likewise issues each year, at the time of publishing its Annual Financial Report, a Corporate Governance Report, which considers the most significant issues in this area, and assesses the degree of follow-up on the recommendations for Good Corporate Governance approved by the Spanish National Securities Market Commission (CNMV)

The Board of Directors: Composition and Operating

The highest governing body is the Board of Directors. Currently, the Board of Directors is composed of eleven Directors, of which seven are Proprietary Directors (including the Chairman of the Board of Directors), three are Independent Directors and the last one has the status of "other external".

COMPOSITION OF THE VIDRALA GROUP BOARD OF DIRECTORS

NAME	POSITION	STATUS
Carlos Delclaux Zulueta	Chairman	Proprietary
Víctor Manuel de Noronha Santos Gallo	Member	Proprietary
Luis Delclaux Muller	Member	Independent
Álvaro Delclaux Zubiria	Member	Proprietary
Esteban Errandonea Delclaux	Member	Proprietary
Rafael Guibert Delclaux	Member	Proprietary
M ^a Virginia Urigüen Villalba	Member	Independent
Eduardo Zavala Ortiz de la Torre	Member	Independent
Ramón Delclaux de la Sota	Member	Proprietary
Addvalia Capital S.A	Member	Proprietary
Javier Gutiérrez Martínez de Compañón	Member	Other external



Therefore, the Vidrala Group chief executive officer is not a member of the Board of Directors. This figure of the non-executive Chairman establishes a differentiation of the management and leadership roles of the company (where the Director General is the Chief Executive Officer) and the supervision and direction of the Board, thus increasing independence and control capability.

In order to achieve greater efficiency and transparency in the carrying out of its duties, the Board of Directors has established three commissions with executive and advisory powers: the Audit and Compliance Commission, the Appointment and Remuneration Committee, and the Strategy Commission.

Composition of the audit and compliance commission

NAME	POSITION	STATUS
Eduardo Zavala Ortiz de la Torre	Chairman	Independent
M ^a Virginia Urigüen	Member	Independent
Esteban Errandonea Delclaux	Member	Proprietary
Addvalia Capital S.A.	Member	Proprietary
Álvaro Delclaux Zubiria	Member	Proprietary

Appointment and remuneration commission

NAME	POSITION	STATUS
Luis Delclaux Muller	Chairman	Independent
Carlos Delclaux Zulueta	Member	Proprietary
Rafael Guibert Delclaux	Member	Proprietary

Investment and strategy commission

NAME	POSITION	STATUS
Carlos Delclaux Zulueta	Chairman	Independent
Víctor Manuel de Noronha Santos Gallo	Member	Proprietary
Ramón Delclaux de la Sota	Member	Proprietary
Javier Gutiérrez Martínez de Compañón	Member	Other External



TRANSPARENCY

In order to encourage shareholder participation at the General Meetings, the Company has established a set of measures aimed at achieving that goal.

As a result of implementing these measures, universal and non-discriminatory policies have been introduced to encourage voting by means of offering cash premiums for attending Meetings.

There are also specific measures regarding transparency in order to avoid conflicts of interests within the governing authorities of the Company. The Regulations of the Board of Directors, pursuant to the legal provisions, thus sets out a series of mechanisms for the directors to disclose potential direct or indirect conflicts of interest, and are analysed by the Board of Directors in order to take the relevant decisions to avoid said conflict situations.

With respect to the transparency principle regarding the information reported by the Vidrala Group, different communication channels have been defined and introduced, and focused according to the stakeholders. The Vidrala Group website has become the main tool for processing information / communication and participation.

A company that is decisively committed to embracing Corporate Social Responsibility has to begin by guaranteeing that its management structure undertakes to work in this line. Therefore, Vidrala embraces the principles commonly recognised as Good Corporate Governance, thus guaranteeing the soundness and transparency of the organisation. This Good Governance confirms that the people in charge of managing the company base their actions and carry out their duties according to the ethics, transparency and diligence principles.



MAIN ASSOCIATION WHERE THE VIDRALA GROUP IS PRESENT

Any organisation that wishes to progress in its development and growth cannot evolve in an isolated manner, outside the initiatives and projects that are carried out in conjunction with other organisations. **The Vidrala Group has therefore**

been involved for some time now in initiatives implemented by different organisations and associations linked to the world of glass and sustainability. In the 2011, the most important partnerships were as follows:



FEVE is the European Container Glass Federation, which represents the glass container industry internationally and, particularly, in Europe. FEVE is the forum where common issues are discussed and an ongoing dialogue is established with the European institutions and authorities dealing with the environment, trade and other key issues. As a company operating in four European countries, Vidrala wishes to be present in this important group, as it is the ideal framework to be able to showcase the performance of the organisation, at the same time as defending the sector from a platform that is in a stronger position to act.



ANFEVI is the Spanish Association of Automatic Glass Container Manufacturers. Right from the start, it has represented and defended the interests of the Spanish glass industry. **The Vidrala Group plays an active and ongoing role in ANFEVI, as it is aware that energising the sector and disseminating the initiatives of its members are the best business card to spotlight how all the companies in the sector are integrally working towards Sustainability.**



ASSOVETRO is the Italian National Association of the Glass Industry. Since it was set up in 147, it has championed the companies in the sector in the country. The Vidrala Group wishes to be present in the context of each region where it operates. Therefore, membership of this type of sector association is showcased as a good opportunity for Vidrala to be able to be in contact with companies, authorities and the local community in general.



AIVE is the Portuguese Association of Glass Manufacturers. As a partner company, Vidrala takes part in the initiatives and projects organised in this country, as well as contributing to better knowledge of the Portuguese glass sector.



For over fifty years, FIV, the Belgian Federation of the Glass Industry, has represented the majority of the industrial companies of the glass production and/or processing sector in that country. Vidrala, given its proven track record in working with glass, belongs to this association and plays an proactive role in defending the interests of the sector.





Aldeas Infantiles SOS

Aldeas Infantiles SOS is an international non-profit organisation to support children, whose work focuses on the development of the child until it is self-sufficient and well-integrated into society. As a company that is markedly industrial in nature but which does not wish to ignore the human component, Vidrala has been helping to implement different projects for four years now. All the of the projects are in line with the humanitarian principles fostered by Aldeas Infantiles.



Stop CO2 Euskadi is a ground-breaking action platform against climate change set up in the Basque Autonomous Community, which covers the actions of the citizens, companies and public authorities. Given its strong roots in this community, Vidrala takes part in this platform and embraces the policies from different spheres, aimed at the progressive reduction of Greenhouse Gas emissions.



The Ecoefficiency in the Basque Company 2010-2014 programme seeks to work with the companies of the Basque Autonomous Community (BAC) to help to transform the Basque production structure and make it more eco-efficient, innovative and sustainable. Vidrala's signing up to this programme means that it is more actively positioned in terms of the emerging challenges in Europe.



EcoEuskadi 2020 is a transversal tool to progress towards a new model of sustainable progress that enables balanced development of the country with lower consumption of resources, and which is going to underpin one of the driving forces for change towards a new economy, where the links between economy growth, social wellbeing and conserving the environmental assets are adequately linked. Vidrala actively participates in EcoEuskadi 2020, through its involvement and contributions in discussion forums.

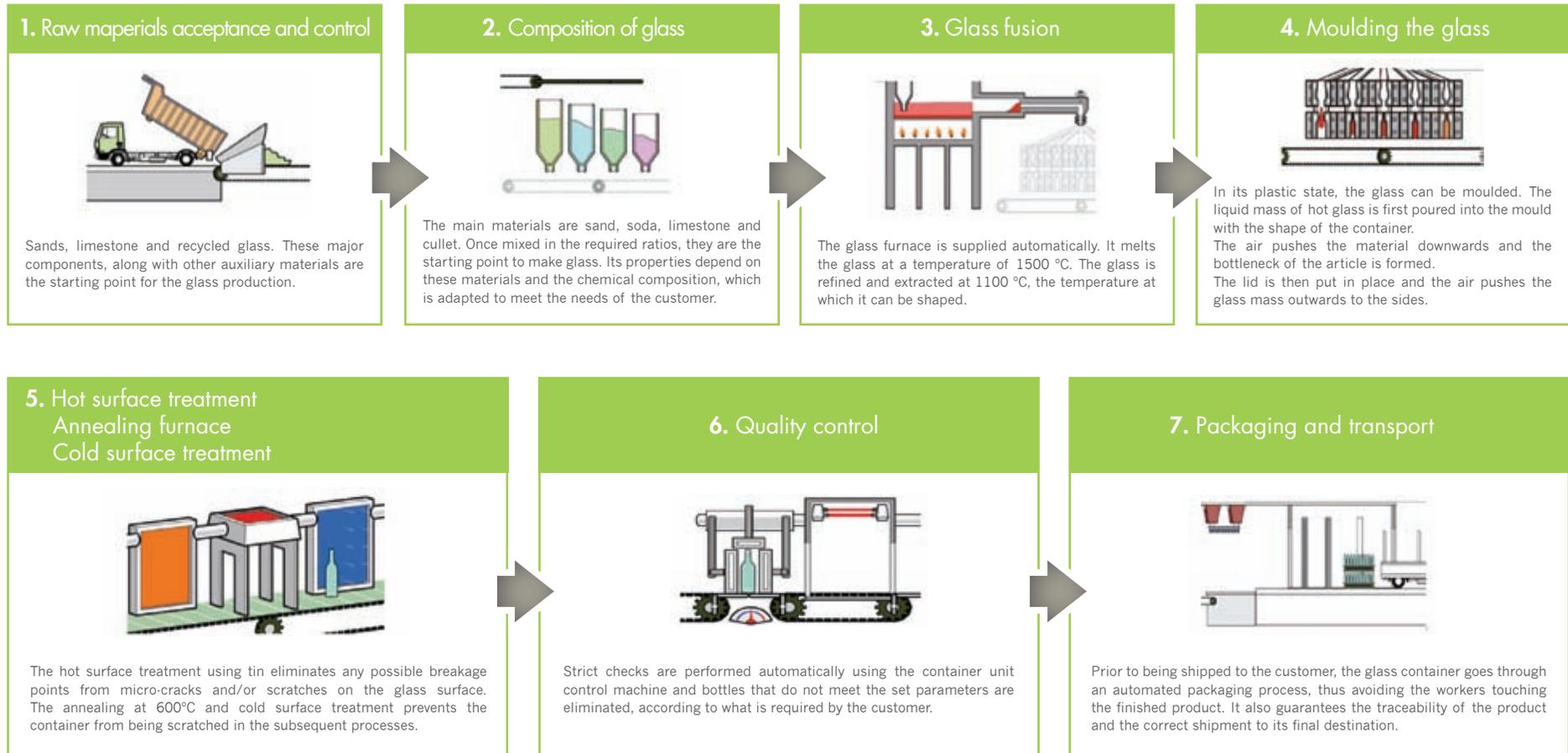
Apart from these initiatives, the Vidrala Group is noted for being an entity that seeks to establish permanent and robust links in the regions where it is based. It therefore works many local organisations and is the sponsor and patron of associations that are deeply-rooted among the members of the local community².

² For further information regarding Vidrala's involvement in the local community, see Chapter 3 and Section 4.3 of Chapter 4 of this Report.



2.2 Production at Vidrala

Production process to manufacture glass containers at the Vidrala Group



 2.3 Main milestones

Throughout 2011, the Vidrala Group has worked on achieving the full integration of the principles of Corporate Social Responsibility, both in the way of approaching their work and as the channel to implement it. The following outstanding actions are the main milestones that exemplify the way in which the Group wishes to embrace Social Responsibility.

JANUARY

Vidrala launches the natura range, a new more sustainable and environmentally-friendly product

The Vidrala Group is firmly committed to Sustainable Development without that having any negative impact on the quality of the product offered. Proof of this is the **new range of containers launched in 2011**, which are more environmentally friendly and assure the best quality for the customers of the company.

The **Natura Range** consists of a collection of 13 glass bottles that are lighter than the ones usually available on the market. As they contain less glass, fewer raw materials, water and energy are needed and therefore the CO2 emissions in the production process have been slashed.

The Natura Range has been widely acclaimed by the customers of the Group and several of its models are among the best sellers of the company.



APRIL

Approval of the first equality plan At Aiala Vidrio and at Crisnova Vidrio

As a fitting culmination to the work started in November 2009, and pursuant to Act 3/2007, the **first Crisnova Vidrio and Aiala Vidrio Equality Plans** were signed in April 2011.

Under the coordination of Ana Artetxe from Bultz-Ian Consulting – an approved entity to developed Equality Plans -, the Equality Commission was set up and its members are: M^a Luisa Urquijo, Esther Uña, Maite Arberas, Manu Manso, Juan Olascoaga and Joseba Fernández de Mendía. The Crisnova Vidrio commission, coordinated by Joseba Fernández de Mendía, was made up by Josefina Requena, Francisca Monje, Antonio Tomás and José Andrés Quílez. These Commissions are entrusted with gradually implementing all the measures and actions identified in the Plan.

The Group believes that equal opportunity, **equal treatment and non-discrimination** are basic principles and unalterable values. These plans and the commitment to implementing their actions are a further example of the ways in which Vidrala believes its business should be run.



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Vidrala, in conjunction with JSV, developed an innovative RFID technology that provides automated control of the production process

In an organisation that manufactures millions of bottles each year, having a flexible logistics and storage system adapted to the supply needs is a priority to guarantee customer satisfaction. Thus, radiofrequency identification (RFID) is based on controlling each movement that the goods make, with the data of each of the pallets used to transport the product being entered in the SAP manager. **This technology reduces possible errors in the traceability operations, which makes the work of the operators easier when shipping the products.**

This significant investment by the Vidrala Group is going to result in better performance in terms of efficiency when managing orders, thanks to the automated Pallet management. The main benefits obtained from implementing this technology in the production process are:

- *Automated reading.*
- *Optimising time from production to shipment.*
- *Minimising delivery errors*
- *Reducing shipping and handling costs.*
- *Rapid internal movements.*

This project has been rewarded by the VIDRALA Management Committee, which awarded the “ALEX URIARTE” Prize for Innovation, in its in-company category, to the team made up of José Manuel Delicado Villaescusa (from Crisnova Vidrio) and Mainer Santamaría Bravo (Vidrala Central R&D&i Department).



Obtaining the Environmental Product Declaration (EPD®), at the Vidrala Italia plant, for the *BH Ecologique* bottle

The Environmental Product Declaration, of EPD, is a certified environmental declaration. Prepared pursuant to ISO 14025 standard, its main objective is to help organisations to report the environmental performance of its products in a believable and understandable way.

The quantification of the environmental performance at the Vidrala Italia plant has been carried out as per the framework established by the EPD® International System Regulations, and according to the LCA - Life Cycle Assessment methodologies pursuant to the ISO 14040:2006 International Standards of the series. **This analysis determines the environmental impacts of a product or services in terms of resources consumption and environmental emissions, and waste production, taking the life cycle (“from cradle to grave”) into account.**

The EPD® has been specifically performed on a specific 75 cl bottle for the bottling of wine ready to be sold.

The Group plans to disseminate the Vidrala Italia EPD® experience to all the plants by means of participation with aware customers, such as food manufacturers (for example, wine or olive oil producers with a strong territorial components), including the information on the product label (on the bottle or the packing) or including the details of the declaration in the Vidrala catalogue.



NOVEMBER

Yet a further step in relations with the stakeholders: setting up the first materiality committee of the vidrala group

As proof of the commitment adopted by the Group towards its Corporate Social Responsibility, the **First Materiality Committee of the Vidrala Group** was set up in November 2011.

This first Committee consists of five representatives from the different departments of the Vidrala Group, plus a sixth guest member, representing one of the main stakeholders of the organisation: the Spanish Association of Glass Container Manufacturers (ANFEVI). Juan Martín Cano, General Secretary of ANFEVI, was asked to represent the stakeholder, which will be a guest member for a two-year period.

The role of the Committee includes identifying material issues for the Vidrala Group, and for the different Stakeholders, by pinpointing the areas where the Social Responsibility policy of the organisation needs to be developed.





3. DIALOGUING WITH OUR ENVIRONMENT



3.1 Evaluating materiality

COMPANY AND ENVIRONMENT FROM AN INTEGRATED ENVIRONMENTAL, SOCIAL AND ECONOMIC PERSPECTIVE

Few people within the business world currently perceive the company in its more traditional form, namely, as an entity whose exclusive function comprises producing goods and/or services for the sole purpose of maximising profit.

ANY COMPANY IS A PRODUCT OF THE SOCIETY IN WHICH IT IS IMMERSSED, AT THE SAME TIME THAT IT IS A SOURCE OF CULTURE. THE RELATIONS BETWEEN AN ORGANISATION AND ITS ENVIRONMENT ARE NOTED FOR THEIR RECIPROCITY: THE COMPANY ACTS ON THE ENVIRONMENT WHERE IT IS LOCATED AND THE LATTER ON THE FORMER, BY CONDITIONS ITS DECISIONS AND ESTABLISHING A CONTINUOUS ADOPTION PROCESS BETWEEN BOTH

Without losing sight of the goal of creating wealth and economic profit, it must be remembered that the company is not isolated from its social and environmental setting. Apart from imposing restrictions and providing the company with the necessary tools and resources for its survival, that context imposes its own restrictions and requirements that will steadily increase as the company becomes aware of its social role

Without losing sight of the goal of creating wealth and economic profit, it must be remembered that the company is not isolated from its social and environmental setting. Apart from imposing restrictions and providing the company with the necessary tools and resources for its survival, that context

imposes its own restrictions and requirements that will steadily increase as the company becomes aware of its social role.

Therefore, it is pointless to talk about the company as an organisation in a static setting, where the relationship between context and business firm is purely economic. It is impossible to fully understand and manage a company if the scenario in which it operates is not taken into account, with the latter being considered from a triple perspective: economic, environmental and social. The company, apart from being an organisation, is a social institution: a more or less stable structure with a series of social purposes, beyond mere economic profit. And as such, business organisations have a social responsibility towards their environment.

That seems to be the current philosophy among companies, many of which are intervening in areas that used to be the exclusive competence of the State, such as providing basic goods, health care, education or helping to improve the quality of life of certain groups through social action projects.

It is therefore important to distinguish between purposes and objectives: while the objectives for a company include economic rationality and posting a profit, they do not necessarily have to coincide with its purposes, which may (and should) consider the environmental and social consequences of its operations and where its Corporate Social Responsibility principles must be integrated.

It is, therefore, imperative for the business sector to take a responsible attitude towards its environment. Otherwise, organisations would be acting in a selfish, unsustainable and barely ethical way, which ultimately has a negative impact on the corporate image that could lead to a loss of confidence among their clients and investors.

Furthermore, there are significant social pressures on companies to assume a greater share of responsibility and to include a whole series of environmental and social issues in their corporate purposes. Economically advanced societies



have achieved levels of well-being that the citizens are not willing to relinquish. Any activity that endangers or worsens that wellbeing will face great social opposition with pressure on companies to act more responsibly. It is thus clear that business leaders are increasingly prioritising the areas relating to corporate social responsibility.

RESPONSIBLE MANAGEMENT AND RESPECTING THE ENVIRONMENT HAVE BECOME DIFFERENTIATING ELEMENTS FOR CORPORATIONS AND MAY BE A COMPETITIVE ADVANTAGE IF THE COMPANY ADOPTS A PRO-ACTIVE ATTITUDE.

Another factor behind the assumption of business responsible management is globalisation, particularly in its economic aspect, which has exposed companies to unprecedented levels of competition worldwide. This leads to the need to stand out from competitors to become more attractive to consumers.

There is likewise a generalised feeling of environmental responsibility among a large segment of society. The perception that environmental issues are a right per se and not a luxury is gradually increasing. Consumers are more frequently tending to penalise those companies whose activity harms the environment.

Taking the above into account, the strong dependency of the company on its environmental, social and economic context is undeniable. Its success is greatly dependent on how it relates to its context: the later provides the resources that the company needs (communication, human, technological, financial and energy resources, etc.) and deliveries those that it produces (goods and services, dividends, technology, etc.). A company's likelihood of success increases in line with its capacity to adapt to the demands and conditions of the context while at the same time intervening in it, provided that is always from a sustainable and responsible perspective.

In general, the business community is aware that society not only judges it by its economic performance, but also by its positive contribution in social and environmental spheres. Thus, a fundamental question facing the company nowadays is the integration of this new perception of its role into its corporate culture and values and, even, in its day-to-day operations.

It makes sense to state that when taking decisions the company must take into account the behaviour of social agents that operate in its setting and the effect that its decisions will have on its relationship with the exterior.

Knowledge of this context is of vital importance for any organisation that seeks to be lasting and profitable. An accurate understanding of the environment where a company operates also helps to improve strategic decision taking within and outside it. This understanding includes taking into account the actions of its competitors, changes in the preferences of its customers, the potential impact of its decisions regarding the communities close to the production plants, the legislation and standards laid down by public authorities, etc. It must also take into account other factors and internal stakeholders within the organisation, such as the workers, as they are entrusted with achieving the values and management of the company where they work.

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3.2 Materiality in the Vidrala Group Origin and Management Focus

When talking about the dialogue between the company and its environment, different aspects that improve or worsen those relations can emerge. Such aspects can lead to reputational opportunities and strengths that need to be established and analysed to check whether they are material aspects that should be integrated in the strategic decision taking of the organisation. This is where Social Responsibility policies acquire special importance, by maximising the benefit from a better corporate image by means of greater social commitment to the environment of the company.

Yet, do companies really know the setting where they operate? Can they be sure that they are appropriately managing the challenges to which external pressures subject them?

There is the danger of considering that only the aspect perceived inwardly is what is really important for an organisation. This vision prevents all the factors influencing the organisation from being known as, as has been previously mentioned, there is a whole series of social agents that may have a strong impact.

In 2010, the Vidrala Group therefore embarked on an initial approach to these issues, laying down the foundations of a strong commitment to their stakeholders in order to meet their demands and expectations. Therefore, the glass-making group performed its initial Materiality Analysis thanks to which the risks areas associated to the organisation itself were identified, along with the main agents that directly and indirectly influence the organisation.

AWARE OF THIS SITUATION, VIDRALA IS COMMITTED TO A MORE OPEN DIALOGUE WITH ITS ENVIRONMENT AND A MORE PROACTIVE AND DYNAMIC MANAGEMENT OF ITS RELATIONS WITH ITS STAKEHOLDERS AND THE AREAS THAT MAY BE A RISK OR OPPORTUNITY. MANAGEMENT OF THE RISK IS THUS FACILITATED AND THE LEVEL OF UNDERSTANDING WITH THE KEY SOCIAL AGENTS FOR THE GROUP IS ENHANCED

This analysis was an important step in the relationship between Vidrala and its environment, as for the first time a study was conducted aimed at discovering the real areas of concern for and admiration by its internal and external stakeholders. Therefore, this study was the basis for approving the final contents of the Vidrala Group Sustainability Report 2010, covering the most important areas related to Corporate Responsibility for the organisation and for its stakeholders, and taking into account the specific features and characteristics of the sector where the company operates. se propone profundizar en su gestión responsable mediante la identificación de aquellos actores y temas que son o puedan ser relevantes, es decir, **conocer qué es material para el Grupo**. Y todo ello, bajo una figura con entidad, el denominado **Comité de Materialidad**.

Continuing along the path started in 2010 and, according to the Global Reporting Initiative guidelines, the Vidrala Group sought to further progress in its social dialogue, by consolidating knowledge and management of the environment, and performing a more exhaustive analysis in its new Materiality Analysis 2011.

In the last quarter of 2011, Vidrala implemented a management tool to identify and assess the materiality for the first time in its business history. In line with the commitment assumed towards its environment, it proposed to go further in its responsible management by means of identifying those agents and areas that are or may be relevant, in other words, to discover the areas that are material for the Group. This was all entrusted to an entity with gravitas, the so-called Materiality Committee.

The setting up of the Materiality Committee was a step forwards in the transversal implantation of Corporate Social Responsibility in the organisation. Thus, by means of the direct involvement of the main departments of the organisation in the Committee, such necessary objectives as the following have been achieved:

- Establishing the perception that each department has about the different issues
- Assessing the degree of maturity of the opportunity and risk areas for the company



- Identifying the main stakeholders associated to each department and their demands/expectations
- Exchanging experiences and projects carried out by the different departments.

With respect to its composition, the Committee is made up of a total of six members: five representatives of the main departments of the Group and a sixth member, in charge of representing one of the stakeholders. With respect to the latter, and following the directives set by the Operating Code of the Materiality Committee, the decision has been taken that the representative will be part of the working group for a maximum of two years, thus assuring that the diversity and variety in the composition is maintained, along with contributing a plural point of view on the material aspects.



DIVISION	MANAGER	POST
Environment	Olga Martin	Materiality Committee Chair
Economy	Ana López	Members of the Materiality Committee
Sales	Ricardo Gallego	
Human resources	Itziar Velasco	
Purchasing	Javier Arberas	
Stakeholders Spanish Association of Glass Container Manufacturers (ANFEVI)	Juan Martín Cano – General Secretary	Representative of the External Stakeholders: “guest agent”



As a new feature compared to the 2010 Materiality Analysis, Vidrala, thanks to the Materiality Committee, identified the stakeholders and material areas in 2011 from a threefold perspective: the opinion of the media, of the representatives of different divisions of the organisation and of its stakeholders. The differentiating aspect falls on this second group of representatives, who contribute their knowledge and assessment of the different areas included within the scope of the Global Reporting Initiative. Their perception regarding the importance that each area has within the company, the degree of maturity achieved and, even, the opinion of what interests and concerns the different stakeholders of each department make these members of the Committee key figures for the correct identification of the Materiality in the Group.

On the other hand, the presence should be stressed of a “guest agent” on the Materiality Committee as the representative of the external stakeholders. As a result of the proactive, transparent and open nature of the Vidrala Group, its doors are open to the stakeholders, thus achieving full collaboration in Sustainability. During 2011-2012, the Vidrala Group closely worked with the **Spanish Association of Glass Container Manufacturers (ANFEVI)**, as the guest agent on the Committee and as an expert on the positioning of the sector in different areas: Environment, prevention of occupational risks, commitment to the local environment, etc.

However, this collaboration is not only confined to exchanging impressions on the positioning of the sector with regard to Sustainability and, therefore, the potential for improvement in the different areas by the Vidrala Group. This collaboration goes far further, with both entities undertaking to implement a project related to sustainability in sector of automated manufacturing of glass containers.

Thanks to the setting up of this Committee, the Vidrala Group has managed to integrate the vision of the environment in which it operates, which facilitates the implementing of actions to manage the main threats and weaknesses detected efficiently and responsibly.



3.3 Evaluating Materiality in Vidrala

Thanks to the process developed by the Committee, those areas have been defined that may be considered to be material for the organisation. The subject areas have been selected from a twofold perspective: on the one hand, the external point of view has been taken into account, taking as the starting point the analysis of the presence of Vidrala both in the written press and online (sector portals, newsletters, forums, social networks, etc.) and also counting with the presence of a member representing one of the Vidrala stakeholders. On the other hand, it has been rounded off with the internal perspective of the organisation itself, presented through the Committee members: representative members of the main departments of the Group



Identification of the Material Issues

Despite the great importance that Vidrala gives to knowledge and involvement with its stakeholders, an organisation committed to its environment may not be merely satisfied with knowing the agents that exert the greatest influence or may influence its management. A series of aspects that must also be considered as material for the Vidrala Group emerge from the very activity of the company and the interaction with its social and physical context. These aspects are known as issues of interest or material issues for the company. Issues that, depending on their nature, may be a risk or an opportunity for the Group.

In the same way as in the identification of the stakeholders, the important role should be stressed that the Materiality Committee has played in characterising and establishing a hierarchy of the issues of interest for Vidrala. The main advantage arising from this type of work is that the aspects that are finally identified are in line with the internal and external perspective.

ISSUES OF INTEREST ARE ALL THOSE ASPECTS ARISING FROM THE BUSINESS PERFORMANCE THAT MAY RESULT IN CURRENT RISKS OR POTENTIAL OPPORTUNITIES FOR THE CORPORATE IMAGE OF THE ORGANISATION

Therefore, using this methodology, one can be sure that a comprehensive vision has been obtained of everything that in short is material or relevant for the Vidrala Group.

At the end of 2011, the members of the Committee have been greatly involved in discussions to assess the materiality of issues as important and current as employment, economic performance, fight against climate change, or the involvement of the organisation in the local community. Using numerous assessment criteria (degree of maturity, positioning compared to the competition, importance to guarantee the good image of the company, etc.), the material issues to be included in the 2011 Sustainability Report finally emerge.



Identifying the Material Issues as part of the 2011 Vidrala Group Sustainability Report.

AREA	ISSUE
Employment	Fostering local employment and its quality. Establishing agreement to ensure there are jobs for local workers.
Materials consumption	Increase in the consumption rate of recycled glass in the container manufacturing process.
Local environment	Improving the local environment conditions: education, sport, environment, culture.
Customer satisfaction	Compliance of all the safety, health and customer satisfaction requirements.
Environment	Fighting against climate change , including the search for maximum energy efficiency throughout the packaging production process and the undertaking to comply with current legislation .
Working conditions	Managing working risks and prevention of any type of health risk.
Training	Access to lifelong and/or specific training .
Innovation	Innovation . Developing and analysing material and technical improvement to manufacture containers, along with Lifecycle Analysis and Ecological Footprint .

Identifying the Stakeholders

In keeping with the Global Reporting Initiative criterion, Vidrala embraces the definition of stakeholder, which the organisation takes to mean any group or entity that is linked to or in any way influences the operations of the company and/or that is influenced by the actions that the latter carries out in the performance of its activity will be a group to be taken into account. These entities may be involved at different levels or commitments, from the simple relationship to one that involves decision taking.

“IDENTIFYING THE EXPECTATIONS AND DEMANDS OF THE STAKEHOLDERS ALONG WITH THEIR INTEGRATION IN THE STRATEGY OF THE COMPANY IS A MORE POWERFUL TOOL FOR THE SUCCESS OF A SOCIALLY RESPONSIBLE POSITIONING”
(CSR Europe).

Even though entities or individuals with an economic relationship with the organisations and those external to it can enjoy this standing, relations exclusively based on monetary terms are increasingly less frequent. In any event, transparent communication with all stakeholders is fundamental, as it fosters continuous improvement and consolidates the role of the company in the participation and development of the community. Based on 2011 Vidrala Materiality Analysis, and after the process carried out by the Committee, the Vidrala Group has identified the following as the main stakeholders:

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EXTERNAL STAKEHOLDERS

- Stock Exchange and Economic Information Portals
- Specialist Publications
- Trade Fairs / Exhibitions
- Workers' Organisations / Trade Unions
- Non-profit Associations
- Financial institutions
- Social Networks
- Mass Media

INTERNAL STAKEHOLDERS

- Shareholders and Investors
- Suppliers
- Competitors
- Customers
- Employees
- Community Local



Internal Stakeholders

STAKEHOLDERS	DIALOGUE CHANNEL
<p>Shareholders and investors:</p> <p>Investors are demanding greater communication from the main share issuers and want it to be more direct and more transparent. The main concern of this group is the <i>economic profitability of the company</i>. It is also an essential sector for the stability of the organisation. Therefore, to establish a sound relationship with this group, Vidrala must be aware of their expectations and interest, the returns they expect, their network of contacts, etc.</p> <p>Either due to social pressure or by personal conviction, the issues related to sustainable development have an increasingly greater impact on the expectations and concerns of the shareholders. Even though stock market information continues to be their main interest, it is no longer their only one and investors are therefore demanding pro-active, clear and transparent communication regarding the measures taken to meet the main social demands.</p>	<p>Vidrala has created a section for shareholders and investors on its new website, where they can consult all the financial and economic information that may be of interest. The organisation likewise has an investment relations department which can deal with any additional matter.</p>
<p>Employees:</p> <p>Their interest is in the <i>development and growth of the company</i> as a guarantee for a secure and quality job.</p> <p>In the last resort, <i>they are entrusted with carrying out the interests of the company</i>. It is therefore of vital importance to know their needs, as well as to take them into account when taking strategic decisions regarding social responsibility. Integrating the satisfaction of the workers in the purposes of the company is fundamental to achieve a responsible performance, as well as to pass on the commitments adopted in Social Responsibility to the routine operations of the Vidrala Group.</p>	<p>The Vidrala Group has prioritised updating the contents and the structure of its new corporate website. The group also has set up Occupational Health and Safety Committees, Company Committees and Equality Commissions. Open Days and in-company newsletters have also been introduced.</p>
<p>Customers:</p> <p><i>They are the raison d'être of Vidrala</i>. Dialogue with customers is a basic pillar for the organisation. Therefore, establishing their demands and their needs that the product meets, their expectations, their habits, etc., is vitally important to achieve product loyalty. Even when the relations with the customers have been traditionally governed by different legislation and standards, they are not always included in the Social Responsibility decision taking.</p> <p>Remaining committed to its customers, listening to them and integrating their demands in areas of Corporate Social Responsibility is a constant and a determining factor when defining their strategy.</p>	<p>Incorporation of an own and exclusive space for customers in the corporate website. In 2011, Vidrala has attended numerous events, forums and specialist trade fairs of the sector, as a way to establish direct contact with its customers.</p>
<p>Suppliers:</p> <p>As the main link between the company and its environment, the purchasing department plays a <i>key role in the integration of sustainable development practices and Corporate Social Responsibility</i> in and outside the organisation. The stakeholder group consisting of the suppliers is mainly interested in constructing lasting relations with the company. A good relationship with suppliers provides the company with flexibility in the production and innovation of its products.</p> <p>In order to maintain the commitment adopted towards environmental and social sustainability, Vidrala is vigilant about ensuring that, with their activity, the suppliers do not act against the proposed goals by the organisation in relation to their environment.</p>	<p>Communication with the suppliers, apart from the corporate website, is established through the direct link of the suppliers with the department entrusted with their management in the company. Vidrala reports part of its commitment with them through the Annual Sustainability Report and periodic visits to suppliers.</p>
<p>Competitors:</p> <p>Discovering the actions carried out <i>by other companies of the glass container manufacturing sector</i> with respect to Corporate Social Responsibility is a good way to establish the most important issues for the sector overall. Furthermore, <i>ethical behaviour with the competition is essential if the company wishes to become an example in good practices</i>.</p> <p>By means of good knowledge of the competition, it is avoided that the weaknesses are used by the competitors, while Vidrala gains a competitive advantage provided that it has a proactive and innovative attitude demands the demands of its environment.</p>	<p>By means of the corporate website, Vidrala provides those interested companies with the key information on its performance. The Group has a Communication and Marketing Department ready to solve any demand from its stakeholders.</p>



External Stakeholders

STAKEHOLDERS	DIALOGUE CHANNEL
<p>Communication media:</p> <p>It is one of the main ways to disseminate the Vidrala performance and activity. Even though the degree of control over the media is limited, the Group includes it when managing the very activity of the organisation. In order to guarantee the dissemination of good practices or actions in Social Responsibility, Vidrala must ensure that the media is duly kept informed.</p> <p>In addition to the general media, the presence online of companies is increasingly more fundamental to be known in the market. The relationship between companies and the net must be constant and frequently updated. Therefore, social networks have become an ideal medium to disseminate the business performance, by consolidating the links with the stakeholders.</p>	<p>Corporate website and issuing periodic press releases. Publishing an Annual Report and Sustainability Report. Attendance at fairs, forums and conferences. Creating corporate channels in YouTube, LinkedIn and Twitter.</p>
<p>Financial institutions:</p> <p>Particularly related to shareholders and investors, Vidrala gives great importance to the opinion that financial institutions have of the organisation. It is essential to ensure a <i>strong and profitable image</i> externally to ensure good relations with banks.</p>	<p>Own space in the website with stock market and financial contents.</p> <p>Department of Relations with Investors, along with specific periodic press releases, with financial and economic contents.</p>
<p>Stock exchange and economic information portals:</p> <p>Along with the mainstream communication media, it is <i>the main way by means of which shareholders, investors and financial institutions receive the information about the economic performance of the Vidrala Group.</i></p>	<p>Corporate website and recurrent publications, such as the Annual Report and Sustainability Report.</p> <p>Public presentations of new features, attending specialist events and contributing to sector newsletters.</p>
<p>Sector information portals/publications:</p> <p>The news about companies in the sector play a double role: They provide information on the actions taken by other companies in the sector while at the same time allowing Vidrala Group practices, results and actions to be disseminated.</p>	<p>The company has Occupational Health and Safety Committees, Company Committees and Equality Commissions.</p>
<p>Trade fairs for the glass container and related sectors:</p> <p>Particularly key group for all those actors working in the <i>glass sector</i>. It is the main way to disseminate the <i>new customer-orientated aspects</i> introduced by the customer-orientated Group, investors and other groups of the sector.</p>	<p>Directly through the Organisation Department and through its website, with regular updating of news and the publications available. There is a specific section on the corporate website with information on Vidrala's endeavours to improve the conditions of its local environment. The Group also regularly reports on its performance through its Annual Report and Sustainability Report. It also is in direct contact with sector associations.</p>
<p>Workers' Organisations/Trade Unions:</p> <p>Representatives of one of the key stakeholders for Vidrala, its employees, the main concern is about the working conditions and the job situation in relation to Vidrala.</p>	
<p>Non-profit Associations</p> <p>They act as <i>a link between the local community and the locally-based companies</i>. The opinion of this group also particularly affects the opinion of Vidrala's current and potential customers. Ongoing dialogue with these associations prevents the creation of a poor corporate reputation and helps to progress in social commitment.</p>	



3.4 The involvement of the stakeholders in the routine operations of Vidrala

For the glass container manufacturing sector, in the same way as for the majority of the industrial sectors and even society in general, 2011 was part of a difficult downturn, where even the smallest step forwards is encouraging. The Vidrala Group, aware of this widespread situation, wants to continue to fight for the social and economic development of the environment where it operates. However, it does not wish to participate alone, quite to the contrary. Therefore, and making use of the available management tools, it encourages its main stakeholders to establish ties and share common goals.

The stakeholders become key players when it comes to decision taking when it comes to taking strategic decisions regarding Corporate Social Responsibility. Times change and companies such as Vidrala no longer react to pressure groups, but rather use a proactive attitude to construct common projects when they firmly progress towards sustainable business models.

However, not all stakeholders have the same influence on the decisions of an organisation. This represents a challenge as the balance must be sought between the interests and specific expectations of those stakeholders where it could be expected that they have a greater interest in development of a Social Responsibility policy, and others, broader ones, that represent the accounting to all stakeholders.

The year 2011 saw an important change in the way Vidrala approaches its stakeholders. Despite continuing with the communication channels already established by the different departments of the organisation, importance has been given to preparing this Sustainability Report, which provides information to all the agents that require it on the environmental, social and economic performance of all the plants of the Group and of its parent company.



A PROACTIVE ATTITUDE TOWARDS THE MATERIAL GROUPS FOR THE COMPANY:

- It enables the company to learn from the experience of its stakeholders, which generates process and product improvements.
- It develops mutual trust between company and stakeholder.
- It enables the optimisation of resources, solving problems that the organisation could not solve alone.
- It strengthens the capacity of the company to assess and manage risks.
- It provides the opportunity to learn about the products and services of other companies, along with their attitude to common issues with Vidrala.
- Learning from other interesting experiences and good practices.

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Taking a step further forwards, the Vidrala Group involves its stakeholders in the day-to-day of the organisation and the way in which it has done for the first time this year could not offer greater guarantees in terms of **commitment, trust and transparency**. Proof of this is the incorporation of one of its stakeholders to its recently established Materiality Committee.

Yet, the work cannot be achieved alone and a partnership project has even been set up to work together in the field of Sustainability. On a two-year time scale, 2011-2012, the **Spanish Association of Glass Container Manufacturers (ANFEVI), the Vidrala Group and the members** work, side by side, to promote Sustainability in the companies of the Sector and its stakeholders.



3.5 Some actions to be highlighted in 2011

By way of an example, a series of actions and events that the Group has implemented in 2011 is set out, thus showing the way that Vidrala believes that it must progress towards the integration of Social Responsibility. In short, a series of simple exemplary actions but with a great social impact, which help to tighten the ties between stakeholders and the company.

I ALEX URIARTE INNOVATION AWARD

CATEGORY: Fostering Innovation • TOPIC: Supporting the workers' initiative

Description of the Event:

The Alex Uriarte prize is awarded to those innovation initiatives that can contribute greater value to the organisation. This year, it was awarded to the team made up by JOSÉ MANUEL DELICADO VILLAESCUSA (from Crisnova) and MAIDER SANTAMARÍA BRAVO (from the Vidrala-Central R&D&i Department), for the launch, development and implementation of the "RFID Project" (radio-frequency identification device to control the finished product).

The award, apart from its symbolic prestige, also involves a financial contribution of 5,000 Euros, which, this year, has been donated to two NGOs related to the fight against childhood cancer, at the request of the winners.



CATEGORY: Local community • TOPIC: Integrating disabled collectives

ORGANISATIONS INVOLVED



Description of the Event:

Work Enclaves have been set up in all the Vidrala Group plants located in Spain and the first one dates back to 2007. The physically or mentally disabled work there right alongside the members of the workforce in different areas of the Vidrala production process. They mostly carry out tasks associated to the product quality. The Group considers this partnership, which has been up and running for over 5 years, as an example to be followed of solidarity applied to efficiency and value creation for the company, in keeping with the corporate values focused on ethics and the person

Integration of disabled workers at the Vidrala plants in Spain

PLANTA	AIALA VIDRIO	CRISNOVA VIDRIO	CASTELLAR VIDRIO
Partner Company	LANTEGI BATUAK	FUNDACIÓN ASLA (Asprona Laboral)	TEB VALLÉS SCCL
Nº of people employed	10	10	12
Type of disability	Mental, physical	Mental, physical	Mental
Tasks/Responsibilities	Annealing , andscrapping	Annealing	Refurbishingpallets and annealing



CATEGORY: Comunidad Local • TOPIC: Estrechar Lazos con la Comunidad

ORGANISATIONS INVOLVED

**SOCIEDAD MICOLÓGICA
DE LLODIO**

Trabajadores de  vidrala

 Fundación Vasca Esclerosis Múltiple
Eugenia Epalza Fundazioa


JATOR
ABESBATZA

 Description of the Event:

Specifically, the Vidrala plant at Llodio, Aiala, organised the **II Open Day** on 1 October, for all its employees and their families, which around 1,400 people attended. Volunteers from the Basque Multiple Sclerosis Foundation were also at the event. All the money collected during the day went to that organisation. The volunteers were in charge of organising different activities, from children's workshops to the bars set up around the plant.

The Llodio Fungi Society was also involved and donated some 8,500 pintxos (tapas), along with the Jator Abesbatza choir that provided the background music. In short, a highly successful day both in terms of the number of visitors and the quality of the activities, and the atmosphere throughout the day.



4. 2011 PERFORMANCE

4.1 IN FINANCIAL TERMS: STRIVING FOR PROFITABILITY

4.1.1 MANAGEMENT APPROACH

Vidrala's operations are based on an ethical, personal and professional vision that is implemented at all levels of the organisation, beginning with its management bodies. The Group sees the manufacture of glass as a combination of environmental and social commitment with financial solvency Growth, but not at any price.

For an organisation as large as the Vidrala Group, economic aspects are a key element for sustainability. Elements such as internationalisation, opening up new commercial opportunities and striving to produce innovative products are key to guaranteeing a future for the organisation. Shareholders and investors make



a decisive contribution to assuring that future, as one of the main groups with an interest in ensuring that Vidrala's operations are capable of generating economic value. A specific area of the new corporate website launched in November 2011 is given over to them. Good financial results are also beneficial to the group's customers, suppliers and employees as a whole.

To achieve such results, the Group strives to match its output and its furnace capacity to the needs of the market, seeing the ability to adapt to present circumstances as a way of ensuring a long-term future.

In its efforts to attain financial and environmental efficiency, Vidrala has made significant investments this year in reconstructing one of the furnaces at its Gallo Vidro plant in Portugal. In spite of the considerable investment required, such actions enable the organisation to continue increasing its molten glass output while at the same time improving its environmental performance. Following a restructuring process, the MD Verre plant has now consolidated the recovery in its operations, which has helped to stabilise indicators there.

2011 was an important year for Vidrala in many aspects. First, in terms of improving the logistics of the organisation. In a continued effort to apply innovation throughout the value chain, in the course of the year Vidrala completed the start-up of an innovative system based on RFID technology which has enabled automatic control to be implemented throughout the stores management and order shipping process. This innovative system helps to reduce the number of logistical errors and is expected to bring significant improvements and benefits in terms of customer satisfaction.

“TO ENSURE THE ECONOMIC SOUNDNESS THAT CHARACTERISES VIDRALA THE ORGANISATION HAS CONTINUED TO MAKE PRODUCT QUALITY, INNOVATION AND THE PROVISION OF VALUE FOR CUSTOMERS ITS WATCHWORDS”

En un enfoque más amplio, se han de destacar que, además de las plantas de producción con que cuenta, este año, Vidrala ha consolidado una extensa red comercial, que le permite contar con presencia en los principales mercados de Europa.

Looking beyond production plants, 2011 saw Vidrala consolidate abroad commercial network which gives it a presence on the leading European markets.



Comprehensive data on the financial management of the Vidrala Group in 2011 can be found in the 2011 Annual Report and the corresponding annual accounts. This Sustainability Report seeks to supplement those data by providing the fullest possible vision of the organisation's performance. To that end, following the layout proposed in the Global Reporting Initiative, the main economic indicators are included below as a reflection of Vidrala's performance in 2011.

Even when the focus is on corporate social responsibility, it is important to highlight the significance of profitability. For a corporate group such as Vidrala to be sustainable, the first requisite is that its operations should be profitable. Depending on the type of activity, this may mean financial profits or social and environmental benefits. In the case of the Vidrala Group, incorporating data on the year's main financial impacts into the sustainability report is a key point in outlining the organisation's main financial achievements.

As can be clearly seen from the financial figures, profits last year reveal that Vidrala depends for a financial success on its own management efforts and day-to-day work rather than on aid from the public authorities.

Main financial results of the Vidrala Group (2009-2011)

	2009	2010	2011
Cumulative sales (€M)	382.4	405.9	433.3
Operating costs (thousands of euros)	209,183	207,408	234,293
Employee remuneration and social welfare benefits (thousands of euros)	91,351	91,222	96,264
Payments to funding providers (thousands of euros)	20,818	17,921	18,845
Payments to public authorities (thousands of euros)	11,173	11,312	11,549
Contribution to the community (thousands of euros)	61	74	146
Retained economic value (€)	49,814,000	77,963,000	72,466,512

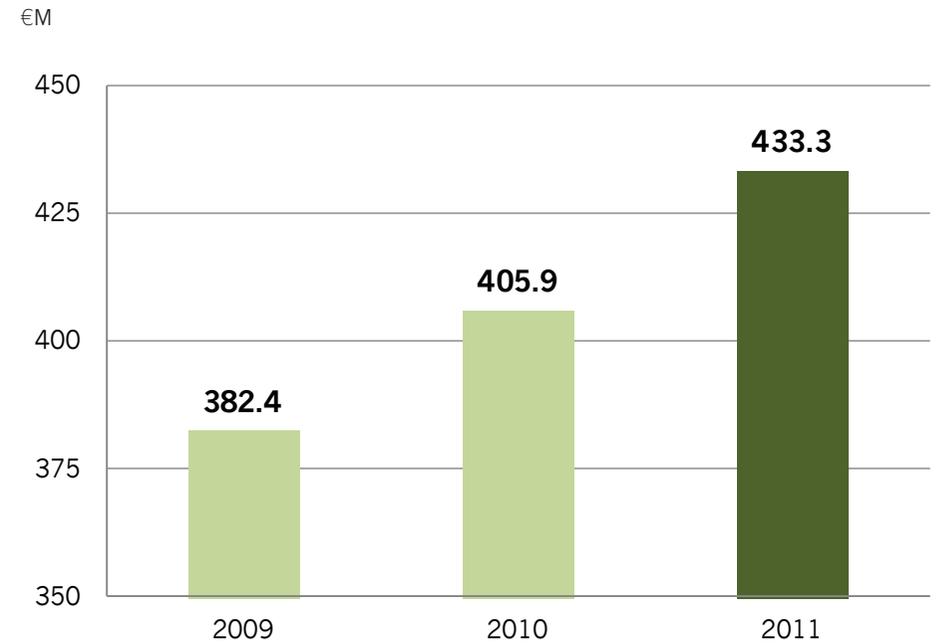


4.1.2 Financial performance

In overall terms, the Group's operating income for 2011 was €61 million and its net profit was €43,7 million. This was not achieved by chance: as this report shows, ongoing efforts by all the different areas of the organisation produced results at the year end of which everyone can feel proud.

The Vidrala Group consolidated its position in 2011 as one of Europe's major glass container manufacturers. The Group maintained the positive trend of previous years, with sales up by 6.3% on 2010. The merit for this strengthening of the Group's position relative to its competitors is supplemented by the additional efforts made to achieve financial success in business in today's tough economic climate.

Trend in cumulative annual sales figures of the Vidrala Group



Payments and operating costs were generally higher than in the previous year. Payments to funding providers. These increases were offset by the increases in sales achieved by the Group during the year.

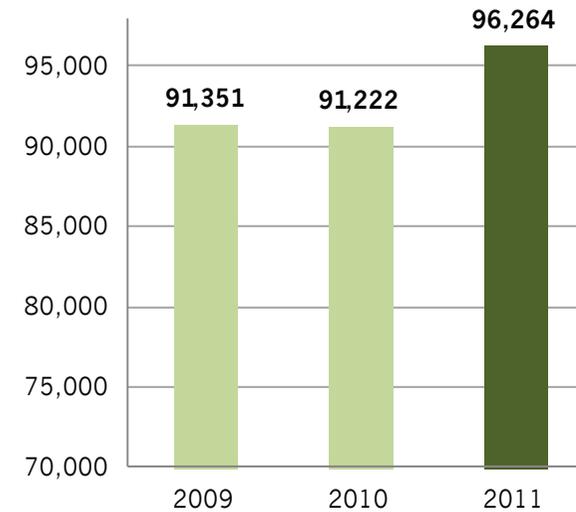
	2009	2010	2011
Operating costs	209,183	207,408	234,293
Payments to funding providers	20,818	17,921	18,850
Payments to govts	11,173	11,312	11,549

The importance of this point is that this figure corresponds to tax payments which, ultimately, provide welfare for everyone. This is evidence of the substantial contribution made by the organisation to improving the economy wherever the company has a presence.

The Group has consolidated a position as an organisation committed to people in general and to members of the local community in particular. In line with Vidrala Group policy corporate profits must be destined to assuring the business competitiveness and contributing to the development of the countries where the group operates.

Trend in salaries and social welfare benefits for Group employees

Thousands of euros



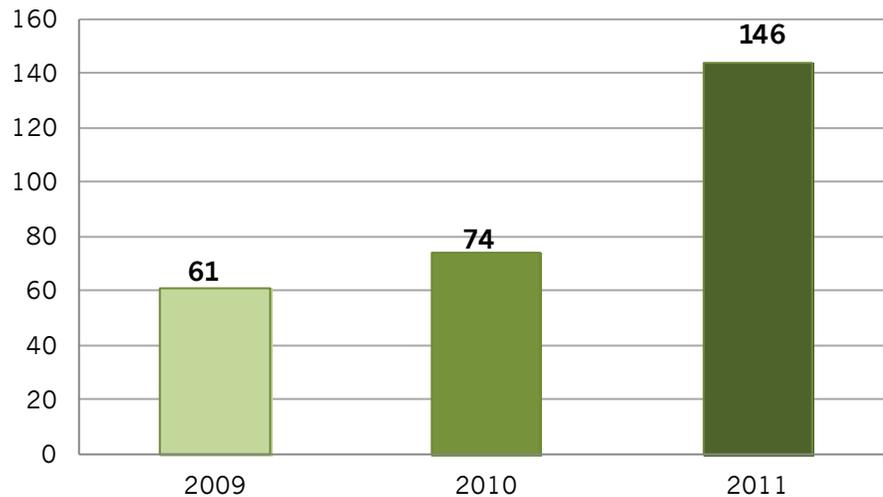
As an organisation committed to the local community, the Vidrala Group earmarks part of its profit for use in improving the social environment in which it operates. In this line there was an increase of 95% on the previous year, which means that almost twice as much was invested in local communities. Once again, the Group has shown its commitment to all its employees, customers, shareholders and investors. And it has done so against the background of a delicate economic situation in which corporate investment in local communities has gradually decreased. The Vidrala Group thus stands out as a proactive player in galvanising the local areas where it operates and providing high levels of added value.

The development of policies to foster the implementation of social welfare benefits, voluntary retirement plans, schemes for reconciling family life and work and other schemes aimed at enhancing the well-being of employees are a basic value in human resource management of the Vidrala Group.

The Group's employees currently enjoy a number of social welfare benefits, in line with the regulations in force in the countries where the Group operates. These include schemes to help reconcile family life and work, flexible working hours, paid leave, long-term leave and reductions in working hours, among others. Other social programs are also set up, such as social welfare systems and flexible remuneration policies, all with the same purpose: To encourage Vidrala employees to see every container manufactured as their own.

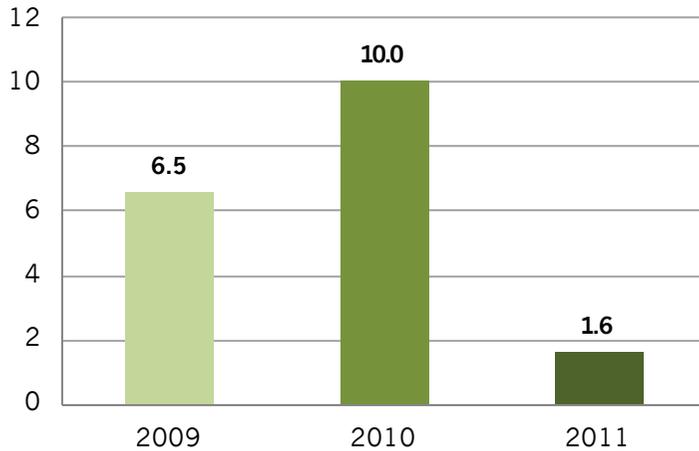
Trend in investment in the community by the Vidrala Group

Thousands of euros



Financial Aid³

EUR Millions



There are no national governments among the shareholders of the Group in any of the countries where it operates. However, as a creator of jobs and a producer of economic benefits for society in general, the organisation receives support from public administrations and benefits from deductions and zero interest loans. These aids are always provided under the framework of legislation and applied in strict compliance with the law.

In view of the sharp drop in public sector funding aid, the good results obtained by the Group are particularly noteworthy. They show that Vidrala is capable of renewing itself year after year, staying on the path of growth and improving its financial figures while optimising the aids granted to it.

³ The information shown includes the sum total of direct income shown in results from subsidies received by each Group company and the capital amounts of zero-income loans. Finally, estimated figures for tax deductions applied in 2011 are included.



4.1.3 Market presence of the Vidrala Group

For Vidrala improving the welfare of its employees is important, whatever post they may hold and the country where they work. Quality of life and welfare are directly linked to people's income. Hence the organisation's interest in fostering transparency in such a significant aspect for one of its main stakeholder groups, i.e. its employees. A comparison of the minimum wage in each country and

the organisations standard starting wage shows that the latter is higher than the minimum set by law in all cases (by an average of 70%). This difference is particularly evident in the plants in Italy, Spain and Portugal, where the legal minimum wage is lower than elsewhere in Europe.

Ratio of legal minimum wage to starting salary per country (euros & percentages: 2009-2011)

		SPAIN	PORTUGAL	ITALY	BELGIUM
2009	Legal minimum wage	8.736,00	6.300,00	9.147,60	16.644,00
	Standard starting wage	15.122,27	10.787,00	20.916,00	19.341,92
2010	Legal minimum wage	8.866,20	6.650,00	9.240,00	16.980,00
	Standard starting wage	15.588,98	10.864,00	21.252,00	19.864,15
2011	Legal minimum wage	8.979,60	6.789,96	9.240,00	17.322,48
	Standard starting wage	16.056,65	11.222,51	21.783,30	20.460,08

		SPAIN	PORTUGAL	ITALY	BELGIUM
2009	Legal minimum wage	100%	100%	100%	100%
	Standard starting wage	173%	171%	229%	116%
2010	Legal minimum wage	100%	100%	100%	100%
	Standard starting wage	176%	163%	230%	117%
2011	Legal minimum wage	100%	100%	100%	100%
	Standard starting wage	179%	165%	236%	118%

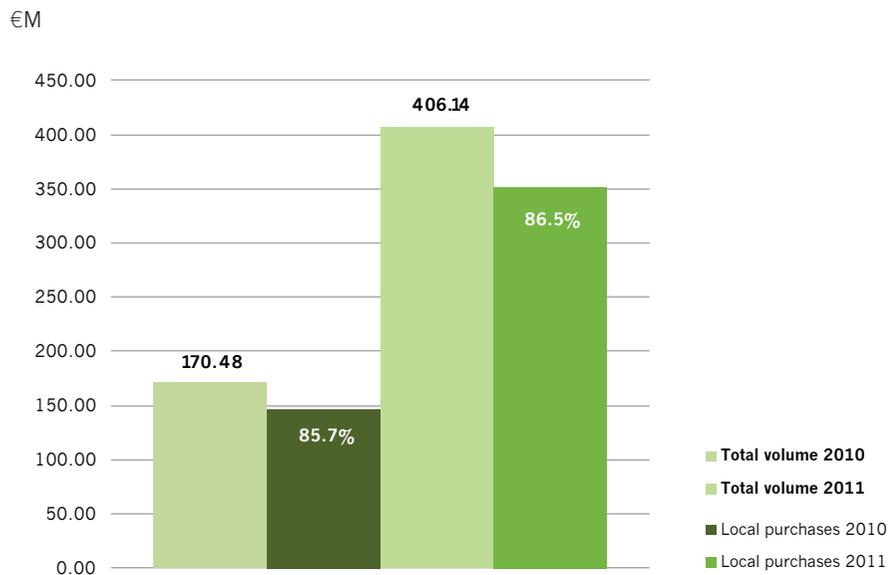


The Vidrala Group is committed to fostering local economic development wherever it operates. The organisation helps to generate wealth not only by providing jobs but also by establishing financial links with local suppliers ⁴.

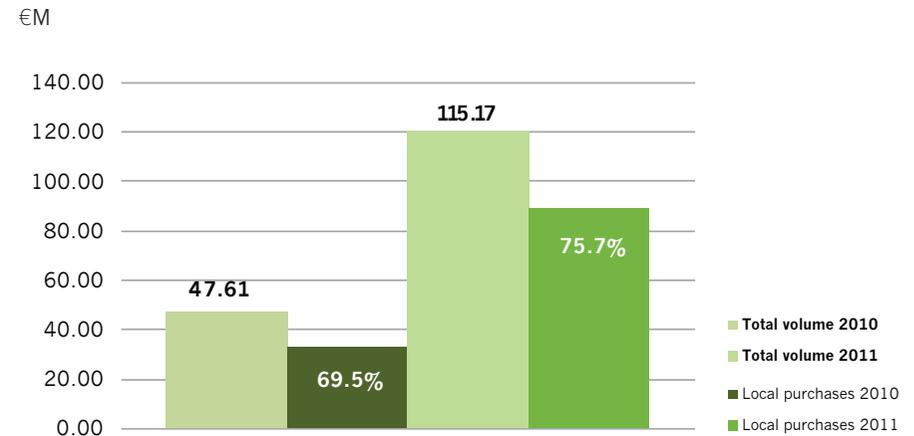
Over 60% of the suppliers used by the company are local in all the countries where it operates. This shows how important Vidrala is in developing the economies of the regions where it has a presence.

By way of example, the following graphs show the percentages of local suppliers⁵:

Total volume of purchasing and percentage of local suppliers of the Group in Spain, 2010-2011



Total volume of purchasing and percentage of local suppliers of the Group in Portugal, 2010-2011

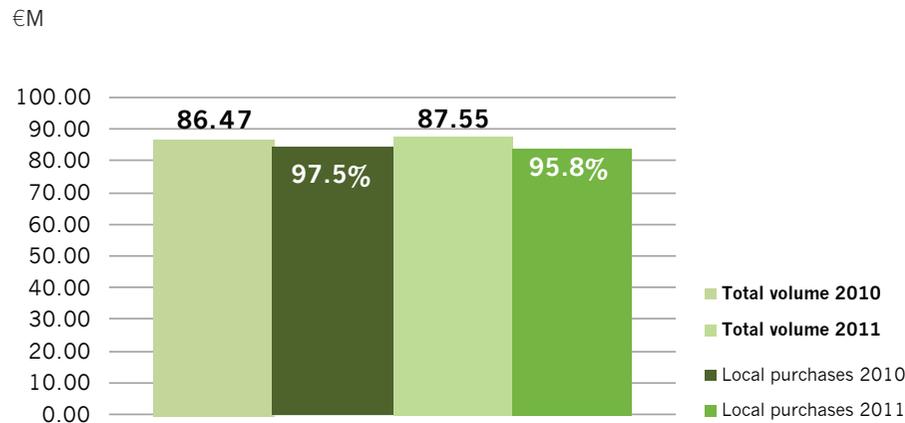


⁴ For Vidrala “local suppliers” means suppliers based in the countries where the Group operates, i.e. Spain, Portugal, Italy and Belgium.

⁵ A plant by plant breakdown of data can be seen in Table EC06 in Annex 5,2 of the report.



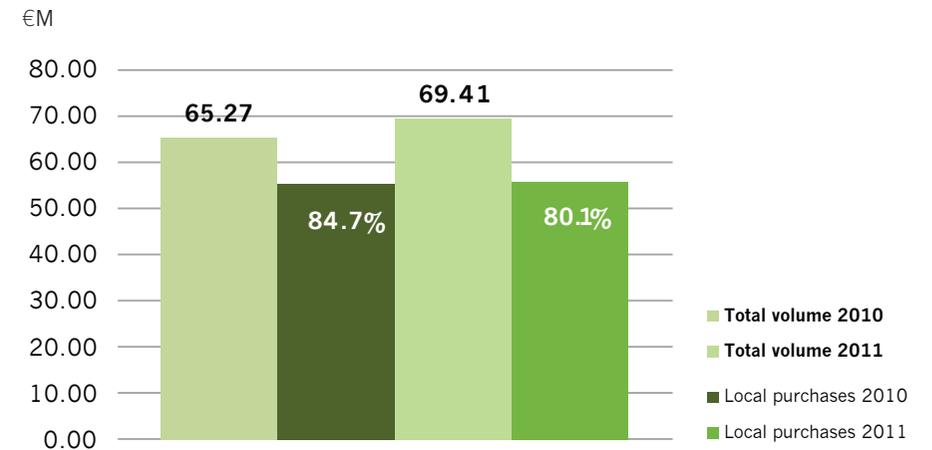
Total volume of purchasing and percentage of local suppliers of the Group in Italy, 2010-2011



The management of Vidrala apply a hiring policy based always on non-discrimination and equal opportunities. Recruitment of personnel is thus not influenced by race, religion, age or gender: the accent is rather on the merits and aptitudes of each individual.

In an organisation where the human component plays a leading role, where it takes the efforts of a large number of people to create each bottle, great emphasis is placed on the professional development of employees.

Total volume of purchasing and percentage of local suppliers of the Group in Belgium, 2010-2011



The Group therefore applies components of policy of internal promotion aimed at developing the careers of its personnel through career paths leading from less-qualified posts to management posts, assuring equal opportunities for all Vidrala Group people. This internal promotion policy is based on a professional classification system drawn up on the basis of job descriptions and professional profiles.

In its personnel recruitment processes, the Group prioritises members of the local community. In this regard, co-operation agreements have been drawn up with various organisations and institutions to facilitate the recruitment of skilled personnel for the Vidrala workforce. The objective is to integrate the values and culture of local communities into the development of the Group's business project.





The application of these principles is exemplified by the makeup of the management staff⁶, 95% of whom are drawn from local communities. Only 5% are brought in from outside the area.

⁶ In the Vidrala Group “top management” means those persons who occupy managerial posts and take an active part in strategic decision-making.



4.1.4 Indirect economic impacts

The effects of actions taken by organisations such as the Vidrala Group usually extend beyond their immediate environment, especially as regards economic aspects. 2011 saw major investments that are expected not only to bring in short-term profits but also to have direct repercussions in terms of future economic benefits.

These investments will also bring a number of indirect benefits, the environmental impact of which must be considered when assessing their value. Most of these benefits are felt indirectly, since all actions to combat or mitigate climate change result in future savings, in that they avoid the need to earmark further funding for the recovery of damaged environments. This report on the environmental performance of the organisation lists the main environmental investments made in 2011 and the benefits they are expected to be derived from them.

Vidrala Group plants do not have a system for assessing the needs of communities affected directly or indirectly by their industrial operations. Indeed, no such assessment system is considered necessary in view of the organisation's high level of local commitment. The management of Vidrala are aware of the risks and the needs of the immediate environment, and apply all the resources at their disposal to offset those risks⁷.



RISKS & OPPORTUNITIES FOR VIDRALA OPERATIONS ARISING FROM CLIMATE CHANGE

The manufacture of glass containers consumes a great deal of energy, so its effects on climate change are significant. Vidrala is aware of this problem, and factors climate change mitigation measures into its management of environmental aspects. The Group has also developed an in-house policy to combat climate change, aimed mainly at limiting GHG emissions. That policy is based on energy efficiency and on the use of low-carbon fossil fuels, in the firm conviction that a commitment to the environment is a necessary part of efforts to improve economic performance. The furnace reconstructions regularly carried out at various Group plants are evidence of that commitment⁸.

The R&D Area of the Vidrala Group has demonstrated its commitment by developing projects to encourage the use of low-GHG-emission materials. This entails modifying the composition of the materials used in making glass. The management of Vidrala keep abreast of the recommendations and targets proposed by international organisations such as the United Nations and the European Union.

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⁷ For more information see subsection 4.3. "The social environment: engaging with people".

⁸ To learn the scale of these projects, see subsection 4.2 Investment & Spending on Environmental Matters in this Sustainability Report.



The Vidrala Group and the other companies in its sector face the following major challenge for the year 2020: to reduce emissions by 21% on the figure for 2005. This is a tough challenge, since the glass manufacturing sector already applies many of the most advanced, best available technologies, so further reductions can only be achieved by increasing the use of cullet. This calls for active policies on the part of the EU, national and regional authorities to encourage the recycling of glass and, especially, its separation by colours.

Thanks to the measures and projects fostered by the Group on a day-to-day basis, progress is being made in ensuring that container manufacturing at Vidrala has the right blend of profitability, environmental friendliness and social development.



4.2 .- IN ENVIRONMENTAL TERMS: CLEANER WORKING

4.2.1 Management approach

“AT VIDRALA WE ARE GLASS; IN ESSENCE WE ARE NATURE – WE ARE ENVIRONMENTALLY FRIENDLY. GLASS IS THE ONLY ENTIRELY, INDEFINITELY RECYCLABLE MATERIAL: FROM ONE GLASS BOTTLE IS ITS POSSIBLE TO MAKE ANOTHER EXACTLY THE SAME, CONSERVING ALL ITS PROPERTIES AND QUALITIES.”

This is how Vidrala’s Environment Policy refers to incorporating the concept of sustainability as part of the DNA of the organisation.

The Vidrala Group is committed to sustainable development, to creating a future for us all without losing sight of the present, because it is possible to engage in industrial work successfully while maintaining a true social balance with nature. This challenge cannot be met with good intentions alone: a business model needs to be set up that factors in environmental management and social management of impacts in a responsible, committed fashion.

Vidrala is well aware of the environmental constraints with which it must work year by year as it manufactures glass containers: energy consumption, emissions into the atmosphere and waste production. However it sees these constraints as opportunities for improvements, as challenges to be met on the road to progress and sustainability.

The Crisnova Vidrio plant implemented ISO Standard 14001 and obtained the relevant certification in 2003, and all the Group’s plants in Spain and Portugal did likewise by 2006. This ensures not just a single, common framework for environmental management but also an acknowledgement of the efforts made to bring the process into line with applicable environmental regulations, to improve

operational control and to attain continuous improvement in environmental management. The Vidrala Italia plant obtained the same certificate in 2009. 2011 was an important year for the group in this regard, as the certification of the MD Verre plant in October marked the attainment of an ambitious objective: **ISO 14001 certification at all the Group’s plants.**

Environmental management based on certified systems helps to reduce environment-related risks and to ensure compliance with legislation, with the various commitments undertaken and with the Group’s own in-house regulations. These certificates establish a system of continuous improvement in environmental management and consolidate the principles set out in the Group’s environment policy (which can be read on the corporate website).

The main operational elements of the Group’s environmental management system are the following:

- The environment policy.
- Identification & assessment of environmental aspects.
- Objectives related to continuous improvement in the environmental performance of the organisation and of its products.
- Monitoring and control indicators.

Every year the Vidrala Group’s plants establish the checks to be performed on aspects subject to measuring and control plants and environmental monitoring programmes, which are laid down in monitoring plans and/or working instructions. Current plans are posted on the IT data management system for purposes of preventive maintenance. Preventive and corrective maintenance at Vidrala Group plants is controlled via the IT data management systems in place.





In recent years, Vidrala has implemented a centralised environmental management model through its Glass and Environment Directorate, which provides support for the environment heads at each plant, co-ordinates their work and seeks to standardise management forms and tools across all plants. This model facilitates networking and joint efforts to achieve the environmental objectives of the Group, share experiences and knowledge and encourage innovation in environmental matters through pilot schemes for various plants and products.

Every year the organisation earmarks significant financial investments for improving the technology used to manufacture its containers, focused mainly on melting furnaces, which are a fundamental part of the production processes. Although these actions require considerable investment, the money is recouped thanks to the resulting benefits. Cases in point include the reconstruction of Furnace 2 at Aiala Vidrio and Furnace 1 at Crisnova Vidrio in 2009, of Furnace 1 at Aiala Vidrio in 2010 and of Furnace 4 at Gallo Vidrio in 2011, which marked the last link in a long chain of improvements in the group's environmental performance.



4.2.2 Environmental performance

Stakeholders in industrial activities require more and more detailed information on environmental performance. Vidrala's stakeholders are no exception: from shareholders and investors to employees, they all ask for information on trends in environmental management. In response the Group provides a comprehensive account of its environmental performance in 2009-2011 in its Sustainability Report, not only disclosing results for the past year but also showing trends over a given time frame.

As shown below, Vidrala's environmental performance shows a positive trend that can only be explained in terms of the group's firm commitment to seeking the right balance between financial yield, engagement with improving the local environment and minimising the environmental impact caused by its operations. The Group's employees understand how important it is that they do their jobs without harming the environment. This philosophy runs through all the Group's policies, giving them a significant, environmentally-friendly slant.

But the commitment of the Vidrala Group to the environment goes further and extends to improvements and new developments outside its plants. Thus, the Group takes an active part in environmental initiatives in its sector, based on a position of commitment and willingness to work on projects to reduce the environmental impact of its operations. In 2005 Vidrala joined the Voluntary Environmental Agreement for the Glass, Ceramics and Lime Sector. This agreement seeks to achieve environmental improvements in these sectors at the level of the Autonomous Community of the Basque Country. This agreement, like those soon to be signed at both regional and national levels, marks a period of firm commitment to action and to joining forces across the sector with a view to improving environmental performance. Once again Vidrala is at the heart of things, forming part of the core group of companies engaged with and committed to the environment and their local surroundings.

The Group subsequently joined the Stop CO2 Euskadi scheme, and in 2011 signed up to the Basque Country's Eco-Efficiency Programme, in which it has played an active role in the working groups set up to design the Sustainable Development Strategy in the Basque Country to 2020.



It is impossible to talk about Vidrala's environmental performance without referring to the environmental performance of its products. All the containers manufactured by Vidrala contain a high proportion of recycled glass (in 2011 the average figure was 40%), which makes for considerable savings in natural resources and a more rational use of energy. The Group strives always to steadily increase its capability for feeding cullet glass into its furnaces, in the awareness that every little helps. The environmental benefits of recycling glass include savings on raw materials, reductions in the amount of waste sent to landfills, reductions in energy consumption and reductions in GHG emissions.

2011 saw an important step forward in the environmental performance of Vidrala's products. In reaction to requests from stakeholder groups for clearer information on the environmental performance of the products that they acquire, Vidrala decided to take the initiative and act even before any legal obligation was introduced. The Vidrala Italia plant distributed information on environmental aspects in the form of an environmental performance report on its products. Vidrala drew up an environmental product declaration for a model from its current Natura range. This document reflects the Group's efforts to make its containers more and more innovative and sustainable by investigating new forms and methods of production and new types of container that can meet the demands of customers without jeopardising the balance of the environment.

THE VIDRALA GROUP AND THE ENVIRONMENTAL PRODUCT DECLARATION

In 2011 THE Vidrala Group developed an EPD (Environmental Product Declaration). This was done at the Group's Vidrala Italia plant in Milan.

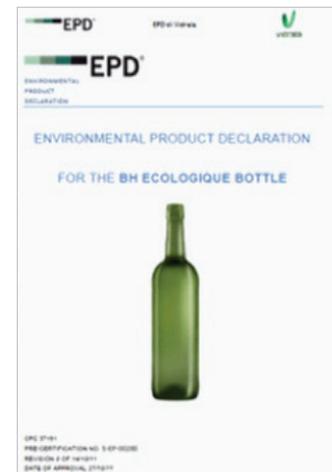
EPD™ IS AN INTERNATIONAL SYSTEM THAT ENABLES FIRMS AND ORGANISATIONS SUCH AS VIDRALA TO REPORT ON THE ENVIRONMENTAL PERFORMANCE OF THEIR PRODUCTS IN A CREDIBLE, UNDERSTANDABLE FASHION.

For this first EPD, Vidrala selected the BH Ecologique wine bottle. This 75 ml bottle is dark green in colour and has a BVS threaded neck and a specific weight of 390 g. A lightened glass bottle that reflects Vidrala's commitment to sustainability and innovation.

The assessment of the production system covered raw material production and the supplies used, the production process itself and the transportation of the energy vectors and the end product, plus the intermediate transportation involved.

All stages of the production and use of materials were included: from the purchase of raw materials from suppliers to the production and marketing of the bottle. The study covered the transportation required to supply raw materials and other consumables, the transportation of rejects to their point of destination and the internal delivery movement stages.

Following the external auditing of documents at the Italian plant, the Environmental Product Declaration was issued in October 2011.



The event was widely reported in the digital media, on blogs, social networks, sectoral portals, etc. Indeed, the Ecolaboratorio blog by Clemente Alvarez, a journalist specialising in environmental matters, used the EPD™ drawn up by Vidrala as the basis for a long article on the recycling of glass, with its limitations and particularities. The Environment Area of the Group made a significant contribution to this article. The article also featured the opinions of ANFEVI (National Association of Glass Container Manufacturers) concerning the current situation and figures for glass recycling in Spain.

In a preview of the environmental results achieved in 2011, some major facts and figures are presented which give an idea of the constancy of the Vidrala Group and its commitment to improving its environmental performance as an organisation and that of its products year by year.



WE HAVE CONTINUED TO FOSTER THE USE OF CULLET GLASS IN MAKING OUR PRODUCTS: 40% OF CULLET WAS INCORPORATED IN 2011

WE REDUCED OUR WATER CONSUMPTION PER TON OF COTAINER GLASS MANUFACTURED BY 14% FROM 2009 TO 2011

THE TOTAL AMOUNT EARMARKED FOR ENVIRONMENTAL INVESTMENT AND SPENDING IN 2011 WAS €2,304,080

WE REDUCED OUR FOSSIL FUEL CONSUMPTION PER TON OF GLASS MANUFACTURED BY 2.23% ON 2010

42% OF THE WASTE PRODUCED BY THE GROUP IN 2011 WAS VALORISED.



In view of the extensive nature of the environmental data presented in line with the requirements of the Global Reporting Initiative, and to ensure that the data given on the environmental performance of the Group can be easily understood, the rest of this chapter is divided into four sections:

4.2.2.1 Resource consumption: raw & ancillary materials, energy & water

4.2.2.2 Emissions into the atmosphere

4.2.2.3 Waste production & management

4.2.2.4 Protecting the natural environment

4.2.2.1 RESOURCE CONSUMPTION: MATERIALS & RECYCLING OF GLASS

MATERIALS

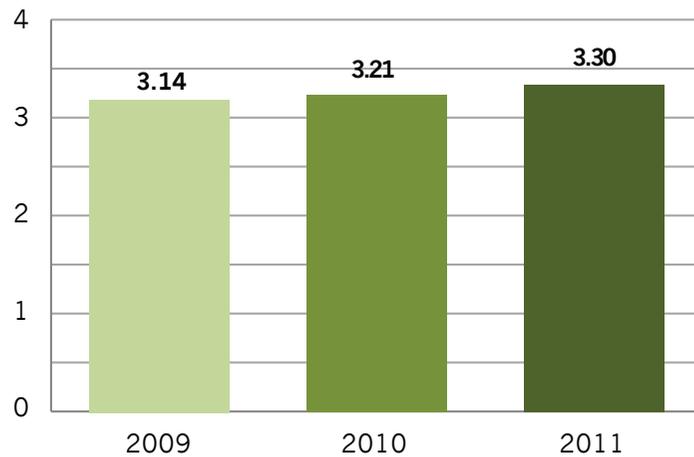
From the cradle to the cradle. Glass is the only material that can be recycled infinitely without losing its properties. Every time a glass container recovered at the end of its useful lifetime is fed into a furnace, savings are obtained in raw materials, energy, CO2 emissions and waste production. Recycling is a closed circuit, which makes it optimum.

 **Ton of molten glass (t.v.f):** The reference unit for the glass industry is the ton of molten glass. Data based on this unit enable an organisation to assess its own performance and compare it with other firms in the sector.



Total glass container output of Vidrala Group plants in 2009-2011

Billions of containers



One way in which Vidrala seeks to differentiate its products is by gradually increasing the proportion of cullet glass used in their manufacture. However, there are several factors that condition efforts to increase sustainability in this way. The first is concerned with people's attitudes to waste separation: the percentage of glass collected for recycling is lower than might be desired. Secondly, the possibility of using cullet glass to make new bottles depends on the colour required by the customer: The more transparent the new bottle must be, the less cullet can be used in making it. With the current state of the art, Vidrala's plants could take up a higher proportion of glass from selective waste collection, though the reasons given above mean that the proportion of cullet used varies from one plant to another. Even so, this possibility of incorporating recovered materials has enabled Vidrala to maintain a high level of supply of cullet glass from selective recycling to its furnaces. **In 2011 recycled glass accounted for average of 40% of every ton of molten glass produced.** Overall, during the year more than 500,000 tons of cullet have been used. This drop was caused mainly by the colour requirements of the glass manufactured. In this regard the production of clear glass is particularly significant, since it can only incorporate up to 10% of cullet glass, all of which comes from rejects from the in-house production process.

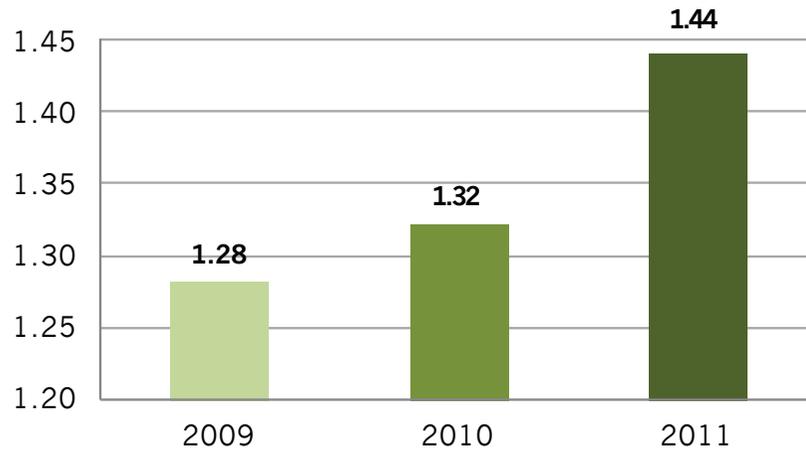
142

The Vidrala Group is aware of the environmental impact of its operations as a container glass manufacturer. The most immediate of those impacts is probably its consumption of raw materials. As a result, all the Group's plants strive year by year to increase the proportion of recycled cullet glass that they use. However, production requirements mean that a certain level of output and standard of quality must be maintained, and it is inevitable that new raw materials be consumed in manufacturing its products. Thanks to its Natura range, Vidrala is working towards finding solutions that enable it to meet the output and quality requirements of its customer while also reducing the proportion of raw materials needed in the process.



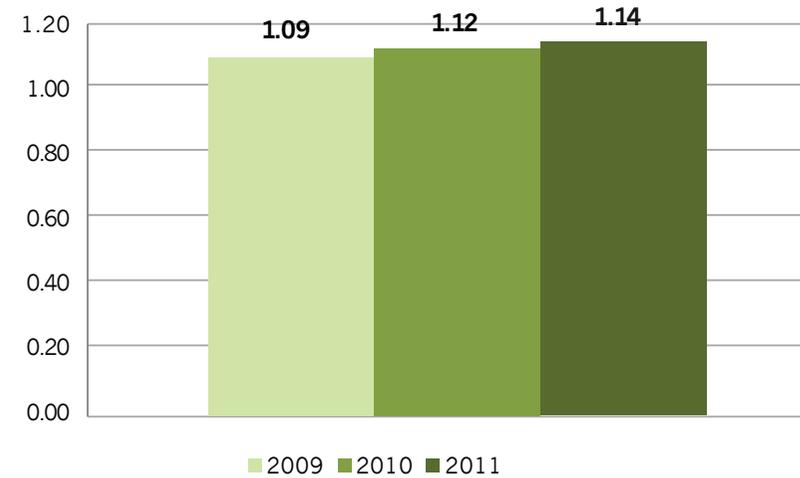
Total raw material consumption

(In millions of tons)



Total raw material consumption

(Tons/ton of molten glass)



In relative terms, the ratio of raw material consumption per ton of molten glass increased slightly due to increased demand in 2011 from container output across the group as a whole, and to fluctuations in the amount of cullet available which prevented higher proportions of recycled materials from being used.



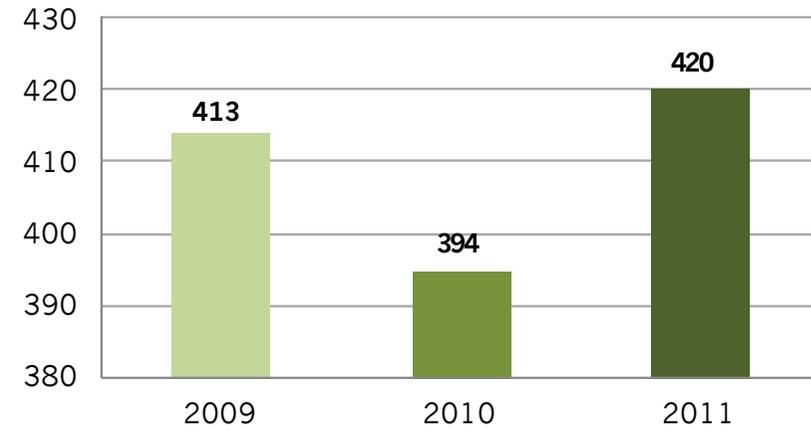
At the same time, consumption of ancillary materials increased in line with increases in raw materials that four of the Group's plants. This report indicates the quantities consumed of those ancillary materials which are considered significant for the production process.

Quantity of ancillary materials consumed by the Vidrala Group in 2011 (t)

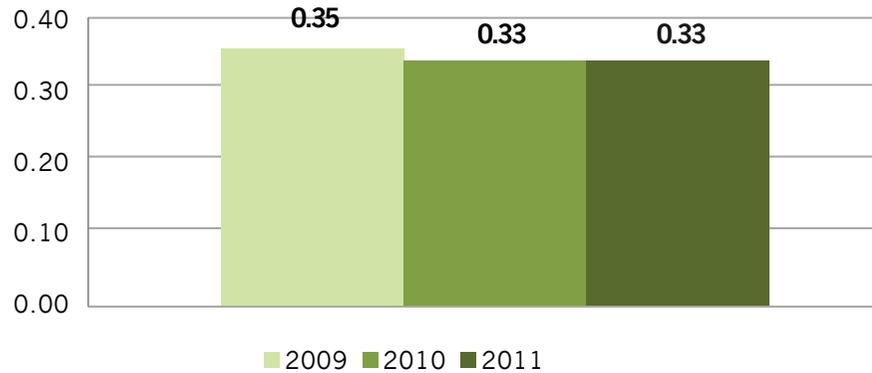
	Consumption in 2011 (t)
Product used in the hot layer	91,88
Drilling fluids	70,49
Automatic machine lube oil	170,13
Mould lube oil	88

Total ancillary material consumption

Tons

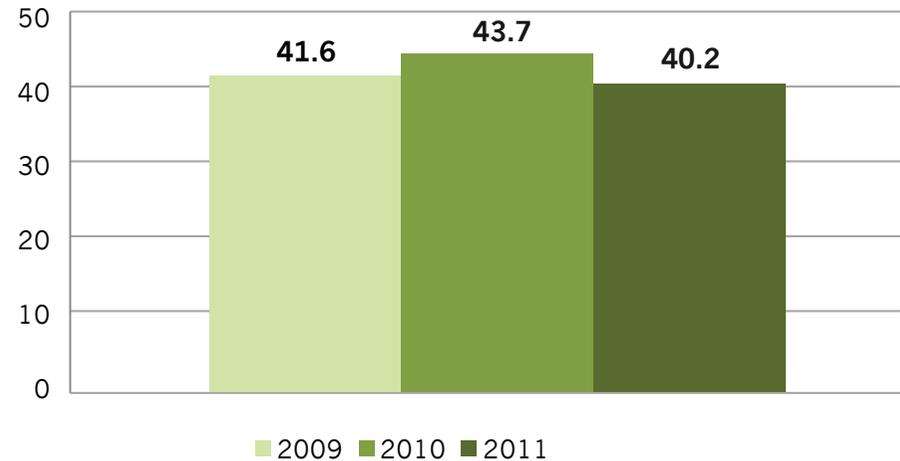


Total ancillary material consumption
Kg/ton of molten glass



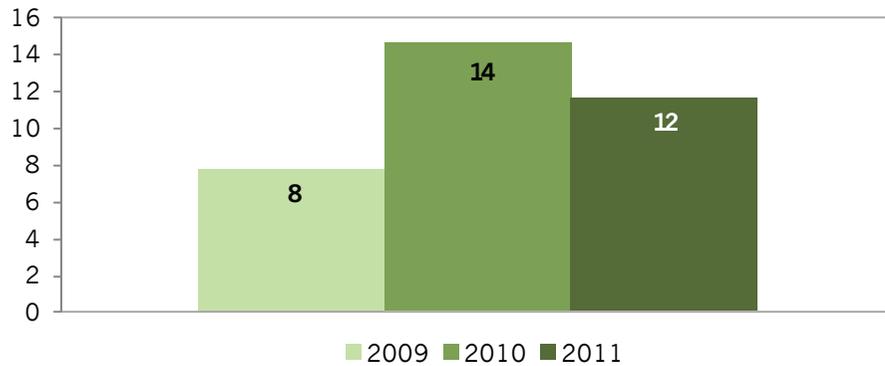
The Group has also made a major effort to encourage the reuse and recycling of materials rather than the use of new materials whenever technology and availability permit. The total figures for consumption of raw materials and packaging materials include the figures for valorised materials. Among all the materials and packaging products consumed, Vidrala reuses cullet glass, the sulphate from the electro-filters installed at its plants and the pallets and plastic fillets used in transporting containers to customers. As mentioned above, the colour of the glass required and the difficulty of ensuring a steady supply meant that the percentage of cullet glass used in 2011 was somewhat lower than in the previous years. However, Vidrala is confident that it will be able to increase its glass recycling rate in the coming years.

Vidrala Group glass recycling rate
%





Vidrala Group sulphate recycling rate
%

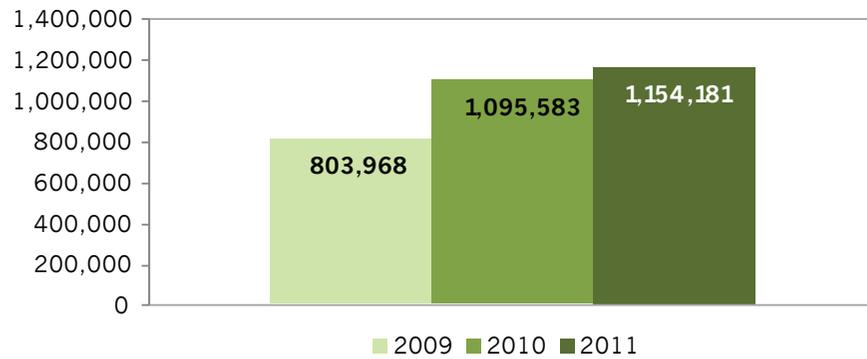


Vidrala is able to valorise sulphate thanks to the electro-filters installed at its production plants. The particles collected in the flue gas treatment system comprise 98% sulphates that can be reused in the production process in place of new sodium sulphate as a refining agent. These sulphates can be reused in the production process provided that the technical conditions of the plant and the characteristics of a glance to be manufactured permit it.

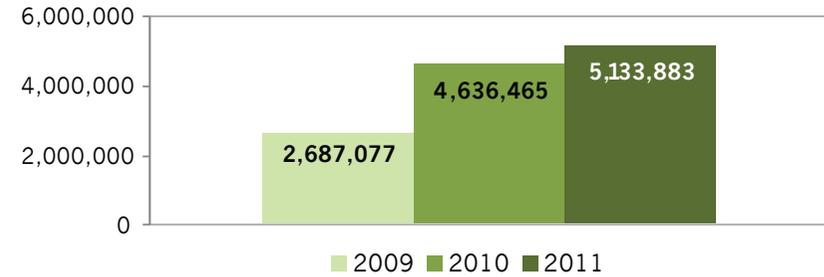
Another strategy used by the Group to reduce ancillary material consumption is to minimise and reuse as far as possible the packaging and transport materials employed to take finished products to customers. Wooden pallets and plastic fillets are among the items that account for most weight in this regard. Pallets are used on a closed-circuit basis. They are used to take glass containers from the production plants to customers and returned empty for reuse over and over until they wear out. Only then are new pallets or fillets acquired. The same goes for plastic fillets, though in this case there is a middle-man between the customer and Vidrala who ensures that they are still technically fit for use.



Total n° of times pallets are used at the Vidrala Group

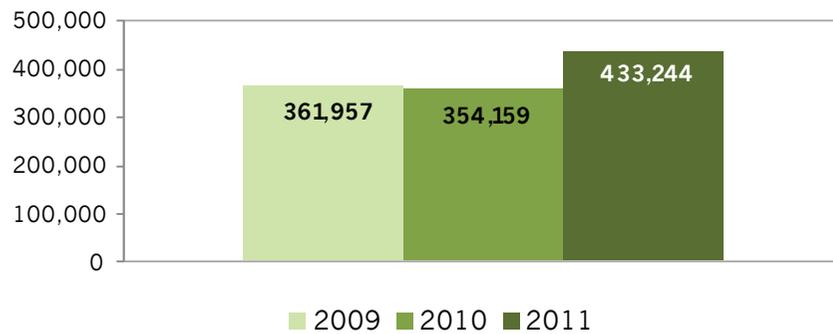


Total n° of times plastic fillets are used at the Vidrala Group



N° of pallets acquired by the Vidrala Group

Units



The increase in glass container production in 2011 brought with it an increase in the number of times that pallets and plastic fillets were used, and necessitated the purchase of more units as the existing ones wore out. In spite of these increases, Vidrala is confident that the closed-circuit return and reuse system is the best way of blending quality in customer deliveries with optimal use of resources.



WHAT IS NATURA?



Natura is the ultimate example of the Group's interest in and commitment to optimising the environmental aspects associated with the glass containers that it manufactures and to developing new ways of providing products that are more efficient in terms of energy consumption.

Early in 2011, the Vidrala Group launched a range of more environmentally friendly products on the market Under the name THE NATURA RANGE. This first catalogue of more sustainable products comprises 13 types of bottle (in Bordeaux, Burgundy and Champagne formats) manufactured with a technology that enables their weight to be reduced but ensures that there are still fully compatible with their predecessors. Making lighter bottles saves a considerable amount of raw material and reduces energy and water consumption, which in turn reduces CO2 emissions per unit produced.

In fact it takes 11.4%⁹ less raw material to make Natura range bottles than equivalent conventional models. The change has no effect on the properties that make glass ideal for use as a container for conserving foodstuffs: the Natura range is still inert, non-deformable and harmless to the product that contains. But it does affect environmental issues: it reduces the amount of raw material consumed, reduces electricity consumption at production plants, emits less GHGs and produces less waste.

Although it has only recently been incorporated into the group's product catalogue, the Natura range is already a success and some of its models are now among the company's biggest sellers.

⁹ According to the Environmental Product Declaration drawn up for the Nature BH Ecologique bottle, which weighs 390 g, compared to the 440 g of the conventional Bordeaux format bottle



ENERGY

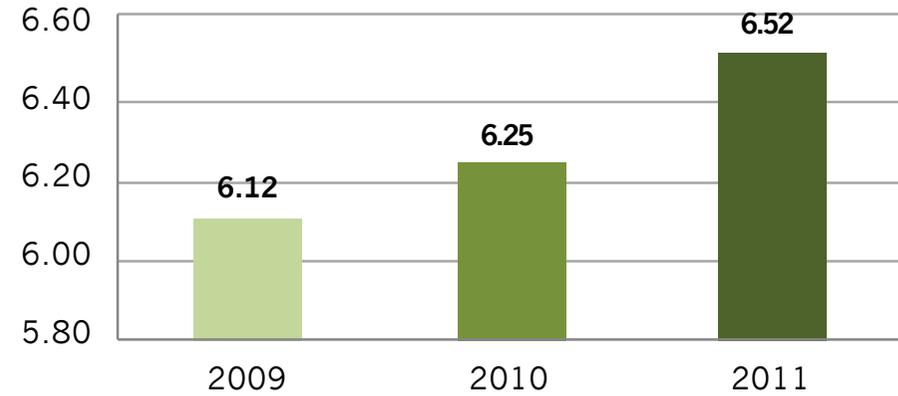
Reducing energy dependency is a priority for the container glass manufacturing sector in general and the Vidrala Group in particular. Energy consumption, like material consumption, is a significant environmental aspect for the Group. Considerable effort and investment is therefore earmarked for this field.

Reducing energy consumption not only saved the company money but also benefits the environment by reducing emissions. However, energy consumption is directly linked to the number of glass containers produced, so any increase in output is necessarily accompanied by an increase in energy consumption.

In 2011 Vidrala's average direct energy consumption¹⁰ increased by 2.72% on the figure for 2010 (this figure does not include electricity consumption, which is reported separately).

Direct primary energy consumption

(In Millions of GJ)



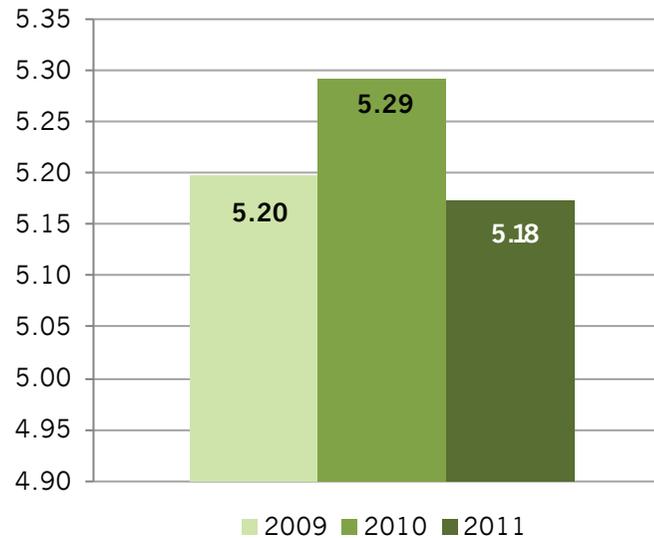
150

¹⁰ Siguiendo con las directrices marcadas por la guía GRI, Grupo Vidrala considera consumo directo de energía el que tiene como origen, principalmente, Gas Natural y, en menor medida, otros combustibles derivados del petróleo.



Trend in direct primary energy consumption at the Vidrala Group

GJ/ton of molten glass



The Group's energy consumption ratio moves in line with the trends in resources indicated above. Increases in output result in increases in total consumption, but the ratio of direct energy consumption per ton of molten glass actually dropped in 2011. This environmental improvement was achieved largely thanks to the reduction in consumption associated with the reconstructed furnaces, bearing in mind that the gas consumption of a furnace is directly linked to its age.

For the technical environmental team at the Vidrala Group the figure that really reflects the environmental performance of its plants is that for energy consumption per ton of molten glass. For instance, the Castellar plant produced 20% more molten glass in 2011 than in 2010 but its energy consumption increased by just 15%.

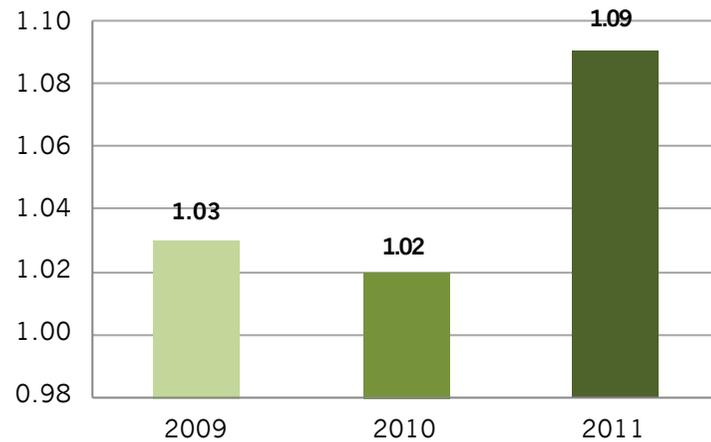
This means that there is a need for more energy resources and greater effort to optimise consumption. Vidrala seeks to manufacture more bottles while consuming less energy in the process, in the knowledge that it has at its disposal the latest advances in glass manufacturing.

All the Group's indirect primary energy requirements are met with electricity. The tendency reported in regard to direct consumption is also evident here: The plants in Spain increased their requirements in line with increased glass output, while those elsewhere consumed less than in 2009.



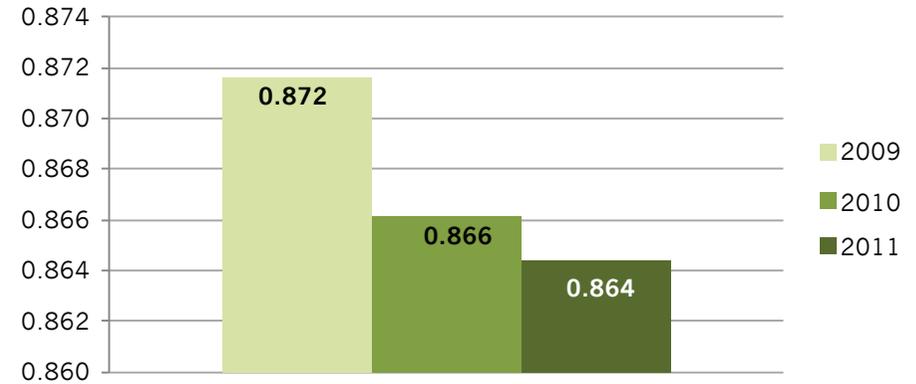
Total indirect primary energy consumption

(Electric energy, in millions of GJ)



Trend in indirect primary energy consumption at the Group

GJ/ton of molten glass



For the third year in succession the Group improved its electricity consumption.

The modernisation of furnaces and the use of more efficient post-melting processes enabled consumption associated with glass production to be improved steadily year by year.

In all, the Vidrala Group reduced its direct energy consumption per ton of molten glass by 2.2% from 2010 to 2011. Electricity consumption in the same period decreased by 0.2%.



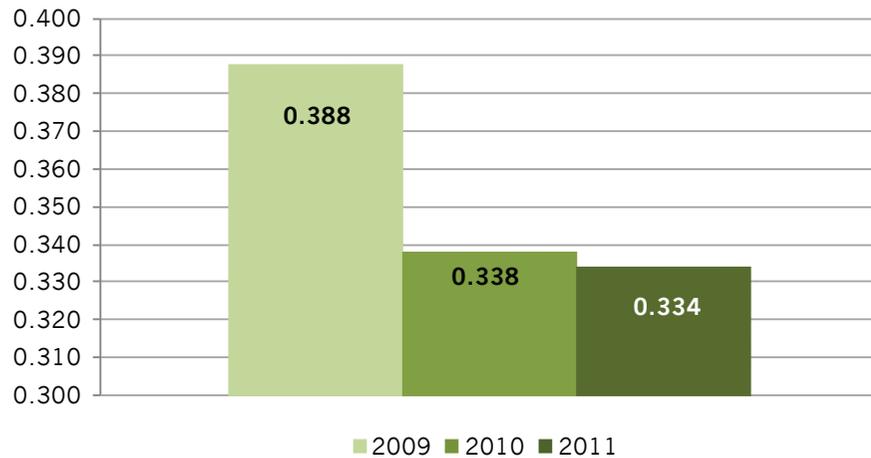
WATER

Vidrala's production process uses large quantities of water to cool the equipment at various stages. This in no way affects the final quality of the water used, so the Group is able to reuse much of this water. In general lines there is a downward trend in water consumption thanks to the gradual introduction of data analysis measures.

From 2009 to 2011 the Vidrala Group managed to achieve of 14% reduction in water consumption per ton of glass manufactured. 64.7% of the total amount of water was reused and recycled.

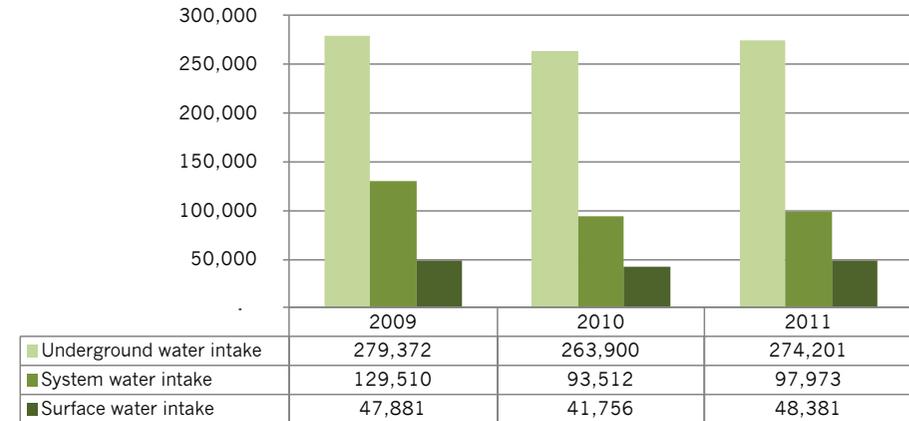
Trend in total water consumption at the Vidrala Group

m³/ton of molten glass



Total water intake per source & year at the Vidrala Group

m³



All the Group's plants draw the water that they need from the local mains supply, from underground wells and from water courses, in strict compliance with the regulations established by the relevant public authorities. The tendency at all the plants is to consume less, and none of them currently exceeds the limits set. For instance, in 2011 the Aiala Vidrio plant had permission to draw off 283.824 m³, but its actual intake was just 48.831 m³, 83% below the limit set. Moreover, none of the water sources used is particularly sensitive or requires special protection, as the total intake does not exceed 5% of the total annual volume of water in those sources.

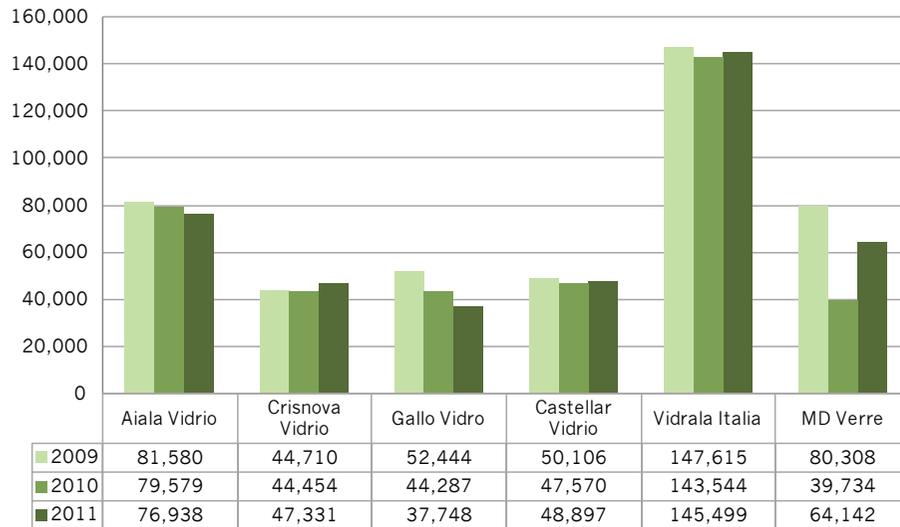
The Group seeks to optimise all the resources that it consumes, including water. This is reflected in the downward trend in the quantity of water consumed per tonne of glass manufactured.

The Group guarantees that all the water use at its production plants is taken from sources for which it has offtake permission under current legislation in the relevant countries. The Group's plants operate on a closed-circuit basis for most of the processes, especially those which require most water. This makes it possible to decrease consumption per ton of molten glass year after year. However, a small proportion of the water used in processes and for maintenance and upkeep is usually lost when circuits are bled and in other similar circumstances. In these cases the water discharged complies with the environmental legislation on consumption and discharges in all the countries where the Group operates.

With the recycling rate achieved in 2011, discharges from all six production plants total 148.455 m³. Similarly, the Vidrala Group guarantees that water discharged from its plants has undergone appropriate treatment prior to being returned to the environment, not just to meet the requirements of law but also to minimise any potential environmental impacts.

Trend in total water consumption at the Vidrala Group

M³



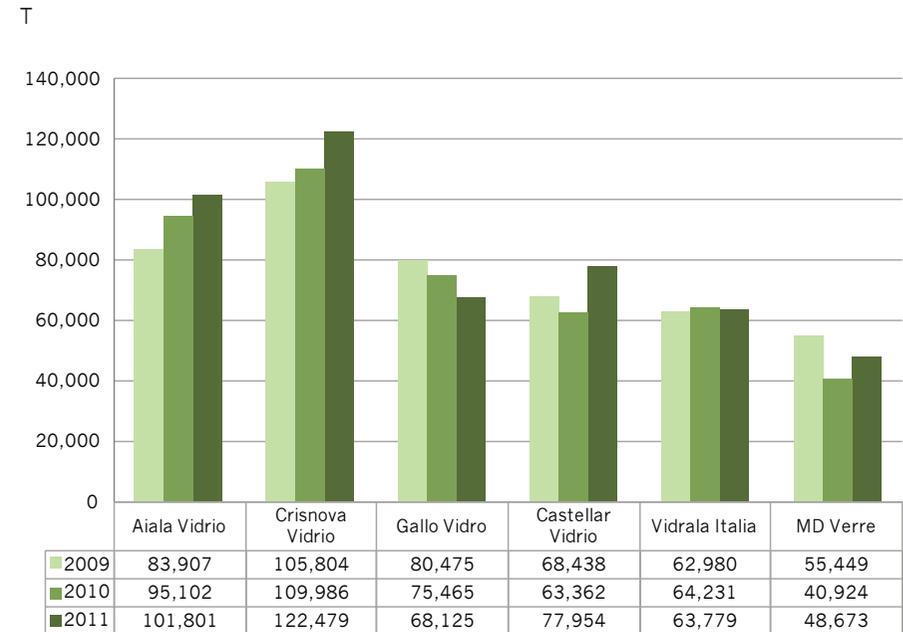
4.2.2.2 Emissions into the atmosphere ¹¹

The Vidrala Group is one of the companies involved in emissions trading for GHG's. Much of its work is focused on improving glass melting processes, as it is in these processes that ultimately determine GHG emissions.

In the period covered by this report the group has continued to work on emissions trading on a sectoral basis. May 2011 saw the publication of an EU decision regulating the methods to be used to apply for emission allowances for the forthcoming period of 2013-2020. That decision seeks first and foremost to achieve a Europe-wide commitment to reduce CO2 emissions by 20% on 2005 figures by 2020. The Vidrala Group and the other members of the various associations of glass manufacturers are working actively on this matter at sectoral level. In this regard, meetings have been held with high-ranking technical staff from the Ministry of Industry and the Climate Change Office to inform them of the situation in the sector. The idea is to help draw up the document which is to lay down the directives for emissions trading from 2013 to 2020.

¹¹ The data on direct emissions into the atmosphere shown in this report have been checked by an external organisation for the period in question. Only the data on indirect emissions originate solely from calculations and estimates carried out in-house.

Direct CO2 emissions per plant

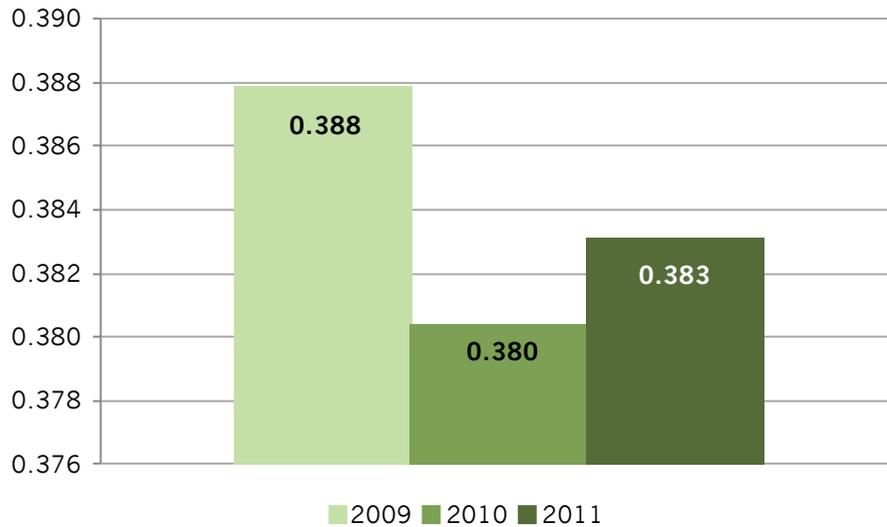


In 2010 emissions were lower than in 2009, mainly because less glass was produced (because of the furnace reconstruction processes). In 2011 the quantity of molten glass produced was 6.9% higher than in 2009. This resulted in emission levels also being higher, reflecting the need to meet market demand.

Vidrala continues to work to reduce its energy dependency to the extent that technical capabilities and demand for products by customers permit it. This energy optimisation effort seeks to minimise emissions from fossil fuel use.

GHG Emissions

T/ton of molten glass



Specifically, the Vidrala Group strives always to develop projects that enable it to improve its management of hard-to-tackle environmental aspects such as emissions. In that regard the Group has been working since July 2011 with IHOBE (the Basque Government's publicly-owned environmental management company) on a project to draw up a GHG emissions declaration as per ISO 14064. This project consists of calculating and publishing CO2 emission data throughout the product life cycle under a number of criteria that allow approximations to be made. The Aiala Vidrio plant has been taken as a pilot plant with Vidrala as the parent company. The intention is to extend the project to the rest of the Group's plants at a later date.

OTHER GHG EMISSIONS

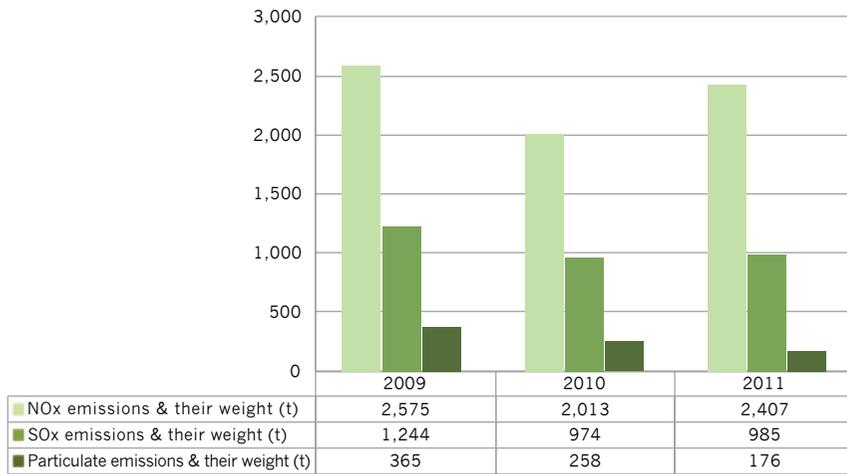
The effects of climate change are being felt more strongly year by year. Organisations from different areas have therefore joined forces to reduce those effects as far as possible. Vidrala's contribution to this is to apply all those measures in its power. The main such measure is to reduce fuel consumption and optimise transportation of finished products though, as indicated in the previous section, energy is a critical aspect for the glass manufacturing sector. The Group is doing this not just to cut back its emissions of CO2, one of the main greenhouse gases to be reduced, but also to reduce other atmospheric contaminants, such as NOx, SOx and particulates.

The figures for total emissions and emissions per ton of molten glass show that the group is moving in the right direction: emissions of NOx and particularly of SOx and particulates have decreased for three consecutive years and in 2011 were lower than in 2009.



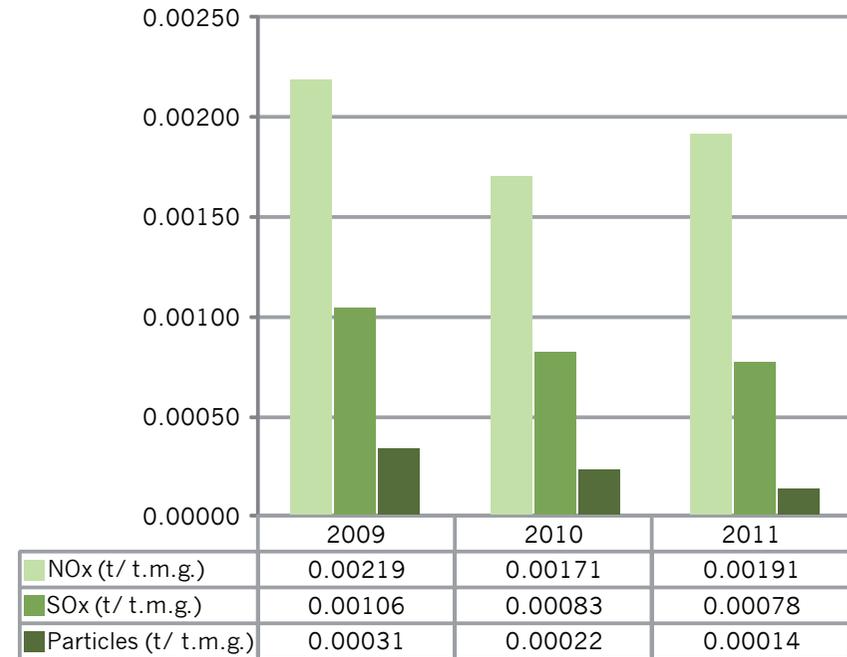
Trend in emissions into the atmosphere per contaminant

T



Trend in emissions into the atmosphere per contaminant

T/ton of molten glass



Several particulate and SOx treatment systems were installed in the period covered by this report. 2011 also saw the installation at the Crisnova Vidrio plant of an AMS (Automatic Measurement System) similar to those already in place at Gallo Vidro, Castellar Vidrio and Vidrala Italia. These new systems permit rigorous, regular, automatic monitoring of compliance with limit values for emissions under the regulations in force in each case.

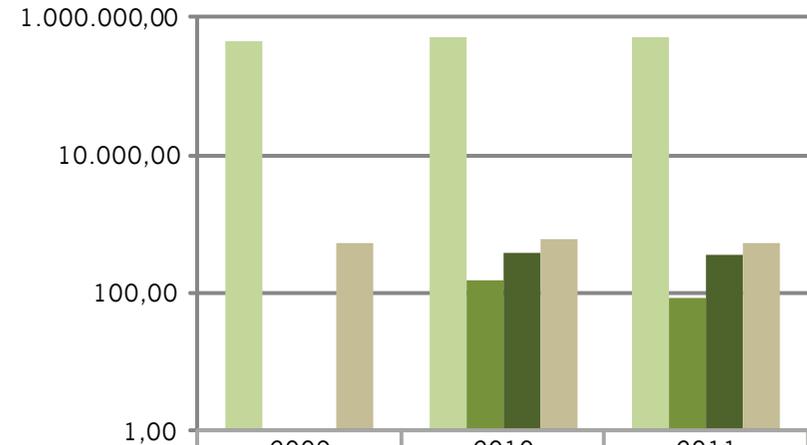
In the container glass manufacturing industry as a whole, plants tend to be located within a 400 km radius of their customers. To ensure fast, steady supplies, products are transported mainly by road. When emissions from product transportation are analysed jointly in comparison to other indirect emissions, they therefore account for a much smaller percentage¹².

¹² To estimate indirect emissions into the atmosphere from product transport and journeys by personnel at the Vidrala Group the following sources were used:

- Instituto para la Diversificación y el Ahorro de Energía [Association for Diversification & Energy Saving] (emission factors associated with road transport and company travel)
- Ecological Transit Information Tool (Emissions associated with rail transport)
- Green Paper on Transport & Climate Change (Emissions associated with sea transport)

Indirect CO2 emissions per source & year

T de CO2

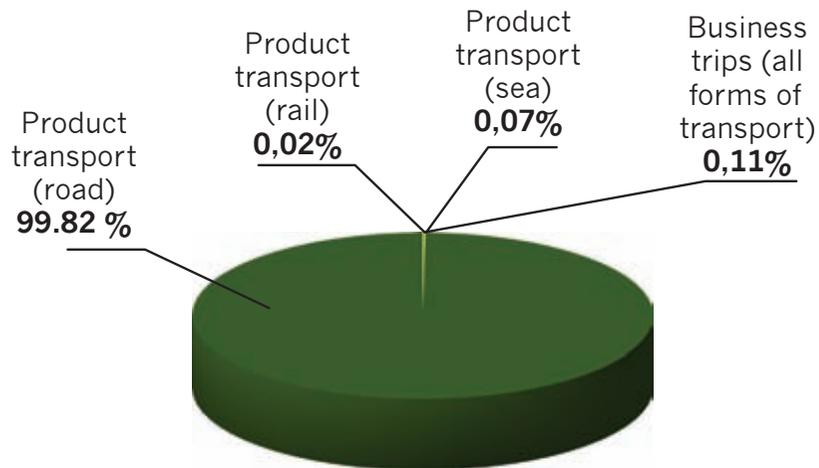


	2009	2010	2011
t CO2 · Trans. by Road	452.370,77	497.830,82	496.091,46
t CO2 · Trans. by Rail	NA	154,10	83,33
t CO2 · Trans. by Sea	NA	390,85	358,71
t CO2 · Business Trips	546,36	592,23	524,24



Breakdown of indirect CO2 emissions by sources for 2011

%



Minor indirect emissions at the Vidrala Group come from finished product supplied by rail or sea and from business trips. In any case, the weight of these three sources is far lower than that of road transport.

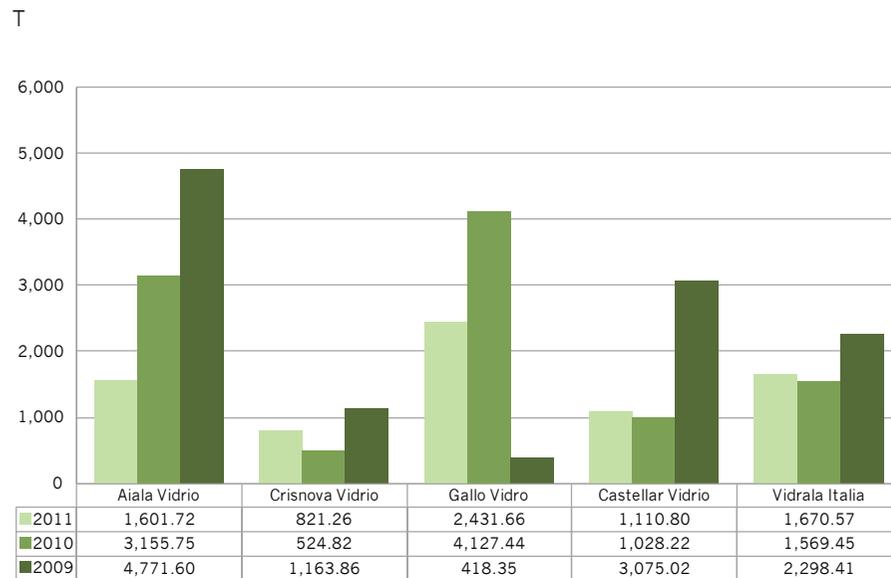
The policy of the Vidrala Group is to minimise the use of other substances that may cause emissions that damage the ozone layer. Their use is therefore restricted to fire-extinguishing and refrigeration equipment. Such equipment is maintained as required by law, so emissions into the atmosphere can occur only in case of loss or accident.



4.2.2.3 Solid waste

A distinctive characteristic of the process used by Vidrala is that part of the waste material produced (defective & broken containers, etc.) can be reincorporated at the start of the process. Unlike other production processes, much of the waste produced at each plant is thus reused without even leaving the premises, in line with the philosophy that the best waste is that which is never produced.

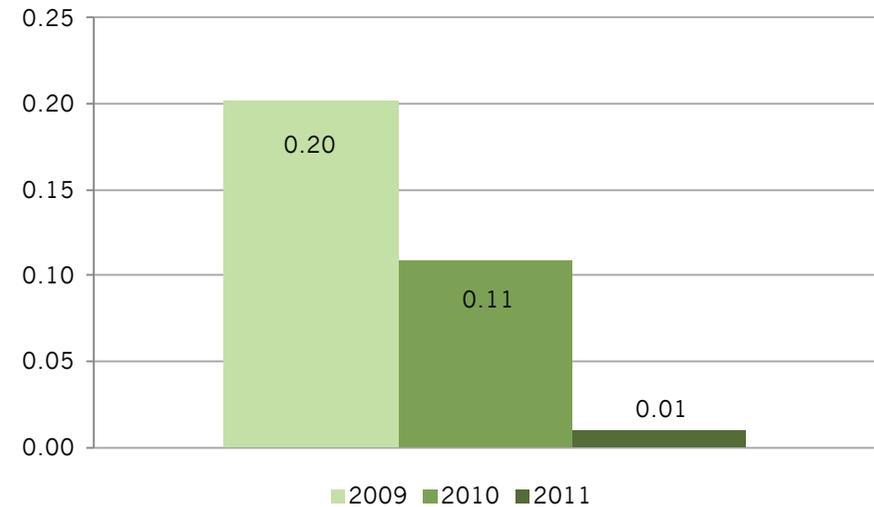
Total waste produced per annum at Group plants (except MD Verre)¹³



¹³ A detailed analysis of waste production at the MD Verre plant is presented in the following figure.

Quantity of waste produced per ton of molten glass

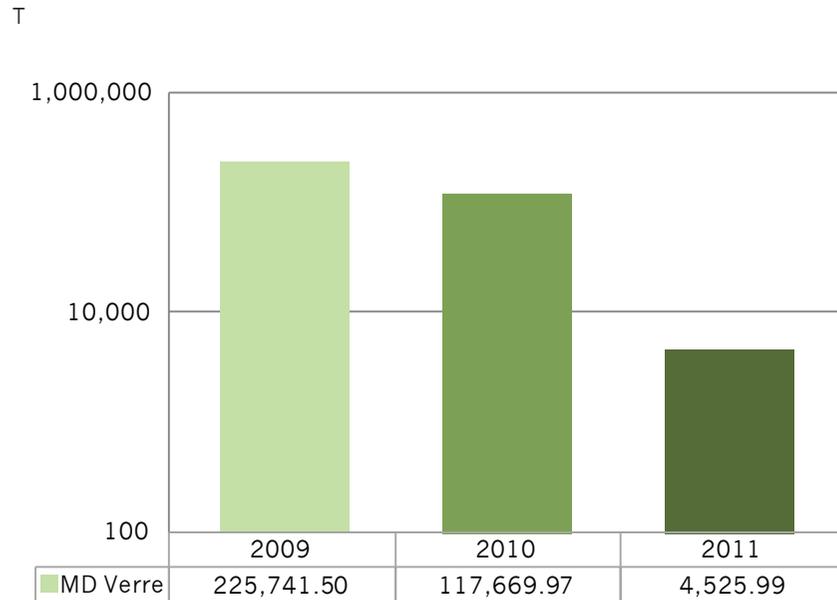
T/ton of molten glass



Waste production has fallen in general, in some cases quite significantly. The Aiala Vidrio plant renovated its furnace 2 in 2009 and furnace 1 in 2010. This is why the figures for waste are so much higher than in 2011. Similarly, the Crisnova Vidrio plant renovated its furnace n° 1 in 2009, so that year was marked by high levels of waste, particularly inert waste, which is the fraction most susceptible to increase when a furnace is reconstructed. In 2011 it was the turn of Gallo Vidro in Portugal to reconstruct its furnace n° 4, so its waste figures are high in comparison with 2009.



Total waste produced per annum at MD Verre

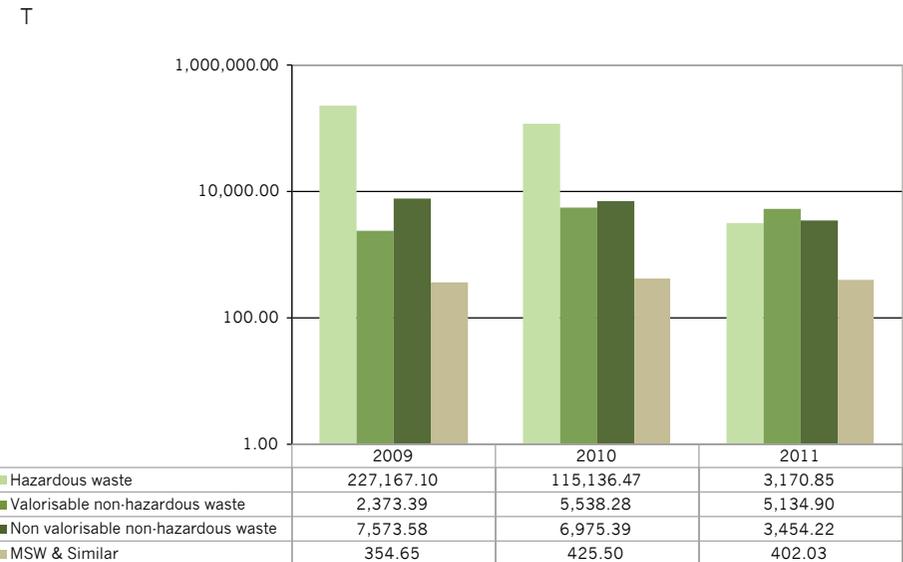


Since it joined the Group in 2007 the MD Verre plant has gradually adapted to the environmental requirements laid down in Group policy. However mention must be made of certain circumstances that resulted in the figures for 2009 and 2010 not reflecting the usual performance of the plant under normal conditions:

- Shutdown of furnace 2 in 2009 and the resulting increase in the amount of waste water produced.
- Adaptation of cooling systems.

The waste production performance of the Belgian plant is shown below. as can be seen, the trend in the figures for 2009 and 2010 was not optimal. As a result of considerable efforts on the part of the Group's environmental team the 2011 figures for MD Verre have caught up with the rest of the plants. These figures now reflect the volume of waste expected under normal conditions. In this regard, changing certain environmental aspects calls for major investment and takes longer than might be desired.

Waste produced by the Vidrala Group broken down by type and year



In line with EU legislation, Vidrala's top priority is to reduce the amount of waste that it produces. In this regard highly significant reductions have already been achieved: in particular the Group has greatly reduced the amount of hazardous waste produced. This is mainly thanks to the reduction in the water used by the scrapers (classed as hazardous waste) at the MD Verre plant in Belgium. Moreover, the Group seeks to prioritise valorisation over other forms of waste treatment. As a result, it managed to valorise 42.2% of its waste in 2011: 3.2% more than in 2010.

The situation of the sector as regards waste production is highly specific, and the impact of the furnace reconstruction mentioned above is significant. Such reconstruction processes result in more waste than usual being produced in a given year, especially as regards inert waste (which is hard to treat and manage subsequently due to its particular characteristics). Vidrala does not import or export any waste classed as hazardous under the Basle Agreement into or out of any of the countries where it operates.

In 2011 there were 12 accidental spillages, involving a total of approximately 2 m3 of product. This figure is not significant in terms of scope or scale, and

all the spillages were treated in accordance with the procedures established. Rapid action by employees prevented any of the spillages from entailing any risk or impact on the environment. In 2011 Vidrala did not detect any effect of its operations on any ecosystems, habitats or resources that might be influenced by its plants.

Thousands of glass containers leave the Group's plants every day for use mainly in the foodstuff and beverage industries. Vidrala does not market any of its containers directly to end users among the general public. Its efforts to mitigate the impact of its products are therefore focused on measures applied to the production process. Practically from the outset, the Vidrala Group has sought to give its glass products added value through innovation and development, so as to become more competitive and enhance the quality of its work. Improvements in environmental performance also result in financial and social benefits.

As mentioned above, the main action in this area in 2011 was the development of the Natura range. Even in the part of their life-cycle that takes place prior to shipment the bottles in this range are essentially more environmentally friendly.

The refurbishment of the melting furnace at Gallo Vidro in 2011 took the Group a step further along the path of environmental improvement in its products. In the glass manufacturing industry the key to environmental improvement lies in the design and construction of the furnace, which is a fundamental element of the process. Burners with lower NOx emissions, the addition of more height to the combustion chamber with a regeneration system are just some of the measures applied in the new furnaces that help to minimise contaminant gas emissions in the glass melting process.



4.2.2.4 Protecting the natural environment

The Vidrala Group and its production plants are located in areas well suited to the type and scale of industrial activities entailed by their operations. None of the Group's plants causes any direct impact on the normal prevailing conditions of any habitat protected under international agreements or on the biodiversity of any such location. Only the Castellar Vidrio plant has a somewhat higher potential for affecting the environment, as it is located around 5 km from the Natural Park of Sant Llorenç del Munt i Serra de l'Obac.

In this regard the Group complies with the directives and regulations in force on environmental liability (Act 26/2007) and has co-operated in a project set up by ANFEVI (National Association of Container Glass Manufacturers). This project has developed a method for quantifying and analysing environmental risks from activities of this type that can serve as a basis for determining the amount of the financial guarantees to be set under the said regulations. The method developed calculated guarantees on the basis of a environmental risk index for each plant, worked out via three sub-indices:

- **Intrinsic risk index for the plant:** this quantifies the complexity, size and source of the hazards that exist at the plant.
- **Operational risk index:** this assesses whether certified management systems are in place, whether audits are performed, how many official sanctioning procedures have been opened in the past two years and what controls on emissions into the atmosphere are applied.
- **Environmental risk index:** this takes into account the presence of towns, what facilities exist in a 1 km radius around the plant, the characteristics of the soil on which the plant stands, whether there are woods or water courses and what atmospheric protection measures exist.

THIS WHOLE ENVIRONMENTAL RISK ANALYSIS PROCESS FAILED TO DETECT ANY ASPECTS THAT REQUIRED SPECIAL ATTENTION IN REGARD TO THE PROTECTION OF THE NATURAL ENVIRONMENT AROUND THE PLANTS OVER AND ABOVE THE POINTS REGULARLY MONITORED VIA THE ENVIRONMENTAL MANAGEMENT SYSTEM THAT GOVERNS THE GROUP'S ACTIONS IN THIS REGARD.

MITIGATING IMPACTS ON THE LOCAL COMMUNITY

Industrial activities cannot be conducted in isolation and nor can their impacts. The nature of the surrounding areas is an influential factor in the attitudes of firms to environmental and social concerns.

From an environmental viewpoint it is important to be aware of the conditions of the area where an industrial plant is located and to ensure that it is capable of absorbing the impact of the activities carried out. In its day-to-day operations the Vidrala Group maintains a strong involvement with the local communities around its plants as an employer and a generator of impacts in various areas.

The team responsible for managing and co-ordinating matters of environmental impact at Vidrala is aware of the organisation's main impacts and has assessed them using an annually audited method that forms part of the EMS (Environmental management System) in place at the Group's companies. As a result each plant in the group sets annual improvement targets and systems for monitoring and control that foster good relations between the plants and local communities.



Vidrala fully identifies all its environmental impacts and sets up improvement measures and corrective actions where required. The impact of the Group's operations on air and water quality is considered significant, as is its potential for interfering with access and mobility in areas close to its plants.

The Group's main impact on local communities is on air quality. Accordingly, Vidrala has set up effective measures to mitigate its main emissions into the atmosphere. Specifically, the hot stages treatment methods used by the group have been changed so that less pollutant products are used and the flue gases go through the furnace treatment system to reduce pollutant levels in them. Action has also been taken to improve raw material storage conditions at all plants. This prevents the creation of raw material waste not usable in the glass melting process. Noise pollution can also have a considerable impact on local communities. Accordingly, Vidrala has taken many actions to reduce noise levels, including improvements in insulation, new walls and roofs.

Vidrala is well aware of its situation and reports it to its stakeholders, which include the local community around each plant, via the publication of its sustainability report. Throughout the document there are numerous indicators of the effort made by the organisation year by year to prevent and mitigate the negative impacts of its operations: environment-related investments, production process optimisation and efficiency measures that enable a balance to be struck between industrial production and the conservation and quality of the local environment.

ENVIRONMENTAL INVESTMENT & SPENDING

Current environment-related investments by the Vidrala Group

	2009	2010	2011
Aiala Vidrio	67.997	54.440	230.540
Crisnova Vidrio	2.945	167.551	219.170
Gallo Vidro	147.236	11.500	58.899
Castellar Vidrio	173.096	271.669	38.315
Vidrala Italia	731.352	175.563	82.841
MD Verre	120.062	74.933	287.773
Vidrala	23.277	12.662	39.628
Vidrala Group	1.265.964	768.318	957.165

This breakdown shows that current investment in 2011 increased in Spain and Belgium, where they had been lower in the two previous years. Funding allocations also increased at the plants in Portugal and Italy. This evidences the Group's continual efforts to undertake reforms in its environment-related actions¹⁵. **The best way for Vidrala to make progress along truly environmentally-efficient lines is this: to implement the best available techniques in each and every plant.**

¹⁵ As in the previous year, no fines or financial penalties of any significance were imposed on the Vidrala Group in 2011 for breaches of environmental regulations.



The group distinguishes between “current investment” and “operational spending” on the basis of the amounts involved: “investment” means those items that – even if their scope is small – result in direct reductions in impact, require investment in equipment and/or facilities subject to depreciation and are not associated with major furnace repairs; by contrast “operational spending” covers environmental-management-related items at each plant (waste management, maintenance of facilities with environmental impacts, environmental audits & assessments, etc.)

The total amount spent by the Group on these latter items in 2011 was €1.346.915. Spending in Spain was particularly significant, as half the Group’s production plants are based there. This is the largest figure for three years, and it evidences Vidrala’s interest in moving further down the path of strict monitoring of its production process, extending the range of environment-related actions in all areas of the organisation.

Operational spending on environment-related prevention & management, broken down plant by plant

Euros

	2009	2010	2011
Aiala Vidrio	160.406	126.515	186.855
Crisnova Vidrio	67.973	88.149	120.153
Gallo Vidro	400.296	231.057	161.110
Castellar Vidrio	309.663	248.479	256.248
Vidrala Italia	379.155	354.575	332.886
MD Verre	273.339	172.932	206.742
Vidrala	7.490	61.104	82.921
TOTAL	1.598.322	1.282.810	1.346.915

NOT INCLUDING THE MONEY SPENT ON RECONSTRUCTING THE FURNACE AT THE GALLO VIDRO PLANT, THE GROUP’S TOTAL ENVIRONMENTAL SPENDING AND INVESTMENT IN 2011 WAS €2.304.080.

The funding allocated to furnace reconstruction merits separate consideration. The environment-related advantages of reconstructing furnaces have been mentioned repeatedly in this report. In 2009-2011 the Group earmarked specific funding allocations for such environmental investments in furnaces, e.g.:

2009	Investment
Crisnova Vidrio, furnace 1	7.492.878 €
Aiala Vidrio, furnace 2	6.323.422 €
2010	Investment
Aiala Vidrio, furnace 1	5.108.959 €
2011	Investment
Gallo Vidro, furnace 4	6.103.873 €
TOTAL	25.029.132 €

The scale of the investment required to reconstruct a melting furnace means that whenever such a project is undertaken the potential for optimisation is realised to the full, striving not just for financial profitability but also for environmental and energy-efficiency.



4.3 IN THE SOCIAL AREA: INVOLVEMENT WITH PEOPLE

The Vidrala Group considers good management of its social aspects to be fundamental, as otherwise its business philosophy could be compromised. Therefore, the departments in question spare no effort to turn the social commitment into reality. Even though in its previous Report, the Group stressed its strong environmental commitment, **Vidrala here wishes to expand the scope of that undertaking, by providing detailed information on all the social aspects which the organisation influences directly or indirectly.**

THE MANAGEMENT APPROACH OF THE SOCIAL ASPECTS, UNDERSTOOD AS SUCH BY VIDRALA, FROM ITS FIVE COMMITMENTS:

- COMMITMENT NO. 1: EMPLOYMENT
- COMMITMENT NO. 2: TRAINING
- COMMITMENT NO. 3: CUSTOMER SATISFACTION
- COMMITMENT NO. 4: SOCIAL ACTION
- COMMITMENT NO. 5: COMMUNICATION

COMMITMENT NO. 1: EMPLOYMENT

The Vidrala Group is committed to fostering **LOCAL EMPLOYMENT, PROXIMITY AND QUALITY**. Not only by providing work for the people in its immediate proximity, but also by ensuring that the work is carried out at the highest level, in optimum conditions that guarantee its quality. Vidrala wishes to thus contribute to the development of the territory and to the growth of its community.

IN 2011, THE VIDTRAL GROUP EMPLOYED 1.860 WORKERS, THE VAST MAJORITY OF WHOM WERE LOCAL.

96.5% OF VIDRALA GROUP EMPLOYEES HAVE A STABLE JOB THAT ENABLES THEM TO DEVELOP THEIR PERSONAL AND PROFESSIONAL CAREERS BASED ON AN INDEFINITE CONTRACT.



More information: Chapter 4.3.1. Responsibility towards employment.



COMMITMENT NO.2: TRAINING

The Vidrala Group wants competent employees, who are capable of carrying out their work in the best way possible. That is only possible **BY MAKING TRAINING THE FUNDAMENTAL PILAR FOR GROWTH** within the organisation.

DURING 2011, THE NUMBER OF TRAINING HOURS WAS INCREASED, PARTICULARLY THE TRAINING OF THE SHOP FLOOR WORKERS. SPECIFICALLY, THE HOURS TAUGHT IN THIS CATEGORY WERE INCREASED BY 5,372 HOURS, UP TO A TOTAL 70,566 HOURS TAUGHT DURING THE YEAR.

IN VIDRALA, EACH WORKER RECEIVED AN AVERAGE OF 38 HOURS OF TRAINING.

More information: Chapter 4.3.1. Responsibility towards employment.

COMMITMENT NO.3: CUSTOMER SATISFACTION

Vidrala considers **CUSTOMERS TO BE ONE OF ITS PRIORITY TARGET AREAS**. A great deal of effort is dedicated to them, by constantly ensuring the strictest quality controls. This is therefore the only way that the organisation is worthy of their trust year after year.

IN THE 2011 SATISFACTION SURVEY, VIDRALA RECORDED THE HIGHEST SCORE EVER BY ITS CUSTOMERS. THIS REFLECTS THE ONGOING WORK TO CONTROL THE QUALITY OF THE PRODUCTION PROCESS, TO OFFER NEW PRODUCTS AND TO LOOK AFTER THE SERVICE PROVIDED TO THE MAXIMUM.

More information: Chapter 4.3.2. Accountability towards our Customers and our Products.



COMMITMENT NO.4: SOCIAL ACTION

Vidrala is aware that, beyond its frontiers, there is also work to be done. It therefore relies on the organisations that best know how to manage **SOCIAL PROJECTS IN OTHER COUNTRIES**, and works with them, so that their work offsets, insofar as possible, the social inequalities of those countries.

EVERY YEAR, VIDRALA RUNS AN INTERNATIONAL SOCIAL ACTION CAMPAIGN. VIDRALA THIS TIME DONATED €10 FOR EACH WORKER AND ENCOURAGED THE EMPLOYEES TO MAKE THEIR OWN PERSONAL CONTRIBUTION.

THANKS TO VIDRALA'S SUPPORT, BUT PARTICULARLY TO THE COMMITMENT AND IMPLICATION OF ITS WORKERS, IN TOTAL, €27,118 WERE DONATED TO ALDEAS INFANTILES, WHO WILL BE IN CHARGE OF DEVELOPING PROJECTS IN THE REGIONS OF THE "HORN OF AFRICA".

More information: Chapter 4.3.3. Commitment to the Local Community.

COMMITMENT NO.5: COMMUNICATION

The Vidrala Group is seeking to innovate in all areas, including in its communication policy. This drives it to look for **NEW COMMUNICATION FORMS, METHODS AND CHANNELS** that ensure that its stakeholders are aware of the day-to-day dynamics of the company in a straightforward and pro-active way.

In 2011, Vidrala unveiled **A NEW MULTILINGUAL WEBSITE**, which has been totally redesigned and adapted to respond to the needs of all its stakeholders: it has its own area for customers, contents for shareholders and investors, environmental and social information, etc.

The Group has also fostered innovative communication channels, integrating them in new platforms, which enable it to interact directly and rapidly with all the people interested in learning about the world of glass production: presence at sector fairs with own stands, setting up corporate channels in **YOUTUBE, LINKEDIN OR TWITTER** or preparing videos aimed at providing training notions in P.R.L. are some of the examples that illustrate how Vidrala continues to emphasize being in permanent dialogue with its environment.

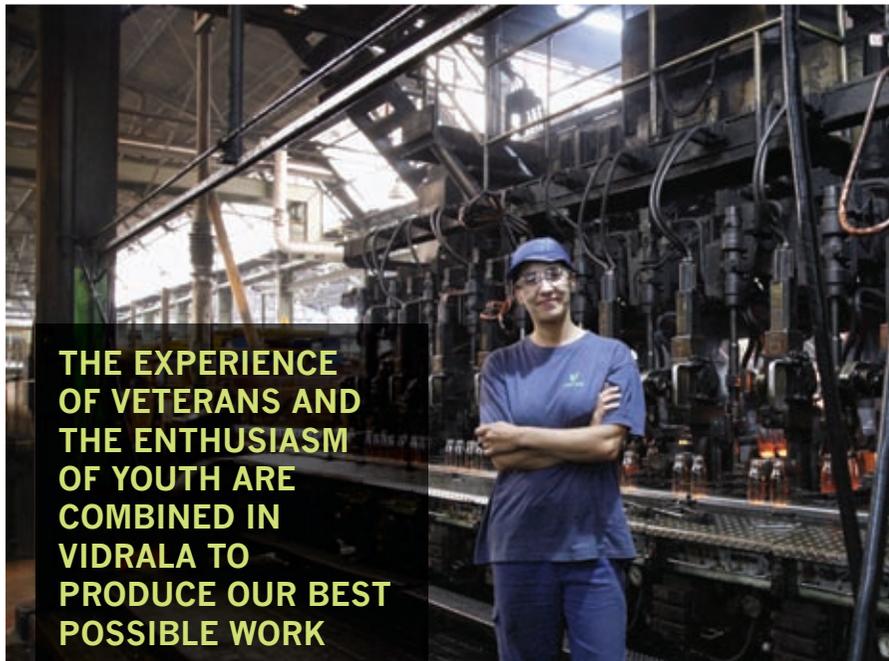


More information: Chapter 4.3.2. Accountability towards our Customers and our Products.



VIDRALA INTEGRATES SOCIAL RESPONSIBILITY IN ITS BUSINESS MODEL

In recent years, the Vidrala Group has paid particularly attention to the social dimension of Sustainability, by paying attention to the impact of the performance of the group on the social environment, both externally and internally. Therefore, right from the very start, **the Group has placed great importance on caring for its workers and on the local community in which its plants are located;** collectives with which it has maintained an ongoing commitment to foster their social development, always from a responsible perspective.



In 2011, the “**The CSR and its Impact on the Consumer in the Global Arena** ¹⁶” study was published, according to which only 6% of the consumers (worldwide) believe that the responsibility of the companies is exclusively limited to being profitable. On the other hand, 81% of consumers believe the companies must contribute to improving the communities in which they operate. Furthermore, they state that business organisations must go beyond the minimum legally-established requirements, to act in a more socially and environmentally responsible way. As a result of these perceptions of the consumers, the study concludes that “if a company supports the concerns of the majority of the consumers shall be rewarded with their trust, loyalty, support, commitment and, therefore, an increase in sales”.

This example embodies a generalised opinion that has been perceived for several years: **Nowadays, the business success is going to be closely linked to developing Corporate Social Responsibility policies.**

The Vidrala Group does not wish to be left behind and is continuing along its path to promote and develop the social sphere and local communities. This always focuses on respecting the rights of its workers and of all the individuals that, to a greater or lesser extent, are at the receiving end of any type of impact arising from the very activity of the Group.

¹⁶ “CSR and its Impact on the Consumer in the Global Arena”; prepared by Kreab & Gavin Anderson and Echo Research.



As has been described in the introduction to the Report, Vidrala wishes to state even more clearly its commitment to integrating Social Responsibility in its business model. Therefore, under the “Social Responsibility Programme” concept, a whole series of actions, of different scopes, with a single purpose has been deployed: the emphasis is on combining endeavours to achieve the development of the individuals.

“COMBINING TRAINING, SAFETY AND PERSONAL GROWTH OF THE WORKERS TOGETHER WITH DEVELOPING THE SOCIAL ENVIRONMENT WHERE THEY ARE LOCATED ARE THE KEYS TO THE SOCIAL PERFORMANCE AT VIDRALA”

One of the main social targets is the development of its employees; in short, each bottle that is produced is thanks to them. Therefore, **the Vidrala Group is investing part of its resources in the training of its employees, dedicating over 2% of the time to implementing proficiency and training actions.** This enables each plant to have a qualified team of people capable of responding to the ever-increasing requirements of a market like the current one.

As a way of ensuring the strictest compliance of the safety of each of the people that make up the Group, an **Occupational Health and Safety Management System has been implemented, as per to the ISO 18001:2007 standard.** This system guarantees that there are the necessary mechanisms in place to ensure that any individual working at the Vidrala Group facilities does so as safely as possible.

As a complement to training and prevention, Vidrala has a series of measures implemented aimed, among others, at fostering life-work balance, involving the family environment or sponsoring socio-cultural activities in the most immediate social arena.

As a complement to the work that it carries out at its facilities, and with the intention of improving performance in this area, the Social Programme of the Group envisages specific actions involving disadvantaged collectives and is involved in international projects. This partnership is implemented by means of initiatives where both the company and the workers are driving force.

As part of the social approach, the Vidrala Group is committed to development and innovation beyond the limits of its production plants. It therefore regularly collaborates with different initiatives and events in Schools, Universities or Expert Forums. This series of actions is in line with the increasingly more widespread philosophy among organisations, that **sharing knowledge is also contributing to the success of society overall.**

The Vidrala Group considers that there are three main components in this area:

- 1. Responsibility towards Employment.**
- 2. Accountability towards Customers and Products.**
- 3. Commitment to the Local Community.**



4.3.1 Responsibility towards employment

Vidrala's commitment to employment has been a constant right from its start in the world of glass making. This issue is particularly important due to the economic downturn and the high unemployment that we are currently experiencing. The Vidrala Group is therefore aware of the importance for society overall of its being an organisation with a capacity to generate jobs.

The difficulty not only to find a job, but also a decent job has become a fundamental issue, due to the difficult current economic situation, which is affecting employment levels throughout the West, but particularly in Southern Europe.

In this context, **Vidrala has renewed its commitment to employment wherever it is present** with the priority goal of fostering the development of local communities in the social, environmental and economic arenas. Vidrala believes that the best policy to guarantee social cohesion and avoid exclusion is to create jobs. Therefore, the Group has consolidated as an organisation that generates jobs and stability in the regions where it operates.

However, it is not just about job creation. It is about providing a first-rate, stable and decent job or, as the International Labour Organisation defines it, work that, *“apart from delivering an income, (...) facilitates economic and social progress, and strengthens people, its families and communities. (...) Work that synthesises the aspirations of individuals during their working life”*.

Workers are the main asset of the organisation and, as such, their satisfaction and consideration in decision taking is a priority for Vidrala. The companies that make up the Vidrala Group are also positioned as the cornerstone to develop an effective Corporate Social Responsibility Policy and being committed to the environment.

The responsibility that Vidrala adopts towards employment contemplates, mandatorily, **guaranteeing equal opportunities and non-discrimination for reasons of gender, providence, religion or disability. In the same way, the rights of all workers are guaranteed by the organisation**, by assuring compliance of current labour legislation and of the agreements signed by the company and its workers.

The importance that Vidrala gives to having a trained workforce and, therefore, being ready to adapt to the changing conditions laid down by the current market is noteworthy. Therefore, the training and education of the workers is a priority in the relationship between company and employees.



THE VIDRALA GROUP, DRIVING MOTOR FOR EMPLOYMENT AND PROGRESS

The Vidrala Group believes that the human value of a company is its main hallmark: the workers make up the culture of the organisation and represent the values that dominate the culture of the organisation.

The Group, in keeping with its commitment to employment and to its workers, continues to be an organisation with a large workforce. In 2011, the Group provided direct employment to 1.860 workers. Special mention should be made of the aforementioned capacity to create new jobs in a particularly difficult period as the one between 2010 and 2011. This shows the solvency of the organisation that, even in difficult times with a significant cutting back on spending, has managed to uphold and consolidate its position on the market.

Vidrala Group workforce distributed by gender and professional category

TOTAL VIDRALA GROUP ¹⁷									
Workers (No)	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Senior management	34	3	37	34	3	37	30	3	33
Middle management	174	15	189	172	14	186	172	17	189
Employees	184	72	256	171	73	244	160	72	232
Workers	1.377	41	1418	1.324	44	1368	1.356	50	1.406
TOTAL	1769	131	1900	1701	134	1835	1718	142	1860
Workers (%)	2009			2010			2011		
	% M	% W		% M	% W		% M	% W	
Senior management	91,9	8,1		91,9	8,1		90,9	9,1	
Middle management	92,1	7,9		92,5	7,5		91,0	9,0	
Employees	71,9	28,1		70,1	29,9		69,0	31,0	
Workers	97,1	2,9		96,8	3,2		96,4	3,6	

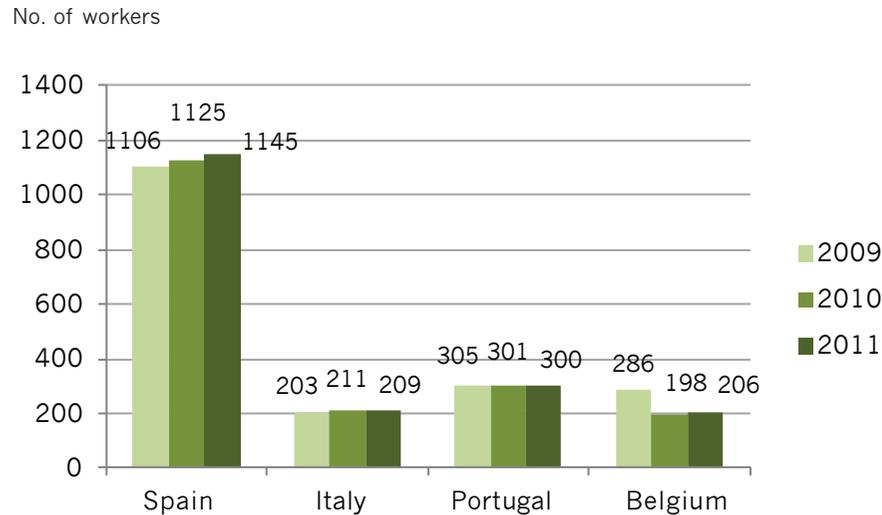
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Out of the total workforce making up the Vidrala Group, over half (61.6%) work in the plants and parent company located in Spain, with the rest divided between its plants in Italy, Portugal and Belgium.

¹⁷ For information broken down by countries, see Tables LA1 and LA13 of Annex 5,2 of this Sustainability Report.



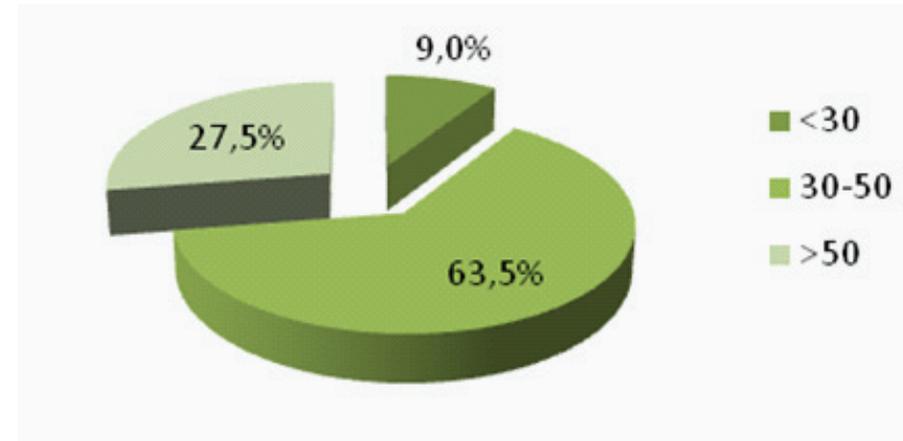
Distribution of the workforce by countries where the Vidrala Group operated between 2009 and 2011



VIDRALA IS COMMITTED TO AN EXPERIENCED BUT YOUNG TEAM

The **firm commitment to a young workforce** has been a constant for the Vidrala Group in recent years. The figures for the last period are proof of this, according to which the proportional weight of the workers included in the 30-50 year bracket has grown in importance, while it fell in the case of the older age group.

Distribution by Age Groups for the Vidrala Group in 2011



OVER 63% OF VIDRALA WORKERS ARE AGED BETWEEN 30 AND 50. THIS IS PROOF OF THE IMPORTANCE THAT THE GROUP GIVES TO AN INNOVATIVE AND YOUNG WORKFORCE AND WITH A DESIRE TO GROW.

Furthermore, it is noteworthy that a key percentage of the new people joining the Group are young workers. Specifically, in **2011, 38% of the new contracted workers were under 30 years old.**



Number and percentage of workers who joined the Group by gender and age periods between 2009 and 2011

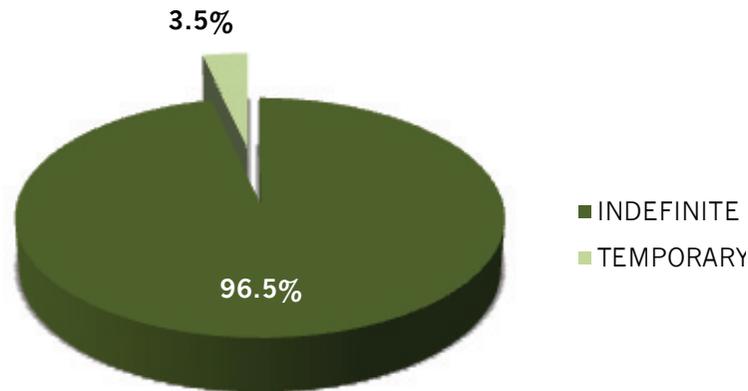
		TOTAL VIDRALA GROUP								
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
ADDITIONS (No)	<30	52	7	59	44	11	55	58	9	67
	30-50	67	15	82	42	18	60	69	31	100
	>50	2	1	3	2	2	4	5	3	8
	Total	121	23	144	88	31	119	132	43	175
ADDITIONS (%)	<30	2,7%	0,4%	3,1%	2,4%	0,6%	3,0%	3,1%	0,5%	3,6%
	30-50	3,5%	0,8%	4,3%	2,3%	1,0%	3,3%	3,7%	1,7%	5,4%
	>50	0,1%	0,1%	0,2%	0,1%	0,1%	0,2%	0,3%	0,2%	0,4%
	Total	6,4%	1,2%	7,6%	4,8%	1,7%	6,5%	7,1%	2,3%	9,4%

AN ORGANISATION THAT PRIORITISES DECENT WORK

Aware of the importance that the Vidrala Group gives to decent work, the organisation is firmly committed to indefinite contracts, as a way of guaranteeing greatest stability for the company's employees. Vidrala likewise has a higher percentage of full-time workers, which guarantees a better salary and, in general, better quality in terms of work performance.

Vidrala has the best performance possible by its workers, but it therefore ensures that they are in the most appropriate framework. Decent and stable employment provides the best labour scenario to ensure employee loyalty and, in turn, to guarantee that they are capable of making the most of their skills.

Type of contract of the workers of the Vidrala Group in 2011

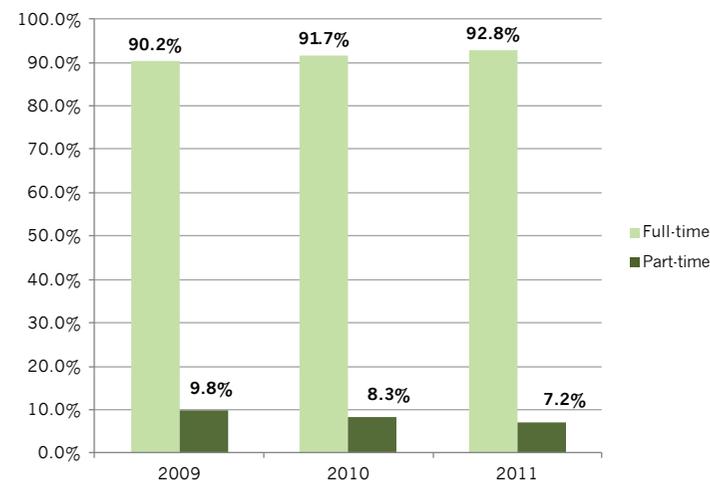


The Vidrala Group is positioned as one of the benchmarks in stable employment within the Spanish business panorama: thus, while nationally, the average of the indefinite contracting percentage stands at 70%, the Group can be proud of achieving an indefinite employment rate over 96% of the total workforce; reflecting that it understands that business success is not at odds with quality in the employment.

Distribution of employees in the Vidrala Group, according to type of contract (indefinite or temporary), type of working day (full or part time), gender and year (2009-2011)

TOTAL VIDRALA GROUP										
Workers (No):		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
INDEFINITE	Full-time	1533	110	1643	1521	115	1636	1546	119	1665
	Part time	174	12	186	138	12	150	120	10	130
TEMPORARY	Full-time	62	9	71	41	6	47	50	12	62
	Part time	0	0	0	1	1	2	2	1	3
Workers (%)		2009			2010			2011		
		% M	% W	TOTAL	% M	% W	TOTAL	% M	% W	TOTAL
INDEFINITE		96,5%	93,1%	96,3%	97,5%	94,8%	97,3%	96%	90,8%	96,5%
TEMPORARY		3,5%	6,9%	3,7%	2,5%	5,2%	2,67%	3%	9,2%	3,5%

Distribution of the Vidrala Group work force by type of working day for the 2009-2011 period



Given the Group's commitment to job stability, a special emphasis has been placed on ensuring that as many workers as possible are employed on a **full-time basis**. In particular, nearly 93% of workers were employed full time in 2011, thus reducing the proportion of part-time employees.



Another aspect that it is important to stress from the Group figures overall is that Vidrala has placed great importance of **maintaining stable turnover rates**. A high turnover rate may indicate that the organisation provides, to a high degree, a job without guaranteeing a minimum of security, which from the point of view of the workers means uncertainty and dissatisfaction. This, in turn, would be reflected in lower productivity per employee.

Even during a complex economic period such as between 2010 and 2011, the turnover rates fell at Group level, confirming the organisation's endeavour to maintain long-term relations with its workers. Thus, the turnover fell by 1.5% in the aforementioned period, down to a rate of 8.7%.

Vidrala Group staff losses and turnover rates between 2009-2011

TOTAL VIDRALA GROUP										
	Age	2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
STAFF LOSSES	<30	50	12	62	45	9	54	26	7	33
	30-50	46	9	55	56	13	69	50	27	77
	>50	47	2	49	67	3	70	53	5	58
	Total	143	23	166	168	25	193	129	39	168
TURNOVER RATE ¹⁸	<30	2,6%	0,6%	3,3%	2,5%	0,5%	2,9%	1,4%	0,4%	1,8%
	30-50	2,4%	0,5%	2,9%	3,1%	0,7%	3,8%	2,7%	1,5%	4,1%
	>50	2,5%	0,1%	2,6%	3,7%	0,2%	3,8%	2,8%	0,3%	3,1%
	Total	7,5%	1,2%	8,7%	9,2%	1,4%	10,5%	6,9%	2,1%	9,0%

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By countries, in general, turnover rates can be seen to have remained in line with the Group performance¹⁹. The only exception is the increase in the turnover rate at the MD Verre plant (Belgium), caused by the restructuring that the organisation was forced to carry out after purchasing the plant.

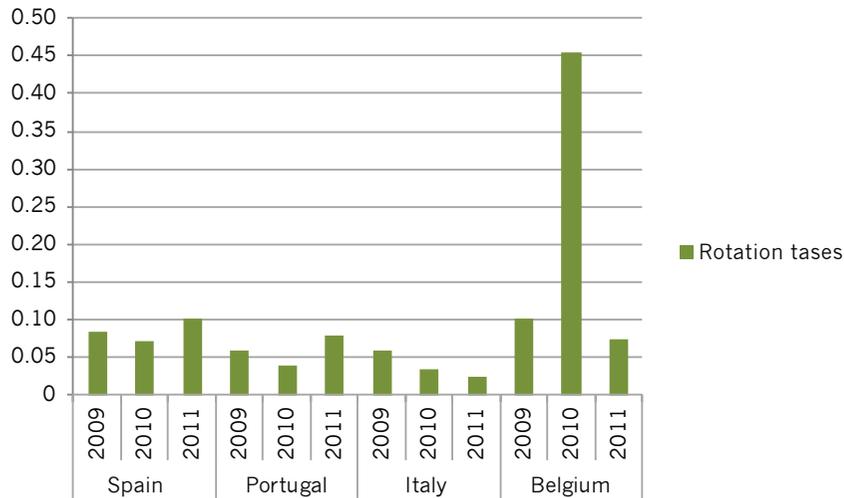
With respect to the difference regarding the working conditions between full-time workers and the part-time or temporary ones, **there are no differences in this regard in Vidrala, as all the employees are treated equally and they are offered exactly the same guarantees and rights, irrespective of their type of contract.**

¹⁸ The turnover rate is linked to temporary workers to cover holidays, internships or similar.

¹⁹ For information broken down by plants, see Table LA2 of Annex 5,1 of this Sustainability Report.



Vidrala Group turnover rates by countries between 2009 and 2011



THE VALUE OF EQUALITY IN THE WORKPLACE

Today, and in the future, success and sustainability of the companies will not exclusively depend on their size and availability of technological and financial resources.

It will not only depend on cost cutting, workforce restructuring, early retirements and the mergers that too frequently only magnify the profitability problems of

the organisations. It will depend, essentially, on the capacity of their people to manage the available resources and processes efficiently, in a scenario undergoing a continuous and striking transformation, in global setting, whose intrinsic nature is diversity.

Only human groups with different profiles—both demographic and organisational - working as a team, are capable of optimising all the resources and systems of the organisations. Only teams of well-integrated diverse human resources generate the innovation and necessary creativity to guarantee the survival of companies in the new diverse, competitive and global markets.

Myrtha Casanova

Founder and Chair of the European Institute for Diversity Management

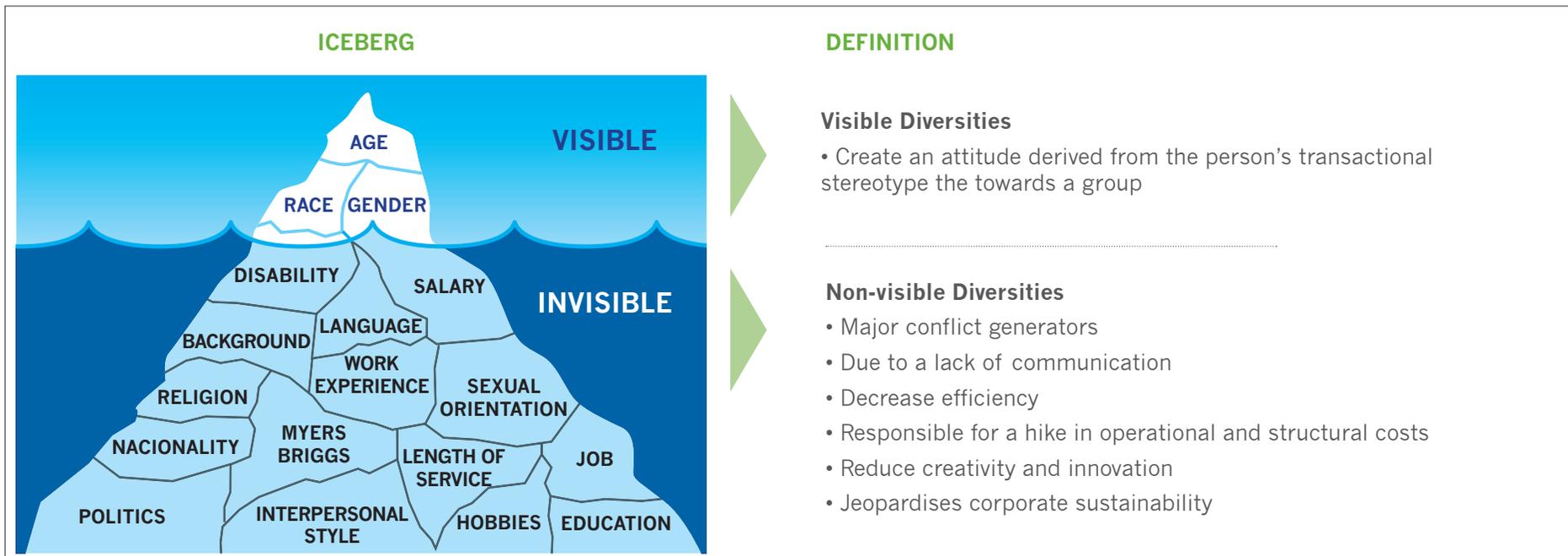
The Vidrala Group takes **diversity** to be all those differences and similarities that exist between people, both collectively (beliefs, convictions, gender, cultural origin, language, ideology, etc.) and individually (physical appearance, mobility capacity, sexual orientation, etc.). The organisation believes that efficient management of diversity is not solely matter of employee satisfaction, but is also a way to ensure that the company is more adaptable and flexible and ready for change.

In a context where companies have practically the same financial or technological resources, one of the ways to manage to stand out from the competition and to manage to be sustainable in time is by means of **efficient people management**. Therefore, Vidrala believes that fair and equitable management of all the members of its human team enables it to:



- Improve the work organisation, by fostering a supportive work system and creating better relations in the workplace.
- Enhance vertical and horizontal communication, thus facilitating the generating of the corporate results.
- Avoid occupation incidents and reduce absenteeism.
- Increase flexibility within the company, thus making it more adaptable to the changing needs of the market.

The Vidrala Group Directors believe that ethics in all areas of its activity and utmost consideration towards people are the basic pillars of its management. Therefore, equal treatment and non-discrimination are part of the Vidrala project, as fundamental principles of its human resources corporate policy.



Source: European Institute for Managing Diversity



EQUAL OPPORTUNITY FOR MEN AND WOMEN

In keeping with continuous improvement policies, Vidrala continues to progress in the implementation of measures that guarantee equal opportunity among all its workers. Thanks to the **Equality Plans already approved** in the Aiala Vidrio (Llodio) and Crisnova Vidrio (Caudete) plants, a great step forward has been attained in this area, and **the target for 2012 is coverage of all its plants in Spain.** Specifically, this will mean the formalisation of the Equality Plan at the Castellar Vidrio plant.



The Group, through its Human Resources Department, applies standards that guarantee objectivity and equal treatment regarding the basic salary of all employees of the same professional category within the company. There are likewise no differences in salary between people of different origin within the same job category.

The whole wage policy is based on objective assessment criteria that are embodied in salary tables per position. The salary level is linked to the job carried out by the person, never to the gender of the worker. Therefore, **Vidrala can guarantee that there is no percentage difference between the basic salary of women and of the men in each job category.**

The Group believes that **equal opportunity, equal treatment and non-discrimination** are basic principles and unalterable values. The Equality Plans or the commitment to implement their actions are yet another further example of the ways in which Vidrala believes its business should be run.

Proof of the importance that Vidrala gives to its human team is the commitment adopted towards the wellbeing of its workers and towards respecting and managing diversity. Therefore, **no cases of discrimination have been detected in any of the plants of the Group.** During the period in question, neither have any cases of exclusion been detected due to origin, race or any other type related to compliance of human right at the workplace.

Finally, the effective equality for men and women in the workplace needs to be reflected. One such example is that Vidrala guarantees the right to maternity and paternity leave, pursuant to the legislation in force in each of the countries where the Group is located.



Maternity/paternity leave granted and retention rate

	VIDRALA GROUP								
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Workers requesting maternity/paternity leave	54	8	62	45	7	52	58	6	64
Workers that return to their job after the end of their maternity/paternity leave	54	8	62	45	7	52	58	6	64
Employees who return to their job after the end of their maternity/paternity leave and who were still working one year after returning to their job ²⁰	54	8	62	45	7	52	NA	NA	ND
Retention rate ²¹	100	100	100	100	100	100	100	100	100

The retention rate (percentage of employees that return to their job after paternity or maternity leave) for the whole of the Vidrala Group is 100%. **This figure reflects, yet again, the endeavour of the Group to provide the necessary instruments to ensure effective treatment equality at the workplace and non-discrimination for personal circumstances.**

²⁰ Retention rate figures for 2011 not available (at the time of writing the Sustainability Report as there are still workers on paternity or maternity leave)

²¹ The retention rate may not reflect the real situation as it includes people on sabbaticals. Dismissals have not been included in any circumstances.

²² Excluding management.

GUARANTEEING THE RIGHTS OF WORKERS

THE VIDRALA GROUP BELIEVES THAT WHEN DISCUSSING TREATMENT EQUALITY AND NON-DISCRIMINATION, THE IMPORTANCE HAS TO BE CONSIDERED OF COMPLYING WITH AND RESPECTING THE RIGHTS OF THE WORKERS. THE ORGANISATION THUS GUARANTEES COMPLIANCE OF THE RIGHTS OF ITS EMPLOYEES REGARDING FREEDOM OF ASSOCIATION OR THE RIGHT TO TREATMENT EQUALITY IN THE WORKPLACE.

One hundred per cent of the workers²² of the Group are covered by a collective agreement, irrespective of the country where they are located, the professional group to which they belong or their contractual status. No obstacle is to be found in Vidrala regarding the setting up or membership of workers' organisations or trade unions that oversee compliance of labour rights and fair collective bargaining. The Vidrala Group has therefore not established a timeline for the formal notification of organisational changes that take place in any plant of the Group. However, the organisation has implemented a **strict internal communication policy** which establishes the communication rules for all the components of the company in the case of any significant change in the organisation, along with any news that may be considered of interest for the members of the Group. Internal communications are made sufficiently ahead of time in order to guarantee that the whole workforce has time to act consequentially and comply with the legally-established period, where necessary.



At the same time, as a company committed to the welfare of its workers, **Vidrala does not have any type of operations or commercial relation with suppliers that breach or endanger the principles agree in the collective bargaining process or the principle of freedom of association between workers and company.** The environment in which Vidrala operates likewise guarantees compliance of labour and human rights legislation. Furthermore, the Group's commitment to prioritising its relations with local suppliers and trade partners means that they are subject to the same legislation and decrees, and any breach may thus be penalised by the authorities. Since 2008, **the Vidrala Group companies have required that their suppliers, along with any potential ones, undertake to strictly comply with current legislation regarding labour rights.**

HEALTH AND SAFETY AT WORK

As established by current legislation, and the OHSAS 18001 standard, the monitoring of the annual programme and of the implementation of corrective/preventive actions is carried out at three levels:

- **At Vidrala Group management level**, though the Management Monitoring Committee for the SSL, consisting of the General Management, Operations Management, Technical Management, HR Management and S.P.G.V. Officer. It meets at least half yearly
- **At each plant**, through the SSL Monitoring Committee, consisting of the Plant Management, Production Management, Maintenance Management and the S.P.G.V. Prevention Technician allocated to the plant. It meets at least quarterly.
- And by the **Occupational Health and Safety Committee**. It is set up pursuant to current legislation and the procedure (PS-09), and which meets at least quarterly.

Number of inspections at the Vidrala Group plants 2009-2011

	SPAIN				PORTUGAL	ITALY	BELGIUM
	AIALA VIDRIO	CRISNOVA VIDRIO	CASTELLAR VIDRIO	VIDRALA	GALLO VIDRO	VIDRALA ITALIA	MD VERRE
2009	10	11	7	0	0	0	0
2010	9	11	7	1	4	7	1
2011	6	29	4	0	10	7	3

With regard to the health and safety of its workers, Vidrala is strongly committed that goes beyond the strict legal requirements, as more inspections are conducted than the number laid down by the law.

The composition of the committees varies from plant to plant, although they all include joint representation of the management and the employees.

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	ESPAÑA							
	AIALA VIDRIO		CRISNOVA VIDRIO		CASTELLAR VIDRIO		VIDRALA	
	Management	Employees	Man.	Employees	Man.	Employees	Man.	Employees
2009	3	3	3	3	3	3	1	2
2010	3	3	3	3	3	3	2	2
2011	3	3	3	3	3	3	3	3

	RESTO DE EUROPA					
	GALLO VIDRO		VIDRALA ITALIA		MD VERRE	
	Management	Employees	Dir.	Employees	Dir.	Employees
2009	4	4	2	2	7	12
2010	4	4	2	2	7	12
2011	4	4	2	2	4	8



Specific Occupational Health and Safety actions in 2011 to be highlighted:

- **Implementation of the corrective actions** arising from the psychosocial assessment conducted at the Aiala Vidrio, Crisnova Vidrio, Castellar Vidrio and Vidrala (parent company) plants.
- **Consolidating the control of the incident rate** in the furnace refurbishing and new works, carried out by contractors.
- **Exchanging the necessary documentation to correctly coordinate** activities with contractors by means of a web portal, which guarantees that access is only available to companies and workers that company with the minimum standard set by the Vidrala group regarding food and industrial safety (BRC)
- **Developing a joint research project** with ANFEVI member companies, the outcome of which is a **Guide on Health Monitoring in the Hollow Glass Sector**. The document contains appropriate protocols for health monitoring appropriate for the problems of the sector for health professionals, and concise information about what health monitoring is and why it is necessary for the employees.
- **Production**, in conjunction with the Glass Sector Business Confederation, UGT and CCO trade unions, **of a training and information video** on hygiene at the workplace.
- The **OHSAS 18001 certification** (Occupational Health and Safety Management Systems) of the Castellar Vidrio, and Gallo Vidro plants; with the latter being the fifth plant to obtain certification, after the Aiala Vidrio, Crisnova Vidrio and Vidrala plants, certified in 2010.

Corporate Welfare programmes regarding serious illnesses

GRUPO VIDRALA				
CORPORATE WELFARE PROGRAMME	Education/Training	Consultancy	Risk Prevention/Control	Treatment
Employees	✓	✓	✓	✓
Members of the Community			✓	✓



At the same time, the Group performs an ongoing and systematic control of the impact of working conditions on the health of the working population, by means of health monitoring. The monitoring consists of a series of activities referring to individuals and collectives, aimed at understanding the impact that work has on the health of workers and, enables the adverse effects on mental and physical welfare to be identified as soon as possible, to thus prevent them from being harmful to the health. In other words: **preventing, detecting and controlling diseases and injuries associated to professional risks.**

Exercising these functions requires an interaction relationship and multi-disciplinary consistency with the other members of the Prevention Service. It has to be integrated in the global Prevention Plan, by receiving information and in turn facilitating it to other programmes that make up that plan (safety, hygiene, ergonomics, applied psycho-sociology)".

Furthermore and specifically, the Medical Department at each plant regularly controls for diseases such as diabetes and high blood pressure, along with others not related to the occupational activity. Due to the specific nature of the working conditions, the organisation does not include the family members of its employees in this programme, as it is not necessary to include their relatives in the implementation of a programme to treat and prevent occupational diseases.

As an example of the effectiveness of the prevention policy implement, the organisation managed to reduce the accident rate between 2009 and 2011, mainly due to a drop in the number of incidents involving time off work. Special mention should likewise be made of the continual drop in the rate of lost days during the same period

Absentee, occupational disease, lost day rates and absentee index for Vidrala Group 2009-2011

TOTAL VIDRALA ²³									
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Incident Rate (IR) ²⁴	33,8	10,9	33,8	29,8	5,7	29,4	29,0	9,5	27,6
Occupational Disease Rate (ODR) ²⁵	0,1	0,0	0,1	0,4	0,0	0,4	1,1	0,0	1,1
Lost day rate (IDR) ²⁶	375,2	179,3	360,6	315,8	103,9	341,2	290,0	120,9	277,5
Absentee rate (AR) ²⁷	3,62%	4,20%	7,44%	3,43%	4,00%	6,98%	7,09%	9,99%	7,30%

²³ Annex 5.1 contains the information broken down by countries.

²⁴ IR= (Total No. of accidents/Total hours worked)*200.000

²⁵ ODR= (Total No. of cases of occupational diseases/Total hours worked)*200.000

²⁶ IDR= (Total No. of lost days/Total hours workers)*200.000 "Lost days" are taken to be business days

²⁷ IA= (Total No. of days /Total No. of days worked)*100



THE IMPORTANCE OF A TRAINED WORKFORCE

Vidrala is clear about the relationship between a trained workforce and productivity. Having trained employees enables the latter to be better skilled to carry out their work efficiently. Market requirements also make it necessary to have highly qualified and flexible workers.

In the companies of the Group, human capital is considered to be a main strategic factor of the company. The way in which the Group manages this capital and its improvement is through the training provided to the employees. Aspects such as investment in training or the percentage of the workforce trained are clear indicators of Vidrala's commitment to its employees. These training investments motivate employees and, therefore, help to improve performance.



Total number and average number of training hours disaggregated by gender and professional category for the Vidrala Group 2009-2011

Training (hours)	2009					
	Total number hours			Average number hours		
	H	M	TOTAL	H	M	TOTAL
Senior management	2.144	100	2.244	63,06	33,33	60,65
Middle management	21.844	619	22.463	125,54	41,27	118,85
Employees	4.349	3.073	7.422	23,64	42,68	28,99
Workers	35.949	376	36.325	26,11	9,17	25,62
TOTAL	64.286	4.168	68.454	36,34	31,82	36,03

Training (hours)	2010					
	Total number hours			Average number hours		
	H	M	TOTAL	H	M	TOTAL
Senior management	4.032	302	4.334	118,59	100,67	117,14
Middle management	20.823	1.293	22.116	121,06	92,36	118,90
Employees	5.789	4.167	9.956	33,85	57,08	40,80
Workers	36.320	2.223	38.543	27,43	50,52	28,17
TOTAL	66.964	7.985	74.949	39,37	59,59	40,84

Training (hours)	2011					
	Total number hours			Average number hours		
	H	M	TOTAL	H	M	TOTAL
Senior management	3.646	267	3.913	121,53	89,00	118,58
Middle management	16.584	911	17.495	96,42	53,59	92,57
Employees	3.026	2.217	5.243	18,91	30,79	22,60
Workers	41.458	2.457	43.915	30,57	49,14	31,23
TOTAL	64.714	5.852	70.566	37,67	41,21	37,94



Vidrala fosters the professional growth and the development of its employees within its organisation. An important part of this professional development involves training. The training programmes implemented by the Group are open to any person that is part of its human team, with over 2% of the total working time being dedicated to actions to train and develop its employees. In 2011, over 70.000 hours of training were taught, with special emphasis being placed on training targeting the industrial area, linked to the production process of the Group and taught to the workers, which has progressively increased over the three years included in the Report both in terms of total and relative hours. In general, the training hours per person ratio increased compared to 2009. This data reflect the commitment of the Group to provide the periodic training deemed necessary and to tackle the training needs detected at any specific moment.

For the sake of assuring an appropriate working environment and a health and safety culture aimed at its employees, special importance is given to **training in the prevention of occupational risks**. A human team ready and trained in this area helps to directly improve the health of the employees, and to indirectly achieve greater satisfaction and stability. The CSLL is in charge of ensuring that the workers are duly informed and trained in the prevention of occupational risks. The comprehensive training of the Vidrala Group employees in 2011 has included:

• Environmental Training:

Part of the environmental training has covered management systems. An environmentally-trained workforce is a workforce concerned with respecting and caring for it. Thanks to the training, the employees are aware of those sustainability values with which the company wishes to be associated and considered by its stakeholders.

Environmental Training

Trained individuals	391
Training taught (hours)	652 h.
External investment	2.540 €
Internal investment	12.163 €
TOTAL INVESTMENT	14.703 €

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• Training in Global Standard For Packaging and Packaging Materials (BRC/IoP):

The BRC standards are used as the corporate benchmark for food safety and quality. Its main targets are:

- 1.- Consolidating food safety.
- 2.- Facilitating compliance of food legislation.
- 3.- Establishing quality and food safety criteria.
- 4.- Standard third-party audits.
- 5.- Guaranteeing transparency and meticulousness in the certification systems.



The course aimed to highlight the requirements of the BRC/IoP protocol for food packaging and packaging materials.

In 2011, the Gallo Vidro and MD Verre plants were certified to BRC standards, thus joining the other plants that had been previously certified. **This step completed the certification process of all the Vidrala Group plants.**

BRC training

Trained individuals	296
Training taught (hours)	10.209,5 h.
External investment	€ 17.948
Internal investment	€ 20.423
TOTAL INVESTMENT	€ 38.372

• Training in the Prevention of Occupational Risks:

One of the most important headings in which the Group invested in 2011 was the Prevention of Occupational Risks. This aspect cannot be overlooked in a company that is mainly industrial, and Vidrala therefore invests all the necessary economic, technical and human resources in order to guarantee the best performance in this area

Training in Prevention of Occupational Risks

Trained individuals	904
Training taught (hours)	3.264 h.
External investment	€ 47.259
Internal investment	€ 20.495
TOTAL INVESTMENT	€ 67.754

• Induction training for Vidrala new employees and promotions:

The Vidrala Group has an induction procedure that guarantees that the new employees and promotions within the organisation receive specific training linked to the position that they are going to occupy and customized training through a tutor. The goal of this training is the professional consolidation in the company and in the job.

A Standards of Conduct Manual, where there is 100% compliance of the workers, has also been produced. The manual identifies the basic standards of conduct within the Group and guarantees respectful coexistence among everyone (taking into account prevention of occupational risks, environmental and social aspects, etc.), with special attention being paid to compliance of the rights of all the members that make up Vidrala and always pursuant to current legislation.

• Awareness raising of the anti-corruption procedures and policies of the organisation:

Vidrala considers that honesty and good governance is a priority when guiding its industrial and corporate management. The following principle has been included in the Articles of Association that govern the running of the Board of Directors as proof of this concern: "In the framework of the vision and values of the Company, of the established policies, of the commitment assumed to work against fraud in all its forms, including extortion and bribery, and to implement specific policies and programmes of action for that purpose, the Board of Directors has established internal procedures that regulate this aspect"

• Lifelong training and skills management programmes:

Vidrala believes that skills held by a person may result in excellent job performance. Employability and training are two sides to the same coin. Lifelong training is a tool aimed at constant refreshing, and upholding professional skills given the technological and organisational changes that occur in the organisation and market, respectively.



In 2011, 68% of training hours were in-company. Only the remaining 32% was taught by an organisation external to Vidrala.

Internal costs accounted for 85% of the investment in training, in other words, it refers to the time the employee spends on training within their working day.

Internal Training	External Training
<ul style="list-style-type: none"> • Quality • Environment • Prevention of Occupational Risks • Industrial Training • Induction/promotion training 	<ul style="list-style-type: none"> • Skills • Technical training • Computer applications • Languages

The remaining 15% is down to the external costs that the organisation pays for the external training given (a sum that stood at €335.431 in 2011). Furthermore, Vidrala offers its Senior and Middle Managers the “**Elective External Training Programme**”, which enables them to complete certified and official higher training: graduate, post-graduate and master’s degrees. This training is 80% funded by Vidrala. In addition, in terms of time, the company offers the employee the option of dedicating part of their working day to training,

In general, Vidrala endeavours to ensure training to recruit, provide skills and promote its employees. **The end goal is to provide the employees with the necessary tools to develop their professional career within the organisation and consolidate their position in it.**

• Professional Development Interview of the Vidrala employees:

Vidrala uses the professional development interview to pass on to the employees the assessment of the way in which they work: It recognises those tasks that they perform satisfactorily, while trying to identify areas for improvement. This interview is also an opportunity to establish targets, identify potential and pinpoint development and training needs. Furthermore, it helps to meet the targets of the company by means of involving the workers in achieving them and improving communication between Managers and Employees. **The percentage of employees whose performance and professional development is regularly assessed shows to what extent the system is applied throughout the organisation.**

The Professional Development Interview has been conducted for senior and middle management since 2006. However, the Vidrala Group intends to progressively extend the Performance Assessment over the coming years.

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Employees that receive regular professional development and performance assessments

	Men	%	Women	%	TOTAL	%
2009	208	11,8	18	13,7	226	11,9
2010	206	12,1	17	12,7	223	12,2
2011	202	11,8	20	14,1	222	11,9



4.3.2. Accountability towards our customers and our products

The link between Vidrala and its customers is underpinned by a firm commitment to the quality of its products. Furthermore, its customers are one of the main stakeholders for the companies that make up the business group. The continuity of the company over time depends on their satisfaction and, therefore, ensuring their satisfaction is essential.

QUALITY AS THE VIDRALA HALLMARK

The customers are priority stakeholders for the organisation. Therefore, the Vidrala Group works every day to ensure the greatest dedication and delivery possible to its customers, beyond the legally established requirements. The customers expect Vidrala to dedicate due care to the design of its products, in order to ensure that they comply with the intended use and that they are no risk to health and safety. Correct management of the product information is likewise important, while always guaranteeing the privacy of the information that the customers provide to the company.

As a producer of food glass containers, Vidrala complies with quality standards that ensure the safety of its customers and consumers. Since 2010, the Group has achieved **ISO 22000:2005 standard certification in all its plants**. Certification of all its plants according to this Standard enables the organisation to be able to confirm that it strictly complies with food safety legislation. This fact means that the Group has strengthened its food safety guarantee system, which protects, in the last instance, the end consumer.

THE ISO 22000:2005 IS A STANDARD THAT DEFINES AND SPECIFIES THE REQUIREMENTS TO IMPLEMENT A SYSTEM THAT ENABLES FOOD SAFETY TO BE IMPROVED THROUGHOUT THE SUPPLY CHAIN.

With all its plants covered by this food safety system, Vidrala controls all those potential risks that may emerge throughout the glass container production process. By means of external and internal audits, the implementation and practical application of the self-inspection plan is periodically supervised, checking that the processes and results comply with what is established in the documentary procedure and are appropriate to achieve the objective of producing safe containers. The relevant corrective actions are established pursuant to the findings of the audit itself.

During 2011, the Group conducted a training course on the BRC/IOP for food containers and packaging in all the plants at the same time that the BRC standard was introduced in the Gallo Vidro (Portugal) and MD Verre (Belgium) plants. **In 2011, the Gallo Vidro plant was audited and it obtained the highest possible score: “Grade A”.**

As far as health and safety is concerned, special mention should be made of the “Glass Life Cycle Analysis” initiative carried out in conjunction with the European Container Glass Federation”. This measure aimed to provide consistent information on the safety and healthiness of glass containers.



CUSTOMER SATISFACTION. RAISON D'ÊTRE OF THE VIDRALA GROUP

Proof of the good management of the Vidrala Group regarding the health and safety of its customers is that, in 2011, the organisation did not receive any formal complaint regarding breach of the legislation or of the voluntary codes regarding the health and safety of the consumer during the life cycle of the product.

With regard to data protection, Vidrala guarantees the privacy and effective protection of its customers **and fully complies with the provisions established in the Personal Data Protection Act 15/1999** (along with the equivalent legislation in the other countries where the organisation operates). This legislation establishes that audits must be conducted every two years to assess if the management of the data privacy of the customers is performed correctly. In addition, the files that contain personal data on Vidrala customer data are registered in the Data Protection Agency, as a way of guaranteeing their registration in a safe and responsible way.

In order to ensure this responsible management of the data, Vidrala has an email address²⁸ so that the customers can pass on any type of query or send in their requests to change or delete data. Using these communication channels, anyone who so wishes can contact the organisation with any subject related to the privacy of the consumers. **In 2011, a biennial audit was carried out at Group level. During the audit, the guarantee regarding the rights to privacy and data protection of the Vidrala customers was checked.**

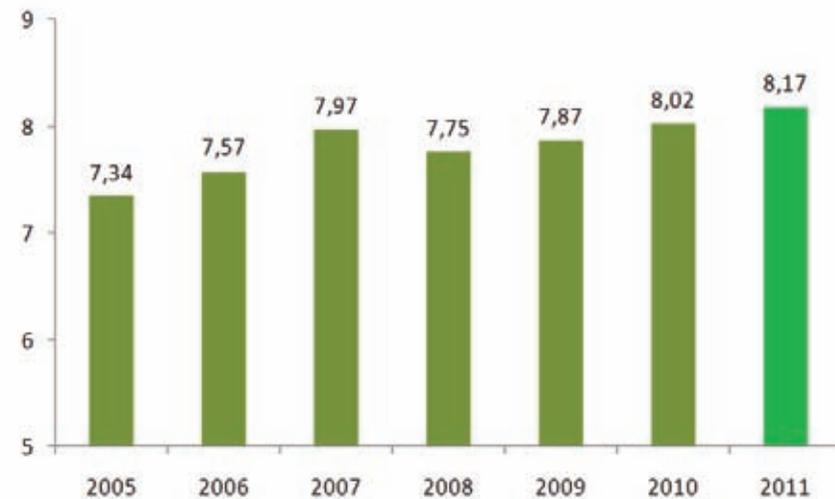
Vidrala Group satisfaction survey

Since 2005, Vidrala has conducted satisfaction surveys of all its customers, after delivering the requested service and/or product. Conducting customer satisfaction surveys is highly important for the organisation as a means of improving the service and quality offered to its customers. Thanks to this, the Group is in a position to improve those aspects that its purchasers value with less satisfaction. On other hand, it allows the position of the company to be compared to the main competitors of the sector. **The satisfaction survey is an**

interesting tool for Vidrala to ensure efficient management and in accordance with the desires of its customers.

In 2011, the Vidrala Group obtained an average score of 8,17 in its satisfaction survey. This score is the highest of its history; a figure that shows the importance that the organisation gives to the constant importance of the quality of service and of the products that it offers its customers.

Average scores obtained by the Group in the customer satisfaction surveys since 2005

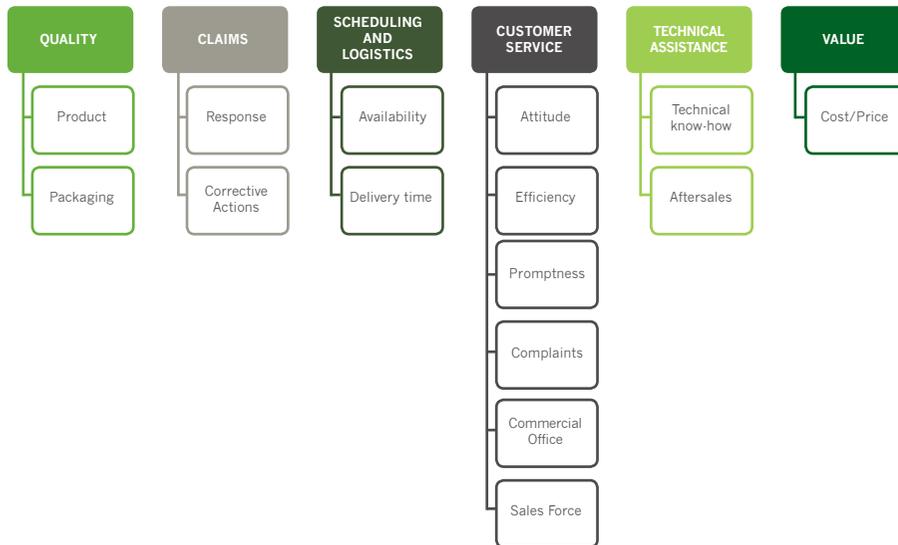


²⁸ lop@vidrala.com



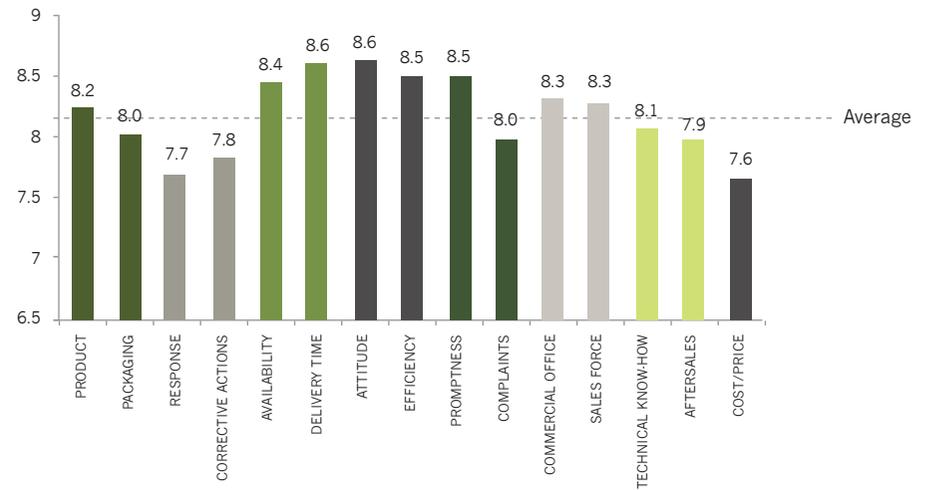
The survey consists of 15 attributes, divided into 6 different categories not only referring to the product itself, but also to other categories such as customer attention and post-sale service:

Categories contemplated in the Vidrala Group satisfaction survey (2011)



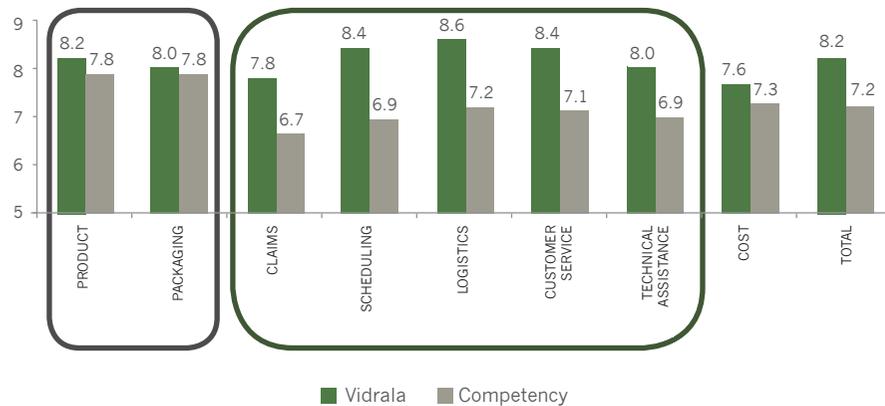
In all the areas analysed, Vidrala obtained a high score, achieving the highest marks in the attitude towards the customer and the delivery periods.

Scores obtained in the different attributes assessed in the satisfaction survey (2011)



The customers of the Group awarded a lower score to the companies of the competition with respect to the same survey in 2010. This result spotlights how the Group is more competitively positioned with the market of the European container glass manufacturers. If there are valuation differences in all the areas analysed, including quality of the product, the packaging and the cost, it should be pointed out that with respect to claims, despite being one of the lowest scored areas by the customers, Vidrala was over one point ahead of its competitors.

Comparative between the score obtained by the Vidrala Group and the other competitors (2011 customer satisfaction survey)



Accountability and caring the quality of the Vidrala products

Vidrala considers quality to be a constant in all the products that it offers and throughout the production process: **“Greater Sustainability without renouncing quality: Less is more”**.

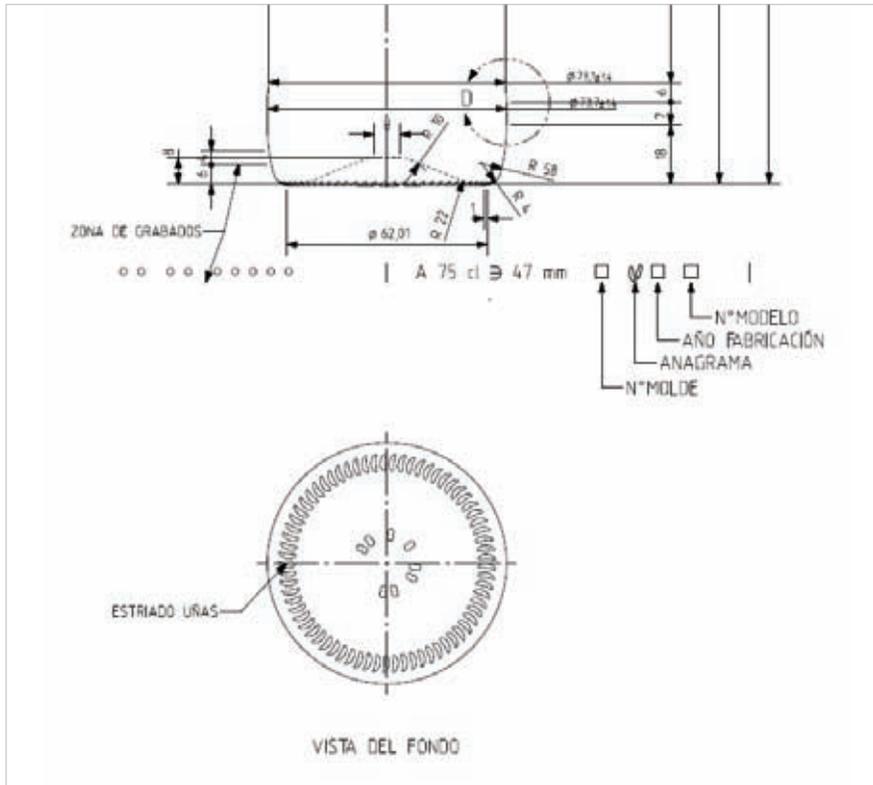
The organisation is firmly committed to Sustainable Development without that having any negative impact on the quality of the product offered. Proof of this is the range of containers launched in 2011, which are more environmentally friendly and assure the best quality for the customers of the company.

An issue that is closely related with the accountability towards the customers is **Vidrala’s commitment to the product** that it supplies. It is essential to provide the consumer with clear and accurate information on the characteristics of the product that they purchase. Therefore, the labelling plays a fundamental role to provide this information.

When talking about information on a product, not only the information regarding the intrinsic characteristics of the product must be provided. The consumers are increasingly more demanding and they require global information, including the impact that the products and services consumed have on attaining sustainable development. However, the labelling of the products is down to the final producer, in other words, the packer or bottler. It is not a matter where the container producer has any liability whatsoever. Therefore, the Vidrala Group complies with the legislation regarding glass container labelling, by providing the required information to its customers, that will be the ones to finally put the container on the market.



Example of the engraving on the base of a glass bottle of the Group



Vidrala is aware that the customers, the consumers, must have access to the information on the impact of the products and services that they purchase. It is true that in the case of the glass container manufacturers, this aspect is relatively outside their scope, as it is the following intermediary in the manufacturing process of the end product (the packer/bottler) that carries out the labelling to which the consumer has access.

With respect to the accountability regarding the marking of its final product, all the products supplied by Vidrala to its customers comply with all the requirements specified by current legislation regarding glass containers and product labelling.

Proof of the interest of the Group in this area is the fact of there being no claims or formal complaints due to breach of the regulations regarding the product information and labelling. Therefore, since it was incorporated and to the present, Vidrala has not been fined or had to pay any penalty due to breach of the legislation or legal regulations relating to the provision and use of the products and services of the organisation.

Responsible marketing: the importance of good communication

The traditional concept of marketing is lacking in an environment when the customers are increasingly greater in number and with a greater knowledge capacity of the sector. Vidrala considers it to be necessary to tackle the communication and marketing work from a point of view which includes ethical aspects and by adopting a transparent position in relation to the information supplied at the time of advertising, showcasing or marketing a product.

FOR MARKETING TO BE RESPONSIBLE, IT MUST GO BEYOND ETHICS AND TAKE THE REAL CONCERNS OF THE CONSUMERS INTO ACCOUNT. THESE CONCERNS CURRENTLY FOCUS ON RESPONSIBLE AND HONEST MANAGEMENT, WHICH IMPLIES AN INTEGRAL RELATIONSHIP WITH THE CUSTOMERS.

Vidrala is aware of the importance of having a relationship based on honesty with its customers. Therefore, the Marketing Department **rejects any advertising or promotional message that alters the reality or which leads to erroneous conclusions. The Vidrala Group has always complied with current advertising legislation**, and has not received any notification of an incident regarding the



breach of the regulations relating to marketing communications, including advertising, promotion and sponsorship.

Specifically, when it comes to marketing, special mention should be made of the following promotion actions carried out in 2011:

- Presence at events and conferences

III World Conference on Climate Change and Wine

III World Conference on Climate Change and Wine

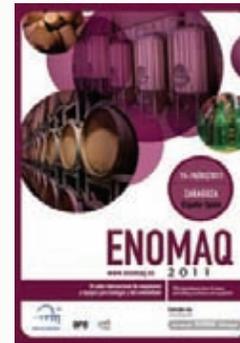


In April 2011, the III World Conference on Climate Change and Wine was held in Marbella (Malaga). During the event, the advances made in the field of Sustainability in the wine sector were discussed and showcased. The speakers included the presence of the former Secretary-General of the United Nations and the Nobel Prize Winner,

Kofi Annan, who stressed the importance of companies that “help to develop new green technologies and to make sure that they are shared with developing countries”. Through ANFEVI, **the Vidrala Group was represented at the Conference where the role of glass in the wine sector was promoted and consolidated and in which way it can contribute to achieving sustainable development.**

ENOMAQ biannual trade fair in Zaragoza

ENOMAQ biannual trade fair in Zaragoza



In February 2011, the International Trade Fair of Winery and Bottling Machinery and Equipment (ENOMAQ) in Zaragoza. This event is dedicated to manufacturers, industrialists, importers, exporters, technicians, specialists, wine marketers, Denomination of Origin Regulatory Board, wine experts and media specialising in the sector.

“Oh! BCN” week

“Oh! BCN” week

“The artistic side of glass: gastronomy and art” in Barcelona: the “On! BCN” week, backed by “VIDRIOH”, was held in October 2011. A series of activities was organised during the week, whose common denominator was the relationship between glass and gastronomy. The event attracted a significant number of glass artists from around the world. The Vidrala Group was represented at the event by the Friends of Glass España, by supporting this original initiative that gathered together in single event leading artists, gastronomy experts and even chemists. This all showed that glass is much more than just a mere material.

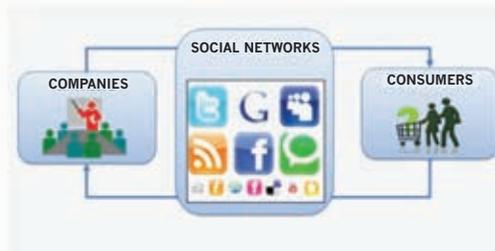


- Other Actions

Driving and improving the Vidrala Group presence online

Driving and improving the Vidrala Group presence online

In 2011, the organisation improved and update the design of its website (www.vidrala.com), by adapting to the website accessibility rules and with the possibility of seeing it in 5 different languages... **The presence of the Group on the social networks** has also been enhanced: Vidrala, as part of its communication strategy, has increased its presence in the main social networks: Twitter and Facebook. This is an essential step on the path towards what is known as **“Communication 2.0.”**, a new means of communication, based on a change of attitude towards the consumer, who no longer plays a passive role. In Communication 2,0, the relationship between company and customer is such that both are producers of own contents. This is a way of creating a much closer link between consumers and organisations, as both can enter into an ongoing feedback process.



Add class (and glass) to your table

In 2011, Vidrala worked with **Friends of Glass** in the **“GLASS ADDS CLASS”** initiative. This



action encourages users to add class when decorating their tables for parties and meeting, and therefore urges them to use glass. Users are also asked to send in their photos of their decorated tables and share experiences and tips on how to prepare a table to impress their guests.



Add class (and glass) to your table



Summer campaign with Friends of Glass: Pass the Bottle

Summer campaign with Friends of Glass:
Pass the Bottle

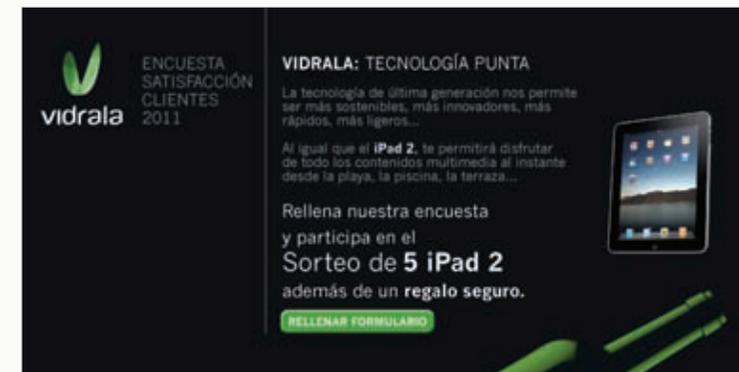
Friends of Glass also worked with Vidrala on its “Pass the Bottle” summer campaign. This consisted of a campaign based on the social networks, specifically through the Friends of Glass Facebook page, which aimed to reach the highest number of users of the network possible. It was a virtual game where each user had to pass a (virtual) bottle to his or her contacts. And so on until a user receives an empty bottle, where she or he will receive a free bottle of wine from Friends of Glass. The reason is obvious: each empty bottle can be recycled and this is a reason for celebration.



2011 Customer Satisfaction Survey

2011 Customer Satisfaction Survey

In 2011, the Customer Satisfaction Survey was conducted and, as has already been stated, Vidrala scored very highly. In order to encourage customers to fill in the questionnaire, Vidrala raffled five iPads 2 among all the customers who answered the form.



HONESTY AND TRANSPARENCY AS VALUES FOR THE VIDRALA GROUP

Good corporate governance seeks objective and transparent business management at the same time as guaranteeing to protect all the interested parties: Investors, shareholders, employees and all the other groups linked to the company. The application of good corporate governance practices in listed companies fosters equity in the treatment of shareholders and the appropriate dissemination of information, along with establishing effective internal audit techniques. This all adds credibility and reputability, which strengthen the Vidrala structure.

Honesty and transparency between Vidrala and its stakeholders are positioned as one of the main commitments undertaken. In this field, special mention should be made of the anti-corruption measures taken by the Group, the ethical and transparent relations between organisation, public administration, political parties, respecting free competition and compliance of the law and regulations regarding good corporate governance. **The Vidrala Group does not tolerate any type of dishonest practice. The organisation considers unacceptable any action outside the law or business ethics, not only due to the economic, environmental and social costs arising from the corrupt practices in the company, but rather because it clashes head on with the vision and values that the company wishes to transmit to all its internal and external stakeholders.**

Thanks to the rigorous compliance of its own Good Governance Policy as the one described, Vidrala has not been reported or fined, or has been suspected of acting illegally or of having been involved in any case of corruption, and it has therefore not been necessary to take any specific measures in that respect. Nonetheless, Vidrala penalises any activity or employee suspected of acting unethically or involved in any case of corruption. The workers may even be dismissed if they are proven to be acting outside the law and the values that govern the Vidrala Group.

In the same way as Vidrala ensures that its operations respect human rights, it does not consider that its activities are likely to be subject to activities related to corruption, fraud or bribes.

The Group likewise works to eradicate this aspect in any of its statements. Therefore, it explicitly includes the following principle in the Articles of Association that regulate the running of the Board of Directors: *“In the framework of the vision and values of the Company, of the established policies, of the commitment assumed to work against fraud in all its forms, including extortion and bribery, and to implement specific policies and programmes of action for that purpose, the Board of Directors has established internal procedures that regulate this aspect”.*





GOOD GOVERNANCE, A VIDRALA HALLMARK

In keeping with the Group's firm commitment to foster the performance of its activity from the perspective of honesty and good governance, **Vidrala has not detected cases of unfair competition or which endanger free competence.**

In the same way, **Vidrala respects the principles that govern free competence and has never put any obstacle in the way of achieving those principles.** It has never been reported for having performed or having been suspected of carrying out monopolistic practices and against free market practices.

In 2011, there was no type of incident related to the breach of legislation and regulations to which the Vidrala Group is subject. Thus, the company has not had to pay any type of financial penalty or fine. **The organisation works closely with the main sectoral associations of the glass sector, particularly with the glass manufacturers, both nationally and in Europe.** Thus, the organisation seeks to find synergies to establish common lines of action for the continuous improvement of the sector and collaborate, always with a proactive attitude, with those competent authorities in the search for solutions to successfully adapt to current legislation and which applies to the very running of the Group.

Any company that is established in a territory must consider the impact on the local community. And Vidrala is no exception. **A relationship of mutual dependency and benefit is established between the plants of the Group and its physical environment, where the organisation receives the workforce and part of the resources that it needs for its operations from the community and the latter obtains the benefit associated to jobs being created and the impact on people.** Vidrala endeavours to progress towards the full integration in the communities where it operates, paying special attention to the possible negative impacts that its management may have on the population of the social environment. As, **for the Vidrala Group, the welfare of the people in its environment is a priority in its management.**



4.3.3. Commitment to the local community

The local community comprises those people who live and/or work in any area that receives an environmental, social or economic impact from the operations of an organisation. The local community can range from those people who live in a location adjacent to the very activities of the company, to isolated settlements provided that the carrying out of the activity of the company affects them (GRI 3.1).

According to the Vidrala Group, permanent contact and dialogue with the members of the local communities where it is based is a matter of great importance. It therefore implements to many activities and events where the members of the local community are the fundamental pillar. The actions performed involve a broad series of measures, from the implementation of improvement projects with different local entities and the organisation of open days to donations NGOs and non-profit associations. The underlying conviction is that any company must establish strong ties with the environment where it is present.

VIDRALA AND THE LOCAL COMMUNITY

If something characterises the Vidrala Group, it is its relationship with the local communities where it operates. Thus, the organisation drives the base of its development thanks to its social environment: practically all the employees at the Group plants are from the closest local community. Vidrala is likewise a company that fosters the development of these communities, by means of partnerships with local associations and sponsoring events with a great impact on the local population.

The underlying reason is that **Vidrala believes that promoting good relations with all the inhabitants of the communities where it is present is a fundamental value.** This is a hallmark of the Group and a way of standing out from other companies, both in the glass container manufacturing sector and those working in different areas.

As part of its policy to be involved with the local community, the different Vidrala plants have carried out a series of donations and sponsorship actions for different associations in the environment where its operations and with a great impact on the local population. In total, **€24.590 were earmarked to activities to support the community in 2011**, such as sponsoring local football teams and sponsoring events and organisations that are very important in the territory.

IMPACT ON THE LOCAL COMMUNITY

When managing the impact on the people belonging to the local communities where a certain activity is carried out, it is necessary to assess and plan the possible and real impacts, along with a direct engagement with the community to better establish their needs. The Vidrala Group has introduced a **Policy for Social Activity Development**, whose main purpose to strengthen the feeling of belonging of the Vidrala employees. This initiative likewise seeks to foster the participation of its workforce in different projects promoted by the company. Vidrala is systematically the driving force behind cultural projects, sports activities, etc., which are all related with the local community in question. Thanks to this initiative, the Group has consolidated its ties with its stakeholders, particularly those belonging to the regional and local community. In addition, there are the very benefits inherent to a company setting up in a specific



territory: economic development, benefit for local employment and contracts with local suppliers.. The Vidrala Group therefore works with the authorities to develop social communication strategies, which mainly involve:

- Procedures to disseminate the plants of the Company.
- Communication and open days
- Regular contact with the authorities and establishing firm listening and opinion analysis policies.

In greater detail, the most significant social actions carried out by each of the plants in 2011 were:

Local action in the plants located in Aiala Vidrio, Crisnova Vidrio, Castellar Vidrio, Vidrala Italia and Gallo Vidro (2011)

AIALA VIDRIO	ENTITY/ORGANISATION	AMOUNT
	Donation to Amurrio Football Club	€500
	Donation to Arabaz Euskara	€1.300
	Sponsoring the Llodio saint's day festivities	€150
	Sponsoring the Llodio Football Club	€3.000
	"Alex Uriarte" Memorial Award for Innovation	€5.000
	Sponsoring the Olentzero de Llodio	€300
TOTAL	€9.950	

CRISNOVA VIDRIO	ENTITY/ORGANISATION	AMOUNT
	Sponsoring the Youth and Junior races at the Caudete Cycling Club	€200
	Sponsoring the league promoting of the Caudetano Sports Club Youth A	€200
	Sponsoring the Caudetano Sports Club Youth A (National League)	€1.000
	Antonio Amorós Fun Run organised by Caudete Athletics Club	€200
	Donation to the Santa Ana Restoration Association	€600
	Advertising in the Festivities Official Book	€360
	Friends of the Three Kings Group	€100
TOTAL	2.660 €	



CASTELLAER VIDRIO	ENTITY/ORGANISATION	AMOUNT
		Sponsoring the Castellar del Vallés Football Club
	TOTAL	€1.500

VIDRALA ITALIA	ENTITY/ORGANISATION	AMOUNT
		Donation to the Italian Association for Spastic Care (AIAS - Associazione Italiana Assistenza Spastici)
	Donation for Ronda de la caridad y la solidaridad (Caritas)	€3.000
	Donation to Parents United for the Integration of the Disabled (GUPIH - Genitori Uniti Per l'Integrazione degli Handicappati)	€3.000
	TOTAL	€9.000

GALLO VIDRIO	ENTITY/ORGANISATION	AMOUNT
		Donation to the Marinha Grande Fire Brigade
	Donation to the Marinha Grande Parents' Association to improve the school premises	€1.000
	Santa Casa de Marinha Grande food donation campaign	€180
	Donation to the Marinha Grande Karate Centre to improve its premises	€500
	TOTAL	€1.480



VIDRALA GROUP INTERNATIONAL SOCIAL ACTION

Aware of the current global situation, the Group contributes to organisations that are working towards a more sustainable world, by means of partnerships with social action projects in sub-developed countries. In 2010, the Group worked with Aldeas Infantiles to offset the effects of the devastating earthquake in Haiti. Given the warm welcome that the project had among the workers, the Vidrala Group renewed its partnership undertaking with the Aldeas Infantiles NGO in 2011.

The Group's commitment to social action also involves its workers. In 2011, Vidrala again turned to Aldeas Infantiles to get its Social Action project underway. This year, the main objective was to help to offset the difficult humanitarian crisis of the region known as the Horn of Africa. Yet again this year, the support of the workers of the Group helped to turn this project into reality as they were able to provide the amount they wanted through a direct donation from their own pay package. **In total, €27.118 were collected between the contributions of the Group (€10 for each worker) and the volunteer donations by the employees.** This is a further example of the Group's commitment to development, not only in the places where it operates, but also in those countries with an urgent need for humanitarian aid.

Supporting the work of Aldeas Infantiles SOS in the Horn of Africa

CATEGORY: International Social Action • TOPIC: Fighting hunger

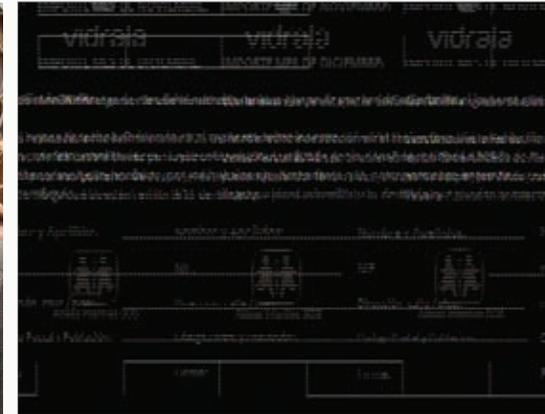
Project description:

A far reaching crisis is hitting the countries that make up the **Horn of Africa: Somalia, Kenya and Ethiopia**. The drought, the worst that the region has suffered in the last 60 years, has laid waste to it. **Over 13 million people are facing starvation, and families and whole communities have left their homes in a desperate search for food.**

This year, the Vidrala Group has decided to work with Aldeas Infantiles in its fight against hunger in this zone. Therefore, each plant in the organisation undertook to **contribute €10 per worker**. Furthermore, as a way to get its workforce involved, a **coupon was distributed so that each worker could donate the amount they wanted to the cause**, which was deducted straight from their salary.

A total of €27,118 was collected, with a significant amount (€9,228) being directly given by the employees. The remaining €17,890 was donated by the company.

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THE VIDRALA GROUP AND RESPECTING HUMAN RIGHTS

Vidrala, as a company committed to social responsibility, is strongly convinced that human rights must be respected without any exceptions. The organisation does not tolerate any situation, in or outside the workplace, which endangers or does not guarantee that the rights of people are respected. **Respecting human rights is a basic principle of the company, without exceptions.**

The sphere in which the Group operates is within the European Union and therefore the risk of breach of human rights legislation is very low. All European governments envisage the protection of people in their legislation and the public authorities are entrusted with overseeing compliance of current legal provisions. Likewise, as the company has suppliers and contractors from the regions in which it is based, it has not detected any agents that endanger or breach human rights.

Therefore, Vidrala can guarantee that both the Group (in the performance of its activity), and its key suppliers and commercial partners, 100% comply with all current legislation regarding human rights. It has therefore not been necessary to include any type of clause regarding human rights to ensure that they are endangered. In 2011, the Aiala Vidrio and Vidrala (as parent company) collective agreements were signed with a three year term and published in the Álava Official Gazette. This new agreement does not made any reference in that respect as, as has already been stated, lack any practical sense.

There are also no significant operations or suppliers identified as a risk of causing any cases of forced labour, child exploitation or abuse of native workers. For the same reasons, the Group security team has not required specific training regarding the policies or procedures of the organisation with respect to relevant human rights.

In keeping with what has been stated, Vidrala has not seen the need to carry out reviews or assessment that impact human rights in any of its operations. Neither have any complaints been received regarding the breach of the human rights, so it has therefore not been to take any corrective measures in that respect.





5. OTHER ASPECTS OF OUR REPORT



Anexo 5.1. Principles of the 2011 sustainability report

PRINCIPLES OF THE 2011 SUSTAINABILITY REPORT

The principles established by the *Global Reporting Initiative* have been taken into consideration when preparing the 2011 Vidrala Sustainability Report. These principles are classified into two groups. The first series of principles refer to the contents of the memory and seek to guarantee a balanced and reasonable presentation of the performance of the organisation. The second series seeks to define the quality when preparing the memories. It is the quality of the information when enables the stakeholders to perform a reasonable and appropriate assessment of performance, as well as how to implement the relevant measures.

PRINCIPLES AIMED AT DEFINING THE CONTENTS OF THE MEMORY

- **Materiality**

According to Vidrala, the principle of materiality has been the backbone of the whole process when preparing the Report. The stakeholders and the reputational risk topics have been identified using the Vidrala 2011 materiality study.

The first materiality study performed for Vidrala was for the year 2010. However, it was in 2011 when the working method to be followed to identify and assess the material aspects and stakeholders was consolidated. After the material topics were approved by the Materiality Committee, the results were gathered to be incorporated in the design of the Report and its contents. It should be stressed that each and every one of the categories of the different GRI performance indicators have been taken into account in this process. A maximum degree of coverage when identifying and assessing the potential risk areas for the organisation is thus assured.

- **Participation of the stakeholders**

In the same way as in the previous case, the 2011 Vidrala Materiality Study became the instrument used to identify the stakeholders. In Chapter 3: Dialogue with our environment contains access to the information relating to the relationship between the Vidrala Group and its stakeholders.

- **Sustainability Context**

The reporting organisation must present its performance within the broadest context of sustainability. Therefore, Vidrala seeks, through its Report, to explain its contribution to improving social, environmental and economic trends, advances and conditions in each of the countries where it develops its main activity.

Aware of the importance of disseminating a message of conserving and protecting the environment, the quality of life of the citizens and value creation in the local environment, Vidrala has positioned itself as a proactive organisation and committed to this objective.

- **Exhaustiveness**

The exhaustiveness concept mainly includes the scope, coverage and time and can also refer to the information gathering practices and establish whether the information is reasonable and appropriate. When preparing the Report, Vidrala has taken this principle on board and ensured the direct involvement of numerous technicians of each of its plants who are specifically entrusted with the information gathering process. Vidrala has likewise sought to respond all the relevant information than can influence or contribute information to the stakeholders in its decisions and assessments.



PRINCIPLES AIMED AT DEFINING THE QUALITY OF PREPARING THE REPORTS

• Balance

The contents of the Report seek to achieve a rational distribution between those positive and negative aspects for the organisation. Vidrala has thus faithfully reflected the events that took place throughout 2011, by contributing information regarding all those aspects where difficulties have emerged in order to progress in the continuous improvement of certain aspects. Balanced information regarding the evolution in the business performance for the period of time between 2009 and 2011 is likewise presented.

• Comparability

In this new Sustainability Report of the Group, the focus has been on ensuring a good analysis of the evolution of the organisation, by including a time period of three years. Based on the needs of the sector, the data submitted not only are absolute data, but it has also been necessary to include relative data. As has been reflected through the report, the tonnage of cast glass has been put forward as the benchmark unit for the sector, by contributing the information that really reflects the performance of a glass manufacturing activity.

• Accuracy

Given that the information contained in the Report must be accurate and sufficiently detailed in order for the stakeholders can assess the performance of the reporting organisation, Vidrala has prioritised quantitative information based on measurements, compared to qualitative or estimated information.

• Frequency

Vidrala has assumed a firm undertaking to publish its Sustainability Report annually. This information will be available on the corporate website and accessible at any of its plants.

• Clarity

In order to facilitate the understanding for the stakeholders of the information contained in the Report, it was decided to aggregate the information at company level; with thus contributing by disaggregating by each plant only in those cases when it is individualised analysis is of interest. Non-technical, accessible and, therefore, easily understandable language was therefore used.

• Fiabilidad

The external validation of the Report is the tool that the Vidrala Group uses to give the document reliability. Furthermore, the data gathered is backed by the documentation and the external and internal audits that Vidrala conducts.



Annexes 5.2. Additional information needed to respond to the gri indicators

• **INDICATOR:** EC6

DESCRIPTION: Policies, practices and proportion of spending on locally-based suppliers at significant locations of operation.

Total volume of purchases, total local purchases and percentage of local purchases out of the total (2010)

	Total volume 2010	Local purchases 2010	%
Vidrala	40.829.538,83	34.856.399,60	85,37
Aiala Vidrio	48.142.533,00	41.605.301,00	86,42
Crisnova Vidrio	39.174.271,44	29.807.955,23	76,09
Castellar Vidrio	42.336.224,79	39.825.818,47	94,07
SPAIN	170.482.568,06	146.095.474,30	85,7
PORTUGAL (Gallo Vidrio)	47.607.352,31	33.085.281,54	69,5
ITALY (Vidrala Italia)	86.469.668,00	84.316.690,00	97,51
BELGIUM (MD Verre)	65.269.754,93	55.307.383,97	84,74

Volumen total de compras, compras locales total y porcentaje de compras locales sobre el total (2011)

	Total volume 2010	Local purchases 2010	%
Vidrala	271.613.081,15	233.325.467,91	85,90
Aiala Vidrio	48.104.362,03	42.183.577,51	87,69
Crisnova Vidrio	41.424.717,44	32.659.545,12	78,84
Castellar Vidrio	42.336.224,79	39.825.818,47	94,07
SPAIN	406.139.733,47	351.419.011,58	86,53
PORTUGAL (Gallo Vidrio)	115.168.672,1	87.125.103,39	75,65
ITALY (Vidrala Italia)	87.546.714,00	83.862.871,00	95,79
BELGIUM (MD Verre)	69.411.307,43	55.628.311,35	80,14



• **INDICATOR:** EN3

DESCRIPTION: Direct energy consumption by primary energy source.

Direct energy consumption by primary energy source (GJ)

	2009	2010	2011
Natural Gas	5,973,832	6,223,871	6,498,991
Diesel	20,181	21,079	20,521
Fuel	130,582	2,050	2,062
Propane	253	170	191
Total energy consumed	6,124,847	6,247,170	6,521,765

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• **INDICATOR:** EN8

DESCRIPTION: Total water withdrawal by source.

Water consumption at the Vidrala Group plants (2009-2011)

(M3)

	AIALA VIDRIO			CASTELLAR VIDRIO			VIDRALA ITALIA		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Volume of water from mains (m3)	33.699	37.823	28.557	10.121	7.867	7.810	20.219	18.085	14.732
Volume from watercourses (m3)	47.881	41.756	48.381	.	.	.	0	0	0
Volume from wells (m3)	0	0	0	39.985	39.703	41.087	127.396	125.459	130.767
Total	81.580	79.579	76.938	50.106	47.570	48.897	147.615	143.544	145.499

	CRISNOVA VIDRIO			GALLO VIDRIO			MD VERRE		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Volume of water from mains (m3)	19.965	9.171	4.994	6.445	6.375	9.553	39.061	14.191	32.327
Volume from watercourses (m3)	0	0	0	0	0	0	0,00	0,00	0,00
Volume from wells (m3)	24.745	35.283	42.337	45.999	37.912	28.195	41.247	25.543	31.815
Total	44.710	44.454	47.331	52.444	44.287	37.748	80.308	39.734	64.142

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• **INDICATOR:** LA1

DESCRIPTION: Total workforce by employment type, employment contract and region, broken down by gender.

LA1.1. Workers by category and gender

SPAIN

Distribution of Aiala Vidrio plant workforce 2009-2011

	AIALA VIDRIO								
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Senior management	3	0	3	3	0	3	3	0	3
Middle management	16	4	20	17	4	21	20	4	24
Employees	39	10	49	38	8	46	34	8	42
Workers	343	6	349	349	7	356	336	7	343
TOTAL	401	20	421	407	19	426	393	19	412

Distribution of Crisnova Vidrio plant workforce 2009-2011

	CRISNOVA VIDRIO								
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Senior management	3	0	3	3	0	3	2	0	2
Middle management	19	0	19	19	0	19	21	0	21
Employees	12	2	14	12	2	14	12	2	14
Workers	245	4	249	249	5	254	266	8	274
TOTAL	279	6	285	283	7	290	301	10	311

Distribution of Castellar Vidrio plant workforce 2009-2011

	CASTELLAR VIDRIO								
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Senior management	2	0	2	2	0	2	2	0	2
Middle management	25	0	25	27	0	27	29	0	29
Employees	35	6	41	36	6	42	34	5	39
Workers	194	5	199	199	4	203	218	4	222
TOTAL	256	11	267	264	10	274	283	9	292

Distribution of Vidrala plant workforce 2009-2011

	VIDRALA								
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Senior management	21	3	24	20	3	23	16	3	19
Middle management	40	6	46	41	6	47	38	6	44
Employees	29	34	63	30	35	65	29	38	67
Workers	0	0	0	0	0	0	0	0	0
TOTAL	90	43	133	91	44	135	83	47	130



PORTUGAL

Distribution of Gallo Vidro plant workforce 2009-2011

GALLO VIDRIO									
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Senior management	4	0	4	4	0	4	4	0	4
Middle management	26	1	27	24	1	25	23	1	24
Employees	7	9	16	7	10	17	4	9	13
Workers	235	23	258	230	25	255	231	28	259
TOTAL	272	33	305	265	36	301	262	38	300

ITALY

Distribution of the Vidrala Italy plant workforce 2009-2011

VIDRALA ITALIA									
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Senior management	0	0	0	1	0	1	1	0	1
Middle management	28	1	29	28	1	29	28	2	30
Employees	8	5	13	11	6	17	10	5	15
Workers	158	3	161	161	3	164	160	3	163
TOTAL	194	9	203	201	10	211	199	10	209

BELGIUM

Distribution of the MD Verre plant workforce 2009-2011

MD VERRE									
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Senior management	1	0	1	1	0	1	2	0	2
Middle management	20	3	23	16	2	18	13	4	17
Employees	54	6	60	37	6	43	37	5	42
Workers	202	0	202	136	0	136	145	0	145
TOTAL	277	9	286	190	8	198	197	9	206

LA1.1. Workers broken down by employees and contracted workers by gender

TOTAL VIDRALA GROUP

Workforce broken down by employees and contracted workers by gender for Vidrala Group 2009-2011

TOTAL VIDRALA GROUP									
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Employees	1,769	131	1,900	1,701	134	1,835	1,718	142	1,860
Contracted workers	0	0	0	0	0	0	0	0	0



• **INDICATOR:** LA2

DESCRIPTION: Total number and rate of employee turnover by age group, gender and region.

LA2.1. Hiring, Staff losses and Turnover Rate

SPAIN

Hirings, staff losses and turnover rate broken down by gender and age groups of the Aiala Vidrio plant 2009-2011

		AIALA VIDRIO								
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
No. HIRINGS	<30	8	4	12	6	1	7	3	1	4
	30-50	15	4	19	18	2	20	7	3	10
	>50	0	0	0	1	0	1	2	0	2
	TOTAL	23	8	31	25	3	28	12	4	16
No. STAFF LOSSES	<30	5	4	9	3	3	6	0	1	1
	30-50	4	3	7	8	1	9	5	3	8
	>50	15	0	15	10	0	10	20	0	20
	TOTAL	24	7	31	21	4	25	25	4	29
TURNOVER RATE (%)	<30	1,19	0,95	2,14	0,70	0,70	1,41	0,00	0,24	0,24
	30-50	0,95	0,71	1,66	1,88	0,23	2,11	1,21	0,73	1,94
	>50	3,56	0,00	3,56	2,35	0,00	2,35	4,85	0,00	4,85
	TOTAL	5,70	1,66	7,36	4,93	0,94	5,87	6,07	0,97	7,04

Hirings, staff losses and turnover rate broken down by gender and age groups of the Crisnova Vidrio plant 2009-2011

		CRISNOVA VIDRIO								
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
No. HIRINGS	<30	5	0	5	12	2	14	20	2	22
	30-50	6	3	9	7	12	19	10	8	18
	>50	0	0	0	0	2	2	0	2	2
	TOTAL	11	3	14	19	16	35	30	12	42
No. STAFF LOSSES	<30	2	0	2	7	2	9	7	1	8
	30-50	2	3	5	5	11	16	2	7	9
	>50	4	0	4	2	2	4	4	2	6
	TOTAL	8	3	11	14	15	29	13	10	23
TURNOVER RATE (%)	<30	0,70	0,00	0,70	2,41	0,69	3,10	2,25	0,32	2,57
	30-50	0,70	1,05	1,75	1,72	3,79	5,52	0,64	2,25	2,89
	>50	1,40	0,00	1,40	0,69	0,69	1,38	1,29	0,64	1,93
	TOTAL	2,81	1,05	3,86	4,83	5,17	10,00	4,18	3,22	7,40



Hirings, staff losses and turnover rate broken down by gender and age groups of the Castellar Vidrio plant 2009-2011

CASTELLAR VIDRIO										
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
No. HIRINGS	<30	20	1	21	17	2	19	25	1	26
	30-50	21	2	23	10	1	11	35	5	40
	>50	1	0	1	0	0	0	3	0	3
	TOTAL	42	3	45	27	3	30	63	6	69
No. STAFF LOSSES	<30	24	2	26	11	2	13	14	1	15
	30-50	18	3	21	8	1	9	25	5	30
	>50	5	0	5	1	0	1	7	1	8
	TOTAL	47	5	52	20	3	23	46	7	53
TURNOVER RATE (%)	<30	8,99	0,75	9,74	4,01	0,73	4,74	4,79	0,34	5,14
	30-50	6,74	1,12	7,87	2,92	0,36	3,28	8,56	1,71	10,27
	>50	1,87	0,00	1,87	0,36	0,00	0,36	2,40	0,34	2,74
	TOTAL	17,60	1,87	19,48	7,30	1,09	8,39	15,75	2,40	18,15

Hirings, staff losses and turnover rate broken down by gender and age groups of the Vidrala plant 2009-2011

VIDRALA										
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
No. HIRINGS	<30	6	2	8	3	3	6	0	4	4
	30-50	1	6	7	3	2	5	1	8	9
	>50	1	1	2	0	0	0	0	0	0
	Total	8	9	17	6	5	11	1	12	13
No. STAFF LOSSES	<30	4	5	9	1	2	3	1	2	3
	30-50	3	0	3	1	0	1	4	7	11
	>50	1	0	1	3	0	3	5	0	5
	Total	8	5	13	5	2	7	10	9	19
TURNOVER RATE (%)	<30	3,01	3,76	6,77	0,74	1,48	2,22	0,77	1,54	2,31
	30-50	2,26	-	2,26	0,74	-	0,74	3,08	5,38	8,46
	>50	0,75	-	0,75	2,22	-	2,22	3,85	-	3,85
	Total	6,02	3,76	9,77	3,70	1,48	5,19	7,69	6,92	14,62



PORTUGAL

Hirings, staff losses and turnover rate broken down by gender and age groups of the Gallo Vidro plant 2009-2011

		GALLO VIDRO								
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
No. HIRINGS	<30	3	0	3	2	2	4	2	1	3
	30-50	7	0	7	2	1	3	8	4	12
	>50	0	0	0	0	0	0	0	1	1
	TOTAL	10	0	10	4	3	7	10	6	16
No. STAFF LOSSES	<30	1	0	1	1	0	1	1	2	3
	30-50	4	0	4	5	0	5	4	5	9
	>50	12	1	13	6	0	6	10	2	12
	TOTAL	17	1	18	12	0	12	15	9	24
TURNOVER RATE (%)	<30	0,33	0,00	0,33	0,33	0,00	0,33	0,33	0,67	1,00
	30-50	1,31	0,00	1,31	1,66	0,00	1,66	1,33	1,67	3,00
	>50	3,93	0,33	4,26	1,99	0,00	1,99	3,33	0,67	4,00
	TOTAL	5,57	0,33	5,90	3,99	0,00	3,99	5,00	3,00	8,00

ITALY

Hirings, staff losses and turnover rate broken down by gender and age groups of the Vidrala Italia plant 2009-2011

		VIDRALA ITALIA								
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
No. HIRINGS	<30	5	0	5	3	0	3	2	0	2
	30-50	9	0	9	2	0	2	0	1	1
	>50	0	0	0	1	0	1	0	0	0
	TOTAL	14	0	14	6	0	6	2	1	3
No. STAFF LOSSES	<30	5	0	5	3	0	3	1	0	1
	30-50	6	0	6	3	0	3	3	0	3
	>50	1	0	1	1	0	1	1	0	1
	TOTAL	12	0	12	7	0	7	5	0	5
TURNOVER RATE (%)	<30	2,46	0,00	2,46	1,42	0,00	1,42	0,48	0,00	0,48
	30-50	2,96	0,00	2,96	1,42	0,00	1,42	1,44	0,00	1,44
	>50	0,49	0,00	0,49	0,47	0,00	0,47	0,48	0,00	0,48
	TOTAL	5,91	0,00	5,91	3,32	0,00	3,32	2,39	0,00	2,39



BELGIUM

Hirings, staff losses and turnover rate broken down by gender and age groups of the MD Verre plant 2009-2011

MD VERRE										
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
No. HIRINGS	<30	5	0	5	1	1	2	6	0	6
	30-50	8	0	8	0	0	0	8	2	10
	>50	0	0	0	0	0	0	0	0	0
	TOTAL	13	0	13	1	1	2	14	2	16
No. STAFF LOSSES	<30	9	1	10	19	0	19	2	0	2
	30-50	9	0	9	26	0	26	7	0	7
	>50	9	1	10	44	1	45	6	0	6
	TOTAL	27	2	29	89	1	90	15	0	15
TURNOVER RATE (%)	<30	3,15	0,35	3,50	9,60	-	9,60	0,97	-	0,97
	30-50	3,15	-	3,15	13,13	-	13,13	3,40	-	3,40
	>50	3,15	0,35	3,50	22,95	0,51	45,45	2,91	-	2,91
	TOTAL	9,44	0,70	10,14	44,95	0,51	45,45	7,28	-	7,28

LA2.2. Newly contracted workers that stopped working between 2009-2011

SPAIN

Newly contracted workers at the Aiala Vidrio plant that stopped working between 2009-2011

AIALA VIDRIO										
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
STAFF LOSSES	<30	0	2	2	0	0	0	0	1	1
	30-50	1	1	2	1	0	1	1	0	1
	>50	0	0	0	0	0	0	0	0	0
	TOTAL	1	3	4	1	0	1	1	1	2

Newly contracted workers at the Crisnova Vidrio plant that stopped working between 2009-2011

CRISNOVA VIDRIO										
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
STAFF LOSSES	<30	0	0	0	0	0	0			0
	30-50	1	0	1	2	0	2			0
	>50	0	0	0	0	0	0			0
	TOTAL	1	0	1	2	0	2	0	0	0

Newly contracted workers at the Castellar Vidrio plant that stopped working between 2009-2011

CASTELLAR VIDRIO										
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
STAFF LOSSES	<30	4	0	4	7	0	7	5	0	5
	30-50	3	1	4	4	0	4	7	1	8
	>50	0	0	0	0	0	0	0	0	0
	TOTAL	7	1	8	11	0	11	12	1	13



Newly contracted workers at Vidrala that stopped working between 2009-2011

VIDRALA										
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
STAFF LOSSES	<30	1	0	1	0	0	0	1	0	1
	30-50	1	0	1	0	0	0	0	0	0
	>50	0	0	0	0	0	0	0	0	0
	TOTAL	2	0	2	0	0	0	1	0	1

PORTUGAL

Newly contracted workers at the Gallo Vidro plant that stopped working between 2009-2011

GALLO VIDRO										
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
STAFF LOSSES	<30	0	0	0	0	0	0	1	0	1
	30-50	1	0	1	0	0	0	2	4	6
	>50	0	0	0	0	0	0		1	1
	TOTAL	1	0	1	0	0	0	3	5	8

ITALY

Newly contracted workers at the Vidrala Italia plant that stopped working between 2009-2011

VIDRALA ITALIA										
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
STAFF LOSSES	<30	0	0	0	0	0	0	0	0	0
	30-50	1	0	0	0	0	0	0	0	0
	>50	0	0	0	0	0	0	0	0	0
	TOTAL	0	0	0	0	0	0	0	0	0

BELGIUM

Newly contracted workers at the MD Verre plant that stopped working between 2009-2011

MD VERRE										
		2009			2010			2011		
		M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
STAFF LOSSES	<30	0	0	0	0	0	0	1	0	1
	30-50	1	0	0	0	0	0	0	0	0
	>50	0	0	0	0	0	0	0	0	0
	TOTAL	0	0	0	0	0	0	1	0	1



• **INDICATOR:** LA7

DESCRIPTION: Rates of absenteeism, occupational diseases, lost days and total number of work-related fatalities, by region and by gender.

SPAIN

Data regarding accidents, sick leave, occupational diseases and absenteeism at the Aiala Vidrio plant 2009-2011

AIALA VIDRIO									
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Total No. accidents with sick leave	60	1	61,00	54	0	54,00	44	0	44,00
Total No. accidents without sick leave ²⁹	121	1	122,00	116	3	119,00	96	3	99,00
Total No. fatalities	0	0	0,00	0	0	0,00	0	0	0,00
Total No. Occupational Disease Rate	1	0	1,00	2	0	2,00	10	0	10,00
Total No. lost days ³⁰	1.533,79	76	1609,79	1.552,29	77	1.629,29	1.794,48	86,5	1.880,98
Absenteeism (No days lost due to absence) ³¹	6.595	328,9	6.923,97	5.211,67	246,32	5.458,00	5.697	298	5.984,00
Total hours worked	551.625,18	27.512,4	579.137,18	561.781	26.355,2	588.137,18	544.279	26.247	570.526,00
Total days worked	70.721	3.527	74.248,00	72.023	3.379	75.402,00	69.779	3.365	73.144,00
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Incident Rate (IR)	65,62	14,54	63,20	60,52	22,77	58,83	51,44	22,86	50,13
Occupational Disease Rate (ODR)	0,36	0,0	0,35	0,71	0,0	0,68	3,67	0,0	3,51
Lost day rate (IDR)	556,10	25.639,35	25640,90	25.640,95	25.642,00	25640,96	25.640,89	25.641,03	25.640,9
Absenteeism rate (AR)	18.650,75	18.650,41	18.650,93	14.472,24	14.579,46	14.477,07	16.328,69	17.711,74	16.362,24



Data regarding accidents, sick leave, occupational diseases and absenteeism at the Crisnova Vidrio plant 2009-2011

CRISNOVA VIDRIO									
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Total No. accidents with sick leave	28	1	29	25	0	25	14	1	15
Total No. accidents without sick leave ²⁹	40	1	41	47	0	47	42	1	43
Total No. facilities	0	0	0	0	0	0	-	-	0
Total No. Occupational Disease Rate	0	0	0	0	0	0	2	-	2
Total No. lost days ³⁰	549	90	639	500	0	500	290,03	17,74	307,77
Absenteeism (No days lost due to absence) ³¹	2653,82	361,89	3.015,71	2.361,69	322,05	2.683,74	2.103	286	2.389
Total hours worked	441.658,82	16.018,71	457.677,53	454.180,20	16.472,86	470.653,06	482.555	18.540	501.094
Total days worked	56.988,23	2.066,93	59055,16	58.603,90	2.125,53	60.729,43	61.866,02	2.376,92	64.242,94
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Incident Rate (IR)	30,79	24,97	30,59	31,71	0,00	30,60	23,21	21,57	23,15
Occupational Disease Rate (ODR)	0,00	0,00	0,00	0,00	0,00	0,00	0,83	0,00	0,80
Lost day rate (IDR)	248,61	25.806,45	25.806,45	25.806,45	25.806,45	25.806,45	25.641,02	25.640,99	25.641,07
Absenteeism rate (AR)	9.313,57	35.017,15	10.213,20	8.059,84	30.303,03	8.838,35	6.798,56	24.064,76	7.437,39

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Data regarding accidents, sick leave, occupational diseases and absenteeism at the Castellar Vidrio plant 2009-2011

CASTELLAR VIDRIO									
	2009			2010			2011		
	M	W	TOTAL	W	M	TOTAL	M	W	TOTAL
Total No. accidents with sick leave	37	0	37	31	0	31	20		20
Total No. accidents without sick leave ²⁹	35	2	37	35	0	35	52	1	53
Total No. facilities	0	0	0	0	0	0	-	-	0
Total No. Occupational Disease Rate	0	0	0	3	0	3	2	-	2
Total No. lost days ³⁰	846,75	2,21	848,96	784,96	0	784,96	826,85	0,09	826,94
Absenteeism (No days lost due to absence) ³¹	-	-	5173	-	-	4.205	4.303	428	4.731
Total hours worked	387.137	17.635	404.772,41	376.524	14.690	391.214,34	414.535	12.298	426.833
Total days worked	48.392	2.205	50.597	47.066	1.836	48.902	51.817	1.537	53.354
	2009			2010			2011		
	M	W	TOTAL	W	M	TOTAL	M	W	TOTAL
Incident Rate (IR)	37,20	22,68	36,56	35,06	0,00	33,74	34,74	16,26	34,21
Occupational Disease Rate (ODR)	0,00	0,00	0,00	1,59	0,00	1,53	0,96	0,00	0,94
Lost day rate (IDR)	437,44	25.007,09	25.000,22	25.000,27	24.996,60	25.000,11	25.000,00	25.000,00	25.000,00
Absenteeism rate (AR)	0,00	0,00	20.447,85	0,00	0,00	17.197,66	16.608,49	55.683,85	17.734,34

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Data regarding accidents, sick leave, occupational diseases and absenteeism at the Vidrala plant 2009-2011

VIDRALA									
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Total No. accidents with sick leave	0	0	0	0	0	0	0	0	0
Total No. accidents without sick leave ²⁹	1	1	2	1	0	1	3	1	4
Total No. facilities	0	0	0	0	0	0	0	0	0
Total No. Occupational Disease Rate	0	0	0	0	0	0	1	0	1
Total No. lost days ³⁰	0,24	0,26	0,5	0,2	0	0,2	1,65	1,12	2,77
Absenteeism (No days lost due to absence) ³¹	543,26	265,46	808,73	505,07	244,21	749,28	226,79	484,83	711,82
Total hours worked	150.983	73.775,6	224.758,11	147.002,8	71.078,3	218.081,12	145.452	69.995	215.446
Total days worked	19.356,7	9.458,41	28.815,14	18.846,54	9.112,6	27.959,1	18.181,5	8.749,4	26.930,9
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Incident Rate (IR)	1,32	2,71	1,78	1,36	0,00	0,92	4,13	2,86	3,71
Occupational Disease Rate (ODR)	0,00	0,00	0,00	0,00	0,00	0,00	1,38	0,00	0,93
Lost day rate (IDR)	0,32	0,70	0,44	0,27	0,00	0,18	2,27	3,20	2,57
Absenteeism rate (AR)	5.613,14	5.613,21	5.613,23	5.359,82	5.359,83	5.359,83	2.494,73	11.082,62	5.286,27

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PORTUGAL

Data regarding accidents, sick leave, occupational diseases and absenteeism at the Gallo Vidro plant 2009-2011

GALLO VIDRO									
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Total No. accidents with sick leave	29	3	32	28	1	29	17	2	19
Total No. accidents without sick leave ²⁹	21	2	23	15	1	16	30	0	30
Total No. facilities	0	0	0	0	0	0	0	0	0
Total No. Occupational Disease Rate	0	0	0	0	0	0	0	0	0
Total No. lost days ³⁰	398,6	28,16	426,76	-	31,49	615,57	200,44	9,86	210,3
Absenteeism (No days lost due to absence) ³¹	-	-	3.210	-	-	3.847	3.712	815	4.527
Total hours worked	429.041	52.581	481.621,68	413.976	53.575	467.551,64	404.800	52.280	457.080
Total days worked	53.630	6.573	60.203	51.747	6.697	58.444	50.600	6.535	57.135
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Incident Rate (IR)	23,31	19,02	22,84	20,77	7,47	19,25	23,22	7,65	21,44
Occupational Disease Rate (ODR)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Lost day rate (IDR)	185,81	25.001,43	25.000,12	25.000,00	25.000,47	25.000,02	25.000,00	25.000,00	25.000,00
Absenteeism rate (AR)	0,00	0,00	10.663,92	0,00	0,00	13.164,74	14.671,94	24.942,62	15.846,68

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ITALY

Data regarding accidents, sick leave, occupational diseases and absenteeism at the Vidrala Italia plant 2009-2011

VIDRALA ITALIA									
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Total No. accidents with sick leave	0	0	25	0	0	20	30	1	31
Total No. accidents without sick leave ²⁹	0	0	0	0	0	0	0	0	0
Total No. facilities	0	0	0	0	0	0	0	0	0
Total No. Occupational Disease Rate	0	0	0	0	0	0	0	0	0
Total No. lost days ³⁰	249,6	0	249,6	476	0	476	436	12	448
Absenteeism (No days lost due to absence) ³¹	2.631	211	2.842,3	3.310	256	3.566	4.448	235	4.683
Total hours worked	317.438	15.322	332.759,5	331.903	15.783	347.686	326.667	16.005	342.672
Total days worked	39.677	1.918	41.594,9	41.488	1.973	43.461	40.833	2.001	42.834
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Incident Rate (IR)	0,00	0,00	15,03	0,00	0,00	11,50	18,37	12,50	18,09
Occupational Disease Rate (ODR)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Lost day rate (IDR)	157,26	25.035,90	25.000,00	25.000,08	25.001,58	25.000,00	25.000,00	25.000,00	25.000,00
Absenteeism rate (AR)	13.262,12	22.033,37	13.666,33	15.956,42	25.950,33	16.410,23	21.786,10	23.492,66	21.865,81

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BELGIUM

Data regarding accidents, sick leave, occupational diseases and absenteeism at the MD Verre plant 2009-2011

MD VERRE									
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Total No. accidents with sick leave	82	0	82	38	1	39	34	0	34
Total No. accidents without sick leave ²⁹	4	0	4	0	0	0	0	0	0
Total No. facilities	0	0	0	0	0	0	0	0	0
Total No. Occupational Disease Rate	0	0	0	0	0	0	0	0	0
Total No. lost days ³⁰	1506	0	1506	824,28	1	825,28	263,65	0	263,65
Absenteeism (No days lost due to absence) ³¹	-	-	5582,25	-	-	4502	3039	87	3126
Total hours worked	431876	16435	448.311,15	335346	12900	348.245,97	311713	14419	326131
Total days worked	53985	2054	56039	41918	1613	43531	38964	1802	40766
	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Incident Rate (IR)	39,83	0,00	38,37	22,66	15,50	22,40	21,81	0,00	20,85
Occupational Disease Rate (ODR)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Lost day rate (IDR)	697,42	24.995,44	25.000,05	24.999,85	25.007,75	25.000,15	24.999,92	24.994,80	24.999,77
Absenteeism rate (AR)	0,00	0,00	19.922,73	0,00	0,00	20.684,11	15.599,01	9.655,94	15.336,31

²⁹ Accident without sick leave is taken to be when only first aid is required. Two lost working hours are calculated for each accident without sick leaves which will increase the total number of lost days.

³⁰ Time ("days") not worked (therefore "lost") as the result of one or more workers not being able to carry out their usual work due to a n occupational disease or accident. Those used to comply with civic obligation or alternative work for the same company are not included as lost days.

³¹ Employee absent from work due to any type of capacity, not only as the result of an occupational accident or disease. Permitted absences due to studies, maternity or paternity or compassionate leave are not included.



• **INDICATOR:** LA13

DESCRIPTION: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other diversity indicators.

Vidrala Group workforce distribution (%) broken down by gender, age groups and professional category for 2009

VIDRALA GROUP						
2009						
		Senior management	Middle management	Employees	Workers	TOTAL
% Men	<30	0,00%	1,00%	0,32%	8,73%	10,04%
	30-50	1,31%	5,94%	4,63%	45,01%	56,89%
	>50	0,47%	2,21%	4,73%	18,66%	26,08%
	TOTAL	1,79%	9,15%	9,67%	72,40%	93,01%
% Women	<30	0,00%	0,00%	1,00%	0,21%	1,21%
	30-50	0,16%	0,68%	1,68%	1,42%	3,94%
	>50	0,00%	0,11%	1,21%	0,53%	1,84%
	TOTAL	0,16%	0,79%	3,89%	2,16%	6,99%
TOTAL EMPLOYEES	<30	0,00%	1,00%	1,31%	8,94%	11,25%
	30-50	1,47%	6,62%	6,31%	46,42%	60,83%
	>50	0,47%	2,31%	5,94%	19,19%	27,92%
	TOTAL	1,95%	9,94%	13,56%	74,55%	100,00%

Vidrala Group workforce distribution (%) broken down by gender, age groups and professional category for 2010.

VIDRALA GROUP						
2010						
		Senior management	Middle management	Employees	Workers	TOTAL
% Men	<30	0,00%	0,71%	0,38%	6,70%	7,79%
	30-50	1,31%	6,49%	4,63%	46,59%	59,02%
	>50	0,54%	2,18%	4,31%	18,86%	25,89%
	TOTAL	1,85%	9,37%	9,32%	72,15%	92,70%
% Women	<30	0,00%	0,00%	0,76%	0,22%	0,98%
	30-50	0,16%	0,71%	2,02%	1,47%	4,36%
	>50	0,00%	0,05%	1,20%	0,71%	1,96%
	TOTAL	0,16%	0,76%	3,98%	2,40%	7,30%
TOTAL EMPLOYEES	<30	0,00%	0,71%	1,14%	6,92%	8,77%
	30-50	1,47%	7,19%	6,65%	48,07%	63,38%
	>50	0,54%	2,23%	5,50%	19,56%	27,85%
	TOTAL	2,02%	10,14%	13,30%	74,55%	100,00%



Vidrala Group workforce distribution (%) broken down by gender, age groups and professional category for 2011

		VIDRALA GROUP				
		2011				
		Senior management	Middle management	Employees	Workers	TOTAL
% Men	<30	0,00%	0,86%	0,11%	7,10%	8,06%
	30-50	1,24%	6,29%	4,84%	46,51%	58,87%
	>50	0,38%	2,10%	3,66%	19,30%	25,43%
	TOTAL	1,61%	9,25%	8,60%	72,90%	92,37%
% Women	<30	0,00%	0,11%	0,59%	0,22%	0,91%
	30-50	0,16%	0,75%	1,99%	1,72%	4,62%
	>50	0,00%	0,05%	1,29%	0,75%	2,10%
	TOTAL	0,16%	0,91%	3,87%	2,69%	7,63%
TOTAL EMPLOYEES	<30	0,00%	0,97%	0,70%	7,31%	8,98%
	30-50	1,40%	7,04%	6,83%	48,23%	63,49%
	>50	0,38%	2,15%	4,95%	20,05%	27,53%
	TOTAL	1,77%	10,16%	12,47%	75,59%	100,00%

Composition of the Vidrala Group governance body. 2009-2011

		Vidrala Group Governance Body							
		GENDER		AGE GROUPS			TOTAL		
		M	% M	W	% W	<30	30-50	>50	
2009		9	90,00%	1	10,00%	0	2	8	10
2010		9	90,00%	1	10,00%	0	2	8	10
2011		10	90,91%	1	9,09%	0	2	9	11



Annexes 5.3. Contact

The 2011 Vidrala Group Sustainability Report is available in full on the website of the organisation: www.vidrala.com, which provides further information which may be of interest to some of the stakeholders.

The Vidrala Group “**Vidrio and Environment**” **Directorate** hopes that the contents of the 2011 Sustainability Report meets the needs and expectations of the different stakeholders. Please contact the Vidrala Technical Area Department with any query, contribution or improvement proposal for future updates of the Sustainability Report.

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Annexes 5.4. GRI-G3.1 Contents of the Vidrala group 2011 sustainability report

PROFILE

CONTENTS	REPORTING LEVEL	REPORT SECTION	REPORT PAGE	COMMENTS
1. STRATEGY AND ANALYSIS.				
1.1	Complete	2011 Annual Report. Letter from the Chairman	-	The Vidrala Group Sustainability Report is published jointly with the Annual Report, a document that includes the statement by the maximum authority regarding the importance of sustainability for the organisation.
1.2	Complete	2.1. About us. 4.1. In the economic arena: Searching for profitability. 4.2. In the environmental arena: Cleaner working 4.3. In the social arena: Involvement with people.	97-104 124-135 136-165 166-202	
2. COMPANY PROFILE.				
2.1	Complete	2.1. About us	97	
2.2	Complete		97	
2.3	Complete		99	
2.4	Complete		97	
2.5	Complete		97	
2.6	Complete		97	
2.7	Complete		97	



2.8	Dimension of the reporting organisation.	Complete	2011 Annual Report. 4.1. In the economic arena: Searching for profitability 4.2. In the social arena: Involvement with people.	124-129 166-202	
2.9	Significant changes during the period covered by the report to the size, structure and ownership of the organisation.	Complete	2011 Annual Report. 4.1. In the economic arena: Searching for profitability.	94-102	
2.10	Prizes and awards during the reporting period.	Complete	<i>Not applicable: In 2011, the Vidrala Group has not received any prize or awards relevant for the report.</i>	.	
3. REPORT PARAMETERS					
REPORT PROFILE					
3.1	Period covered by the information contained in the report..	Complete	1.1. Presentation of the 2011 Sustainability Report	94	
3.2	Date of the previous most recent report.	Complete			
3.3	Report presentation cycle.	Complete			
3.4	Contact point for issues relating to the report or its contents.	Complete	Annex 5.3. Contact.	224	
SCOPE AND COVER OF THE REPORT					
3.5	Process to define the contents of the report.	Complete	Annex 5.1 Principles of the 2011 Sustainability Report 3.3. Materiality in the Vidrala Group 3.4. The involvement of the stakeholders in the routine operations of Vidrala.	203-204 116-120	
3.6	Cover of the report.	Partial	1.1. Presentation of the 2011 Sustainability Report	94	The reporting level is considered to be partial as it does not include the commercial networks of the Group, given its low influence on the impact of the Group.
3.7	Indicate if there are any limits on the scope or coverage of the report.	Partial			
3.8	The basis for including information in the case of joint ventures, affiliates, leased premises, outsourced activities and other entities that may significantly affect the comparability between periods and/or other organisations.	.	<i>Not applicable: The Vidrala Group is not involved in joint ventures.</i>		



3.9	Data measurement techniques and calculation bases, including the underlying hypotheses and techniques for the estimates applied to the gathering of indicators and other information of the report.	Complete	1.1. Presentation of the 2011 Sustainability Report	93	
3.10	Description of the effect that the re-expressing of information from previous reports may have, along with the grounds for that re-expression.	Complete	1.1. Presentation of the 2011 Sustainability Report	94	
3.11	Significant changes relating to periods prior to the scope, coverage or assessment methods applied to the report.	Complete			
GRI CONTENTS INDEX					
3.12	Table that indicates the location of the basic contents of the report	Complete	Annex 5.4. · GRI contents index	225-239	
VERIFICATION					
3.13	Current policy and practices relating to the external verification of the Report.	Complete	1.2. The importance of checking our commitment	95-96	The Vidrala Group 2011 Sustainability Report, pursuant to GRI guidelines, has been verified for the first time.
4. GOVERNANCE, COMMITMENTS AND PARTICIPATION OF THE STAKEHOLDERS					
GOVERNANCE					
4.1	The governance structure of the organisation, including the committees of the maximum corporate authority overseeing tasks such as defining the strategy or overseeing the organisation	Complete	2011 Annual Report. 2.1. About us.	97-101	
4.2	Indicate whether the president of the executive governance authority also holds an executive post.	Complete	2.1. About us.	98-102	
4.3	In those organisations that have a unity management structure, indicate the number and gender of the members of the executive governance authority who are independent or non-executive.				
4.4	Shareholder mechanisms or other mechanism that enable minority shareholders to express their opinion to the executive governance authority.	Complete	2.1. About us.	97-101	
4.5	Link between the remuneration of the members of the executive governance authority, senior executives and executive and performance of the organisation.	Complete	2.1. About us.	97-101	
4.6	Procedures set up to avoid conflicts of interest among the executive governance authority.	Complete	2.1. About us.	101	



4.7	Procedure to establish the composition, skills and experience required of the members of the executive governance authority and its committees, including any consideration regarding gender and other diversity indicators.	Complete	2.1. About us.	97-101	
4.8	Mission and value declarations developed internally, relevant codes of conduct and principle for the social, environmental and economic performance.	Complete	2.1. About us.	98-104 124-125	
4.9	Procedures of the executive government authority for the organisation to oversee the identifying and managing of the social, environmental and economic performance, including related opportunities and risks, along with adherence or compliance of the internationally agreed standards, codes of conduct and principles.	Complete	4.2. In the environmental arena: Cleaner working 4.3. In the social arena: Involvement with people.	136-137 166-168	
4.10	Procedimientos para evaluar el desempeño propio del máximo órgano de gobierno, en especial con respecto al desempeño económico, ambiental y social.	Complete	2.1. About us.	98-104 124-125 136-137 166-168	
COMMITMENT TO EXTERNAL INITIATIVES					
4.11	Description of how the organisation has adopted an approach or precautionary principle.	Complete	2011 Annual Report.	.	
4.12	Externally developed economic, environmental and social programmes or principles, along with any other initiative that the organisation underwrites or approves.	Complete	4.1. In the economic arena: Searching for profitability. 4.2. In the environmental arena: Cleaner working 4.3. In the social arena: Involvement with people.	124-204	
4.13	Main association to which it belongs and/or international or national entities that the organisation supports.	Complete	2.1. About us.	103-104	
STAKEHOLDER PARTICIPATION					
4.14	List of stakeholders with the organisation	Complete	3.3. Materiality in the Vidrala Group	116-119	
4.15	Basis for identifying and selecting stakeholders to which the organisation is committed.	Complete	3. Dialogue with our environment.	111-123	
4.16	Approaches adopted to include the stakeholders, including the frequency of their participation by types and categories.	Complete	3. Dialogue with our environment.	111-123	In 2011, Vidrala set up its first Materiality Committee to establish stable channels adapted to the needs of each stakeholders
4.17	Main concerns and aspects of interest that emerged through the participation of the stakeholders and the way in which the organisation responded to them when preparing the report.	Complete			



MANAGEMENT APPROACH AND PERFORMANCE INDICATORS

-  Main indicator
-  Additional indicator
-  Material indicator for the Vidrala Group

-  Performance assessment: THE ORGANISATION IS PROGRESSING
-  Performance assessment: THE ORGANISATION REMAINS STEADY
-  Performance assessment: THE ORGANISATION NEEDS TO IMPROVE

Indicator	Report Section	Report Page	Performance Assessment	The 2011 highlights for our stakeholders
ECONOMIC DIMENSION				
ASPECT: ECONOMIC PERFORMANCE				
EC1 	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and other payments to capital providers and governments.	4.1.1. Economic performance	125	 The operating profit was €60.9 million, with a net profit of 43.69 million euros.
EC2 	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	4.4. Indirect economic impacts	134-135	 Based on its Anti-Climate Change Policy , the Group has not detected any negative consequences or significant risks. The result of the GHG emissions under the allocation threshold should be stressed.
EC3 	Coverage of the organisation's defined benefit plan obligations.	4.1.2. Economic performance	127	 The profits allocated to the Group's workers have increased.
EC4 	Significant financial assistance received from government.	4.1.2. Economic performance	129	 The amount received by the Public Authorities totals €1.6 million
EC5 	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant operation locations.	4.1.3. Presence of the Vidrala Group on the market	130	 The standard starting salary at all the plants of the Group is higher than the local minimum salary. An average over 70%.
EC6 	Policies, practices and proportion of spending on locally-based suppliers at significant locations of operation	4.1.3. Presence of the Vidrala Group on the market	131-133	 84.5% of the Vidrala Group suppliers are from the environment where each plant is located.



EC7 ✓	Procedures of local hiring and proportion of senior management hired from the local community at significant locations of operation.	4.1.3. Presence of the Vidrala Group on the market	131-133		The ratio of senior management of the Group from the local community is 95%.
ASPECT: INDIRECT ECONOMIC IMPACTS					
EC8 ✓	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro-bono engagement.	4.1.4. Indirect economic impacts	134-135		The main benefit from the environment is due to contracting local suppliers, and stood at €578.33 million in 2011.
EC9 ✓	Understanding and describing significant indirect economic impacts, including the extent of those impacts.				
ENVIRONMENTAL DIMENSION					
ASPECT: MATERIALS					
EN1 ✓	Materials used by weight or volume.	4.2.1.1. Resources consumption: Glass materials and recycling	141-144		The total consumption of raw material was 1.436.103 t in 2011 , which was up 8.6% on the previous year, as the result of the hike in glass container production.
EN2 ✓	Percentage of materials used that are recycled input materials.	4.2.1.1. Resources consumption: Glass materials and recycling	144-146		In 2011, the Vidrala Group posted a glass recycling rate of 40% . The increase in this percentage was conditioned by the selective collection system, the colour of the containers requested by the customers and the exports of glass containers.
ASPECT: ENERGY					
EN3 ✓	Direct energy consumption by primary energy source.	4.2.1.2. Resources consumption: energy	150-151		The Vidrala Group considers that the indicator that really reflects its energy performance is the energy consumption/t.v.f.
EN4 ✓	Indirect energy consumption by primary energy source.	4.2.1.2. Resources consumption: energy	151-152		In 2011, the relative direct consumption result was 5.18 GJ/t.v.f. , 2% down on 2010. With regard to indirect consumption, the figure posted was 0.864 GJ/t.v.f.
EN5 ✓	Energy saved due to conservation and efficiency improvements.	4.2.1.2. Resources consumption: energy	152		The furnace reconstruction is the measure with greatest impact on the energy consumption of the Group plants. This involves a high investment, but affects the improvement of the energy efficiency levels. For information purposes, the maximum expected savings before reconstruction is 13%/t.v.f.



EN6 	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	4.2.1.1. Resources consumption: Glass materials and recycling 4.2.1.2. Resources consumption: energy	149-152		The product manufactured by Vidrala does not require any type of energy consumption in itself during its useful life. However, the Group has worked on optimising energy consumption in the manufacturing process of the product, by also adding more sustainable products to its commercial catalogue.
EN7 	Initiatives to reduce indirect energy consumption and reductions achieved.				
ASPECT: WATER					
EN8 	Total water withdrawal by source.	4.2.1.3. Resources consumption: water	153-154		In 2011, significant reductions were recorded in the water consumption/t.v.f., using the 2009 results as the benchmark. During that period, the reduction was 14%/t.v.f.
EN9	Water sources significantly affected by withdrawal of water.				
EN10 	Percentage and total volume of water recycled and reused.				
ASPECT: BIODIVERSITY					
EN11	Description of land adjacent to or located to protected natural areas of high biodiversity value outside protected areas. Indicate the location and size of land owned, leased or managed in areas of high biodiversity value outside protected areas.	4.2.2.4. Protecting the natural environment	163		The biodiversity impact of the Group is not considered to be significant, given the location of the plants. Only in the case of the Castellar Vidrio plant, its location close to a natural park may have a potentially greater impact compared to the other plants. After conducting the environmental risk analysis of this plant, it was deemed not to be necessary to establish specific protection measures for the environment. Special mention should likewise be made of the certification of this plant pursuant to the ISO 14001 Standard.
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.				
EN13	Habitats protected or restored.				
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.				
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.				
ASPECT: EMISSIONS, LAND TIPS AND WASTE					
EN16 	Total direct and indirect greenhouse gas emissions by weight.	4.2.2. Atmospheric emissions	155-156		Total GGE stood at 0.383 t/t.v.f. in 2011. However, these emissions are under the emission rights allocated to the Group.



EN17 	Other relevant indirect greenhouse gas emissions by weight.	4.2.2. Atmospheric emissions	156-159		These emissions are those associated to transport, both of the finished product and employee trips. In 2011, the emissions were reduced by around 2.000 t on the previous year.
EN18 	Initiatives to reduce greenhouse gas emissions and reductions achieved.	4.2.1.1. Resources consumption: Glass materials and recycling 4.2.1.2. Resources consumption: energy	149		Key actions include the new range of more sustainable products (NATURA Range) and refurbishing furnaces (Gallo Vidro in 2011) . GGE reductions associated to furnace refurbishing is around 36%.
EN19	Emissions of ozone-depleting substances by weight.	4.2.2. Atmospheric emissions	159		The presence of ozone-depleting substances in the Vidrala Group is minimum , they only exist in the fire-fighting equipment or cooling systems.
EN20 	NOx, SOx and other significant air emissions by type and weight.	4.2.2. Atmospheric emissions	156-158	 	With regard to the SOx and particle emissions, their emission levels have been reduced by 6% in the case of SOx and 36% for particles , compared to 2010. In the case of NOx, the emissions increased by 11.7% , with regard to 2010.
EN21 	Total water discharge by quality and destination.	4.2.1.3. Resources consumption: water	153-154		Thanks to its investments and environmental spending, the Group has fitted out each of its plants with waste water discharge processing and purifying systems.
EN22 	Total weight of waste by type and disposal method.	4.2.3. Solid waste generation	160-162		2011 saw a signification reduction in waste generation, as the result of the work carried out in all the plants (see Section 4.2.3.) .
EN23 	Total number and volume of significant spills.	4.2.3. Solid waste generation	162		A total of 12 spills not considered to be significant and controlled. Amounts under 2m ³ .
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of Basel Connection Annex I, II, III and VIII, and percentage of transported waste shipped internationally.	4.2.3. Solid waste generation	162		The Vidrala Group does not transport waste included in the Basel Convention.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	4.2.1.3. Resources consumption: water	153-154		In 2011, there was no impact on any of the water resources of the zones affected by the Vidrala industrila operations.



ASPECT: PRODUCTS AND SERVICES					
EN26 	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	4.2.1. Resources consumption	149		The Vidrala Group has launched a new range of more environmentally friendly products: the NATURA RANGE , a total of 13 types of bottles produced technology that makes them lighter. They are manufactured using less glass, which means a notable savings in raw materials, reduce the water and energy consumption and, by extension, cuts CO2 emission per unit produced.
EN27 	Percentage of products sold and their packaging materials that are reclaimed by category.	4.2.1.1. Resources consumption: materials	145-148		On average, the Group plants have recovered 40% of the glass containers released on the market. With respect to the containers and the “closed circuit” process , the number of uses given to the pallets increased (5.35% higher than in 2010). In the case of the collators, the increase was 10.73%.
ASPECT: LEGISLATIVE COMPLIANCE					
EN28 	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	4. In the environmental arena: Cleaner working	164		In 2011, the Vidrala Group has not received any significant fine or non-monetary sanction for non-compliance of environmental legislation.
ASPECT: TRANSPORT					
EN29 	Significant environmental impacts of transporting products and other goods and materials used for the organisation's activities and transporting members of the workforce.	4.2.2.2. Atmospheric emissions	158-159		he environmental impacts arising from transporting products and employees are mainly down to GGE emissions, which were down on the previous years.
ASPECT: GENERAL					
EN30 	Total environmental protection expenditures and investments by type.	4. In the environmental arena: Cleaner working	164-165		Both investments in environmental management and environmental management and prevention expenditure increased in the last years, reaching a joint figure of €2.304.080.



SOCIAL DIMENSION:					
LABOUR PRACTICES AND DECENT WORK					
ASPECT: EMPLOYMENT					
LA1 	Total workforce by employment type, employment contract and region, broken down by gender.	4.3.1. Responsibility towards employment	172-174		It should be stressed that 95% of the workforce has indefinite contracts.
LA2 	Total number and rate of employee turnover by age group, gender and region.		172-177		In 2011, 25 people joined the Group's workforce. With respect to this turnover rate, this is under the 10.5% in 2010, as the result for this year was 9% .
LA3	Benefits provided to full-time employees that are not provided to temporary employees, by significant locations of operation.		176		The Vidrala Group does not differentiate between full-time and temporary employees , in terms of company benefits.
LA15	Return to work and retention rates after parental leave, by gender.		180		The retention rate was 100% between 2009-2011.
ASPECT: COMPANY/EMPLOYEE RELATIONS					
LA4 	Percentage of employees covered by collective bargaining agreements.	4.3.1. Responsibility towards employment	180		100% of employees covered by collective bargaining agreements.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.		180-181		There is no establish notice period, but there is an internal communication policy that regulates and guarantees communication to all the collectives of the Group.



ASPECT: OCCUPATIONAL HEALTH AND SAFETY					
LA6 	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	4.3.1. Responsibility towards employment	181-182		Over 75% of the workers are represented on occupational health and safety committees. In Vidrala, all the committees are made up of representatives of the company and workers
LA7 	Rates of absenteeism, occupational diseases, lost days and total number of work-related fatalities, by region and by gender.		183		The accident rate was reduced by 1.8 points with respect to 2010. Specifically, the number of accidents resulting in sick leave was cut significantly (35 down in 2011). The absenteeism rate was 7.3% rate in 2011 compared to 6.98% in 2010.
LA8 	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		184-187		The Vidrala Group has a health risk prevention, training and prevention programme for its workers.
LA9 	Health and safety topics covered in formal agreements with trade unions.		181-183		The formal agreements signed with the trade unions include topics related to occupational health and safety.
ASPECT: TRAINING AND EDUCATION					
LA10 	Average hours of training per year per employee, by gender, and by employee category.	4.3.1. Responsibility towards employment	184		The total training hours in 2011 stood at 70.566, 5.8% down on 2010. However, the increase in the number of training hours for the workforce should be stressed, as the average number of hours was up 14%.
LA11 	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		185-187		The Vidrala Group funded 80% of the non-mandatory external training. On the other hand, the organisation offers placement services for its employees.
LA12	Percentage of employees that receive regular performance and career development reviews, by gender.		187		Vidrala has a performance review procedure in place. However, just 12% of the senior and middle management was included in the review process , given its voluntary nature.
ASPECT: DIVERSITY AND EQUAL OPPORTUNITIES					
LA13 	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other diversity indicators.	2.1. About us 4.3.1. Responsibility towards employment 5.2 Annex	100-102 172 205		The Group believes that equal opportunity, equal treatment and non-discrimination are basic principles and unalterable values.



ASPECT: EQUAL PAY BETWEEN MEN AND WOMEN					
LA14	Ratio of basic salary and remuneration women to men by professional category.	4.3.1. Presence of the Vidrala Group on the market	130 179		The pay policy is based on objective assessment criteria. Therefore, the salary level is linked to the job carried out by the person, never to the gender of the worker.
HUMAN RIGHTS PERFORMANCE					
ASPECT: INVESTMENT AND SUPPLY PRACTICES					
HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.	4.3.1. Responsibility towards employment 4.3.3. Commitment to the local community	179		Vidrala is strongly convinced that human rights must be respected without any exception . However, given that the arena where it operates is within the EU , Vidrala does not consider it necessary to establish specific human rights policies or agreements.
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening and actions taken.		202		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.				
ASPECT: NON-DISCRIMINATION					
HR4	Total number of incidents of discrimination and corrective actions taken.	4.3.1. Responsibility towards employment	179		None recorded in 2011.
ASPECTO: LIBERTAD DE ASOCIACIÓN Y CONVENIOS COLECTIVOS					
HR5	Operaciones y proveedores significativos identificados en los que el derecho a la libertad de asociación y de acogerse a convenios colectivos pueda ser violado o pueda correr importantes riesgos, y medidas adoptadas para respaldar estos derechos	4.3.1. Responsibility towards employment	179		There is no knowledge of any activities carried out by the Group where the right to freedom of association was put at risk.
ASPECT: CHILD EXPLOITATION					
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	4.3.3. Commitment to the local community	202		There is no knowledge of any activities carried out by the Group that may causes episodes of child exploitation.
ASPECT: COMPULSORY OR FORCED LABOURS					
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of all forms of forced or compulsory labour.	4.3.3. Commitment to the local community	202		There is no knowledge of any activities carried out by the Group that may causes forced labour.



ASPECT: SECURITY PRACTICES					
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	4.3.3. Commitment to the local community	202		The Group does not consider it necessary to organise training actions in human rights , given the minimum or zero risk in the geographical arena in which it operates
ASPECT: RIGHTS OF INDIGENOUS PEOPLE					
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	4.3.3. Commitment to the local community	202		There is no knowledge of any activities carried out by the Group, that may endanger the rights of indigenous people.
ASPECT: REVIEWS					
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	4.3.3. Commitment to the local community	202		Vidrala does not consider it to be necessary to perform human rights impact reviews, in any of its operations.
ASPECT: CORRECTIVE MEASURES					
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	4.3.3. Commitment to the local community	202		No grievances related to human rights have been recorded.
SOCIETY					
ASPECT: LOCAL COMMUNITIES					
SO1 	Percentage of operations with implemented local community engagement, impact assessments and development programmes.	4.3.3. Commitment to the local community	198-202		The Vidrala Group has introduced a Policy for Social Activity Development , whose main purpose to strengthen the feeling of belonging of the employees.
SO9 	Operations with significant potential or actual negative impacts on local communities.	4.2. In the environmental arena: Cleaner working	163-164		With respect to the air quality , the main impact on the local community , Vidrala has implemented efficient measures in order to mitigate the most significant impacts in terms of atmospheric emissions. With regard to noise and taking the significant impact that this aspect has on the local community , Vidrala has implemented numerous actions aimed at reducing its levels, including the improvements to the insulations, new enclosures and roofs.
SO10 	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.				



ASPECT: CORRUPTION					
S02 	Percentage and total number of business units analysed for risks related to corruption.	4.3.1. Responsibility towards employment	196		The Vidrala Group has not conducted any assessment of corruption in its business units, as it believes that the very operating of the organisation establishes the necessary channels to avoid corruption incidents.
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures.		196		No specific training regarding corruption has been included, as it is not considered a risk aspect in the organisation.
S04	Medidas tomadas en respuesta a incidentes de corrupción.	4.3.2. Responsabilidad con nuestros clientes y nuestros productos	196		In 2011, no incidents of corruption were recorded and specific actions have therefore not been taken.
ASPECT: PUBLIC POLICY					
S05 	Public policy positions and participation in public policy development and lobbying	4.3.2. Accountability to our customers and our products	197		The Group works closely with the main glass association. It follows a policy of active collaboration with the Competent Authorities and with the Sectoral Associations. There were no financial contributions in 2011 to political parties and related institutions.
S06	Total value of the financial contributions and in kind to political parties or to related institutions, by countries.				
ASPECT: ANTI- COMPETITIVE BEHAVIOUR					
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	4.3.2. Accountability to our customers and our products	197		Vidrala respects the principles that govern free competition and has never put any obstacle in the way of achieving those principles.
ASPECT: LEGISLATIVE COMPLIANCE					
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	4.3.2. Accountability to our customers and our products	202		In 2011, the Vidrala Group did not have to pay any significant fine or sanction.
PRODUCT RESPONSIBILITY PERFORMANCE					
ASPECT: CUSTOMER HEALTH AND SAFETY					
PR1 	Product Responsibility Performance indicators address the aspects of a reporting organisation's products and services that directly affect customers, namely, health and safety, information and labelling, marketing, and privacy.	4.3.2. Accountability to our customers and our products	188-189		Since 2010, the Group has achieved Food Safety certification as per ISO 22000 Standard in all its plants.
PR2 	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.		192		In 2011, no incident related to the PR2 indicator was recorded.



ASPECT: SERVICE AND PRODUCT LABELLING					
PR3 	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	4.3.2. Accountability to our customers and our products	191-192		The products that Vidrala manufactures are not for the end user. However, the organisation complies with the requirements specified by current legislation regarding labelling glass containers and products.
PR4 	Total number of incidents of non-compliance of regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.		192		In 2011, no incident related to the breach of the PR4 indicator was recorded.
PR5 	Practices related to customer satisfaction, including results of surveys measuring satisfaction.		189-192		In 2011, Vidrala obtained the highest satisfaction value of the customer, scoring 8,17 , compared to 7,34 in 2005.
ASPECT: MARKETING COMMUNICATIONS					
PR6 	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	4.3.2. Accountability to our customers and our products	192-195		The Marketing Department rejects any advertising message that alters the reality or leads to erroneous conclusions and always respects current legislation regarding advertising practices.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.		192-193		In 2011, no incident related to the PR7 indicator was recorded.
ASPECT: CUSTOMER PRIVACY					
PR8 	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	4.3.2. Accountability to our customers and our products	189		The organisation has not detected any grievance related to customer privacy or losses of customer data.
ASPECT: LEGISLATIVE COMPLIANCE					
PR9 	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	4.3.2. Accountability to our customers and our products	192		In 2011, the Vidrala Group did not record any incidents arising from the breach of legislation relating to the supply and the use of services and products.





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