



2019

Vetropack Holding Ltd
Integrated Annual Report and
Remuneration Report

Integrated Annual Report and Remuneration Report 2019

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Board of Directors' Report

Dear shareholders,

The Swiss Vetropack Group boosted its net sales by 3.5% to CHF 714.9 million in the 2019 fiscal year (2018: 690.7 million). Consolidated profit increased by 25.6% to CHF 73.0 million (2018: CHF 58.1 million).



Net sales increase once more

In 2019, Vetropack Group achieved net sales of CHF 714.9 million, 3.5% more than in the previous year (2018: CHF 690.7 million). This equates to growth of 5.7% in local currencies.

Unit sales

As was the case in the previous year, the Vetropack Group sold 5.16 billion units glass packaging in the 2019 fiscal year (2018: 5.16 billion units). The high sales volume in 2018 was only made possible by selling off existing stock. As additional production capacities were available in 2019, however, unit sales could be fully covered by ongoing production.

Performance of the Vetropack companies

The market environment remained very positive in the 2019 fiscal year. The good economic framework conditions as well as the trend towards sustainable and natural packaging materials led to increased demand across the entire sector.

Throughout Europe, around 2% more glass packaging was sold than in the previous year.

In the course of this development, the Swiss Vetropack subsidiary was able to increase net sales to CHF 88.6 million (2018: CHF 87.4 million) and thus significantly improve its performance.

The two glassworks of Vetropack Austria in Pöchlarn and Kremsmünster increased net sales by 6.4% to EUR 202.6 million (2018: EUR 190.4 million). As no furnace overhauls had to be performed, the entire capacity was available, which in turn had a positive impact on performance.

Due to a changed sales mix, which was coordinated across the Group, the Czech company Vetropack Moravia Glass achieved net sales of CZK 2,398.7 million (2018: CZK 2,454.5 million). Thanks to efficient utilisation, this company was also able to improve its performance.

The Slovakian company Vetropack Nemšová increased its net sales by 13.4% to EUR 65.2 million (2018: EUR 57.5 million). This rise in net revenue was achieved thanks to the expanded production capacity of a white-glass furnace in the previous year. Following the completion of the newly created coloured-glass furnace in 2019, the company will have additional capacities at its disposal from 2020.

The net sales of the Croatian company Vetropack Straža stood at HRK 862.5 million (2018: HRK 857.2 million), with its performance remaining at the high level of the previous year.

Despite the reduction in capacity owing to a scheduled furnace overhaul in the current fiscal year, the Ukrainian subsidiary Vetropack Gostomel increased its net sales by 7.5% to UAH 2,416.7 million (2018: UAH 2,248.1 million). Vetropack Gostomel continues to focus primarily on domestic demand at the expense of exports. Thanks to optimised production costs and the stable local currency, it was possible to further improve performance.

During the fiscal year, the Italian subsidiary Vetropack Italia revamped both furnaces and the associated systems. Due to this overhaul, the company had lower production capacities at its disposal in 2019 than was the case in the previous year. At EUR 78.8 million (2018: EUR 79.1 million), net sales were at the prior-year level.

Production capacities slightly expanded

The year under review was characterised by several overhauls and modernisations, with the associated capacity increases only taking full effect in 2020. Nevertheless, the Vetropack Group was able to produce 1.46 million tonnes (2018: 1.45 million tonnes), 1.0% more than in the previous year.

Profitability significantly improved

Vetropack Group generated consolidated EBIT of CHF 90.2 million, up by 15.1% on the previous year (2018: CHF 78.4 million). At 12.6% of net sales, the EBIT margin was well above the previous year's figure of 11.3%. This pleasing result was achieved thanks to the further improvement in production efficiency, stable production costs and increased demand for high-quality glass packaging.



Consolidated profit increased

The consolidated annual profit rose by 25.6% to CHF 73.0 million (2018: CHF 58.1 million) and the profit margin stood at 10.2% (2018: 8.4%).

Further improvement in liquidity

Due to the improved performance, the cash flow in the year under review reached CHF 153.1 million (2018: CHF 135.7 million), which equated to 21.4% (2018: 19.6%) of net revenue. As was the case in the previous year, the Vetropack Group invested in the expansion of its capacities. Overall, CHF 123.7 million (2018: CHF: 115.6 million) was invested in tangible and intangible assets. All investments were fully financed by the Group's own funds.

At CHF 28.1 million (2018: CHF 28.6 million), the free cash flow only changed marginally. The Group's net liquidity increased to CHF 81.4 million (2018: CHF 72.3 million).

Stable balance sheet structure

Consolidated total assets amounted to CHF 949.2 million (2018: CHF 947.4 million). Short-term assets fell to CHF 365.0

(2018: CHF 399.6 million). The decline in liquid assets and accounts receivable led to this reduction. Brisk investing activities led to an increase in long-term assets to CHF 584.2 million (2018: CHF 547.8 million). At CHF 197.0 million (2018: CHF 235.8 million), liabilities declined during the year under review due to the repayment of short-term loans.

Shareholders' equity increased to CHF 752.2 million (2018: CHF 711.6 million). The equity ratio improved to 79.2% (2018: 75.1%).

At the end of the reporting year, Vetropack Group employed a workforce of 3366 people (31 December 2018: 3291 people).

Investments stepped up

The operating cash flow from investing activities amounted to CHF 128.6 million (2018: CHF 107.0 million). A focus was placed on the comprehensive modernisation as well as the capacity expansions of the two coloured-glass furnaces and their production facilities in Slovakia and Ukraine. To ensure that customers can be guaranteed the required capacities and a high level of quality prior to the opening of the new glassworks in the Italian commune of Boffalora sopra Ticino in 2022, the two existing furnaces and their production facilities at the glassworks in Trezzano sul Naviglio have been optimised. Vetropack also increased its holding in the Ukrainian subsidiary to 100%, meaning that all Vetropack companies are now fully owned.

Vetropack share

The stock market price of the Vetropack bearer share was CHF 3,040.00 at the end of 2019 (31/12/2018: CHF 2,010.00). Compared to the previous year, the share increased in value by 51.2%.

Improved dividend

The Board of Directors will propose to the Annual General Assembly on 22 April 2020 that the dividend for the previous year be set at 130,0% of the nominal value. This equates to a gross payout of CHF 65.00 per bearer share (2018: CHF 50.00) and a gross payout of CHF 13.00 per registered share (2018: CHF 10.00).

Outlook for the 2020 fiscal year

We expect that the sustained increase in demand for glass packaging will also continue in the 2020 fiscal year. The "pro glass" trend is unbroken, with health-conscious consumers increasingly opting for sustainable and fully recyclable glass packaging.

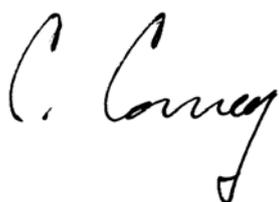
As Vetropack Group is planning a furnace repair in the 2020 fiscal year, specifically the complete reconstruction of a furnace and its systems at the Croatian glassworks, it will then have greater capacity at its disposal than in previous years. We are also intending to utilise all capacities to the full. In addition, we are planning to further improve our operating result. The investment activities remain at an above-average level, which will lead to an increase in depreciation. A one-off book profit from the sale of land will have a positive effect on the annual profit.

The current worldwide spread of the coronavirus is likely to have a negative impact on global economic development in 2020. At this point it is impossible to determine what implications this will have for Vetropack Group.

Thank you

The Board of Directors would like to thank all of our employees for their outstanding commitment and hard work during the 2019 fiscal year. We would also like to thank our customers, suppliers, business partners and shareholders for their support and the confidence that they have shown in us.

Bülach, 10 March 2020



Claude R. Cornaz
Chairman of the Board of Directors



Johann Reiter
CEO



Interview CEO

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EPAL

“More evolutionary steps are needed.”

Vetropack CEO Johann Reiter promised evolution rather than revolution when he took up office in 2018. In an interview, he now reveals that the evolution has picked up speed in 2019. However, further action is needed. The Strategy 2030 that was developed last year is also evolutionary. For example, it envisages Vetropack becoming a pioneer in innovation and sustainability.



Johann Reiter

CEO of the Vetropack
Group

Mr Reiter, what is your view of Vetropack’s developments in the 2019 fiscal year?

I think it’s been a positive year. We were able to exploit the healthy market environment and make further headway. 2019 was an exceptionally good year economically speaking – even with two major projects being wound up, namely the furnace overhauls in Slovakia and Ukraine. We can’t overlook our activities in Italy, where we will be building a new glass packaging plant on a greenfield site. All of this has demanded a great deal from us. Top-level management also saw a change, with Evan Williams now heading up the Group-wide Marketing, Sales and Production Planning division as CCO since mid-2019. He has taken to the role very quickly. When I took up office two years ago, I said I wasn’t going to bring about a revolution but rather an evolution. This evolution picked up speed in 2019.

What goals did Vetropack achieve in 2019?

We achieved our planning goals relating to sales and our operating result. We’ve been able to draw some significant projects, such as the furnace overhauls I’ve already mentioned, to a successful close. We’ve also taken further steps on the path towards automation and digitalisation. For example, we upgraded our ERP system to the latest version – and we were able to do this within the time limit and budget.



Where does Vetropack still have improvements to make in 2020?

We need to take more of the evolutionary steps we've been taking over the years. Things are moving at high speed. For example, in 2019 we carried out an extensive employee survey and also surveyed Vetropack Group customers. We had analysed the results of the surveys by the end of 2019 and have already defined most of the potential for improvement. 2020 will be all about implementation.

In 2019, Vetropack managed to increase its sales. What were the key factors behind this growth?

In 2018, stock levels were one of the reasons we managed to boost our sales. 2019 was different. Last year, the growth in sales was down to higher production and productivity levels. The projects we implemented in 2018 played an instrumental role in this. We established our position with a good mix of products last year too. As part of the "Blue" project, we produced blue glass packaging for the first time, specifically in Slovakia. As demand was and still is high, we will continue to produce blue glass in 2020 by colouring it in the furnace.

Vetropack was also able to considerably improve its operating result in 2019. What were the main reasons behind this?

The projects aimed at increasing productivity took effect: for one thing, countless employees from the production departments of our Group companies underwent further professional development at our own training centre in Austria. Systematically skills enhancement makes a great difference. On top of this – as I have already said – we had an advantageous mix of products.

What targets has Vetropack set itself for 2020?

We are expecting the market environment in 2020 to be just as positive as 2019. We therefore believe we will be able to continue on our path of success. This year, we will be carrying out a major furnace overhaul in Croatia. This project will keep the whole Group occupied, as we won't just be revamping one furnace, but modernising the entire production plant. This will of course lead to a lengthy break in production. The new-build project in Italy is also in full swing. The new Vetropack glassworks in Boffalora sopra Ticino is set to be up and running from 1 August 2022.



For the 2019 fiscal year, the sustainability report will be integrated into the annual report for the first time. Are you suggesting that Vetropack is now a completely sustainable company?

Definitely. Vetropack operates sustainably solely by virtue of the very nature of its products. Glass – a reusable material – is excellent for this. However, we realise that we must not be complacent. There is still lots to be done, but in our first integrated annual report we are shining the spotlight on our holistic understanding of value creation as something that encompasses non-financial values as well as financial aspects.

The fact that the integrated annual report will no longer be printed but will be exclusively available online instead is also a first. Is this also for the sake of sustainability?

Absolutely. That's exactly what this is about. We're adapting the annual report to the times, which are characterised not only by increasingly sustainable thinking but also growing digitalisation

In 2019, Vetropack developed a new strategy to last until 2030. What was the reason for doing this? Business is already going very well.

It is important to look to the future and develop visions further on a regular basis. We therefore looked into the matter of where Vetropack ought to be positioned in the European glass packaging industry over the next ten years. We deliberately chose a broad approach, scouring the whole company for strengths and weakness and devising scenarios to develop the industry and markets. The strategy was developed by a team made up of eight core members, bolstered by external support. On top of this, there was an extended team with members from all age groups and hierarchical levels and from all the Group's companies. The effects of the new strategy will certainly be felt over the next few years, with changes being triggered. It will therefore be important for us to communicate our strategy to our employees in a clear way and incorporate this into the change processes.

“It is important to look to the future and develop visions further on a regular basis.”

The strategy will be in place until 2030. That’s ten years from now. In this fast-paced age we’re living in, is it still possible to make such long-term plans?

The ten-year period taking us to 2030 was important to us because our investment cycles are also so long. In our industry in particular, nothing works without a long-term plan. What we do today will only start yielding results in five to seven years. A large organisation is like a big tanker in that it can’t change direction very quickly. However, we will review the strategy every year and make any changes that are needed.

You said before that the new strategy has five main lines of action. Can you tell us which is the most important?

One important area is innovation. We want to be a trendsetter in this respect. One example of this is VIP glass – Vetropack Improved Performance Glass. In spring 2019, we successfully launched a lightweight reusable glass bottle on a geographically restricted market for the first time. Over the next few months and years, we will further develop this technology for other glass containers. Another key issue is the systematic integration of various aspects of sustainability in our value chain. We are keen to be a pioneer in our industry. We therefore want to significantly increase the proportion of used glass we put into producing glass packaging – we want to step up recycling even further. In addition, photovoltaic systems on the roofs of our plants need to be used to supply more renewable energy for production. We are also focusing on the organisation and employees. We want to set ourselves up as well as we can to be successful in the market. Training and further development is an important factor here. Sales have a key role to play too: Our aim is to successfully bring new products with new business models to the market and thus gain new customers.

You just mentioned sales. The word “growth” is closely connected with this. Have you drawn up targets for growth in the new strategy too?

Yes, of course. But I won’t tell you them. I’ll just say that we have been known for growing not only organically, but through acquisitions too in the past. We want to continue in this vein in the future, if the opportunity presents itself. Growth is clearly a significant part of the strategy. We don’t want to grow just for the sake of growth; we want to exploit profitable opportunities for development in a targeted way.

Interviewer: Martin Gollmer, journalist



Foundations for success

Foundations for success

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Vetropack Locations

55 %

Use of recycled glass in the production process

5.16

Unit sales every year in billions

714.9

Net sales in CHF millions

9

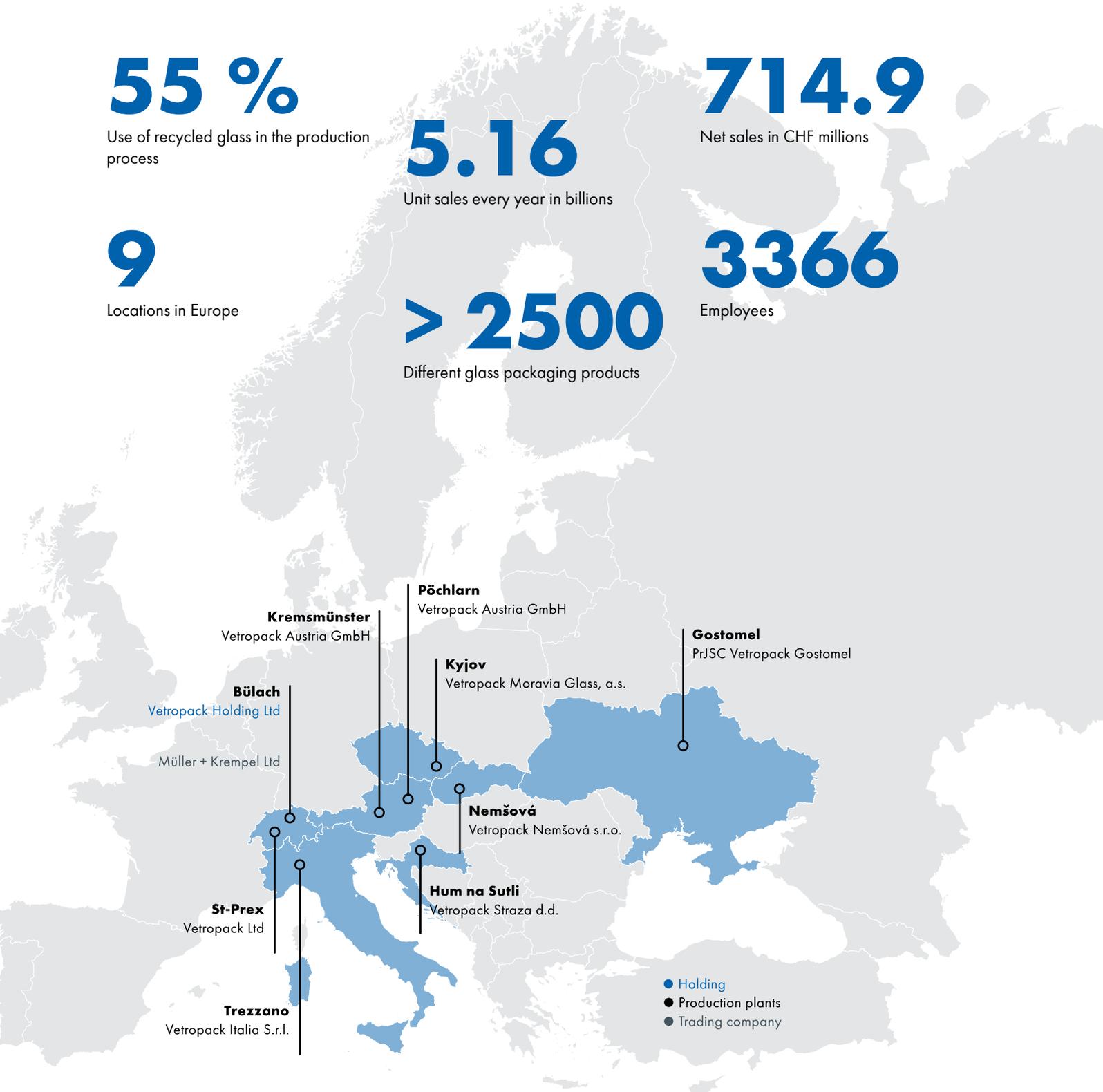
Locations in Europe

> 2500

Different glass packaging products

3366

Employees





Vetropack Holding Ltd Bülach (CH)

Vetropack Holding Ltd is a Swiss company that operates internationally. Together with its subsidiaries, it produces glass packaging for the food and beverage industry. Vetropack Holding's administrative headquarters are based in Bülach in the canton of Zurich, while its registered office is in St-Prex in the canton of Vaud. In 2019, the corporate group employed 41 people. The company is listed on the SIX Swiss Exchange.



Vetropack Ltd

Bülach and St-Prex (CH)

Vetropack Ltd produces, sells and distributes glass packaging in Switzerland. Our glassworks is at our site in St-Prex in the canton of Vaud and our sales offices are in Bülach near Zurich.

Founded	1911
Takeover by Vetropack	Parent company
Area	106 000 m ²
Number of furnaces	1
Number of production lines	4
Net sales 2019 in CHF millions	88.6
Employees as at 31.12.2019	204



Top: Pöchlarn, Bottom: Kremsmünster

Vetropack GmbH

Pöchlarn and Kremsmünster (AT)

Site Pöchlarn

Vetropack Austria produces glass packaging in Austria. We sell and distribute our goods in Austria and on selected export markets. Our sites are located in Pöchlarn (Lower Austria) and Kremsmünster (Upper Austria).

Founded	1980
Takeover by Vetropack	1986
Area	137 000 m ²
Number of furnaces	2
Number of production lines	7
Net sales Vetropack Austria GmbH 2019 in EUR millions	202.6
Employees Vetropack Austria GmbH as at 31.12.2019	711

Site Kremsmünster

Founded	1954
Takeover by Vetropack	1993
Area	147 000 m ²
Number of furnaces	3
Number of production lines	7
Net sales Vetropack Austria GmbH 2019 in EUR millions	202.6
Employees Vetropack Austria GmbH as at 31.12.2019	711



Vetropack Moravia Glass, a.s. Kyjov (CZ)

Vetropack Moravia Glass, a.s., produces, sells and distributes glass packaging in Czech Republic. Our site is in Kyjov.

Founded	1883
Takeover by Vetropack	1991
Area	1 60 000 m ²
Number of furnaces	2
Number of production lines	7
Net sales 2019 in CZK millions	2 398.7
Employees as at 31.12.2019	467



Vetropack Straža d.d.

Hum na Sutli (HR)

Vetropack Straža d.d. produces, sells and distributes glass packaging to the Croatian domestic market as well as to the neighbouring markets in Slovenia, Hungary, Bosnia, Serbia and other countries in south-eastern Europe. Our site is in Hum na Sutli.

Founded	1860
Takeover by Vetropack	1996
Area	1 69 400 m ²
Number of furnaces	3
Number of production lines	11
Net sales 2019 in HRK millions	862.5
Employees as at 31.12.2019	588



Vetropack Nemšová s.r.o.

Nemšová (SK)

Vetropack Nemšová s.r.o. produces, sells and distributes glass packaging in Slovakia. Our site is in Nemšová.

Founded	1902
Takeover by Vetropack	2002
Area	185 360 m ²
Number of furnaces	2
Number of production lines	7
Net sales 2019 in EUR millions	65.2
Employees as at 31.12.2019	378



PrJSC Vetropack Gostomel Gostomel (UA)

PrJSC Vetropack Gostomel Glass Factory produces, sells and distributes glass packaging in Ukraine. Our site is situated in Gostomel.

Founded	1912
Takeover by Vetropack	2006
Area	229 600 m ²
Number of furnaces	3
Number of production lines	8
Net sales 2019 in UAH millions	2 416.7
Employees as at 31.12.2019	631



Vetropack Italia S.r.l.

Trezzano sul Naviglio (IT)

Vetropack Italia S.r.l. produces, sells and distributes glass packaging mostly in Italy. Our site is in Trezzano sul Naviglio.

Founded	1960
Takeover by Vetropack	2015
Area	88 700 m ²
Number of furnaces	2
Number of production lines	6
Net sales 2019 in EUR millions	78.8
Employees as at 31.12.2019	290



Müller + Krempel Ltd Bülach (CH)

The trading company Müller + Krempel Ltd, a member of Vetropack Group, is one of Switzerland's leading service providers for packaging for the food, pharmaceutical and cosmetics industries. In 2019, the company employed 11 people and achieved net sales of CHF 10.2 million.



Foundations for success

Market environment offering opportunities and challenges

The glass industry is based on a traditional craft whose manufacturing processes have been refined over decades. The value chain is also geared towards the long term, characterised as it is by long-standing relationships with suppliers and customers. Moreover, glass container manufacturers are reliant above all on external partners in the fields of energy, transport and raw materials. That is why this is an industry where change always requires a lengthy lead time. Now, however, the framework conditions in the glass industry are evolving faster than ever. The main driving forces behind this include digitalisation, automation and growing expectations on the part of various stakeholder groups. To ensure that it can meet customers' needs both now and going forward, Vetropack constantly tracks new trends and monitors the market environment with the aim of identifying opportunities and challenges early on and finding proactive ways to deal with them.

Buoyant market environment helps make the fiscal year a success

The market environment for the glass packaging industry continued on an extremely positive note in 2019. In addition to good economic framework conditions, the enduring favourable attitude towards glass as a packaging material had a beneficial impact on Vetropack Group's business development. 2019 saw the company invest in two planned furnace overhauls, while another two furnaces were partially renovated. As part of these modernisation schemes, production capacities were also expanded with a view to keeping up with demand in the market. This meant that Vetropack was able to maintain its market share at a constant level across all markets.

While the mood in most European markets is very much "pro glass" and overall market volumes are therefore rising, there are also some markets where demand has tailed off slightly. In Switzerland, where Vetropack added to its market shares in 2019, demand for glass dropped a little, with cans proving a more popular choice for packaging products such as beer. On top of this, more packaged products are being imported and therefore fewer drinks and food items are being packaged in bottles or jars in Switzerland.

In Ukraine, several factors led to a decline in demand for glass containers. For one thing, depopulation caused by the political situation there is reducing demand, while a trend favouring products such as beer over spirits is also pushing it downwards.

Customers expect plenty of flexibility and individuality

Across Europe, the industry is increasingly moving towards more sustainable packaging materials. As part of this shift, the trend is veering towards smaller and lighter glass containers as well as returnable bottles. Customers are taking a more differentiated approach towards packaging, so glass container production needs to be more and more flexible and geared towards individual solutions. One example of this is packaging for microbreweries, which require smaller batches and custom designed glass bottles. Vetropack is also on the lookout for micro trends in local markets, like Austria, where glass has recently enjoyed a resurgence as a packaging material for certain food products such as milk. Local trends like these have the potential to impact on the industry in the medium to long term.

New regulations and technological developments leaving their mark on the industry

Political and social macro trends are also making an impression on the glass industry. One such example is climate change. Changes in the climate have both a direct and an indirect bearing on the industry. They have an indirect effect because demand for glass containers is dependent on agricultural harvests, while their direct impact comes from political and regulatory developments in the EU. The EU's push for climate neutrality by 2050 requires energy-intensive sectors such as the glass industry to increase their energy efficiency. The European Commission reported on the complete implementation of the Circular Economy Action Plan in 2019 and this, along with the EU upping its recycling rates, is prompting changes both in the packaging industry and in consumer behaviour. Increasing glass collection rates has a positive effect on recycling quotas and therefore sustainability in the glass industry. Vetropack has also noticed a greater awareness of health and the environment amongst consumers, which is why demand for glass as a packaging material has – thanks to glass being fully recyclable – been rising steadily in recent years.

Another factor influencing the glass manufacturing process, and indeed all other business processes, is technological innovation and the advances in digitalisation and automation it brings. With its digitalisation strategy, Vetropack is paving the way for the “fourth industrial revolution” and has already made many processes more efficient as part of this move. These changes are crucial to ensuring long-term competitiveness.

New Group strategy tackles opportunities and challenges

During the past fiscal year, Vetropack updated its corporate strategy with a view to exploiting the opportunities and dealing proactively with the challenges that come with the dynamic industry environment. Strategy 2030 lays the foundations for successful business development over the next ten years. The new strategy, which was approved by the Board of Directors in January 2020 and applies with immediate effect, will be reviewed annually.

In 2019, alongside its general strategy development, Vetropack focused particularly on issues that are deemed key to the Group's success. These include boosting production capacity, product innovation, energy efficiency, increasing the proportion of used glass, and leading and guiding employees along the path towards the fourth industrial revolution.

[Foundations for success: Vetropack Strategy 2030](#)



Production capacity

Given the long investment and operating time frames for glass-making furnaces, which are in constant use for around twelve years once they have been fired up, glass production is not something that can be increased or reduced easily. That is why demand outstripped the production capacity of Vetropack during the year under review. To remedy this, Vetropack is investing in capacity expansion measures such as furnace overhauls and the construction of a new plant in Italy. Multi-gob machines can also be used to counteract the lack of flexibility in production, as they can process smaller batch sizes and a range of product segments. Vetropack uses these machines in almost all the countries in which it operates so that it can respond flexibly to customers' requirements for smaller production quantities. However, this flexibility also increases the degree of complexity at the end of the production process – the quality control stage – for example because separate checking and packaging processes have to be set up for each individual segment.

Product innovation

Following a lengthy development and testing phase, Vetropack launched its first VIP Glass product in 2019. For the first time, the company is offering a returnable bottle with a distinctive low-weight design that reduces the consumption of raw materials and energy. The trend towards returnable bottles is giving Vetropack the opportunity to consolidate its successful position in the glass container market by further developing its VIP Glass technology as part of its innovation strategy.

Energy efficiency

With glass production being so energy-intensive, increasing energy efficiency is very much a top priority at Vetropack. The top-level management is making sure that company-wide measures for reducing energy consumption, and therefore also CO2 emissions, are being put into practice. For instance, the energy management system developed specifically for Vetropack is to be rolled out across all plants in 2020 following a successful three years of testing in Croatia. In addition, Vetropack is joining forces with other glass packaging producers from International Partners in Glass Research (IPGR) and getting actively involved in further developing the glass manufacturing process in a sustainable way. Innovations with regard to lighting the furnaces and optimising glass production machinery offer the opportunity to make production both more energy efficient and more cost-effective in future.

Ensuring a high proportion of used glass

Although recycling rates in Switzerland and Austria are very high, providing a sufficient quantity of used glass to many locations is still proving a problem. It is not just supply that is an issue – the quality of the used glass needs to be improved too in future in order to produce glass containers to a satisfactory final standard. The EU's targeted glass collection rates are aimed at feeding more used glass into the recycling process. Increasing the supply of high-quality used glass would make it possible to use a higher proportion of them in production, thus making the end products even more sustainable. However, it remains to be seen whether, and how quickly, the EU member states achieve the higher collection targets. Progress in this respect depends largely on these standards being enshrined in national legislation, something over which Vetropack has virtually no influence.

The fourth industrial revolution

Vetropack is continuously working on digitalising and automating production processes and operational sequences. In 2019, it managed to implement five projects from its digitalisation roadmap, including implementing systems for automated invoicing, document management, energy management and regulating product development workflows. A new ERP-SAP system was also introduced, providing a basis for all further steps towards digitalisation.

As well as laying the technical foundations for putting the digitalisation roadmap into practice, Vetropack is very keen to ensure that all staff keep up with the pace of change. It is therefore co-ordinating closely with its employees and systematically preparing the workforce as a whole for the fourth industrial revolution. For example, training sessions are being run at the training centre in Pöchlarn, and these were fully booked for the first time in 2019. Vetropack also carried out an employee survey during the year under review in order to gauge the needs and requirements of its staff. Based on the results from this survey, all business units are developing proposals for improvement and thereby getting all employees involved in shaping the company's future. The establishment of the Corporate Human Resources department will also further reinforce the focus on staff development in future.



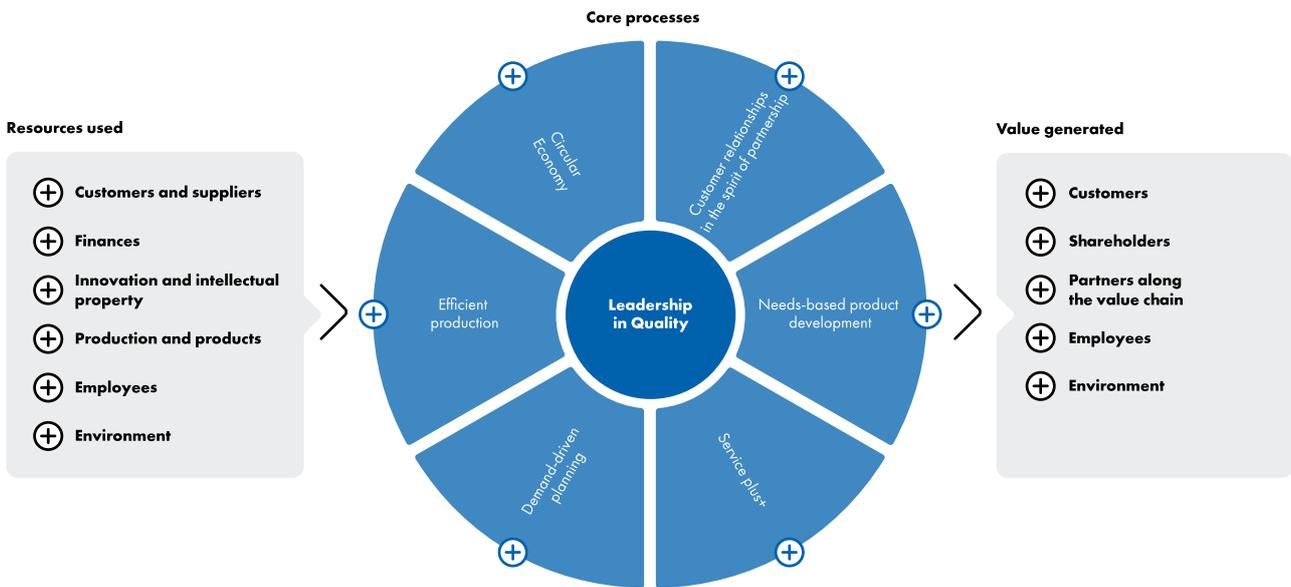
Foundations
for success

| Business model

Leadership in Quality

At Vetropack Group, leadership in quality is the most important key to success. This is why quality is considered at every step, from production through to accounting, and from engineering through to sales. For this reason, quality – as part of the claim “Leadership in Quality” – is also at the heart of Vetropack Group’s revamped presentation of its business model, which illustrates the Group’s integrated understanding of value creation. Instead of focusing merely on financial success, this philosophy also emphasises the many different resources Vetropack needs in order to create lasting value for its customers, shareholders, employees, partners along the value chain and the environment. In this, it relies on a corporate culture centred around team spirit and cooperation within its diverse workforce in different countries around the world.

Business model Vetropack Group



Resources used

Customers and suppliers

A broad customer base and partnerships built on trust are key drivers of value creation at Vetropack. They allow the company to plan for the future, try out new things and grow together as we overcome challenges. The close cooperation between customers, Vetropack's own specialists, external designers and mould-makers enables efficient development work and results in winning products.

Finances

Vetropack Group's strategy is geared towards ensuring the company's long-term development that takes account of its stakeholders' interests, an approach in line with the expectations of Vetropack Group's majority shareholders. As Vetropack's growth is largely financed from its own resources, the company places great value on increasing cash flow and improving profitability as this ensures financing for its continued development. Long-term supply and purchase agreements help Vetropack to achieve a high level of financial certainty in its planning, facilitating targeted investments.

Innovation and intellectual property

Vetropack focuses on innovation in its products, processes and organisational structure in order to continue meeting its customers' requirements with innovative, high-quality and environmentally sustainable products in the future too. Besides the systematic management of its intellectual property (patents), Vetropack also, and in particular, engages its customers and suppliers in a close dialogue that stimulates both process and product innovations and thus makes a direct contribution to improving efficiency for both sides.

Production and products

As part of the Vetropack production system, Vetropack works to implement lean production principles and systematically reduce inefficiencies of all kinds. The company also applies uniform quality standards and checks each individual glass container in order to achieve outstanding product quality. Vetropack continuously improves all the processes along its value chain in the spirit of "One brand, one quality", making increasing use of digital tools and automation solutions. As well as bringing Vetropack efficiency savings, this also meets its customers' need for comprehensive information on product quality.

Employees

Vetropack's sustainable growth and market success are underpinned by dedicated, highly qualified staff and an experienced management team. To stay innovative and competitive, Vetropack focuses on providing targeted continuing professional development for its employees and fostering talent in a systematic way. Alongside practical on-the-job training schemes, all Vetropack staff have access to a training centre in Austria. Attractive career opportunities within the Group also open up prospects for staff that help keep their wealth of expertise within the company.

Environment

Vetropack aims to be as environmentally sustainable as possible in its production and has made using natural resources sparingly a key tenet of its corporate strategy. Most notably, the large amount of energy required in the glassmaking process poses a particular challenge, one that Vetropack is tackling by continuously modernising its production facilities and implementing an energy management system.

Core processes

Customer relationships in the spirit of partnership

Vetropack's holistic value creation is based on customer relationships in the spirit of partnership. A strong level of demand on the glass container market has prompted Vetropack to invest more than the industry average in an effort to increase the availability of its products. This allows the company to retain the loyalty of key customers and attract new ones. With consumers becoming increasingly aware of the benefits of glass packaging, new acquisition opportunities are also opening up, such as in the markets for dairy products, functional beverages and low-alcohol and alcohol-free beers.

Needs-based product development

Developing tailored, high-quality glass packaging requires Vetropack to work closely with the customer right from the start, regardless of who actually provides the idea for the innovation process. This is because external designers are often commissioned to come up with a design in addition to the ideas drafted by the customers themselves. Either way, a comprehensive list of requirements that the future glass packaging has to meet needs to be specified so that the development work can be progressed efficiently. In an initial phase, precise 3D models simplify the decision-making process. Once the concept has been developed further using wooden, acrylic or 3D printed models, it is fine-tuned on the bottling line. This is how Vetropack gets innovative solutions market-ready quickly and successfully.

Service plus+

Vetropack offers its customers a comprehensive range of products and services that goes well beyond making glass packaging. Its services cover packaging design, high-quality production and on-time supply, packaging analysis advice and support, bottling, conditioning and closure technology, glass finishing and labelling, and even the calculation of environmental footprints. Vetropack thus helps its customers optimise all the process steps involved in launching a new type of glass packaging.

Demand-driven planning

Vetropack strives constantly to optimise the planning for and availability of its products. It uses demand forecasts to align all processes – from purchasing the raw materials and planning production through to shipping the finished products – with one another in the best possible way to maximise capacity utilisation in all its production facilities. This includes simplifying the product mix at some sites as part of a colour campaign strategy in order to use facilities more efficiently and increase flexibility.

Efficient production

To enable energy-efficient production at an optimum cost level, Vetropack invests continuously in more efficient, more flexible production lines that can also process smaller batches and multiple product segments. This allows the company to respond more effectively to seasonal demand peaks in the beverage market. As part of its digitalisation roadmap, Vetropack is making targeted use of the opportunities presented by automation and digitalisation to simplify repetitive production and administration processes. The company is also ensuring that energy consumption and the associated CO₂ emissions are reduced by implementing an energy management system that it developed itself.

Circular economy

Vetropack's business model supports the transition to a circular economy as it is based on natural raw materials that can be recycled almost infinitely. Following its pioneering work in glass recycling back in the 1970s, Vetropack now collects used glass for recycling in all the countries in

which it operates glassworks. This is because white and amber glass can be made with up to 60% used glass, whereas the figure for green glass can be as high as 100%. Vetropack works with special-purpose associations in many countries to maximise collection rates. The company is also promoting the development of multi-trip bottles, some of which are made from resource-efficient lightweight glass (VIP Glass) and are thus even easier to handle.

Value generated

Customers

Vetropack Group's customers can rely on an experienced partner in a strong market position that offers an extensive range comprising over 2,500 different kinds of glass packaging. Even when faced with the most detailed of requirements, Vetropack develops innovative, cost-effective solutions that meet the highest quality standards, thus helping to increase the value of its customers' brands. Vetropack also supports its customers in making lasting improvements to their entire process chain, from development through to bottling.

Performance Review: Customers and suppliers



Performance Review: Innovation and intellectual property



Performance Review: Production and products



Shareholders

Vetropack Group generates robust, profitable growth by focusing its corporate strategy on the long term and making continuous investment in its production facilities and recycling systems. This has allowed the company to pay a dividend to its shareholders for many years now.

Performance Review: Finances



Partners along the value chain

Vetropack Group places great value on treating its stakeholders as partners and, in particular, on strengthening relationships with strategically important suppliers. These benefit from long-term business relationships and supply agreements and thus from a high degree of certainty in their forecasting and planning.

Performance Review: Customers and suppliers



Employees

Much of Vetropack Group's market success is driven by its employees. In exchange, they can rely on an employer that offers stable and attractive jobs. Staff also benefit from a wide range of professional development opportunities, strengthening their bond with the company. Many employees also appreciate working for a sustainable company with whose products they can identify.

Performance Review: Employees



Environment

Investing in state-of-the-art production facilities generates efficiency savings that deliver benefits not least for the environment, because cutting energy consumption also steadily reduces CO2 emissions. Vetropack also uses a high percentage of used glass in its production and thus contributes to an environmentally friendly circular economy.

[Performance Review: Environment](#)





Vetropack
Strategy 2030

**A “strategic journey”
towards a successful fu-
ture**

At Vetropack, the year 2019 was all about “Strategy 2030” . During this strategic journey, Vetropack Group developed its compass for the next decade, setting the guidelines for successfully shaping the company’s future.

Vetropack can look back on a successful few years in terms of corporate development. With a view to continuing to position itself as a strong market player in the future and for the long term, it initiated a comprehensive strategic transformation process in 2019. The aim of this was to find new growth potential in the existing business as well as to identify new topics for the future and business models for Vetropack in 2030.

Moving into the future with an open approach to strategy

Vetropack deliberately opted for an open approach. The focus here was on breaking away from traditional ways of thinking and acting, and adopting and allowing other, new, perspectives. On the one hand, this open approach meant opening up internally, with over 100 employees being actively involved in the process, thus making the best possible use of the wealth of experience and comprehensive know-how offered by Vetropack staff for strategy development. Vetropack has also consciously decided to open up to the outside world, bringing new perspectives and impetus into the process by involving customers as well as experts from various industries and fields of experience.

Identifying a strategic starting point and future potential

To begin with, an important element of the strategy work was to precisely pinpoint the strategic starting position in line with Vetropack’s current business model and to gain an accurate understanding of the company’s core areas of expertise and market positions, as well as the customer benefits created from today’s perspective. Special attention was also paid to future trends and developments in the immediate and wider environment, in order to optimally integrate future trends and dynamics relevant to Vetropack Group into the strategy development process. Innovative methods for identifying new, digital, disruptive business models were also incorporated into the process, offering the potential to replace existing, traditional business models and products in the future and thus significantly change the glass industry. Developments in the area of sustainability and in terms of increasing digitalisation and technology are other factors worth mentioning in this regard.

Cornerstones of the Vetropack Strategy 2030

Based on the knowledge gained, initial work was undertaken to establish strategic potential and formulate the guidelines for 2030. The main results of the project culminated in a new guiding concept for the Group (purpose, values, big picture) along with key strategic directions and focal points for the coming years.

Vetropack will continue to consolidate its strong market position in the future and take on a leading role. Building on our existing expertise and strengths, we want to offer our customers and partners a unique range of products and services characterised by excellent quality, innovation and comprehensive customer benefits. In addition, new services will be developed and expanded in order to serve customers' needs even better and more comprehensively in the future. Existing customer relationships are to be further strengthened and new partnerships established.

A major focus for the coming years will be on innovation and digitalisation. In this respect, new opportunities have been identified at process, product and business model level. In addition to continuous product and service innovation in the core business, in the future more emphasis will be placed on business model innovations in order to open up new growth potential for Vetropack.

Sustainability is one of the greatest social and economic challenges of our time and also plays a central role at Vetropack. Our aim is to pursue a holistic approach to sustainability that continues to focus on constantly reducing the CO2 footprint, as well as to develop further and optimise the entire value chain.

Topic areas are being prioritised, accompanied by efforts to coordinate central and decentralised units and responsibilities to optimum effect. This includes a comprehensive approach to operational excellence, perfectly coordinated structures and processes within the Group and new HR and transformation initiatives.

The steps involved in implementing the Vetropack Strategy 2030

Following the successful approval of the strategy by the Board of Directors, the years 2020/2021 will now be dominated by the implementation of individual strategic initiatives. A clear and stringent implementation process will guide Vetropack's transformation in the run-up to 2030. We look forward to this important phase and a successful future together.

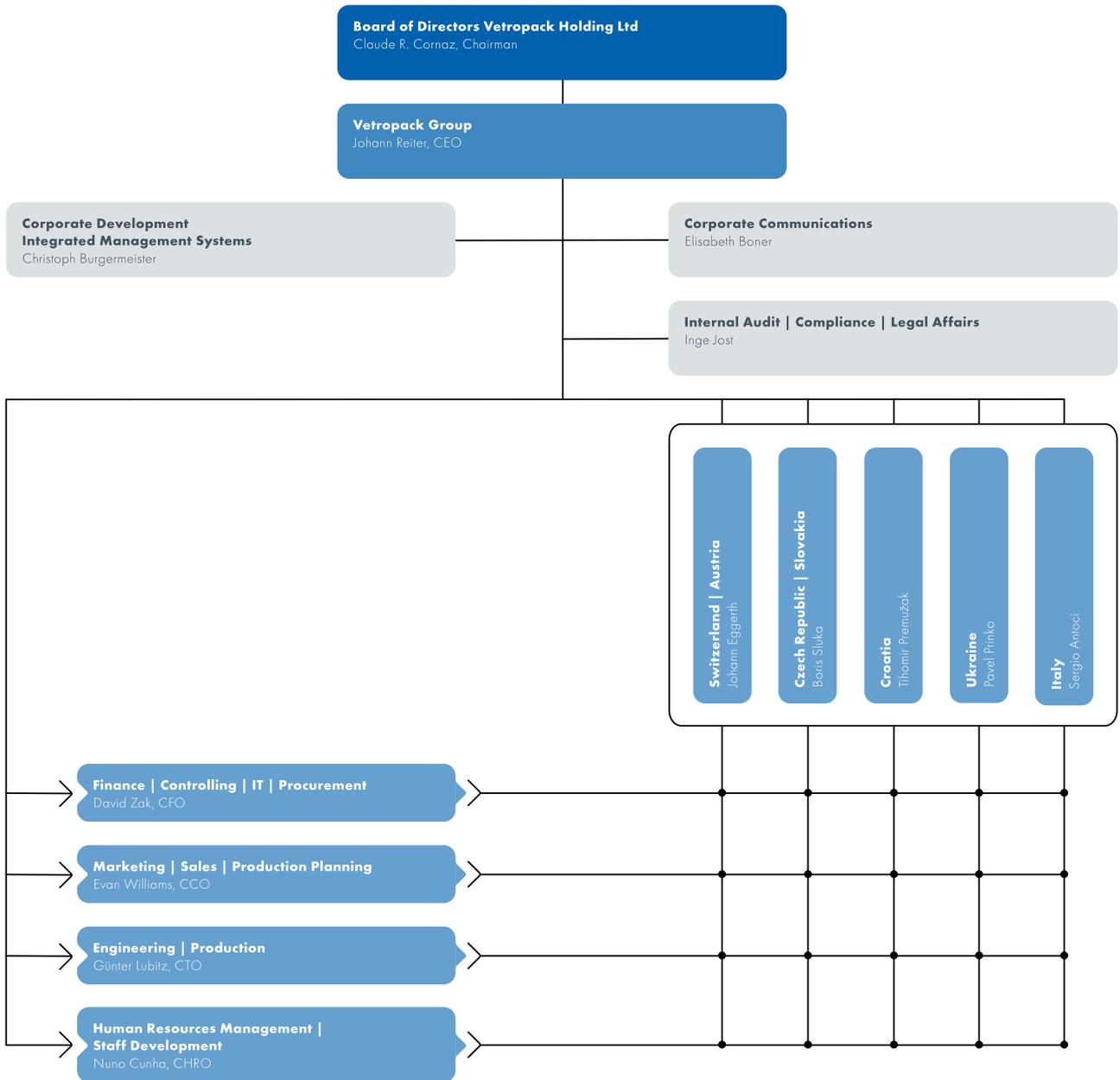
Management Structure



Extended Group Management

From left to right: Nuno Cunha, Pavel Prinko, Johann Eggerth, Elisabeth Boner, Johann Reiter, Boris Sluka, Evan Williams, Christoph Burgermeister, David Zak, Sergio Antoci, Günter Lubitz, Inge Jost, Tihomir Premužak

per 1 January 2020



Organisation

per 1 January 2020

Group Management Board

Johann Reiter, CEO
David Zak, CFO
Nuno Cunha, CHRO
Johann Eggerth
Günter Lubitz, CTO
Evan Williams, CCO

Finance, Controlling, IT and Procurement

David Zak
– Shared Service Centre Switzerland Christian Trösch
– Group Controlling and Accounting Adriano Melchiorretto
– IT Bruno Hennig
– Procurement Ulrich Ruberg

Marketing, Sales and Production Planning

Evan Williams

Human Resources Management and Staff Development

Nuno Cunha

Engineering and Production

Günter Lubitz

Corporate Development

Integrated Management Systems

Christoph Burgermeister
– Quality Management Andrea Steinlein
– Quality Assurance Christoph Böwing
– Occupational Safety + Health Nenod Horvath

Corporate Communications

Elisabeth Boner

Internal Audit, Compliance, Legal Affairs

Inge Jost

Business Unit Switzerland/Austria

Johann Eggerth

Marketing + Sales Herbert Kühberger
– Switzerland Christine Arnet
– Austria Herbert Kühberger
– Export Europe West Leopold Siegel

Finance + Administration Bernhard Karrer

Logistics Werner Schaumberger

Plants and Production

– St-Prex Plant Philippe Clerc
– Pöchlarn and Kremsmünster Plant Thomas Poxleitner

Business Unit Czech Republic/Slovakia

Boris Sluka

Marketing + Sales Dana Švejcarová
– Czech Republic Dana Švejcarová
– Slovakia Zuzana Hudecová
– Export Europe East Vlastimil Ostrezi

Logistics Jaroslav Mikliš

Engineering Miroslav Šebík

Kyjev Plant

– Production Antonín Pres
– Finance + Human Resources Milan Kucharčík

Nemšová Plant

– Production Roman Fait
– Finance + Human Resources Eva Vanková

Business Unit Croatia

Tihomir Premužak

Marketing + Sales Darko Šlogar

Finance Marija Špiljak

Logistics Robert Vražič

Engineering Velimir Mrkus

Human Resources Damir Gorup

Production Josip Šolman

Business Unit Ukraine

Pavel Prinko

Marketing + Sales Hennadiy Arsiriy

Finance Nataliia Bukreieva

Logistics Serhii Kazhan

Engineering Mikola Marchenko

Human Resources Maria Dukhnenko

Production Roman Yatsuk

Business Unit Italy

Sergio Antoci

Marketing + Sales Francesco Bonazzi

Finance Alberto Borroni

Logistics Luca Marini

Engineering Rocco Callea

Human Resources Annalisa Girardi

Plants and Production Benedetto Troia

Group Companies

Vetroconsult Ltd Günter Lubitz

Müller + Krempel Ltd Mark Isler

Vetroreal Ltd Matthias Bieri



Foundations for success

Material Topics and Performance Review

Definition of the key financial and non-financial issues

For the first time, the Vetropack Group will provide a comprehensive report on its financial and non-financial performance for fiscal year 2019 within the framework of an integrated business report. The company defined the focus of its reporting on the basis of a materiality analysis carried out in the year under review. Here, Vetropack evaluated which issues are of particular importance for its stakeholders and for securing short, medium and long term business success. The company also assessed which topics have a significant impact on sustainable development (economic, social and environmental).

This process is derived from the requirements for the sustainability reporting of the Global Reporting Initiative (GRI), which specifies the evaluation of stakeholder relevance and an assessment of impact. The evaluation of commercial relevance as a third dimension ensures that the key issues are closely linked with the core business. The process is therefore also compatible with the recommendations of the International Integrated Reporting Council (IIRC).

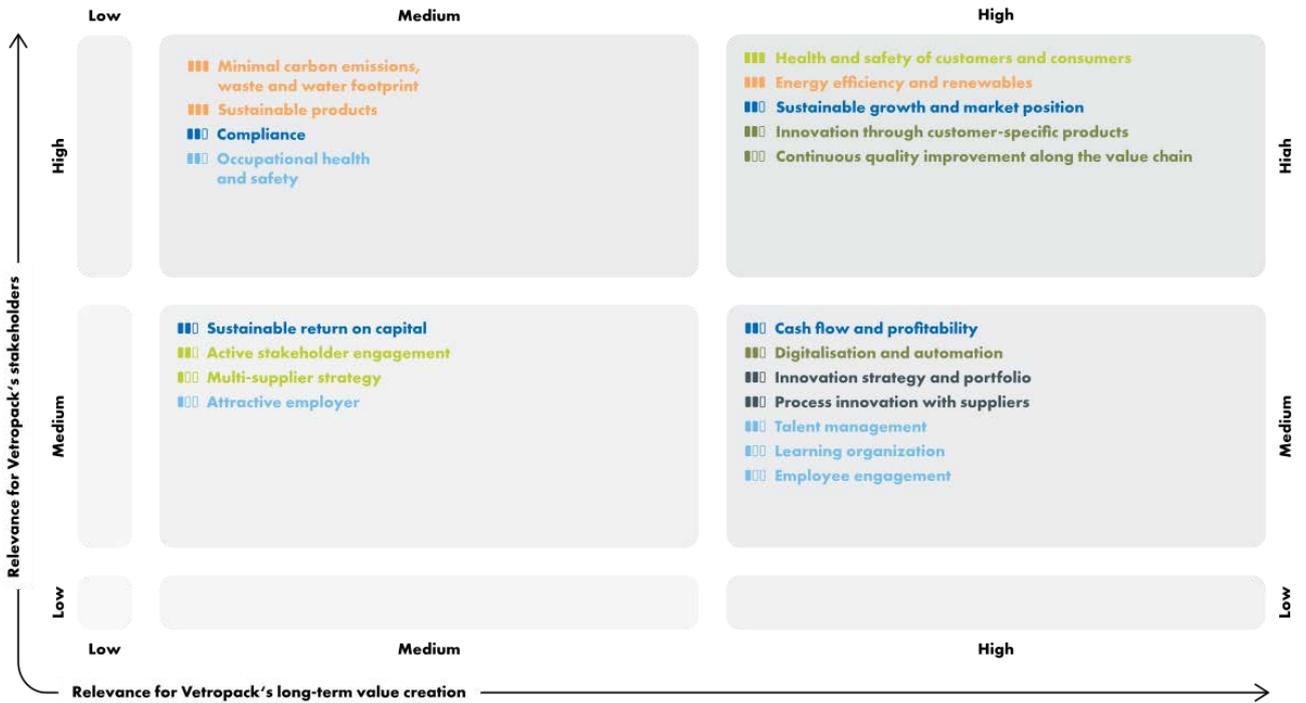
In defining the key issues, Vetropack used the following six dimensions based on the six capitals of the IIRC as a framework to evaluate issues in various financial and non-financial areas:

- Customers and suppliers
- Finances
- Innovation and intellectual property
- Production and products
- Employees
- Environment

The issues were evaluated within the framework of a workshop for the Extended Group Management and an extended group of managers with responsibility for the various issues. No external stakeholders were included in the materiality analysis. External perspectives were included through the participation of various managers with responsibility for the issues in question, who brought an in-depth understanding of the concerns of various stakeholder groups. Following the workshop, the results were consolidated and validated by the CEO and external specialists. The results of the materiality analysis are presented in the following matrix. It provides Vetropack with the basis for the strategic focus and structure of the reporting. Accordingly, the “Performance Review” and “Sustainability Report” chapters of the 2019 integrated report are divided on the basis of the above-mentioned six dimensions.

This page contains information on the following GRI disclosures: 102-46, 102-49.

Materiality matrix



Categories:

- Customers and suppliers
- Finances
- Innovation and intellectual property
- Production and products
- Employees
- Environment

Impact on sustainable development

- ▮▮▮ Low
- ▮▮▮ Medium
- ▮▮▮ High

This page contains information on the following GRI disclosure: 102-47.

Customers and suppliers

Active stakeholder engagement

Frank discussions and open co-operation help Vetropack to anticipate the needs of customers and other stakeholders, to identify business opportunities and to establish competitive advantages. The stakeholder groups, which influence Vetropack's business activity or are affected by it, include investors, customers, suppliers, employees and their representatives, the general public and society in general, including supervisory authorities, legislators, trade associations and non-government organisations (NGOs).

[Vetropack Story: Bloggers discover glass with all their senses](#)



Information on communication with employees can be found in the Performance Review under "[Employee engagement](#)".

Find out more about supplier relationships in the Performance Review under "[Process innovation with suppliers](#)" and "[Multi-supplier strategy](#)".

More detailed information on the issue of customer loyalty can be found in the Performance Review under "[Innovation through customer-specific products](#)".

Additional information on engagement with other stakeholder groups, such as investors and associations, can be found in the Sustainability Report under the issue "[Stakeholder engagement](#)".

Multi-supplier strategy

Vetropack pursues a multi-supplier strategy to guarantee a smooth production process. This strategy secures its supply of raw materials and equipment and minimises risks in the supply chain, such as being disproportionately dependent on suppliers. The Group attaches great importance to strengthening and expanding co-operation in the supply chain, especially with suppliers of strategic importance.

On the supplier side, the trend is towards consolidation and concentration, especially with suppliers of equipment. The global expansion in capacity in the glass packaging industry also led to a dramatic increase in demand for production equipment and consequently to longer throughput times. These developments contributed to Vetropack increasingly concentrating on identifying new suppliers. New suppliers make it easier to implement the multi-supplier strategy, such as in the case of specialist suppliers of sodium carbonate. However, it is more difficult to prevent dependencies on individual suppliers in monopolistic markets, such as in the software sector. In these markets, it is virtually impossible to change suppliers without material negative consequences.

In 2019, Vetropack continued its analysis of the market and identified potential new suppliers, which were checked in accordance with the requirements of the code of conduct for suppliers. The assessment criteria include compliance with quality standards, information about the owners, financial performance indicators, the number of employees and the company's history. The Group also carries out integration tests with new suppliers on an ongoing basis. One result of these efforts was the successful validation of a supplier of testing technology, followed by the installation of new testing machinery. Vetropack also succeeded in extending long term contracts with strategically important suppliers. It is increasingly difficult to extend contracts in this way given the lack of clarity regarding the global economic outlook and the challenges of long term planning associated therewith.

The validation and integration of additional suppliers to secure procurement of raw materials and equipment are short term priorities. In the execution of digitisation projects, in particular, Vetropack endeavours to find a balance between collaborating with specialists and avoiding dependencies.

Vetropack uses key performance indicators (KPIs), such as the number of active suppliers per category and the number of long term contracts, to measure progress in its supplier strategy. The aim is to minimise supply and price risks and to establish alternatives to improve Vetropack's negotiating position.

Health and safety of customers and consumers

Its high quality and professional processing of the packaging material glass mean that Vetropack not only protects the packaged drinks and foodstuffs but also consumers' health. The company checks each individual glass container. Product quality and security is therefore an essential factor, which is taken into account for each product development in accordance with clearly defined criteria. Vetropack uses specific quality indicators, which are covered by commercial secrecy, to measure quality and security.

In 2019, Vetropack again invested in refining the quality control process for products. The quality assurance work group is pressing ahead with the harmonisation of the quality assurance processes. For example, it successfully implemented a project to standardise the error code by which product defects are defined to ensure that statistical recording is uniform in all plants. Vetropack also invested in improving testing technology. For instance, among other changes, the latest versions of the testing sets, which are more effective in detecting faulty glass containers, were installed. In future, the development process is to be upgraded and the specific quality and security requirements of the various product groups are to be more precisely differentiated.

Finances

Demand for glass packaging on the European market increased by around 2% for the third year in succession and made a significant contribution to Vetropack's successful operating result. The positive performance is also a result of measures to improve environmental practice in glass production in the last two decades. These include efforts to reduce the weight of glass containers, to cut energy consumption and to increase the proportion of cullets in production, for example. Increasing concern about the negative effects of plastic on the environment and health also boosted interest in glass packaging.

Vetropack invests continuously in expanding its production facilities and recycling systems, which ensure an adequate supply of cullets. It also supports research with the aim of reducing the environmental impact of glass packaging. Vetropack promotes sustainable growth by positioning itself with existing and new products in markets in which it can exploit and develop its strong market position.

Vetropack's sustainable growth goes hand in hand with improved cash flow, which facilitates investment that secures a sustainable return on capital and reduces environmental impact.

Financial figures 2019

		+/-	2019	2018
Net Sales	CHF millions	3.5%	714.9	690.7
EBIT	CHF millions	15.1%	90.2	78.4
Consolidated Profit	CHF millions	25.6%	73.0	58.1
Cash Flow*	CHF millions	12.8%	153.1	135.7
Investments	CHF millions	4.9%	123.7	117.9
Production	1 000 metric tons	1.0%	1 460	1 445
Unit Sales	billions	0.1%	5.16	5.16
Exports (in unit terms)	%	-	43.9	42.5
Employees	number	2.3%	3 366	3 291

* operating cash flow before change of net working capital

Cash flow and profitability

Vetropack's growth is largely financed from its own resources. Improving cash flow and profitability is therefore key to releasing capital for investment in the continuous development of the company.

In 2019, operating cash flow increased by 12.8% to CHF 153.1 million (2018: CHF 135.7 million). The improvement is attributable to increased demand and the improvements in efficiency achieved. In 2019, Vetropack invested CHF 123.7 million in further expanding its production facilities. In total, two furnaces in Slovakia and in Ukraine were restored, which consume up to 18% less energy and increase production capacity.

In recent years, Vetropack invested considerable sums in the development of a lighter recyclable glass. In the year under review, Vetropack introduced the new product under the name Vetropack Improved Performance Glass (VIP Glass) and concluded the first contracts of sale. For the future, the Group is focusing on both the development of the VIP Glass product line and on increasing production capacity.

[Vetropack Story: Multi-trip bottles from lightweight glass](#)



Vetropack plans to commission a new glassworks with cutting-edge technology in Italy in 2022. Increased production capacity combined with improved efficiency will strengthen Vetropack's position on the Italian market and secure profitability long term. The project will not only improve efficiency but also production capacity and will push capital expenditure (CAPEX) well above the normal mere maintenance level now and in the next few years.

In line with the objectives of the strategy revision, Vetropack expects these initiatives to have a positive impact on cash flow in the medium to long term. Progress is measured on the basis of KPIs, such as the costs per tonne of saleable glass produced, energy consumption per tonne of glass and the contribution margin per glass container.

Sustainable growth and market position

Vetropack benefited from persistently favourable market sentiment in Europe and again recorded excess demand in the fiscal year. Despite increased capacity and a constantly high work load, high demand led to restrictions in supplying customers with products.

Customer satisfaction is crucial to Vetropack's continuous economic success. To understand the needs of customers and their perception of Vetropack more accurately, the Group carried out a Voice-of-Customer survey in 2019. The results showed that production bottlenecks and the longer waiting times associated therewith for products to be delivered led to dissatisfaction among customers. To strengthen its market position, Vetropack fosters its good customer relationships, invests in expanding its production capacity, maintains a quality management programme and encourages innovation.

[Vetropack Story: The 2019 customer benefit analysis](#)



In 2019, Vetropack implemented numerous projects, which allowed an increase in net sales of approximately 3.5%. The "Leadership in Quality" quality management programme is also expected to improve customers' experience by boosting product quality, traceability and improving work results.

Sustainable return on capital

Vetropack creates a business environment that encourages sustainable growth by setting targets for a sustainable return on capital, which take account of both the long term needs of stakeholders and environmental, social and economic effects.

High costs and the limited availability of CO2 certificates are leading to an increase in investment in energy-reducing technologies. Even though such investments generate a low economic return on investment (ROI), they will enable a very positive environmental ROI in the long term. Measures implemented in 2019 include the installation of additional exhaust filters, the expansion of cullet processing facilities and the construction of new furnaces that consume less energy. Investment in a new, ultra-modern factory in Italy promises to make a positive contribution to a sustainable return on capital in the future.

The sustainable return on capital is tracked and measured using the return on capital employed (ROCE).

Compliance

Fair behaviour that forbids bribery, corruption and discrimination, among other things, is one of Vetropack's principles. The relevant guidelines are laid down in the Code of Conduct and in the Business Ethics Policy. The Supplier Code regulates compliance with human rights in the value chain. Compliance with this Code is checked in regular supplier audits.

Increasing digitisation means that data security has become more important. To satisfy this development, Vetropack has created the function of Chief Information Security Officer (CISO). Not only was a directive on data security implemented but various technical and contractual measures were also defined and implemented. Besides data security, the issue of data protection was also followed up and the principles of the European General Data Protection Regulation were also introduced in Vetropack companies outside the EU. Vetropack provided its main suppliers with information about data security and data protection at a Vetropack event organised for this purpose and started discussions about these issues.

Innovation and intellectual property

With an open innovation strategy, Vetropack is developing the ancient craft of glass production in evolutionary and revolutionary steps. Vetropack is pressing ahead with organisational innovations and also focusing on the all-encompassing development of the container glass production process. In so doing, the company is exploiting opportunities for digitisation and automation. Vetropack also aims to satisfy more demanding customer requirements with innovative, high quality and environmentally friendly products in future and position itself successfully in selected markets.

Innovation strategy and portfolio

To ensure progress in the glass production process, exploit the potential for improvement in the company's organisation and develop new products, Vetropack is focusing on cooperation with suppliers and making systematic use of its employees' expertise.

The provision of financial and personnel resources was key to the development of the innovation strategy and the innovation portfolio in 2019. It allowed Vetropack to increase its use of lubricating robots, meaning that occupational safety and productivity in Vetropack glassworks was improved. The company achieved further progress in the manufacturing process for lightweight glass packaging.

Vetropack Austria GmbH established the VIP cost centre in 2019 and successfully launched the new VIP Glass bottle on the Austrian market. A special thermal hardening process makes VIP Glass bottles especially light and stable. Development and commercialisation of the first product took up a great deal of time and considerable resources. The development and introduction of additional VIP products, supported by the establishment of a VIP Glass division, is now well up on Vetropack's innovation agenda. By means of additional innovations to its processes, the company also aims to boost productivity and reduce change-over times.

[Vetropack Story: Multi-trip bottles from lightweight glass](#)



Vetropack uses the number of newly launched VIP Glass items and their performance to check progress in implementing the innovation strategy and the innovation portfolio. Other key figures, which are evaluated and checked every year relate to COS emissions, which are produced during the melting process, the return on investment (ROI), earnings before interest, taxes, depreciation and amortisation (EBITDA) as well as productivity.

Process innovation with suppliers

In 2019, Vetropack focused on the identification and exploitation of potential for innovation along its entire supply chain. Progress was achieved in production not least thanks to successful collaboration with new and existing suppliers. For example, new inspection machines were installed together with a supplier that specialises in inspection technologies, which allow us to recognise fault patterns more rapidly.

To improve the moulding process, Vetropack has attached reproducible glass tear feeder machines to various moulding machines in collaboration with Bucher Emhart Glass. The next item on the agenda is the implementation of options for the digital improvement and automation of processes in the moulding workshop. For instance, one project is to increase and stabilise the rate at which gobs fall to achieve more even gob loading. Vetropack also plans to install end-to-end solutions for production and to integrate systems horizontally. The aim is to boost supplier integration and to guarantee the traceability of glass containers. A platform for this purpose is currently in the planning stages.

Production and products

Continuous quality improvement along the value chain

Vetropack views quality not merely as a characteristic of its products but endeavours to improve the quality of all processes continuously throughout the value chain and coordinate them in accordance with the “One brand, one quality” motto. Firstly, this is necessary to satisfy customers’ more stringent demands, secondly it will improve efficiency. It will also improve occupational safety and reduce environmental pollution.

Performance Review: Occupational health and safety



Performance Review: Environment



Since 2018, the “Quality Assurance” specialist group responsible for quality assurance has been driving the standardisation of quality assurance processes in the various Vetropack plants. The aim was to standardise existing quality processes Group-wide. Accordingly, defect codes were harmonised to simplify communication across all plants. Vetropack also introduced an SAP module to evaluate complaints more accurately. This module helped to implement measures with the greatest potential for improvement Group-wide, such as the standardisation of statistical testing intervals.

The launch to the “Vetropack Production System” (VPPS) project also took centre stage in 2019. Its aim is to reduce wastage of all kinds systematically in the sense of “lean production”. These include overproduction, defects, waiting times, unnecessary movements and transports as well as inefficient processes and inventories, for example. The target is to avoid all activities that do not contribute to customer benefit. This requires existing processes to be questioned constructively and wastage to be identified and reduced in workshops. Having successfully implemented a project in the moulding workshop in the pilot site at Pöchlarn in 2019, Vetropack has also started initial preparations in Kremsmünster and plans to introduce VPPS in all sites gradually over the next few years.

In addition, the major furnace renovation projects in Nemšová (Slovakia) and Gostomel (Ukraine) also achieved comprehensive improvements in the quality of the glass containers produced.

Over the next few years, the “Leadership in quality” and “Group first” initiatives will be developed in addition to implementing the “Vetropack Production Systems”. They will raise awareness of continuous quality improvement even further.

Digitalisation and automation

At Vetropack, digitisation and automation initiatives are key to sustainable business development. The company is using the range of new technologies to develop its processes. In the context of its decision-making processes, Vetropack also benefits from a more accurate database and can improve efficiency through automation solutions.

Group-wide harmonisation and standardisation of operating and production processes make automation possible. Improvements in quality and increases in productivity can be achieved by this means. Digitisation is taking place in all divisions, whether in the simplification of administration processes or in production. Vetropack therefore developed a digitisation roadmap in 2019 in which measures to make the fourth industrial revolution a reality are laid down. Five of the projects on the roadmap were implemented in the year under review. Besides the energy management system and a new SAP solution, which creates the basic requirements for digitisation at Vetropack, the company has also introduced programmes for automated invoicing, document management and for regulating workflows in product development. The production process was also made more stable and reproducible through the use of lubricating robots. Use of mould lubricants was also reduced by around 70%. Use of robots also released employees from onerous routine work and improved occupational safety.

Further automation and digitisation projects planned relate, for example, to switching production planning to the new SAP system, changing the reporting tools both for Group-wide and HR-specific KPIs and the introduction of a supplier invoice management and procurement platform. Further steps are also planned in the production process; the company is also evaluating how it can use Big Data in future.

Innovation through customer-specific products

Vetropack converts ideas into products and, in doing so, guarantees a high standard of service and quality. The Group is therefore well equipped to live up to market demands and be a step ahead of its competitors. A key characteristic of the product development process are short communication channels between the production teams and customers. They allow Vetropack to react to customers' requirements at any time and develop new products within a short period.

[Vetropack Story: Designing and constructing glass packaging](#)



In 2019, Vetropack changed the colour of one of its furnaces in the Nemšová plant to blue to produce a series of blue bottles on behalf of a customer. Other customer-focused product launches included lighter weight beer bottles for an Austrian brewery. The Group also helped customers convert from other packaging materials to glass packaging, which is becoming more relevant in sectors such as the milk industry especially. Vetropack is proud of the fact that it continuously develops innovative products for its customers. However, different price expectations or capacity bottlenecks make successful product innovations more difficult in part. Vetropack therefore invests in the continuous training of its employees and in additional production capacity in the year under review. The company also cut its cost base to improve product access.

[Vetropack Story: Special production at Vetropack Slovakia](#)



The Group continues to concentrate heavily on the development of VIP Glass technology and will use its excellent understanding of local markets to develop a marketing strategy for VIP Glass.

[Vetropack Story: Multi-trip bottles from lightweight glass](#)



Employees

Vetropack's sustained growth and market success are largely due to its employees. Therefore, continuous commitment from employees, the promotion and development of talent and a learning organisation are crucial to remaining innovative and competitive.

To support its employees in the change processes resulting from digitisation and automation, the Group is creating a working environment that encourages employee development. Continuous learning is enshrined in the company's vision and its fundamental values. Although changes create new opportunities for the company and its employees, change can also trigger a feeling of uncertainty and unease. The Group therefore pays particular attention to involving employees sufficiently in change processes and supporting their development.

Employee engagement

Employees take centre stage in the Vetropack Group's sustainable performance. The company therefore focuses on continuous discussion with its employees. Greater focus on sustainability in the business environment and renewed interest in glass as a "green" product made a positive contribution to employees' motivation, giving them a greater sense of assurance as to the sense and purpose of their work.

Vetropack's "Group first" philosophy promotes its corporate culture and cohesion among the heterogeneous and diverse workforce in all countries. At the same time, Vetropack's philosophy illustrates the advantages of an international company, such as international career opportunities and the exchange of best practices. In 2019, Vetropack continued its series of "CEO Talks" at all sites to foster open discussions between employees at all levels. Vetropack carried out a Group-wide engagement survey to check employee satisfaction for the first time in the year under review. The participation rate of 76% is evidence of employees' confidence that top management takes their concerns seriously. The survey also creates the preconditions for transparent discussions about strengths and weaknesses in the company and provides the basis for changes and improvements. The results of the survey showed that issues such as management and communication are key to employees' constant commitment and must be promoted more.

[Vetropack Story: CEO Talks](#)



Attractive employer

Vetropack has always been known as a good employer at its locations. In conjunction with the considerable name recognition of the Vetropack brand as a high quality Swiss glass container manufacturer, the Group has always been able to attract top talent. The competences sought and their availability are changing with the global trends of demographic change, digitisation and automation, and diversity. As part of its revision of strategy, Vetropack reviewed its employer value proposition (EVP) and pursues a proactive approach to attracting talent. The aim is to make Vetropack known as a first-class employer and recognised brand outside its immediate reach.

Learning organisation

In a fast-moving sector with a scarce talent pool, highly qualified employees and their continuous development are crucial to Vetropack's competition capacity.

At its in-house training centre in Pöchlarn (Austria), Vetropack ensures that valuable expertise is passed on to the next generation of glass makers before key personnel retire. The newly established Corporate Human Resources department was tasked with creating the framework conditions for a learning organisation and enshrining a continuous learning mentality in the company. The Human Resources department improves the range of learning and development opportunities continuously. In the year under review, Vetropack implemented a new learning management system and a library with 800 online courses for employees. Upcoming priorities include the development of specific curricula for each key area and each function. For the training and development of its employees, Vetropack pursues an integrated learning approach, which contains a mixture of classroom events within the Vetroademy, accelerated onboarding programmes and customised online courses.

KPIs and instruments to measure progress and the efficiency of the learning organisation are currently being developed.

Talent management

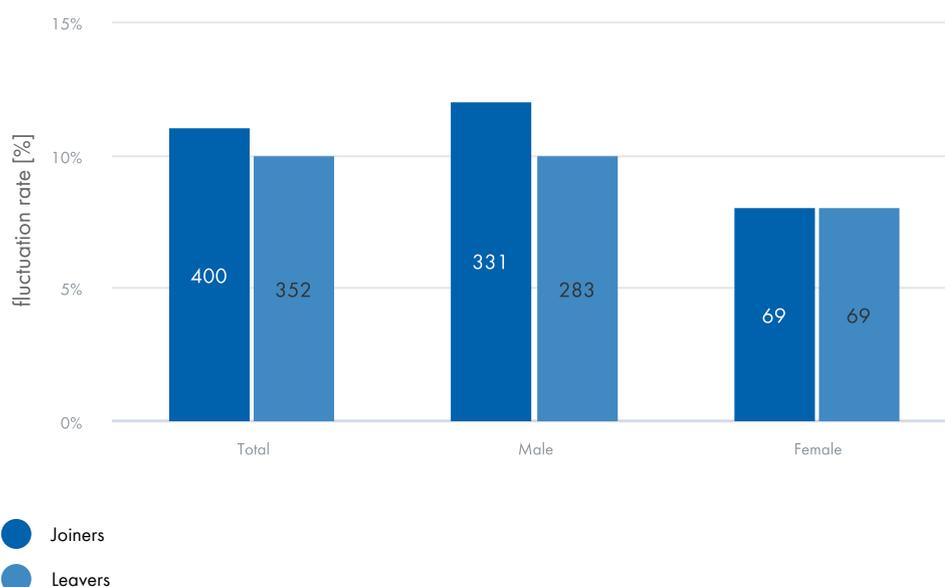
In view of the competition for and lack of talent in the glass industry, the promotion and retention of talent are key factors in securing long-term corporate success

In the year under review, Vetropack implemented a "talent and organisation review process" (TOR) at Group level to improve talent management within the company further. The process comprises two steps, which include both a talent assessment and an assessment of the organisation. The talent assessment includes the Group-wide identification of employees who not only have the ambition and desire but also the abilities required to develop in their role to become an expert or a manager. The Human Resources department will work out a plan to encourage the development of talents with these employees and their line managers. In reviewing the organisation, Vetropack concentrates on identifying areas in which a succession solution must be secured.

Managers are critical to successful talent management. The company therefore encourages their skills in identifying talent and strengthening their loyalty to the company. To support executives, the Human Resources department has developed a special programme within the framework of the Vetropack Vetroademy to accelerate learning progress for managers.

KPIs for measuring talent management include talent retention, staff turnover and the percentage of management positions filled internally compared with external candidates.

Fluctuation by gender (rates and absolute numbers)



Occupational health and safety

As a responsible employer, the well-being and health of employees is a major concern for Vetropack.

The occupational safety team discusses safety matters across all plants. In 2018, a work group carried out an evaluation of requirements and highlighted potential for improvement in line with the “Safety first” philosophy. Cooperation and communication were further improved in the year under review. To ensure occupational safety and health protection continually, Vetropack has all production plants certified in accordance with ISO 45001 (Occupational Health & Safety). The company plans to start implementing measures to comply with the standard in 2020.

Vetropack aims to boost productivity and satisfaction at work and reduce absences through the proactive and preventive promotion of occupational safety and employees’ health. The company measures its progress at Group level through the industrial accident rate and the failure rate based on accidents at work. For internal purposes, additional objectives are set and pursued at the level of business units.

Key indicators occupational health and safety

Occupational safety: Work-related injury rates and lost days ¹⁾	2019	2018
Occupational accident rate ²⁾	3.9	4.5
Lost days ³⁾ due to work-related injuries or occupational diseases	167	167
Total lost days ³⁾ incl. all cases due to non-work-related injuries or diseases	1 438	1 452

¹⁾ Per 200,000 scheduled working hours (≈100 full time equivalents).

²⁾ Accidents on factory premises which necessitated medical treatment.

³⁾ Working days are considered lost if an absence of more than half a day is reported.

Environment

Sustainable products

Glass is a sustainable packaging material, which is manufactured from natural raw materials and is optimally recyclable. Environmentally friendly business is therefore a fixed component of the Group's business philosophy and core business. The company endeavours to reduce its environmental footprint every year, as customers and consumers increasingly expect transparency with regard to environmental impact and the traceability of glass packaging. The glass industry, which can make a major contribution to energy efficiency and climate protection because of its substantial energy consumption, is also subject to increasing regulatory pressure.

The relevant parameters for the environmental footprint of glass production include production technology, energy consumption, the weight of the manufactured glasses, the proportion of used glass processed, and distance and mode of transport. Vetropack therefore works continually at making the production steps more energy efficient, increasing the proportion of used glass and making the glass containers lighter without impairing the quality and safety of the products as a result. Vetropack also pays attention to reducing water consumption and generating as little waste as possible.

Vetropack works at various levels to live up to this aspiration. The company promotes environmentally friendly innovation via internal specialist groups, invests in new technologies, compiles environmental figures across the Group and is involved in international bodies. Through its involvement with the "International Partners in Glass Research" (IPGR), Vetropack encourages research into environmentally friendly technologies, such as CO₂-neutral glass production, which could be achieved through the use of renewable electrical energy to melt used glass and the other raw materials. Other initiatives look at approaches to increase the collection rate with the aim of increasing the proportion of used glass in production.

[Vetropack Story: Photovoltaic systems at Vetropack plants](#)



Environmental key indicators

	2019	in %	2018	in %
Total energy consumption in GWh	2 520		2 499	
Electricity	422	17%	403	16%
Natural gas ¹⁾	2 098	83%	2 096	84%
Specific energy consumption in MWh/t²⁾	1.73		1.73	
Greenhouse gas emissions in tCO₂e³⁾	635 994		629 375	
Scope 1 (heat & process emissions) ⁴⁾	496 335	78%	495 991	79%
Scope 2 (electricity)	139 659	22%	133 384	21%
Specific greenhouse gas emissions in tCO₂e/t²⁾	0.436		0.436	
Material consumption: recycled glass				
Used glass green	65%		61%	
Used glass brown	53%		50%	
Used glass white	43%		43%	
Water in m³ ⁵⁾				
Total water withdrawal	1 402 519		-	
Municipal water supply	424 981	30%	-	
Groundwater	977 538	70%	-	
Total water discharge	1 268 790		-	
Waste disposal in tons				
Recycling (ongoing)	32 560	47%	27 395	43%
Recycling (sporadic) ⁶⁾	3 380	5%	698	1%
Incineration or landfill (ongoing)				
Industrial waste	29 080	42%	21 768	34%
Hazardous waste	1 769	3%	1 568	2%
Incineration or landfill (sporadic) ⁶⁾				
Industrial waste	1 978	3%	6 124	10%
Hazardous waste	1 198	2%	5 560	9%

¹⁾ Incl. 4.5 GWh heating oil in 2019 (4.8 GWh in 2018)

²⁾ Per tonnage of glass produced that satisfies all quality and safety requirements thus qualifying for sale.

³⁾ Greenhouse gas inventory calculated in accordance with the Greenhouse Gas Protocol.

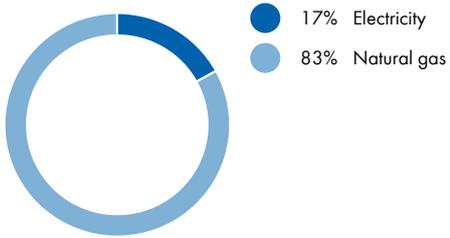
⁴⁾ Process emissions result from chemical reactions throughout the glass manufacturing process.

⁵⁾ Water withdrawal and discharge is only being reported since 2019.

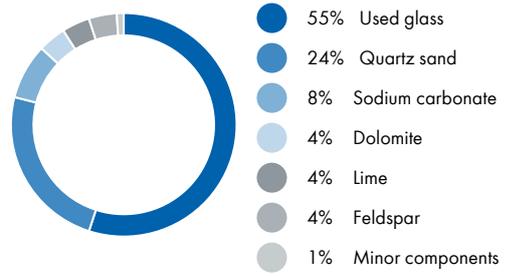
⁶⁾ Waste not generated every year from ongoing operations (e.g. furnace repairs)

Data basis: All Vetropack production sites. Energy consumption from diesel generators and other combustible or motor fuels is not included as it is irrelevant when compared to the overall energy consumption.

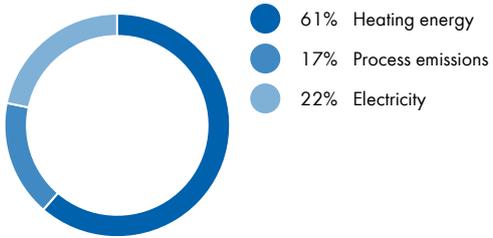
Total energy consumption (GWh)



Mixing ratio raw materials and used glass



Greenhouse gas emissions by source (t CO2e)



Increasing the energy efficiency of glass production

Glass production is associated with substantial expenditure of energy, which is incurred above all in the operation of furnaces. This is why efficiency measures are not only of benefit to the environment but also to the bottom line. The greatest leverage in the reduction of specific energy consumption comes from the repair or construction of a new furnace. With each refurbishment Vetropack tries to achieve two things: an increase in efficiency of usually around 10 to 15% and a longer useful life. This ensures that Vetropack's investment projects always involve state-of-the-art technology.

In 2019, the company refurbished the furnaces in Nemšová (Slovakia) and in Gostomel (Ukraine). The specific energy consumption of both furnaces was cut, which led to a reduction in CO₂ emissions.

[Vetropack Story: Coloured glass furnace overhaul](#)



Key indicators furnace refurbishments

Furnace in Nemšová and furnace in Gostomel

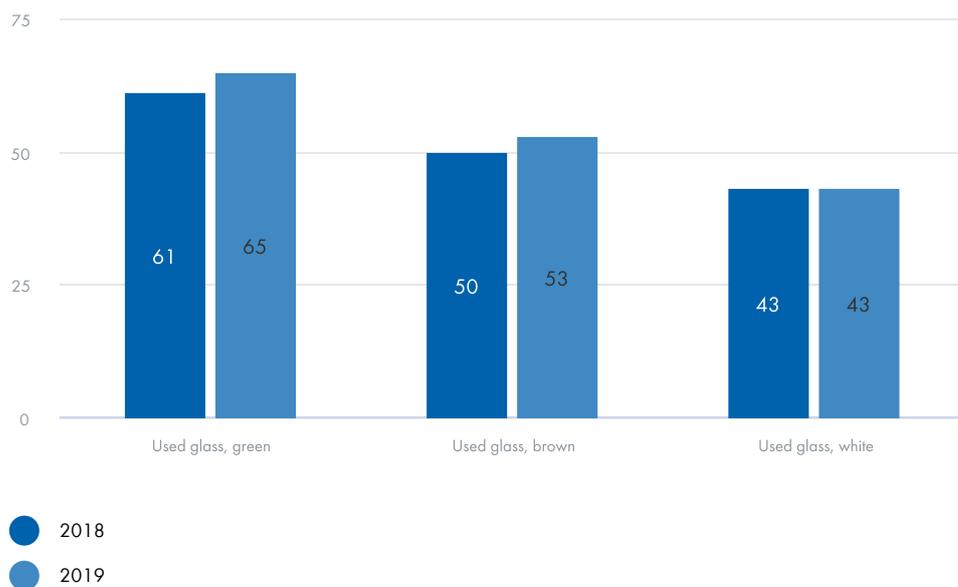
	before renovation	after renovation	improvement (%)
Maximum capacity (t/day)	640	680	+6
Energy consumption (GJ/t)	4.25	3.56	-16
Melting area (m ²)	223	234	+5
No. of forehearths	6	6	-
NO _x emissions (mg/Nm ³)	2 200	1 450	-34

The energy management system developed especially for Vetropack measures the energy consumption of all glass production facilities, allows it to be managed and potential improvements identified. The system was tested in a three-year test phase in Croatia, meaning that the first results have already been obtained at the plant in Straža. With the introduction of the energy management system in all plants, Vetropack will further expand its measurement of energy consumption in 2020 to be able to implement even more effective energy saving measures in future.

Optimising use of raw materials

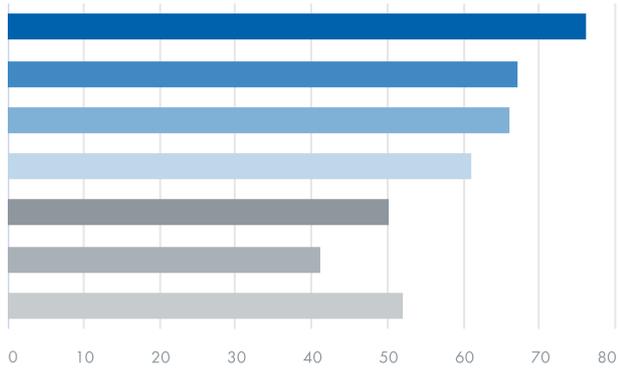
A high cullet content is key to environmentally-friendly glass production. The proportion of used glass accounts for up to 80% of processed raw materials in some plants. Across all plants the proportion of used glass was 55% in 2019. Vetropack focuses on measures that increase collection rates since the availability of high quality used glass remains a key matter of consideration for the Group. In many countries collection rates are far lower than in Switzerland and Austria for example. The quality of cullets can lead to problems if they are contaminated with foreign substances, such as ceramics.

Cullet share in the glass production



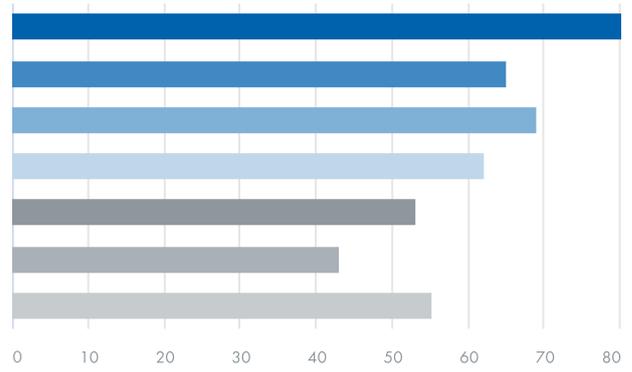
Although the political will to improve the collection of used glass is not to be found everywhere, Vetropack is optimistic with regard to the future. The collection rates prescribed by the European Union for glass will increase further, meaning that more used glass will find its way into the recycling process. This will ensure that more cullets are available.

Cullet ratio for glass production 2019
(by Group Company)



- 76% Vetropack (CH)
- 67% Vetropack Austria (AT)
- 66% Vetropack Moravia Glass (CZ)
- 61% Vetropack Nemšová (SK)
- 50% Vetropack Straža (HR)
- 41% Vetropack Gostomel (UA)
- 52% Vetropack Italia (IT)

Cullet ratio for glass production 2019
(by colour)



- 80% Feuille Morte
- 65% Green/Vetrogreen
- 69% Olive/Cuvée
- 62% Primeur
- 53% Amber
- 43% White
- 55% ø all colours



Foundations for success

New designs



Elegant Traditional and modern

They have been making wine at the Augustinian monastery in the town of Šardice in South Moravia since the middle of the 18th century. The Czech Vetropack plant in Kyjov makes the 0.75-litre glass bottles for the “Augustiniánský Sklep” wine.

“Augustiniánský Sklep” wine is shown off beautifully in this flint glass bottle. The clean lines of the redesigned 0.75-litre glass bottle are simple and eye-catching. Equally eye-catching is the embossed design above the elegant label. It is inspired by the building where the Augustinian wine is made and echoes the flowing script of the name Augustiniánský Sklep.

The NEOKLAS Šardice a.s. wine business was founded in 1995. The centuries-old tradition of growing and making wine in the region of Moravia has been practised since then. Wine was first made at the Augustinian monastery in Šardice in the middle of the 18th century. The winery is constantly modernising its production methods while remaining true to the traditional ways of cultivating the vines.

Assortments of flavours Raspberry spirit

Vetropack Austria is making a new 0.7-litre flint glass bottle at its Pöchlarn plant for the Upper Austrian spirits producer emil-Spirituosen. This new bottle will showcase the company’s array of different kinds of schnapps superbly.

The glass experts at Vetropack’s Austrian plant in Pöchlarn worked closely with distiller Emil Stegmüller to design the new 0.7-litre screw-cap spirits bottle. The “emil” logo, which appears engraved in lower case four times around the bottom of the bottle, immediately draws your attention. Starting from the bottle’s shoulder, mountain peaks tower right up to the neck and add an extra tactile touch to the mountains printed on the label.

emil-Spirituosen’s 0.7-litre bottle is available filled with countless flavours and can only be found on the shelves in the retail sector. The family business has been distilling spirits in the traditional way and adding modern touches to the end product for 150 years now.



Sweet Honey from Croatia

The two clear wide-mouth jars that Vetropack Straža makes are reserved only for honey from Croatia. Each jar must be officially registered and bear the label of the Croatian Beekeepers' Federation.

Vetropack Straža produces the wide-mouth jars in two sizes for the Croatian Beekeepers' Federation: 720 millilitres and 580 millilitres. Two more (smaller) sizes are being developed. The design has been kept simple, with a small, engraved honeycomb motif on the front.

The flint glass jars can only be filled with honey that meets the quality standards of the Croatian Honey Regulations. Among other things, it must come from Croatia itself and bear the producer's own label. In 2018, 7 December was declared Honey Day in schools. That is the saint's day of St Ambrose, the patron saint of beekeepers, and it is also International Honey Day. All the children who had just started school in Croatia were given a jar of honey.



Strong Gin with honey

Für den GiniBee-Gin der Firma MR SPIRITS d.o.o. in Slowenien fertigt Vetropack Straža die weissen 0,7-Liter-Flaschen. Mit dem extravaganten Design hebt sich die Spirituose von ihresgleichen ab.

Not only is the recipe for GiniBee gin full of mystery, but also the design of the flint glass bottles. A thin blue coating gives the 0.7-litre glass bottle a very distinctive appearance and a luxury feel, without losing the properties that make glass unique. An additional feature is the special UV print that protects the gin from UV light. The middle of the waisted bottle is decorated with an overprinted company logo in relief.

This particular spirit, distilled from juniper berries, has an especially sweet extra ingredient. Twenty per cent of the berries are soaked in Slovenian honey before being added to the gin. The company was founded by Rado Mulej, who is a well-known actor and television presenter in Slovenia.

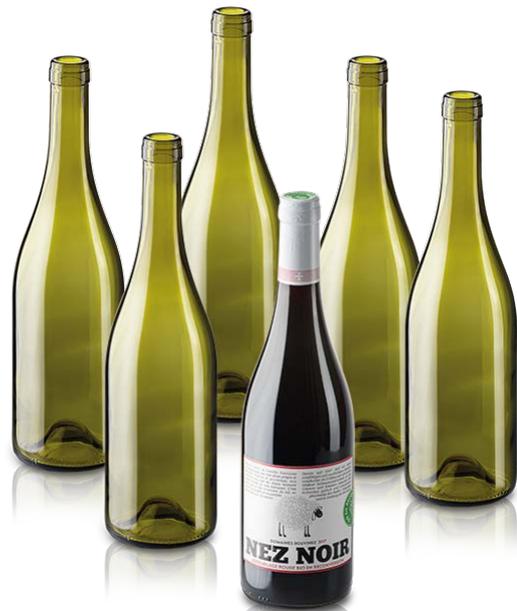


A royal affair Refreshing juniper

King's Bridge™, a drink extremely popular in Ukraine, is changing its look. As of this year, the low-alcohol, gin-based mixed drink is also available in a 0.33 ml white glass bottle, manufactured at Vetropack's Gostomel plant.

The Ukrainian manufacturer King's Bridge™ reviewed its production line earlier this year and made a few adjustments. Previously, the gin-based mixed drink had only been available in cans. An agreement was reached with Vetropack's Gostomel plant to manufacture 0.33 ml white glass bottles. The elegant long-necked bottle is a good match for an urban attitude to life. The transparent label also heightens its effortless style, and a twist-off crown cap finishes the look.

The three different flavours are complemented by King's Bridge Gin, specially produced for this brand. Consumers are presented with a low-alcohol sparkling drink with a unique and refreshing taste and the fragrance of juniper characteristic of gin.



Environmentally friendly Total sustainability

Vetropack Switzerland produces this cuvée-coloured 75-centilitre burgundy bottle for the first organic red wine made by the Rouvinez winemaking family from Valais. The lightweight bottle plays a part in "Nez Noir" being generally acknowledged as one of the most environmentally friendly wines in Switzerland.

The burgundy-style bottle is distinguished by its light weight. Less material and energy are required to manufacture it. The distance from St-Prex to the bottling plant also reduces CO2 emissions.

The Rouvinez family began the switch to organic wine a few years ago. "Nez Noir" ("black nose") is the first wine to bear the "Bio-Umstellung" organic label. The wine is a blend of merlot, syrah and gamaret and is named after the Valais Blacknose sheep. In spring, these sheep graze happily on the grass and weeds between the vines. This means that the soil is maintained gently and in perfect harmony with nature.



Fit for the future

Tasty and attractive

The roots of today's privately owned Egger brewery date back to the 17th century. Vetropack Austria manufactures the new 0.33-litre bottles in amber glass for the traditional brewery in the Kremsmünster plant.

The privately owned Egger brewery from Unterradlberg in the Lower Austrian town of St. Pölten focuses on further development of its beer products in a contemporary yet down-to-earth way. All containers have undergone a comprehensive design relaunch. The 0.33-litre glass bottle harbours particular growth potential, and Egger has devoted special attention to this product. The neck of the easy-to-hold amber-glass bottle is engraved with the old brewery crest.

A really good beer in really attractive packaging: the high quality of the multi-award-winning beers is now emphasised with the new packaging. The new design succeeds in linking tradition and modernity. This is reflected in scaled-back design elements such as a simplistic freshness seal that acts as a neck label and a twist-off crown cork.

The privately owned Egger brewery brews its beer in accordance with the German Purity Law of 1516. This means its beers are brewed in the same way as ever – with only hops, water and barley malt. Most of the brewery's total output is sold in Austria and the rest is exported.

Refreshing

A fusion of select ingredients

Early last year Coca-Cola launched its premium "Fuzetea" brand on Europe's markets, including the Czech Republic and Slovakia. Vetropack Kyjov is responsible for making the new 0.25-litre multi-trip bottle.

The new 0.25-litre multi-trip bottle for Fuzetea has been exclusively designed for Coca-Cola. The handy bottles are produced for the catering trade in response to market requirements. The first multi-trip bottles reached Czech and Slovak consumers in June, just in time for summer.

The globally successful, fast-growing range of Fuzetea drinks is based on a fusion of sustainable tea extracts with fruit juices and herbs or aromatic flowers. With each variety, this fusion offers a multi-layered taste experience for relaxing moments, be they conjured up by subtle aromas such as green mango and camomile iced tea, black iced tea with lemon and lemongrass, black iced tea with peach and hibiscus or low-calorie options.



Silky-smooth

The sun rises

The Lavaux terraced vineyards are a UNESCO World Heritage Site. Their sunny location makes the steep slopes above Lake Geneva one of the most beautiful wine-growing regions in Switzerland delighting passing visitors and artists alike.

Vetropack Switzerland produces this slightly conical 0.7 litre bottle. The sun logo, which is engraved on the neck of the new Vaudoise bottle with a BVS 28/44 mouth, echoes the sun-kissed growing region. The logo and hand-written "Chardonne" lettering were created by Vetropack designer Jean-Franck Haspel: in 2003, the winner of the Prix Vetropack got to design his own bottle, and it is this Vaudoise with its high cork finish that is still in use today. The design is owned by the "the Syndicat agricole et viticole de Chardonne et Jongny société coopérative", which is based in Chardonne, in the Canton of Vaud.



Tender

The traditional design

In the Czech Republic, Božkov Originál has been associated with good quality and tradition for decades. Vetropack's Czech plant in Kyjov manufactures the 1-litre bottle for the golden-yellow Tuzemák.

The traditional bottle for Božkov Originál is made from white glass. The label takes pride of place between two engravings – the company logo on the neck and the brand name on the base. The third engraving highlights the decades-long tradition.

Božkov Originál (previously called "Domestic Rum") has been produced at the Czech distillery Stock Plzeň-Božkov s.r.o. since 1948 and it is the biggest brand on the whole market. Its virtually unchanged make-up, comprising the finest alcohol, soft Pilsen water and different rum flavours give the drink its balanced taste. The best-selling Tuzemák in the country can be enjoyed neat but also with mixers or in baking.



Colorful Pure and healthy

Spa water from the Schlossbrunnen springs in Thalheim is not only enjoyed in its pure form but is also used as an ingredient in brewing beer and making lemonades. Vetropack Austria produces white, green and amber glass bottles for Thalheimer Heilwasser GmbH

The 330 ml amber glass bottle provides maximum protection from light for Thalheim beer. The back of the bottle neck is adorned with a glass relief in the shape of the company logo. Besides its visual appeal, this helps to align the bottles for filling and labelling. The labels on the front, back and neck of the bottles are mainly green, the colour of the province of Styria.

The various flavours of Thalheim lemonade are also enhanced by the highly mineralised spa water. Vetropack Austria produces 330 ml bottles in white, green and amber glass. The bottle shape features a long body and distinct shoulders. The same white glass bottle for the lemonade is used for the spa water itself, which has been used since Celtic times, although this is also available in a 750 ml bottle as well as 330 ml.



Sparkling Precious diamonds

The well-known Ukrainian spirit brand Khortytza has refined the look of its Premium vodka. Diamonds now decorate the 700 ml glass bottles, which are being produced at Vetropack's Gos-tomel plant.

The high-quality vodka by the Khortytza brand has adapted its design. By reworking the original shape of the bottle, we were able to meet this customer request and retain the elegant shape of the white glass bottle. The diamond-shaped engraving now stands out, creating the appearance of diamonds encasing the entire bottle. The lettering and the gold logo have also been refined in the process and the screw cap, which is also gold, completes the overall look.

The recipe combined with technological expertise is what makes this vodka unique; what makes it so popular are the wheat-based alcohol ("wheat tear") and the use of pure water. This spirit will win you over with its freshness: it is crystal-clear yet also smooth to the taste.



Excellent Strength of character

The Azienda Agricola Quintarelli is one of the best wineries in Italy. Its Amarone is bottled in the 1.5-litre Bordolese Golia bottle, which is produced at Vetropack's Trezzano sul Naviglio plant.

Weighing 1.3 kilograms, the cuvée bottle has a long body that culminates in firm shoulders and an equally firm neck ending in a cork finish. Despite its simple shape, the bottle conveys elegance and strength of character at the same time. The handwritten label further emphasises the uniqueness of the product.

Giuseppe Quintarelli was a leading expert on Amarone wine and continues to inspire other winemakers even after his death. The wines do not contain any additives whatsoever and are not filtered in order to preserve their special character. Handcraft and attention to detail guarantee the highest quality for this wine with its rich tradition.

Diverse Simple beauty

Vetropack Kyjov is producing new 0.33-litre soft drink bottles for the well-known Bohemscá lemonades. The simple shape is reflective of the naturally sourced ingredients.

The white glass bottle stands out because of its clear and simple shape. The proportion of used glass in production amounts to 50 %, emitting significantly less CO₂. This ecological aspect suits the Bohemscá products well as they are exclusively made from natural and locally sourced ingredients. The raw products used are also featured on the labels. The practical screw cap makes the refreshing drink a good companion for everyday life and during your free time.

Bohemscá cola, lemonade and tonic water are all free from additives, preservatives and artificial colourings. The drinks are suitable for vegans as well as those with a gluten intolerance and can be enjoyed by adults and children alike. They are an expression of modern life with a hint of nostalgia.



Intense

Expression of pleasure

Vetropack Italia produces this new 0.75-litre bottle in cuvée for the Recchia family business. The design of this bottle has been developed by Vetropack Italia in cooperation with Recchia and Euroglass. The noble bottle is suitable packaging for the full-bodied red wine from the heart of Valpolicella Classico.

The cuvée colour, the cork finish and the long neck, which opens with curved lines on the shoulders and towards the body, give the 0.75-litre bottle a noble look. Engravings enhance the elegant shape: the name Recchia can be seen on the mouth and bottom of the bottle and the company logo is on the shoulder.

Just a few kilometres from Verona, the Recchia family has been producing its wines for over a hundred years. The 90 hectares produce Valpolicella Classico, Valpolicella Superiore, Valpolicella Ripasso Amarone and Recioto della Valpolicella. This year the Recchia winery won first prize at the 67th edition of the Palio del Recioto in recognition of its work.

Strong

Comprehensive overhaul

Badel 1862 from Zagreb is the largest and oldest producer of wine and spirits in Croatia. It has recently completed a thorough overhaul of two of its brands – Vigor Vodka and Sax Gin – and the new bottles for these brands are being produced by Vetropack Straža.

Vigor Vodka and Sax Gin have undergone a thorough facelift. In this process, the composition of the ingredients was modified with the help of professional bartenders and mixologists in order to properly meet the needs of the market. Alongside this, the bottles were redesigned and adjusted to global trends on the market.

The bottles' design is truly eye-catching, from its shape to its cap, right the way through to its labelling. The vodka and gin bottles are both made of white glass and produced in two sizes: 700 ml and 1,000 ml. The gin bottle is striking because of its solid, square shape. The specialists at Vetropack's Straža plant invested a lot of time in the design work and testing. For the transparent labels (the so-called "no label look"), the glass bottle must be perfect.

The new products are the result of carefully thought-out optimisation measures with the goal of offering the market attractive and modern products of the highest quality. For more than 28 years, Vigor Vodka has been the first choice amongst consumers in Croatia. For production, distillation and ice filtration, Badel 1862 adopts internationally recognised standards.



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Financial Report

Vetropack Group

Vetropack Group

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At a Glance

		+/-	2019	2018
Net Sales	CHF millions	3.5%	714.9	690.7
EBIT	CHF millions	15.1%	90.2	78.4
Consolidated Profit	CHF millions	25.6%	73.0	58.1
Cash Flow*	CHF millions	12.8%	153.1	135.7
Investments	CHF millions	4.9%	123.7	117.9
Production	1 000 metric tons	1.0%	1 460	1 445
Unit Sales	billions	0.1%	5.16	5.16
Exports (in unit terms)	%	-	43.9	42.5
Employees	number	2.3%	3 366	3 291

* operating cash flow before change of net working capital

Consolidated Balance Sheet

CHF millions	Note	31.12.2019	31.12.2018
ASSETS			
Short-term assets			
Liquid funds		100.8	131.5
Marketable securities		0.4	0.7
Accounts receivables	1	115.6	126.2
Other short-term receivables	2	10.2	9.1
Inventories	3	136.6	126.1
Accruals	4	1.4	6.0
Subtotal Short-term Assets		365.0	399.6
Long-term Assets			
Tangible assets	5	559.2	523.3
Financial assets	6	18.5	18.5
Intangible assets	7	6.5	6.0
Subtotal Long-term Assets		584.2	547.8
Total Assets		949.2	947.4
LIABILITIES			
Liabilities			
Short-term liabilities			
– Accounts payables		87.6	87.3
– Short-term financial debts	8	0.3	53.9
– Other short-term liabilities	9	23.1	20.3
– Deferrals	10	22.6	23.1
– Short-term provisions	11	4.4	2.6
Subtotal Short-term Liabilities		138.0	187.2
Long-term liabilities			
– Long-term financial debts	12	21.7	8.4
– Other long-term liabilities		1.2	1.5
– Long-term provisions	13	36.1	38.7
Subtotal Long-term Liabilities		59.0	48.6
Total Liabilities		197.0	235.8
Shareholders' Equity			
Share capital	14	19.8	19.8
Capital reserves		0.3	0.3
Retained earnings		659.1	631.0
Consolidated profit		73.0	58.1
Subtotal shareholders' Equity excl. Minorities		752.2	709.2
Minority interests	15	–	2.4
Subtotal Shareholders' Equity		752.2	711.6
Total Liabilities		949.2	947.4

Consolidated Income Statement

CHF millions	Note	2019	2018
Net Sales from Goods and Services	16	714.9	690.7
Other operating income	17	12.6	12.2
Changes in inventories		2.4	- 4.1
Material costs	18	- 116.0	- 109.8
Energy costs		- 94.6	- 95.7
Personnel expenses	19	- 169.7	- 160.4
Depreciation/Impairments of tangible assets	5	- 74.7	- 69.5
Depreciation/Impairments of intangible assets	7	- 2.0	- 3.1
Other operating expenses	20	- 182.7	- 181.9
Operating Result (EBIT)		90.2	78.4
Financial result	21	- 3.6	- 3.8
Ordinary Result		86.6	74.6
Non-operating result*	22	1.5	- 0.5
Consolidated Profit before Income Taxes		88.1	74.1
Income taxes	23	- 14.4	- 14.0
Consolidated Profit before Minority Interests		73.7	60.1
Minority interests from Group companies		- 0.7	- 2.0
Consolidated Profit		73.0	58.1
Earnings per Share	24		
Undiluted earnings per bearer share in CHF		184.1	146.5
Undiluted earnings per registered share in CHF		36.8	29.3
Diluted earnings per bearer share in CHF		184.1	146.5
Diluted earnings per registered share in CHF		36.8	29.3

* This includes depreciation of CHF 1.0 million on non-operating real estate and buildings (2018: CHF 1.0 million).

Consolidated Cash Flow Statement

CHF millions	Note	2019	2018
Consolidated profit incl. minorities		73.7	60.1
+ Asset depreciation		77.7	73.4
+/- Loss/gain from applying/removing impairments		-	0.2
+/- Increase/decrease in provisions		1.1	0.2
+/- Loss/gain from disposals of tangible assets		0.2	3.1
+/- Other changes in non-cash items		0.4	- 1.3
= Operating Cash Flow before Change of Net Working Capital		153.1	135.7
+/- Decrease/increase in accounts receivables		7.9	- 14.1
+/- Decrease/increase in inventories		- 11.5	0.8
+/- Decrease/increase in other receivables and accruals		3.2	- 0.1
+/- Increase/decrease in accounts payables		1.6	11.6
+/- Increase/decrease in other liabilities and deferrals		2.4	1.7
= Cash Inflow/Drain from Operating Activities		156.7	135.6
- Outflows for investments in tangible assets	25	- 121.1	- 114.2
+ Inflows for sales of tangible assets		0.7	0.6
- Outflows for investments in financial assets		-	- 2.3
- Cash-out for acquisitions of consolidated companies		- 5.9	-
- Outflows for investments in intangible assets		- 2.6	- 1.4
+/- Changes in marketable securities		0.3	10.3
= Cash Inflow/Drain from Investment Activities		- 128.6	- 107.0
- Dividend distribution to shareholders		- 19.8	- 17.8
- Dividend distribution to minorities		-	- 0.1
+/- Formation/repayment of short-tem financial debts		- 44.6	- 12.1
+/- Formation/repayment of long-tem financial debts		4.8	-
= Cash Inflow/Drain from Financing Activities		- 59.6	- 30.0
Foreign Exchange differences		0.8	- 0.7
Changes in Liquid Funds		- 30.7	- 2.1
Liquid funds as per 1.1.		131.5	133.6
Liquid funds as per 31.12.		100.8	131.5
Changes in Liquid Funds		- 30.7	- 2.1
Inflows from interest		0.4	0.3
Outflows for interest		- 0.4	- 0.4
Outflows for income taxes		- 17.5	- 16.5

Changes in Consolidated Shareholders' Equity

CHF millions

	Share Capital	Capital Re- serves (Agio)	Retained Earnings	Subtotal excl. Minority Share Inter- ests	Minority Share Interests	Subtotal incl. Minority Share inter- ests
Shareholders' Equity as per 1.1.2017	19.8	0.3	585.2	605.3	0.1	605.4
Consolidated profit	–	–	57.0	57.0	0.4	57.4
Foreign exchange differences	–	–	40.8	40.8	–	40.8
Dividends	–	–	– 15.3	– 15.3	–	– 15.3
Shareholders' Equity as per 31.12.2017	19.8	0.3	667.7	687.8	0.5	688.3
Consolidated profit	–	–	58.1	58.1	2.0	60.1
Foreign exchange differences	–	–	– 18.9	– 18.9	–	– 18.9
Dividends	–	–	– 17.8	– 17.8	– 0.1	– 17.9
Shareholders' Equity as per 31.12.2018	19.8	0.3	689.1	709.2	2.4	711.6
Acquisition of minority interests	–	–	– 2.8	– 2.8	– 3.1	– 5.9
Consolidated profit	–	–	73.0	73.0	0.7	73.7
Foreign exchange differences	–	–	– 7.4	– 7.4	–	– 7.4
Dividends	–	–	– 19.8	– 19.8	–	– 19.8
Shareholders' Equity as per 31.12.2019	19.8	0.3	732.1	752.2	–	752.2

The legally non-distributable reserves of Vetropack Holding Ltd amount to CHF 4.0 million (2018: CHF 4.0 million). Vetropack Holding Ltd did not hold own shares from 2017 to 2019.



Financial Report –
Vetropack Group

Consolidation Principles

Basis for the Consolidated Financial Statement

The consolidation of the Group's financial statements provides an actual picture of the Group's assets, financial and income situation, and regards therefore the Vetropack Group as a single business entity.

Consolidated Group statements are based on financial statements for the year and are prepared in accordance with applicable national laws of each of the companies concerned. They are then restated in accordance with internal Group valuation and formatting principles. Financial statements conform to the principles of Swiss GAAP FER in addition to accounting prescriptions set out in regulations for companies listed on the Swiss Stock Exchange.

Consolidation Scope

Consolidated Group statements include Vetropack Holding Ltd, as well as all domestic and foreign subsidiaries in which Vetropack Holding Ltd has a direct or indirect interest of more than 50%. In such cases, "Full Consolidation Method" is applied, i.e. assets, liabilities, expenses and incomes of consolidated companies are consolidated 100%, whereby all intra-Group transactions are eliminated (accounts receivables and payables, incomes and expenses).

Minority interests are posted separately in the balance sheet and income statement.

Holdings between 20% and 50% are included in Group accounts, and are carried out according to the "Equity Method". The Group's percentage share of net assets is reported in the balance sheet under Financial Assets. Percentage share of net income is stated in the Consolidated Income Statement.

Holdings below 20% are posted in the consolidated balance sheet at acquisition cost less any necessary value adjustments.

An overview of companies within Vetropack Group and methods used to consolidate them into Group financial statements is found [here](#).

Capital Consolidation

Capital consolidation is carried out according to the "Purchase Method", whereby acquisition cost of an acquired company is charged against its net assets according to Group principles at the time of purchase. Any goodwill paid at the time of acquisition is charged directly to Group's reserves in acquisition year.

Foreign Exchange (FX) Differentials

Financial statements produced by foreign companies within the Group in their respective currencies are converted into Swiss francs as follows:

- Balance sheet figures according to the exchange rate valid at year end.
- Income statement figures according to the average annual exchange rate.
- Cash flow statement figures according to average and year end rates respectively.

Exchange rate differentials resulting from such foreign currency conversions are charged to profit reserves. Exchange rate differentials caused by converting transactions and balance sheet items in foreign currencies are recorded in the books of the respective Group company. Foreign exchange rate effects on long-term intra-Group loans with the nature of shareholders' equity are recorded in the consolidated shareholders' equity, not affecting net income.

	Average Exchange Rate		Year End Exchange Rate	
	2019	2018	2019	2018
EUR	1.11276	1.15527	1.08710	1.12270
CZK	0.04334	0.04504	0.04269	0.04355
HRK	0.15000	0.15573	0.14595	0.15152
UAH	0.03876	0.03584	0.04053	0.03542

Valuation Principles

Financial statements for individual companies are consolidated into the Group's financial statements, and valued in accordance with uniform principles across the Group. The most important valuation methods for the individual balance sheet positions are as follows:

Liquid Assets

Liquid assets include cash, current account balances at banks and other financial institutions, as well as fixed term deposits with maturity of no more than 90 days. Liquid assets are valued at their nominal rate.

Marketable Securities

Short-term securities include marketable and easily realisable securities investments and term deposits with a maturity of three to twelve months. Securities are valued at market prices. Term deposits are valued at their nominal rate.

Receivables

Receivables are valued at their nominal rate. Value adjustments are carried out for identifiable individual risks. Experienced based country-specific value adjustments (2% to 10%) are applied to other risks.

Inventories

Inventories are valued at either their acquisition or manufacturing costs. However, if the market price is lower, this figure is applied instead. Manufacturing costs include the cost of raw materials, individual production costs and a portion of allocated general overhead costs. The values used for items whose marketability is limited, are partially or entirely corrected according to their recognisable risks of loss. Inventories of intra-Group distribution are not assigned an intermediate profit. Discounts are recorded as reductions in the cost of goods.

Tangible Assets

Tangible assets are valued at their acquisition or manufacturing cost less any applicable depreciation. Depreciation is linear over the expected useful life of the asset, taking residual values into account. The relevant depreciation periods are as follows:

– Buildings	15 – 50 years
– Production facilities	10 – 20 years
– Machinery and furnaces	5 – 24 years
– Modules	1 – 2 years
– Vehicles	5 – 7 years
– Office and other equipment	5 – 10 years

Assets of insubstantial value are directly expensed in the income statement upon acquisition. Intermediate profits arising from intra-Group asset transfers are eliminated.

Leasing

Leased assets (financial leases) are reported as assets in the balance sheet. At the beginning of the contract, leasing payments are established by applying either the leased goods' purchase value or market value respectively. Alternatively cash value is applied if lower. The corresponding liability toward the leasing grantor is carried as liabilities from financial leasing. Cost from rental agreements and operational leasing are recorded in the income statement.

Financial Assets

Non-consolidated participations are recorded in the balance sheet at their proportionate equity or purchase values. Loans and marketable securities are recorded at their nominal values or purchase prices respectively less any applicable value adjustments.

Intangible Assets

Intangible assets include brands, patents, licences, software and other intangibles. Acquired intangible assets are reported in the balance sheet at acquisition cost and are subject to linear amortisation over their estimated useful life. If it is impossible to determine the useful life of an intangible asset, it is generally amortised over a period of five years.

– Licences, patents, brands	5 years
– Software	3 – 5 years
– Other intangible assets	5 years

Assets of insubstantial value are directly expensed in the income statement upon acquisition.

Asset Impairment

If there is evidence that the value of an asset has been impaired, an "Impairment Test" is carried out. If the test reveals that there is indeed an impairment of assets, the book value is reduced with a net income effect on the attainable value (higher value of net market value and utility value).

Liabilities

Short-term a.k.a. current liabilities are debts that are repayable within one year. When the due dates are beyond one year they are posted in the balance sheet under long-term liabilities. Liabilities (incl. financial debts) are recorded in the balance sheet at nominal value.

Provisions

Provisions are formed when a legal or de facto obligation from past events has arisen. The outflow of funds to meet this obligation is likely, and provisionally it is possible to estimate its amount reliably. The future outflow of funds is reported in the balance sheet at nominal value. If material, it is discounted as per the balance sheet date.

Taxes

All tax obligations, irrespective of their due dates, are set aside. Ongoing income taxes are calculated on the basis of taxable income and reported in the balance sheet under Liabilities. Deferred taxes are calculated based on all temporary differences between the values from the tax statement and the operating values. Tax relevant losses carried forward are only taken into account if it seems possible to offset them against income. The country specific tax rates are applied when calculating deferred taxes. Deferred tax assets are recorded in the balance sheet as financial assets and deferred tax liabilities as long-term provisions.

Derivative Financial Instruments

Derivative financial instruments are valued for trading and hedging purposes at their current value. Balance sheet relevant derivatives are reported under Other short-term receivables or Other short-term liabilities. Valuation changes are reported in the income statement.

1. Accounts Receivables

CHF millions	31.12.2019	31.12.2018
Gross receivables	118.5	127.9
Value adjustments	- 2.9	- 1.7
Net receivables	115.6	126.2

2. Other Short-Term Receivables

CHF millions	31.12.2019	31.12.2018
VAT (value added tax) credit	4.1	3.5
Withholding tax credit	2.8	2.4
Other short-term receivables	3.3	3.2
Total	10.2	9.1

3. Inventories

CHF millions	31.12.2019	31.12.2018
Raw materials	13.8	12.3
Materials and supplies	48.4	43.6
Work-in-progress	3.1	3.4
Finished goods, merchandise	107.2	105.3
Advance payments	3.6	0.3
Value adjustments	- 39.5	- 38.8
Total	136.6	126.1

4. Accruals

CHF millions	31.12.2019	31.12.2018
Ongoing income tax (credit)	0.4	2.4
Other active accruals	1.0	3.6
Total	1.4	6.0

5. Tangible Assets

CHF millions

	Real Estate & Buildings Non- operating	Real Estate & Buildings operating	Furnaces Equipment Prod. Facilities Moulds	Other Tangible Assets	Advance Payments & Assets Under Construction	Total
Acquisition Value						
As per 1.1.2018	75.4	302.7	826.6	39.9	13.7	1 258.3
Additions	–	6.4	54.0	2.6	51.2	114.2
Disposals	–	– 1.5	– 50.9	– 1.2	–	– 53.6
Reclassifications	–	2.4	45.0	0.7	– 45.5	2.6
Foreign exchange differences	– 0.1	– 9.8	– 29.3	– 1.2	– 0.6	– 41.0
As per 1.1.2019	75.3	300.2	845.4	40.8	18.8	1 280.5
Additions	0.1	1.9	29.1	1.5	88.5	121.1
Disposals	–	– 0.4	– 29.2	– 1.7	–	– 31.3
Reclassifications	–	0.9	64.8	0.7	– 62.9	3.5
Foreign exchange differences	– 0.1	– 6.6	– 14.5	– 0.6	– 1.1	– 22.9
As per 31.12.2019	75.3	296.0	895.6	40.7	43.3	1 350.9
Accumulated Depreciation						
As per 1.1.2018	29.6	180.2	518.2	31.3	–	759.3
Ordinary depreciation	1.0	7.2	59.0	3.1	–	70.3
Disposals	–	– 1.3	– 48.9	– 1.1	–	– 51.3
Reclassifications	–	– 0.2	2.8	–	–	2.6
Asset impairments*	–	–	0.2	–	–	0.2
Foreign exchange differences	– 0.1	– 5.4	– 17.5	– 0.9	–	– 23.9
As per 1.1.2019	30.5	180.5	513.8	32.4	–	757.2
Ordinary depreciation	1.0	7.0	64.9	2.8	–	75.7
Disposals	–	– 0.2	– 28.7	– 1.6	–	– 30.5
Reclassifications	–	–	3.5	–	–	3.5
Asset impairments*	–	–	–	–	–	–
Foreign exchange differences	–	– 3.9	– 9.9	– 0.4	–	– 14.2
As per 31.12.2019	31.5	183.4	543.6	33.2	–	791.7
Book Value						
As per 1.1.2019	44.8	119.7	331.6	8.4	18.8	523.3
As per 31.12.2019	**43,8	**112,6	352.0	7.5	43.3	559.2

* The asset impairments relate to adjustments to the residual values of production facilities.

** This includes vacant real estate plots valued at CHF 3.4 million (2018: CHF 3.6 million).

As per 31.12.2019 payments on assets under construction amounted to CHF 7.4 million (2018: CHF 5.2 million).

6. Financial Assets

CHF millions	Note	31.12.2019	31.12.2018
Employer's contribution reserves	30	12.3	12.4
Assets from pension funds		2.0	1.9
Deferred taxes	23	1.5	1.4
Participations in associated companies		0.5	0.5
Other financial investments		2.2	2.3
Total		18.5	18.5

7. Intangible Assets

CHF millions

	Software	Software in Development	Other Intangible Assets	Total
Acquisition Value				
As per 1.1.2018	46.9	1.8	1.3	50.0
Additions	0.6	0.8	–	1.4
Disposals	– 0.1	–	–	– 0.1
Reclassifications	0.4	– 0.4	–	–
Foreign exchange differences	–	– 0.2	–	– 0.2
As per 1.1.2019	47.8	2.0	1.3	51.1
Additions	2.0	0.5	0.1	2.6
Disposals	– 0.5	–	–	– 0.5
Reclassifications	1.1	– 0.9	– 0.2	–
Foreign exchange differences	–	–	–	–
As per 31.12.2019	50.4	1.6	1.2	53.2
Accumulated Amortisation				
As per 1.1.2018	41.0	–	1.2	42.2
Ordinary amortisation	3.1	–	–	3.1
Disposals	– 0.1	–	–	– 0.1
Reclassifications	–	–	–	–
Asset impairments	–	–	–	–
Foreign exchange differences	–	–	– 0.1	– 0.1
As per 1.1.2019	44.0	–	1.1	45.1
Ordinary amortisation	2.0	–	–	2.0
Disposals	– 0.4	–	–	– 0.4
Reclassifications	–	–	–	–
Asset impairments	–	–	–	–
Foreign exchange differences	–	–	–	–
As per 31.12.2019	45.6	–	1.1	46.7
Book Value				
As per 1.1.2019	3.8	2.0	0.2	6.0
As per 31.12.2019	4.8	1.6	0.1	6.5

There were no licences, patents or brands in 2018 or 2019.

The acquisition in Italy gave rise to goodwill in the amount of CHF 16.8 million in the 2015 fiscal year, which was charged directly to the shareholders' equity at the time of the acquisition. Were this to have been capitalised and amortised across a lifespan of five years, the shareholders' equity would be CHF 754.0 million as at 31 December 2019 (2018: CHF 716.8 million) and the 2019 consolidated profit would be CHF 69.6 million (2018: CHF 54.7 million). Amortisation in the reporting year would have amounted to CHF 3.4 million (2018: CHF 3.4 million).

The remaining book value of the goodwill would amount to CHF 1.8 million as at 31 December 2019 (2018: 5.2 million). There were no asset impairments in either the reporting year or the previous year.

8. Short-Term Financial Debts

As at 31 December 2018, this item mainly included a bank loan of CHF 44.9 million (EUR 40.0 million), which has an interest rate of 0.7% and runs until 30 June 2019.

9. Other Short-Term Liabilities

CHF millions	31.12.2019	31.12.2018
Prepaid recycling fees	4.6	4.5
Advance payments	1.1	1.2
Liabilities to employees	5.4	4.9
Other short-term liabilities	12.0	9.7
Total	23.1	20.3

10. Deferrals

CHF millions	31.12.2019	31.12.2018
Ongoing liable income taxes	2.8	4.1
Unclaimed vacations and overtime compensations	5.3	7.0
Other deferrals	14.5	12.0
Total	22.6	23.1

11. Short-Term Provisions

CHF millions

	Service Anniver- sary	Legal Proceed- ings	Guarantee Warranty	Other	Total
As per 1.1.2018	0.4	0.1	0.7	2.5	3.7
Reclassifications	-	-	-	-	-
Formations	0.3	-	0.2	1.2	1.7
Liquidations	- 0.1	-	-	- 0.6	- 0.7
Utilisations	- 0.1	-	- 0.3	- 1.7	- 2.1
Foreign exchange differences	-	-	-	-	-
As per 1.1.2019	0.5	0.1	0.6	1.4	2.6
Reclassifications	-	-	-	-	-
Formations	0.3	-	1.0	3.5	4.8
Liquidations	-	-	-	0.2	0.2
Utilisations	- 0.1	-	- 0.2	- 2.7	- 3.0
Foreign exchange differences	-	-	- 0.2	-	- 0.2
As per 31.12.2019	0.7	0.1	1.2	2.4	4.4

12. Long-Term Financial Debts

This category comprises loans that fall due for repayment as follows:

CHF millions	31.12.2019	31.12.2018
Residual period		
- 1 to 2 years*	2.5	2.5
- 3 to 5 years**	6.7	5.9
- > 5 years***	12.5	-
Total	21.7	8.4

* in CHF; interest rate 0.7% (2018: 0.7% to 1.995%)

** in CHF; interest rate between 0.65% to 1.85% (2018: 0.85% to 1.85%)

*** in CHF; interest rate 0.99%

Short-term financial debts amounting to CHF 8.7 million were prolonged.

13. Long-Term Provisions

CHF millions

	Deferred Tax Liabilities	Service Anniversaries	Pensions	Total
As per 1.1.2018	21.4	4.7	14.8	40.9
Reclassifications	-	-	-	-
Formations	2.0	-	2.7	4.7
Liquidations	- 3.3	- 0.2	-	- 3.5
Utilisations	-	- 0.1	- 1.9	- 2.0
Foreign exchange differences	- 0.6	- 0.1	- 0.7	- 1.4
As per 1.1.2019	19.5	4.3	14.9	38.7
Reclassifications	-	-	-	-
Formations	1.4	0.9	2.1	4.4
Liquidations	- 4.2	- 0.1	- 0.1	- 4.4
Utilisations	-	-	- 1.8	- 1.8
Foreign exchange differences	- 0.3	- 0.1	- 0.4	- 0.8
As per 31.12.2019	16.4	5.0	14.7	36.1

Deferred Tax Liabilities: details see [here](#).

Service Anniversaries: Provisions are formed in respect to remuneration for long service to the company as defined in the Employment Regulations. These provisions, which take into account country-specific corrective factors for the staff turnover, were discounted between 0% to 15% (2018: 0% to 15%) as per balance sheet date.

14. Share Capital

The share capital is structured as follows:

CHF millions	31.12.2019	31.12.2018
220 480 Bearer shares (2018: 220 480) à nominal CHF 50.00 (issued and paid in full)	11.0	11.0
880 000 Registered shares (2018: 880 000) à nominal CHF 10.00 (issued and paid in full)	8.8	8.8
Total	19.8	19.8

The bearer shares (Security no. 622 761) are listed on the SIX Swiss Exchange, Swiss Reporting Standard, with a year end closing price of CHF 3,040.00 (2018: CHF 2,010.00). Their total capitalisation equalled CHF 1,205.3 million (2018: CHF 796.9 million). Each registered and bearer share holds one voting right.

Major Shareholders with > 3% of Voting Rights

	31.12.2019	31.12.2018
Cornaz AG-Holding	68.7%	67.2%
Elisabeth Leon-Cornaz	5.2%	5.2%
La Licorne Holding SA	4.6%	4.6%

Shareholder's agreements exist between these and other persons and/or their shareholders (details see [here](#)).

15. Minority Interests

Since 27 March 2019, Vetropack Austria Holding AG has held 100% of the shares in PrJSC Vetropack Gostomel (31 December 2018: 85.3%).

16. Segment Reporting

The segment reporting used at the top management level for corporate management has just one significant segment ("Glass packaging"). The secondary segment "Speciality glass" comprises only trade revenue in Switzerland (Müller + Krempel Ltd).

Net Sales per Country

CHF millions

	Change	2019	2018
Glass Packaging			
– Switzerland	0.9%	74.5	73.8
– Austria	2.1%	203.0	198.9
– Czech Republic	0.3%	73.6	73.4
– Croatia	– 2.7%	124.4	127.9
– Slovakia	27.9%	60.5	47.3
– Ukraine	19.1%	81.7	68.6
– Italy	– 4.0%	87.0	90.6
Speciality Glass (Switzerland)	0.0%	10.2	10.2
Total	3.5%	714.9	690.7

Vetropack Group does not publish details on its segment results, as there is a significant risk that this could cause competitive disadvantages. The markets in which the Business Units of Vetropack operate are narrow niche sectors with few, primarily private suppliers, who could draw conclusions about the margins and prices from the segment results.

17. Other Operating Income

CHF millions

	2019	2018
Material and energy sales	3.7	3.3
Ancillary services	0.9	0.8
Real estate management income	0.5	0.6
Internally produced additions to plant and equipment	1.7	1.1
Supplier commissions	1.8	1.2
Allocations disposal fees	1.8	1.5
Other income	2.2	3.7
Total	12.6	12.2

18. Cost of Materials

CHF millions	2019	2018
Raw material	106.5	102.9
Merchandise	9.5	6.9
Total	116.0	109.8

19. Personnel Expenses

CHF millions	2019	2018
Wages and salaries	127.4	121.4
Social benefits	36.2	34.6
Other personnel expenses	6.1	4.4
Total	169.7	160.4

Headcount by country (final count)

	Change	31.12.2019	31.12.2018
Switzerland	4.6%	298	285
Austria	2.4%	714	697
Czech Republic	3.3%	467	452
Croatia	2.1%	588	576
Slovakia	1.1%	378	374
Ukraine	- 2.0%	631	644
Italy	10.3%	290	263
Total	2.3%	3 366	3 291

Headcount by country (average)

	Change	2019	2018
Switzerland	1.7%	293	288
Austria	0.7%	710	705
Czech Republic	0.9%	468	464
Croatia	2.4%	588	574
Slovakia	2.2%	378	370
Ukraine	- 0.2%	637	638
Italy	5.3%	276	262
Total	1.5%	3 350	3 301

20. Other Operating Expenses

CHF millions	2019	2018
Maintenance and repairs	33.2	32.1
Moulds	6.3	6.5
Packaging material	29.1	27.1
Transport costs	46.2	49.5
Other administrative and operating expenses	67.9	66.7
Total	182.7	181.9

21. Financial Result

CHF millions	2019	2018
Interest income	0.9	0.7
Interest expenses	- 0.4	- 0.6
Currency exchange gains	5.3	9.9
Currency exchange losses	- 9.4	- 13.7
Other financial income	-	- 0.1
Total	- 3.6	- 3.8

22. Non-Operating Result

CHF millions	2019	2018
Non-operating real estate income	3.9	3.6
Non-operating real estate expenses	- 1.6	- 1.6
Non-operating real estate depreciation / impairments	- 1.0	- 1.0
Other non-operating income / expenses	0.2	- 1.5
Total	1.5	- 0.5

23. Income Taxes

CHF millions	2019	2018
Ongoing income taxes	17.1	14.2
Deferred income taxes	- 2.7	- 0.2
Total	14.4	14.0

Loss carryforwards amounted to CHF 10.0 million (2018: CHF 9.9 million) in total at the end of the reporting year. No loss carryforwards were included in the calculation of the deferred income tax assets (2018: CHF 0.0 million). The impact on the tax on earnings of unrecognized loss carryforwards was CHF 2.1 million in the reporting year (2018: CHF 2.4 million). In the reporting year unrecognized loss carryforwards were used (2018: CHF -3.7 million). There was no impact in the reporting year on income taxes due to the use of unrecognized losses carried forward (2018: CHF -0.7 million). In the reporting year, as in the previous year, there was no impact due to the use or expiry of unrecognized loss carryforwards.

The country-specific tax rates that apply to the calculation of the deferred taxes on earnings range from 11.0% to 24.0% (2018: 7.8% to 27.9%).

The weighted average tax rate to be applied based on the ordinary result is 20.0% (2018: 18.3%).

24. Results per Participation Right

The undiluted result per share is calculated by dividing the consolidated profit for the applicable year that is to be allocated to the shareholders of the Vetropack Group by the weighted average number of outstanding shares.

	2019	2018
Consolidated profit allocated to the shareholders of the Vetropack Group in million CHF	73.0	58.1
Weighted number of outstanding bearer shares for undiluted result per share	396 480	396 480
Weighted number of outstanding registered shares for undiluted result per share	1 982 400	1 982 400
Undiluted result per bearer share in CHF	184.1	146.5
Undiluted result per registered share in CHF	36.8	29.3

The diluted result per share is calculated in the same way as the undiluted result for both share types, as no dilution potential exists for either.

25. Investments

Investment Breakdown:

CHF millions	2019	2018
Switzerland	2.5	3.2
Austria	8.0	49.1
Czech Republic	9.2	5.8
Croatia	24.6	5.8
Slovakia	28.5	33.9
Ukraine	26.6	8.6
Italy	21.7	7.8
Total	121.1	114.2

26. Off Balance Sheet Transactions

CHF millions	31.12.2019	31.12.2018
Recourse from drafts	–	–
Letters of comfort	2.5	2.5
Guarantees	0.6	0.5
Off balance sheet leasing	0.9	1.6
Total	4.0	4.6

Contingent liabilities are stated at their maximum amounts (full sum of liability).

The repayment structure of the off balance sheet leasing liabilities is as follows:

CHF millions	31.12.2019	31.12.2018
Maturity		
– 1 to 2 years	0.8	0.4
– 3 to 5 years	0.1	1.2
– > 5 years	–	–
Total	0.9	1.6

27. Pledged Assets

The following assets' book values are used as collateral to secure bank credits and mortgages:

CHF millions	31.12.2019	31.12.2018
Accounts receivables	10.4	7.4
Marketable securities	–	0.3
Real estate	30.1	31.3
Total	40.5	39.0

28. Derivative Financial Instruments

As at 31 December 2019, Vetropack Holding Ltd has open currency swaps in the amount of EUR 7.6 million. No derivative financial instruments were held as at the reporting date in the previous year.

29. Transactions with Closely Associated Persons

CHF millions	31.12.2019	31.12.2018
Pension Funds		
Accounts receivables	-	-
Accounts payables	0.2	0.2
Interest expenses	-	-
Associated Companies		
Accounts receivables	-	-
Accounts payables	0.8	0.8
Capitalised services	-	-
Service income	-	-
Equity income	-	-
Glass cullet purchasing expenses	- 4.0	- 4.2
Maintenance and repairs expenses	- 0.2	- 0.2
Other service expenses	-	-
Equity valuation expenses	-	-
Other Closely Associated Persons		
Accounts receivables	-	-
Accounts payables	0.2	0.2
Investments in tangible assets	-	-
Distribution income	-	-
Packaging material expenses	- 0.5	- 0.6
Distribution expenses	-	-
Service expenses	-	-
Interest expenses	-	-
Tangible assets sales	-	-

The classification of "Other Closely Associated Persons" includes transactions with the following natural persons and legal entities, irrespective of the Vetropack Company in which they occurred: shareholders with voting rights of more than 20%, BoD members, MB members and all companies that are directly or indirectly controlled by these persons.

Transactions with closely associated persons and companies are handled on the basis of normal market terms and conditions.

30. Pension Fund

There exist various pension schemes within the Group, which are based on regulations of their respective countries. In Switzerland, these are contributor funded schemes in accordance with Swiss pension fund law; abroad they are state-guaranteed contribution-based pension schemes. The schemes are financed either through contributions to legally independent institutions and trusts or by registering the pension fund liability in the financial statements of the Group companies.

Employer's Contribution Reserves

Company Sponsored Pension Funds

CHF millions	2019	2018
Nominal value 31.12.	13.0	13.1
Utilisation waiver 31.12.	–	–
Other value adjustments 31.12.	–	–
Discounting effects 31.12.	– 0.7	– 0.7
Book value 31.12.	12.3	12.4

Assets and Liabilities from Pension Funds

CHF millions	Company Sponsored Pension Funds	Pension Funds without Excess / Deficiency Cover	Pension Funds with Excess / Cover	Pension Funds without own Assets	Total
Excess / deficiency cover 31.12.2019	11.2	–	22.3	–	33.5
Economic utilisation / liabilities 31.12.2018	–	–	–	– 12.4	– 12.4
Economic utilisation / liabilities 31.12.2019	–	–	–	– 12.1	– 12.1
Changes 2019	–	–	–	– 0.3	– 0.3
Contributions restricted to the period*	–	–	2.4	2.2	4.6
Pension expenses 2018	– 0.8	–	2.3	2.2	3.7
Pension expenses 2019	–	–	2.4	1.9	4.3

* including changes in employer's contribution reserves

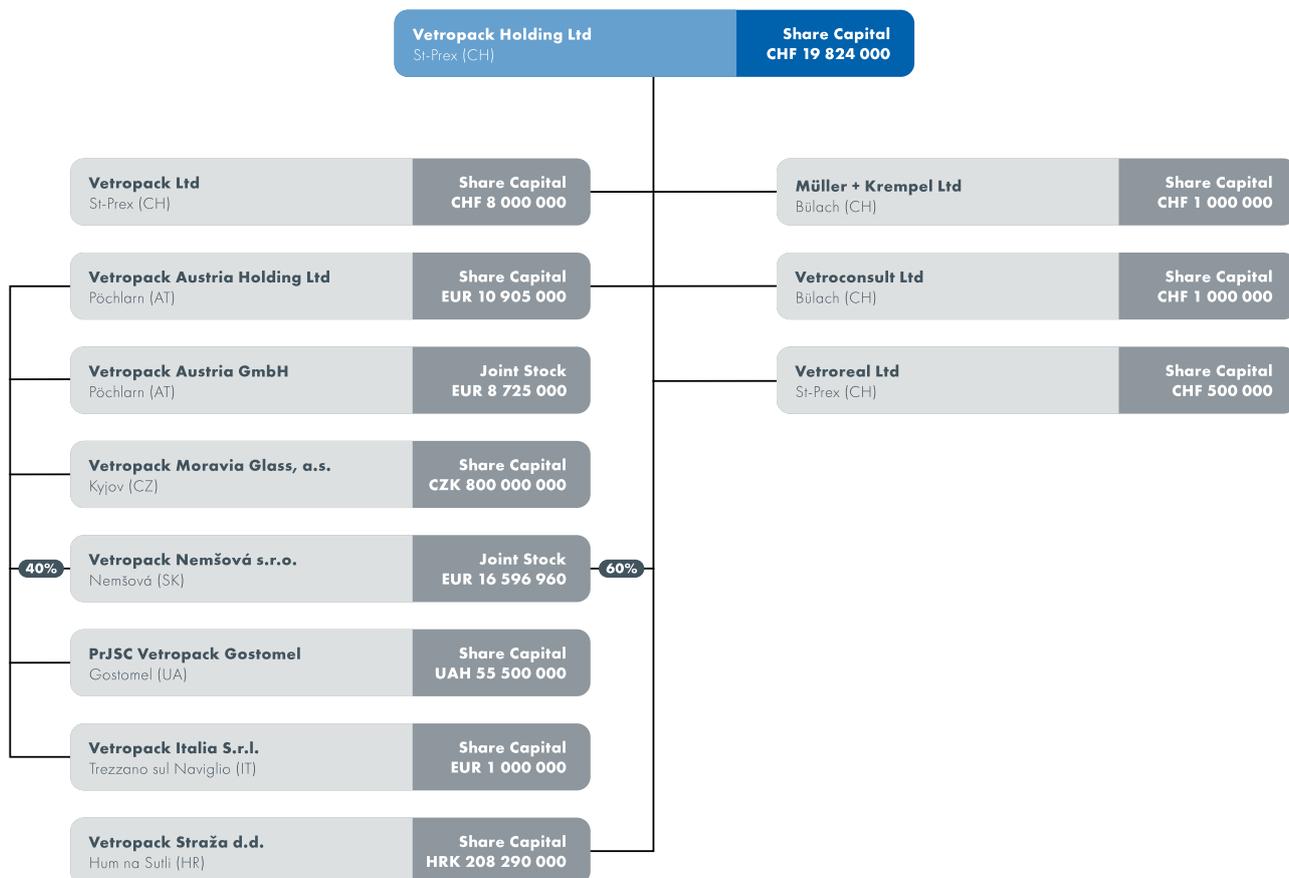
The values for pension funds of Swiss companies are based on previous years' financial statements, whereby all substantive decisions in the current fiscal year are taken into account. The uncommitted funds are not available to the Vetropack Group.

CHF millions	2019	2018
Key influential factors		
– Changes in employer's contribution reserves	0.1	– 0.8
– Changes in economic utilisation / liabilities	– 0.3	– 0.3
– Pension fund contributions	4.5	4.8
Total Pension Fund Expenses	4.3	3.7

31. Events after the Balance Sheet Date

No significant events occurred between the balance sheet date and the Board of Directors approving the consolidated financial statements on 10 March 2020 that could negatively affect the declarations made in the 2019 annual financial statements.

Ownership Structure



Company Participations

Company	Domicile	Currency	Share Capital	* Share	Consolidation	Owner
Switzerland						
Vetropack Holding Ltd	St-Prex	CHF	19 824 000		K	the public
Vetropack Ltd	St-Prex	CHF	8 000 000	100%	K	VPH
Vetroconsult Ltd	Bülach	CHF	1 000 000	100%	K	VPH
Vetro-Recycling Ltd	Bülach	CHF	100 000	100%	K	VPH
Müller + Krempel Ltd	Bülach	CHF	1 000 000	100%	K	VPH
Vetroreal Ltd	St-Prex	CHF	500 000	100%	K	VPH
Austria						
Vetropack Austria Holding AG	Pöchlarn	EUR	10 905 000	100%	K	VPH
Vetropack Austria GmbH	Pöchlarn	EUR	8 725 000	100%	K	VAH
Austria Glas Recycling GmbH	Wien	EUR	50 000	24.5%	E	VPA
PTP Pro Glas GmbH	Wien	EUR	35 000	50%	E	VPA
Czech Republic						
Vetropack Moravia Glass, a.s.	Kyjov	CZK	800 000 000	100%	K	VAH
Croatia						
Vetropack Straza d.d.	Hum na Sutli	HRK	208 290 000	100%	K	VPH
Straza-Imo d.o.o.	Hum na Sutli	HRK	855 031	25.1%	E	VST
Slovakia						
Vetropack Nemšová s.r.o.	Nemšová	EUR	16 596 960	60/40%	K	VPH/VAH
Ukraine						
PrJSC Vetropack Gostomel	Gostomel	UAH	55 500 000	**100%	K	VAH
Vetropack Italia S.r.l.						
	Trezzano	EUR	1 000 000	100%	K	VAH

* Capital shares and voting rights are identical

** During the year under review, the Group's stake increased from 85.3% to 100%.

There were no other changes in company participations compared with 31 December 2018.

K = Fully consolidated companies

E = Equity method

VPH = Vetropack Holding Ltd

VAH = Vetropack Austria Holding AG

VPA = Vetropack Austria GmbH

VST = Vetropack Straža d.d.

As per 31 Dezember 2019

Report of the statutory auditor on the consolidated financial statements

To the General Meeting of Vetropack Holding Ltd, Saint-Prex

Zurich, 10 March 2020

As statutory auditor, we have audited the consolidated financial statements of Vetropack Holding Ltd, which comprise the balance sheet, income statement, cash flow statement, statement of change in equity and notes (PDF version: pages 77 to 102 / online version: marked with the label "audited information"), for the year ended 31 December 2019.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the consolidated financial statements for the year ended 31 December 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Tangible Assets

Area of focus. The balance sheet position "tangible assets" as of 31 December 2019 amounts to MCHF 559.2 (Prior Year: MCHF 523.3) and therefore represents approximately 59% of total assets. More than half of the tangible assets are production facilities, which are exposed to hard industrial operations. This leads to two significant management assessments. Firstly, the management has to assess the moment a machine is ready for use and therefore depreciation can start. Secondly, management has to estimate the useful life and challenge the estimations continuously. Furthermore, events during production could lead to unplanned impairment of machines. These events can have an impact on the consolidated profit as well as the consolidated equity.

Our audit response. We assessed and tested controls regarding design and operational effectiveness of asset purchase respectively recognition and valuation of tangible assets. Besides testing controls we performed substantive procedures where we recalculated the depreciation rates, evaluated the appropriateness of tangible asset lives applied in the calculation of depreciation and searched for indications for impairment. Furthermore, we performed test of details regarding the recognition of tangible assets and assessed the timeliness of the transfer of assets in the course of construction.

Our audit procedures did not lead to any reservations concerning the recognition and measurement of the tangible assets.

Refer to consolidated Balance Sheet on page 28, Valuation Principles on page 34 as well as Note Nr. 6 on page 39 regarding the financial statement.

Report on other legal requirements. We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

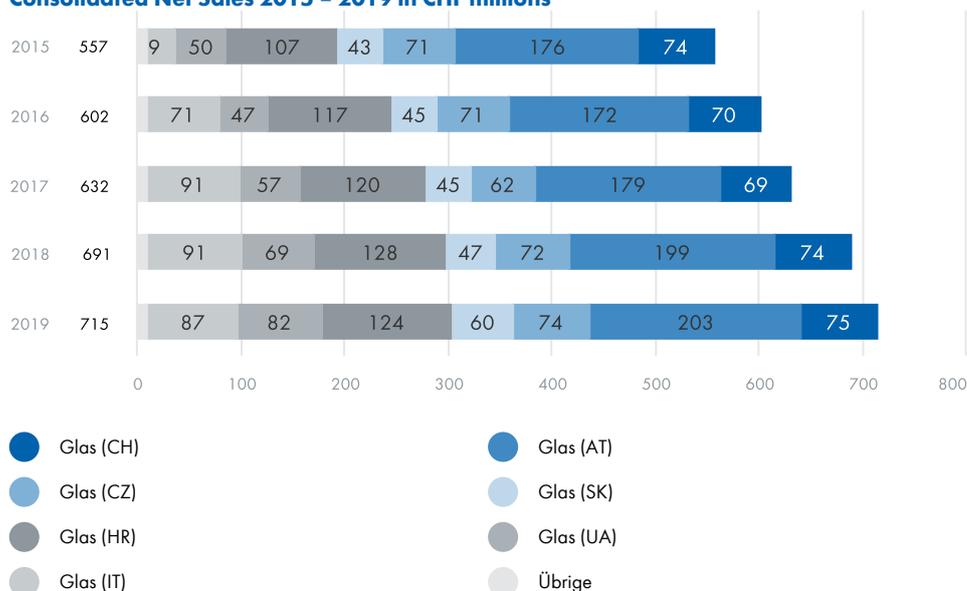
Marc Hegetschweiler
Licensed audit expert

Five Year Overview

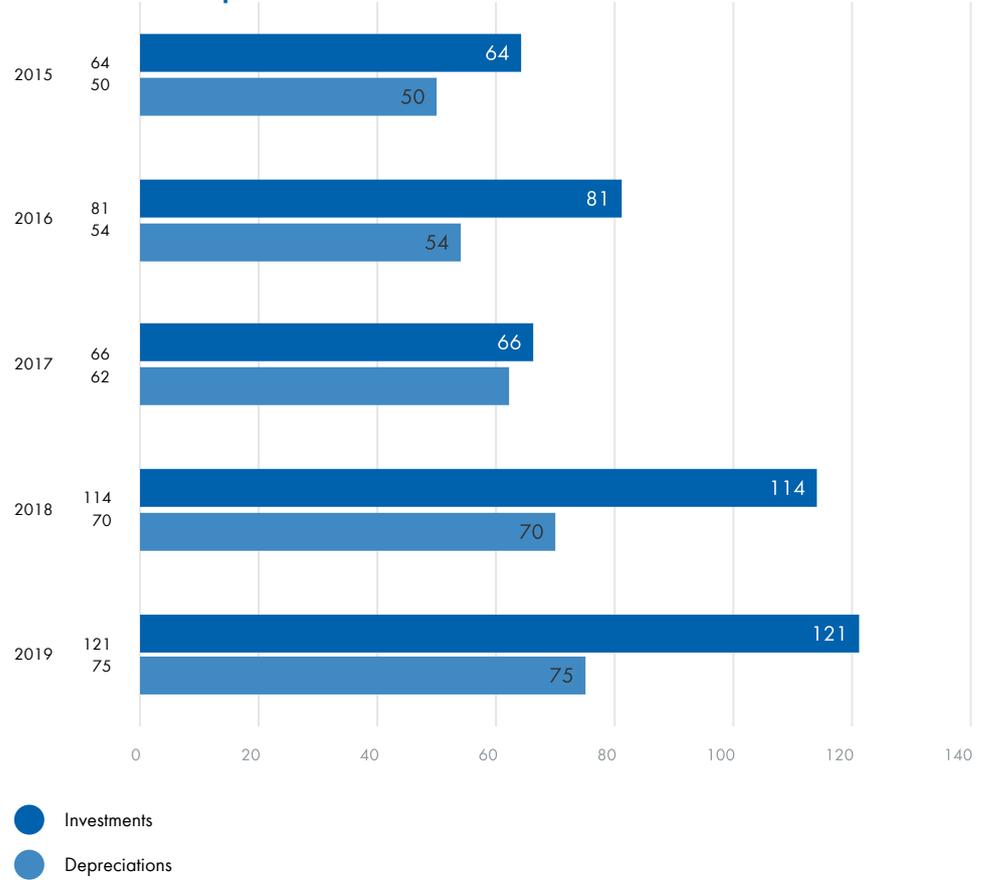
		2019	2018	2017	2016	2015
Consolidated Income Statement						
Net sales from goods and services	CHF millions	714.9	690.7	631.5	601.7	557.0
Change net sales from previous year	%	3.5	9.4	5.0	8.0	- 7.1
Employees	number	3 366	3 291	3 257	3 243	3 228
Net sales per employee	TCHF	212	210	194	186	173
Operating cash flow before change in net short-term assets	CHF millions	153.1	135.7	126.3	105.1	103.7
Cash flow as % of net sales	%	21.4	19.6	20.0	17.5	18.6
Depreciations/Impairments on tangible assets*	CHF millions	75.7	70.5	62.5	55.3	51.6
Income taxes	CHF millions	14.4	14.0	15.1	8.7	7.3
Net profit	CHF millions	73.0	58.1	57.0	42.6	42.1
Consolidated Balance Sheet as per 31.12.						
Investments in tangible assets	CHF millions	121.1	114.2	65.5	81.4	63.7
Total assets	CHF millions	949.2	947.4	932.2	840.7	784.3
Short-term assets	CHF millions	365.0	399.6	407.9	339.9	312.1
Long-term assets	CHF millions	584.2	547.8	524.3	500.8	472.2
Liabilities	CHF millions	197.0	235.8	243.9	235.3	200.6
Shareholders' equity	CHF millions	752.2	711.6	688.3	605.4	583.7
Equity ratio	%	79.2	75.1	73.8	72.0	74.4

* This includes amortisation on non-operating real estate and buildings.

Consolidated Net Sales 2015 – 2019 in CHF millions



Investments and Depreciations 2015 – 2019 in CHF millions





**Financial Report
Vetropack Holding Ltd**

Financial Report

Vetropack Holding Ltd

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Balance sheet

CHF millions	Note	31.12.2019	31.12.2018
ASSETS			
Short-term assets			
Liquid funds		79.1	100.5
Accounts receivables from Group companies		4.4	2.4
Other short-term receivables in relation to holding		65.5	12.5
Subtotal short-term Assets		149.0	115.4
Long-term Assets			
Loans to Group companies		192.0	198.5
Participations	4	116.5	116.5
Tangible assets		0.1	0.2
Subtotal long-term Assets		308.6	315.2
Total Assets		457.6	430.6
LIABILITIES			
Liabilities			
– Accounts payables to third		1.5	0.6
– Accounts payables to Group companies		0.9	0.9
Accounts payables		2.4	1.5
– Short-term financial debts to third	5	0.2	0.2
– Short-term financial debts to Group companies		20.2	6.9
Short-term interest-bearing financial debts		20.4	7.1
Deferrals and short-term provisions		3.0	3.7
Subtotal Short-term liabilities		25.8	12.3
– Long-term financial debts to Group companies		3.0	3.0
– Long-term provisions		0.7	0.7
Subtotal Long-term liabilities		3.7	3.7
Total Liabilities		29.5	16.0
Shareholders' Equity			
Share capital	6	19.8	19.8
Legal capital reserves / reserves from capital investments		0.3	0.3
Legal profit reserves		28.6	28.6
– Free reserves		324.2	294.3
Retained earnings brought forward from previous year		21.8	24.3
Annual profit		33.4	47.3
– Accumulated profits		55.2	71.6
Voluntary retained earnings		379.4	365.9
Subtotal Shareholders' Equity		428.1	414.6
Total Liabilities		457.6	430.6

Income Statement

CHF millions	Note	2019	2018
Dividend income		38.6	35.9
Income generated from licenses		10.4	9.9
Management fees		10.2	7.2
Other income		2.6	2.3
Total income		61.8	55.3
Personnel expenses		- 10.7	- 7.9
– Administrative expenses		- 6.6	- 4.8
– Promotional expenses		- 1.8	- 1.2
– various operating expenses		- 2.3	- 2.6
Other operating expenses		- 10.7	- 8.6
Depreciation of tangible assets		- 0.1	- 0.1
Operating Result (EBIT)		40.3	38.7
Interest expenses		-	- 0.1
Currency exchange losses		- 12.7	- 19.3
Total financial expenses		- 12.7	- 19.4
Interest income		4.0	4.0
Currency exchange gains		2.5	17.0
Other financial income		-	-
Total financial income		6.5	21.0
Ordinary Result		34.1	40.3
Extraordinary income	2/4	-	7.9
Annual Profit Before Taxes		34.1	48.2
Income taxes		- 0.7	- 0.9
Annual Profit		33.4	47.3

1. Information on the principles applied in the annual financial statement

The annual financial statement has been prepared in accordance with the provisions of Swiss law, in particular the articles governing commercial accounting and financial reporting in the Swiss Code of Obligations (Art. 957 ff).

2. Net release of hidden reserves

No hidden reserves were released in the reporting year (2018: CHF 7.9 million).

3. Range of full-time positions averaged across the year

The company employed between ten and 50 persons in the reporting year and the previous year.

4. Participations

The overview [here](#) provides a breakdown of the participations held directly or indirectly by Vetropack Holding Ltd. No value adjustments to participations were released in the reporting year (2018: CHF 7.9 million).

5. Short-term financial debts to third

Liabilities to pension funds amounted to CHF 0.2 million on the reporting date (2018: CHF 0.2 million).

6. Share capital

The detailed information on share capital can be found [here](#).

7. Derivative Financial Instruments

As at 31 December 2019, Vetropack Holding Ltd has open currency swaps in the amount of EUR 7.6 million. No derivative financial instruments were held as at the reporting date in the previous year.

8. Total amount of securities provided for third-party liabilities

A guarantee of CHF 2.5 million exists in favour of Vetropack Ltd, St-Prex (2018: CHF 2.5 million).

9. Joint Liability

In the framework of VAT group taxation, all affiliated Swiss companies within the Vetropack Group are jointly and severally liable for total debt owed to the federal tax authorities.

10. Contingent Liabilities

Vetropack Group operates a cash pooling system for which Vetropack Holding Ltd performs the function of pool master. As a result of the cash pooling agreements with the banks, the pool master has a liability for possible negative balances in the participating pool accounts.

11. Disclosure in Accordance with Swiss Code of Obligations (Art. 663c)

The table below lists the numbers of shares per member of the BoD and MB as of 31 December 2019. Shares held by closely associated persons are included in the total for the respective individual.

Voting Rights	Registered Shares 2019	Bearer Shares 2019	Registered Shares 2018	Bearer Shares 2018
Claude R. Cornaz*	1 881	589	1 881	589
Sönke Bandixen*	–	40	–	40
Pascal Cornaz*	5 000	–	5 000	–
Rudolf Fischer*	–	10	–	10
Richard Fritschi*	–	20	–	100
Jean-Philippe Rochat*	–	10	–	10
Urs Kaufmann*	–	49	–	49
Total	6 881	718	6 881	798
David Zak**	–	–	–	–
Günter Lubitz**	–	140	–	140
Marcello Montisci**	–	10	–	10
Johann Reiter**	–	15	–	–
Johann Eggerth**	–	–	–	–
Nuno Cunha**	–	–	–	–
Evan Williams** (as of 01.06.2019)	–	–	–	–
Total	–	165	–	150

* BoD members; position see [here](#)

** MB members; position see [here](#)

	31.12.2019	31.12.2018
Cornaz AG-Holding	68.7%	67.2%
Elisabeth Leon-Cornaz	5.2%	5.2%

Shareholder's agreements exist between these and other persons and/or their shareholders (details see [here](#)).

Board of Directors' (BoD) Proposal for the Corporate Profit Appropriation

The board of Directors proposes the following appropriation of profits to the Annual General Assembly of shareholders (AGA):

CHF millions	2019	2018
At disposal of the AGA		
Retained earnings	21.8	24.3
Annual profit	33.4	47.3
Total profit	55.2	71.6
Total at the disposal of the AGA	55.2	71.6
Board of Directors' Proposal		
Total profit	55.2	71.6
Allocation profit	- 10.0	- 30.0
Dividend payment	- 25.8	- 19.8
Retained earnings	19.4	21.8

Acceptance of this proposal results in the following dividend payments:

CHF	Gross Dividend	35% Withholding Tax	Net Dividend
Bearer share CHF 50.00 nominal value	65.00	22.75	42.25
Registered share CHF 10.00 nominal value	13.00	4.55	8.45

The dividend payment is to be paid to registered shareholders on 28 April 2020 via the usual appointed paying agents. Payment to holders of bearer shares is to be made in exchange for coupon number 24 at the Swiss branch offices of the following banks: Banque Cantonale Vaudoise, UBS, Credit Suisse, Zürcher Kantonalbank.

Report of the statutory auditor on the financial statements

To the General Meeting of Vetropack Holding Ltd, Saint-Prex

Zurich, 10 March 2020

As statutory auditor, we have audited the financial statements of Vetropack Holding Ltd, which comprise the balance sheet, income statement and notes (PDF version: pages 109 to 113 / on-line version: marked with the label "audited information"), for the year ended 31 December 2019.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Report on other legal requirements. We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

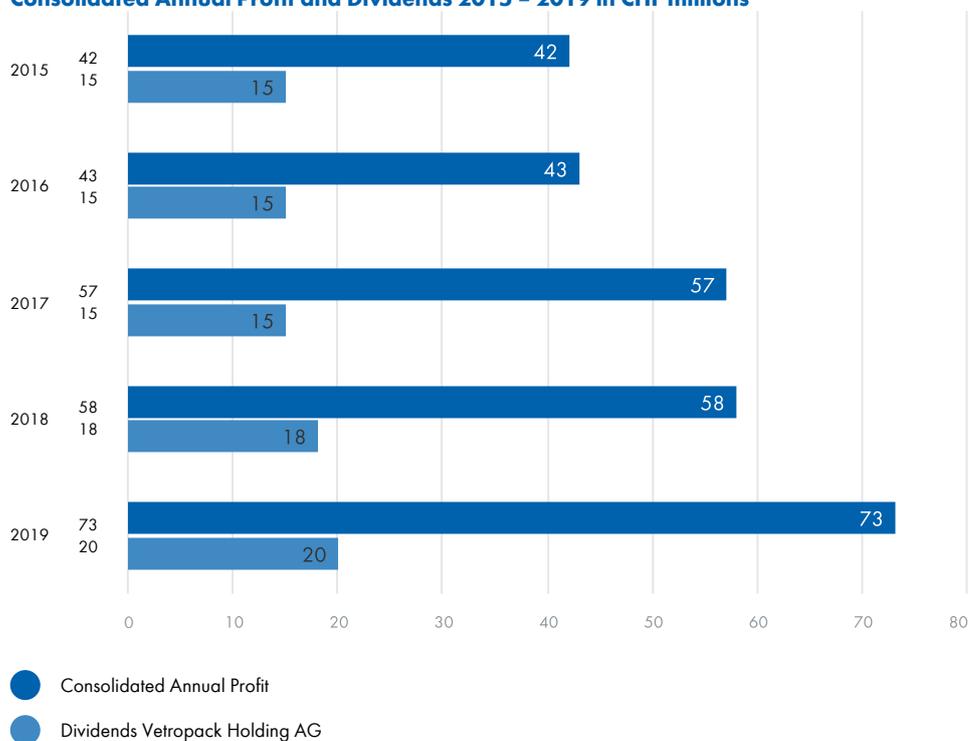
Marc Hegetschweiler
Licensed audit expert

Five Year Overview

	2019	2018	2017	2016	2015
Income Statement and Balance Sheet (CHF millions)					
Total income	61.8	55.3	43.5	43.2	42.9
Annual profit	33.4	47.3	47.1	35.4	25.9
Total assets	457.6	430.6	410.0	370.5	370.7
Participations	116.5	116.5	108.7	102.4	96.1
Share capital	19.8	19.8	19.8	19.8	19.8
Shareholders' equity	428.1	414.6	385.2	353.3	333.2
Share details (CHF)					
Share prices					
– Bearer share high	3 120	2 490	2 175	1 777	1 655
– Bearer share low	1 900	1 740	1 710	1 350	1 200
Earnings per share					
	184.1	146.5	143.9	107.5	106.3
Dividends					
– Bearer share	* 65.00	50.00	45.00	38.50	38.50
– Registered share	* 13.00	10.00	9.00	7.70	7.70
Distribution ratio in %					
	35.3	34.1	31.3	35.8	36.2

* Motion for the AGA on 22 April 2020

Consolidated Annual Profit and Dividends 2015 – 2019 in CHF millions





Corporate Governance

Corporate Governance

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Corporate Governance

The following explanations contain fundamental information for the Vetropack Group as laid out in the Corporate Governance Guidelines defined by the SIX Swiss Exchange as per 20 March 2018.

Operational Group Structure

Refer to the illustration [here](#).

Group Companies

For Shareholdings and their Percentage Breakdowns, refer to the illustration [here](#).

Capital Structure

For details of the share capital, refer to [here](#). For details of changes in capital structure within the last three years, refer to “[Changes in Consolidated Shareholders’ Equity](#)”. Vetropack Holding Ltd does not issue options on participation rights.

Dividends

Registered and bearer shares are dividend bearing.

List of Major Shareholders with Holdings > 3%

	31.12.2019			31.12.2018		
	No. of Registered Shares	No. of Bearer Shares	Voting Rights in %	No. of Registered Shares	No. of Bearer Shares	Voting Rights in %
Cornaz AG-Holding						
Oberrieden	742 086	14 179	68.7	722 086	17 779	67.2
Elisabeth Leon-Cornaz						
St-Prex	56 867	–	5.2	56 867	–	5.2
La Licorne Holding SA						
Martigny	50 722	–	4.6	50 722	–	4.6

A shareholder agreement exists between the shareholders of Cornaz AG-Holding. A further shareholders' agreement exists between Cornaz AG-Holding and the shareholders mentioned above, as well as 3 further shareholders (cp. the disclosure report dated 06 December 2019 published on the SIX Swiss Exchange website: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>).

The core elements of both agreements are:

- Uniform exercise of voting rights at the AGA.
- Mutual obligation to offer shares to parties to the agreement.

During the year under review, no disclosure reports were issued to the company within the meaning of Art. 120 of the Swiss Stock Exchange Act.

Board of Directors (BoD)

Principles Underlying the Voting Procedure for Members of the Board of Directors and their Terms of Office

The members of the Board of Directors of Vetropack Holding Ltd are each elected by the Annual General Assembly of shareholders (AGA) on an annual basis. Re-election is permitted. Each year, the AGA elects the Chairman of the Board of Directors and the individual members of the Nomination and Compensation Committee (NCC), who must be members of the Board of Directors, as well as the independent proxy. Their term of office shall end upon the conclusion of the next AGA. The BoD appoints the Chairman of the NCC.

BoD Duties

The BoD performs its duties as laid out in the Swiss Code of Obligations (CO) Art. 716a.

The BoD Chairman has the following additional main duties:

- Preparing and drawing up the invitations to the AGA jointly with the CEO.
- Drawing up the agenda for BoD meetings, and issuing invitations and relevant documentation jointly with the CEO.
- Chairing the AGA and the BoD meetings.
- Monitoring the implementation of resolutions passed by the AGA and the BoD.
- In urgent cases, the BoD Chairman can conclude transactions that fall within the competence of the BoD by executive decision. Any such actions are communicated in writing without delay to the BoD.

Respective Areas of Responsibility for the BoD and Management Board (MB)

The duties that are not reserved for the BoD in accordance with Art. 716a CO are delegated to the MB. This means that the MB can act freely within the guidelines laid down by the BoD, but it is also fully responsible for the operational management of the Group.

Working Methods

In 2019, the BoD exercised its overall supervisory and monitoring role by receiving oral and written reports from the MB at five regular annual meetings, by consulting amongst its members, and by reaching decisions in relation to any motions raised. Ordinary BoD meetings normally last at least four hours. The head auditor was invited to the March meeting to disclose the results of the external audit. Moreover, a two-day strategy meeting was held in August. During the November meeting, the results of the 2019 internal audit were discussed.

The BoD Chairman, the CEO and the CFO met regularly to prepare for BoD meetings. They discussed operational topics, preparations for ordinary BoD meetings, as well as reports from internal audit. The BoD is regularly informed regarding the Group's commercial state of affairs and planning via written Monthly, Semi-Annual and Annual Reports, and receives a planning dossier at both company and Group levels (three year plan). The Nomination and Compensation Committee (NCC) is responsible for checking the BoD and extended MB remuneration scheme. The working methods of the NCC are set out in the [Remuneration Report](#). With the exception of the NCC, the BoD forms no committees.

In his role as executive chairman, the BoD chairman sits on the supervisory bodies of all operating companies and participates in the steering committees of projects and initiatives of strategic importance. He also takes part in the annual management development reviews to discuss appraisals, continuing professional development and succession planning for management team members at all companies. He held 16 meetings with the CEO in 2019 to monitor the management of business operations, discuss market trends and implement BoD resolutions.

Risk Assessment

Vetropack Holding Ltd utilises a risk management system that enables the identification, early recognition, and analysis of risks in order for the company to take appropriate action. The system's scope includes strategic, operational, financial, and compliance risks. It covers not only Vetropack Holding Ltd's risks, but also the key risks of its subsidiaries. All systematically identified risks are listed according to rank. This risk ranking system is formulated from a risk probability matrix. Management is actively involved in checking annually the matrix and in keeping it up to date. During the year under review, the Board of Directors dealt with the topic of risk assessment in its August meeting.



Board of Directors as per 31 December 2019

Sönke Bandixen, Richard Fritschi, Pascal Cornaz, Jean-Philippe Rochat, Claude R. Cornaz, Rudolf W. Fischer, Urs Kaufmann

BoD Members

	Position	Nationality	Appointed	Elected till
Claude R. Cornaz *	Chairman, executive	CH	1998	April 2020
Richard Fritschi *	Vice-Chairman, non-executive	CH	2005	April 2020
Sönke Bandixen	Member, non-executive	CH	2012	April 2020
Pascal Cornaz	Member, non-executive	CH	2009	April 2020
Rudolf W. Fischer *	Member, non-executive	CH	2000	April 2020
Urs Kaufmann	Member, non-executive	CH	2017	April 2020
Jean-Philippe Rochat	Member, non-executive	CH	2006	April 2020

* Members of the Nomination and Compensation Committee (NCC)

Claude R. Cornaz (1961, Bülach ZH)

Mechanical Engineer, ETH / BWI, Zürich, Switzerland



- 1987–1989 Management Services Contraves AG, Zürich, Switzerland
- 1989–1993 Project Engineer, Nestec in Vevey, Switzerland and Thailand
- 1993–1999 Head of Corporate Development and Head of Technology & Production Vetropack Group
- Seit 1998 Member of the BoD, Vetropack Holding Ltd, Bülach, Switzerland
- 2000–2017 CEO of Vetropack Holding Ltd, Bülach, Switzerland
- Seit 4/2018 Chairman of the BoD, Vetropack Holding Ltd, Bülach, Switzerland

Governing Mandates:

Member of Bucher Industries AG, Niederweningen, Switzerland / Member of Dätwyler Holding AG, Altdorf, Switzerland / Vice-Chairman of H. Goessler AG, Zürich, Switzerland / Vice-Chairman of Cornaz AG-Holding, Oberrieden, Switzerland / Member of Glas Trösch Holding AG, Buochs, Switzerland

Richard Fritschi (1960, Oberrieden ZH)

Dipl. Controller SIB, Zürich, Switzerland



- 1979–1985 Various functions for Luwa SA, in Zürich, Switzerland and England
- 1985–1987 Project Controller, Airchal-Luwa SA, Paris, France
- 1987–1991 Head of Finance and Administration, Isolag AG, Zürich, Switzerland
- 1991–1999 Head of Finance, Allo Pro / Sulzer Orthopädie, Baar / Winterthur, Switzerland
- 1999–2001 Head of Sales, Sulzer Orthopädie / Sulzermedica, Winterthur, Switzerland
- 2001–2003 President Europe / Asia / South America, Sulzer Orthopädie / Sulzermedica, Winterthur, Switzerland
- 2003–2005 President Europe / Australasia, Zimmer, Winterthur, Switzerland
- 2006–8/2011 CEO of Ypsomed AG, Burgdorf, Switzerland
- 9/2011 present Board of Directors in various private and listed companies

Governing Mandates:

President of Cornaz AG-Holding, Oberrieden, Switzerland / President of Bibus Holding AG, Fehraltorf, Switzerland / Member of Fromm Holding AG, Cham, Switzerland / President of Implantica Mediswiss AG, Vaduz, Principality of Liechtenstein

Sönke Bandixen (1957, Stein am Rhein SH)

Dipl. Mechanical Engineer, ETH Zürich, Switzerland, PMD Harvard Business School, USA



- 1984–1993 Various functions for SIG AG, as of 1990 MB Division Packaging Machines, Neuhausen am Rheinfall, Switzerland
- 1994–1996 Vice President Marketing, Cosatec AG, Dübendorf, Switzerland
- 1997–2003 CEO of Division Door Systems, Kaba Holding AG, Rümlang, Switzerland
- 2007–2010 CEO of Orell Füssli Holding AG, Zürich, Switzerland
- 2010–2011 Self-employed Management Consultant
- 2012–2014 CEO of Landert Motoren AG, Bülach, Switzerland
- 2015 present Self-employed Management Consultant

Governing Mandate:

Vice-President of Schweizerische Schifffahrtsgesellschaft Untersee und Rhein, Schaffhausen, Switzerland

Offices:

Mayor of Stein am Rhein, Member of the Board of Trustees of the Jakob and Emma Windler Foundation, Stein am Rhein, Switzerland

Pascal Cornaz (1971, Les Paccots FR)

Dipl. Purchaser, Switzerland



- 1995–2005 Various functions in technical customer support, purchasing, and logistics, Switzerland
- 2005–2007 Member of the Executive Board of Giovanna Holding SA, Clarens, Switzerland
- 2008–2011 Member of the Executive Board and Head of Customer Service of Ginox SA, Clarens, Switzerland
- 2012–2018 CEO of Diamcoupe SA, Cheseaux s. Lausanne, Switzerland
- 2018 present Managing Partner, Ecurie Wirz Sàrl, Les Paccots, Switzerland

Rudolf W. Fischer (1952, Bergdietikon AG)

PhD. Economics. publ., University of Zürich, Switzerland



- 1982–1991 Various management positions in HR and Trade Marketing, Jacobs Suchard, Switzerland and Belgium
- 1991–1994 CEO of Jockey (Switzerland), Uster, Switzerland part of the Austrian Huber Tricot Group (1991 & 1992), and Hanro AG, Liestal (1993 & 1994), Switzerland
- 1994–1995 Partner Björn Johansson Associates, Executive Search, Zürich, Switzerland
- 1996–2011 Schindler Management AG, Ebikon, Switzerland, Group Management Member, responsible for HR and Training
- 2012–8/2016 Schindler Holding Ltd, Hergiswil, Switzerland, Member of the Board of Directors, Member of the Supervisory and Nomination Committee (full-time), Member of the Compensation Committee
- 9/2016 present Schindler Holding Ltd, Hergiswil, Switzerland, Member of the Board of Directors, Member of the Compensation Committee

Urs Kaufmann (1962, Rapperswil-Jona SG)

Dipl. Masch.-Ing. ETH / BWI Zürich, Schweiz



- 1987–1993 Project Manager, Production Manager and Head of Sales, Zellweger Uster AG, Uster and USA
- 1994–present HUBER+SUHNER Group
- 1994–1997 Managing Director of Henry Berchtold AG, Kollbrunn, Switzerland
- 1997–2000 Division Head and Member of Management Board
- 2001–2002 Sector Head and Member of Executive Group Management
- 2002–2017 CEO, since 2014 Delegate of the Board of Directors
- 2017–present Chairman of the Board of Directors

Verwaltungsratsmandate:

Chairman of Schaffner Holding AG, Luterbach, Switzerland / Member of SFS Group AG, Heerbrugg, Switzerland / Member of Gurit Holding AG, Wattwil, Switzerland / Member of Müller Martini Holding AG, Hergiswil, Switzerland

Offices:

Board committees of the Executive Committee of Swissmem and of the Schweizerischer Arbeitgeberverband (SAV)

Jean-Philippe Rochat (1957, Lausanne VD)

Lic. iur. University of Lausanne, Switzerland



- 1980–1984 Publicitas Ltd, Lausanne, Bern and Basel, Switzerland
- 1984–1985 Fiduciaire Fidinter Ltd, Lausanne, Switzerland
- 1985–1987 Legal internship in Geneva, Switzerland
- 1987–1989 Lawyer, Pfyffer, Argand, Troller & Associates, Geneva, Switzerland
- 1989–2015 Partner Lawyer at Carrard, Paschoud, Heim et Associés, Lausanne, Switzerland
- 2015–present Partner Lawyer at Kellerhals Carrard, Lausanne, Switzerland

Verwaltungsratsmandate:

Member of Investissements Fonciers SA – La Foncière, Lausanne, Switzerland / Member of Vaudoise Holding SA, Lausanne, Switzerland

Offices:

Honorary consul of Finland in Lausanne, Switzerland

Members of the BoD for Vetropack Holding Ltd do not sit with other BoD members on the boards of other listed companies, nor are there any business relationships between the BoD members and Vetropack Holding Ltd. Claude R. Cornaz, Rudolf W. Fischer, Jean-Philippe Rochat and Urs Kaufmann also act as directors of other listed companies as set out [here](#).

MB Members

	Position	Nationality	Since
Johann Reiter	CEO	AT	1.1.2018
David Zak	CFO	CH	1.5.2002
Nuno Cunha	GM HR Management and Staff Development	PT	1.9.2018
Johann Eggerth	GM Business Division Switzerland/Austria	AT	1.3.2018
Günter Lubitz	GM Techniques and Production	DE	1.6.2003
Marcello Montisci	GM Marketing/Sales/Production Planning	IT	1.3.2005– 31.5.2019
Evan Williams	GM Marketing/Sales/Production Planning	GB	1.6.2019

Johann Reiter (1960)

Dipl. Industrial & Mechanical Engineer, HTL, Kapfenberg, Austria



- 1976–2010 Various functions at Böhler Edelstahl GmbH & Co KG, Kapfenberg, Austria, including business area manager for free-form forge and casting parts
- 11/2010–2017 General Manager Business Division Switzerland/Austria / MB Member of Vetropack Group
- 2018–present CEO of Vetropack Holding Ltd

David Zak (1965)

BSc., Business Administration, Boston University, Boston, USA



- 1989–1997 Various international Finance and Management positions within the ABB Group, including Controller for ABB Holding AG, Zürich, Switzerland Vice-Chairman of ABB s.r.o., Prague, Czech Republic
- 1998–2002 CFO of Studer Professional Audio AG, Regensdorf, Switzerland
- 5/2002–present CFO of Vetropack Holding Ltd / MB Member of Vetropack Group

Nuno Cunha (1970)

Sociology degree, Universidade Nova de Lisboa, Portugal



- 1995–2000 Various human resources roles, Volkswagen Group, Portugal
- 2000–2005 Head of Human Resources Portugal, Spain and Mozambique at Sapa Profiles, Hydro Extruded Solutions, Portugal
- 2005–2007 European HR Development Manager for the General Motors Acceptance Corporation, Germany
- 2007–2009 Global Business Partner at Huntsman, Advanced Materials, Switzerland
- 2009–2013 Head of Human Resources Europe, Middle East, Africa and India at the Valspar Corporation, Switzerland
- 2013–2018 Head of Human Resources Middle East and Africa & Global Director for Specialty Fluids at Cabot Corporation, Switzerland
- 9/2018–present General Manager HR Management and Staff Development, Vetropack Group and MB Member of Vetropack Group

Johann Eggerth (1967)

Dipl. Engineering, Metallurgy and Materials Technology (specialising in business administration and energy management), Montanuniversität Leoben, Austria



- 1995–1998 Project Manager and Product Manager, Voest-Alpine Industrieanlagenbau GmbH, Linz, Austria
- 1998–2003 Consultant, McKinsey & Company Inc., Vienna, Austria and Cologne, Germany
- 2003–2012 Managing Director, Festool Engineering GmbH, Neidlingen, Germany
- 2012–2018 CEO, Adler-Werk Lackfabrik GmbH & Co KG and Adler Beteiligungsgesellschaft m.b.H., Schwaz, Austria
- 3/2018–present General Manager Business Division Switzerland/Austria, MB Member of Vetropack Group

Günter Lubitz (1953)

Dipl. Engineer, Glass and Ceramics Engineer, University of Duisburg, Duisburg, Germany



- | | |
|----------------|---|
| 1977–1985 | Management Positions as Production Engineer and Head of Production within the German glass packaging industry |
| 1985–1988 | Production Manager and Technical Director at Bangkok Glass Industry, Bangkok, Thailand |
| 1989–2003 | Technical and Works Manager at various glass packaging companies in Germany |
| 6/2003–present | General Manager Techniques and Production, Vetropack Group / MB Member of Vetropack Group |

Marcello Montisci (1954)

PhD., Electrical Engineer, University of Rome, Italy, MBA, Università Commerciale Luigi Bocconi, Milan, Italy



- | | |
|---------------|---|
| 1980–1985 | Technical Sales, VARIAN, Turin, Italy |
| 1985–1991 | Various management functions, AXIS Spa, Florence, Italy including four years in the USA |
| 1991–2001 | Commercial Director of AVIR Spa (O.I.), Milan, Italy |
| 2001–2005 | MD of United Hungarian Glass (O.I.), Oroshaza, Hungary |
| 3/2005–6/2019 | GM Marketing/Sales/Production Planning, Vetropack Group |
| 2006–2009 | Division Head of Czech Republic/Slovakia |
| 2006–6/2009 | MB Member of Vetropack Group |

Evan Williams (1967)

BSc., Business Administration and Applied Psychology, University of Aston, Executive MBA, Hult (Ashridge), United Kingdom



1991–1994	MCG Closures Ltd, Graduate Trainee, United Kingdom
1994–2019	Various positions at Owens-Illinois Europe HQ (Switzerland) including:
2010–2014	Sales Director North West Europe (United Kingdom, Germany, Netherlands, Belgium, and Scandinavia)
2014–2016	Director European Beer Segment
2016–2019	Director Global Key Account
Seit 6/2019	GM Marketing/Sales/Production Planning, Vetropack Group and Member of Vetropack Group

There are no management agreements between Vetropack Holding Ltd and companies, nor individuals outside the Group.

Remuneration and Additional Information

The [Remuneration Report](#) and the disclosure pursuant to Art. 663 c [here](#) provide details on the remuneration, shareholdings, loans and credits granted to members of the BoD and MB as well as closely associated persons.

Shareholders' Participation Rights

Voting Rights, Voting Rights Restrictions and Representation: Each registered or bearer share has one voting right. There is no representation restriction in respect of bearer shares. Registered shares can only be represented by other holders of registered shares (persons or legal entities).

Statutory Quorums: The articles of incorporation of Vetropack Holding Ltd specify only the statutory requirements as laid out in Articles 703 and 704 of the Swiss Code of Obligations.

Convocation of the AGA: The invitation is issued at least 20 days prior to the date of the assembly. Within the invitation the shareholders are informed of business items to be negotiated during the assembly, as well as motions proposed by the BoD, and by shareholders who have demanded that a given business item be placed on the agenda. Extraordinary General Assemblies (EGAs) are convened as necessary and as defined by legal precedent. Shareholders representing at least one tenth of total share capital can demand convocation of an EGA at any time.

Composition of the Agenda for the AGA: Shareholders who represent shares with a nominal value of CHF 1,000,000 can demand that a business item is placed on the agenda. This request must be submitted in writing to the Chairman of the BoD at least 40 days prior to AGA.

Transfer Provisions: There are no ownership nor transfer restrictions for bearer shares. Transfers of registered shares must be reported to the Shareholders' Office of Vetropack Holding Ltd. and approved by the BoD.

Registrations in the Share Register: For the voting right to be exercised, registration must take place at least 20 days prior to the AGA.

Changes of Control and Defence Measures: There is no statutory regulation in relation to "opting-out" nor "opting-up". There are no clauses on changes of control in favour of members of the BoD nor the MB.

Period of Notice: Permanent contracts of employment with a maximum period of notice of nine months have been concluded with the MB members (cp. article 22 of the articles of incorporation).

Auditors

Mandate: Ernst & Young Ltd have been auditors for Vetropack Holding Ltd since 1995. The head auditor has been responsible for the auditing mandate since 2013. The head auditor is changed every seven years.

Fees: During the year under review, Ernst & Young Ltd invoiced Vetropack Group the sum of CHF 0.4 million for auditing services regarding accounts of individual Group companies as well as consolidated accounts. In 2019, all affiliates of the Vetropack Group were audited by Ernst & Young Ltd.

Supervisory and Control Instruments Vis-à-Vis the External Auditors: At the ordinary November meeting, the entire BoD reviews the scope and key aspects of the external audit, including key aspects for auditing the internal control system of the current year. At the ordinary March meeting all BoD members are informed of audit results both in writing (Auditor's Report, Group Auditor's Report, Management Letter, Explanatory Notes) and verbally (the lead auditor attends the BoD's meeting). In February, the main points and results of audits carried out at subsidiaries are also discussed with auditors at the ordinary meetings of the governing body of each subsidiary. The president of the BoD is present at these meetings. With the help of the above-mentioned information sources, the BoD annually assesses both the statutory auditors' and group auditors' performance and independence during the March meeting. The BoD annually analyses the development of external audit costs (multiple year comparison).

Information Policy

Vetropack Holding Ltd provides information through the following channels: Annual Report, Annual Press Conference, Annual General Assembly, Semi-Annual Report and Press releases. Current information is available via the company's website at www.vetropack.com.

Press releases are published under the "News" header (<http://www.vetropack.com/en/vetropack/news/>). Under the "Investor Relations" header (<http://www.vetropack.com/en/vetropack/investor-relations/vetropack-in-figures/>) key figures, financial publications, financial agenda, news subscription, articles of incorporation, minutes of the last AGA and contact information are published.

By registering for the newsletter (push mail), those interested will automatically receive an e-mail directing to newly released investor relations information pages on the company's website (<http://www.vetropack.com/en/vetropack/investor-relations/news-service/>).

Contact Address

Shareholders' Office
c/o Vetropack Holding Ltd
PO Box, CH-8180 Bülach, Switzerland
Phone +41 44 863 32 70
Fax +41 44 863 31 25



Remuneration Report

Remuneration Report

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1. Introduction

The strategy adopted by Vetropack Group is aimed at ensuring the company's sustainable long-term development, taking into account the interests of its stakeholders. Since Vetropack is firmly rooted in local markets, a high degree of importance is attached to the specific conditions at individual locations. Vetropack's remuneration principles have been drawn up with this in mind; they include a fixed component aligned with local market conditions and an appropriate variable component, which is performance- and results-related.

2. Principles of the Remuneration Scheme and its Components

Vetropack Group's remuneration scheme is geared towards its employees' level of responsibility and experience as well as local conditions. Members of the Board of Directors (BoD) receive a fixed cash benefit with no variable components.

Members of the Management Board (MB) receive basic remuneration reflecting their individual responsibility and experience as well as a variable performance- and results-related component. They are also awarded non-cash benefits in the form of supplementary pension contributions and a company car, which is also available for their private use.

All remuneration is paid in cash, there are no share or option plans.

3. Organisation and Authorities for Determining Remuneration

The BoD determines the principles underlying its own remuneration scheme as well as that of the MB at the request of the Nomination and Compensation Committee (NCC). It sets also the annual remuneration for the BoD and the CEO annually at the request of the NCC.

The NCC consists of three members of the BoD who are elected individually by the Annual General Assembly each year. The Annual General Assembly of 24 April 2019 elected Claude R. Cornaz, Richard Fritschi and Rudolf Fischer to the NCC, with the latter being elected its Chairman by the BoD. The NCC reports on its discussions and decisions and proposes any motions at the next meeting of the entire BoD. The committee met two times in 2019: March, and November.

The main task of the NCC is to regularly check the BoD's and MB's remuneration schemes. The NCC recommends remuneration proposals for the members of the BoD and the CEO to the entire BoD for resolution. The committee takes independent decisions regarding the remuneration of the remaining members of the MB at the request of the CEO. The NCC also puts to the BoD the motions relating to overall remuneration for the BoD and MB that are to be proposed at the Annual General Assembly.

It also prepares the medium- and long-term human resources planning for the members of the BoD and the MB and submits its proposals to the entire BoD for resolution.

The Annual General Assembly of Vetropack Holding Ltd votes separately on the remuneration of the Board of Directors and the Management Board as follows:

- prospectively on the maximum total amount of remuneration for the Board of Directors for the period until the next Annual General Assembly (cp. article 27 of the company's articles of incorporation <https://www.vetropack.com/en/vetropack/investor-relations/corporate-governance/>).
- prospectively on the maximum total amount of remuneration for the Management Board for the fiscal year that follows the Annual General Assembly (cp. article 27 of the articles of incorporation).

Article 28 of the articles of incorporation provides for an additional 40% of the amount approved by the Annual General Assembly for members of the Management Board nominated during the remuneration period.

4. Description of the Remuneration Components

Board of Directors

Members of the BoD receive fixed remuneration in cash, with the Chairman, Vice-Chairman and ordinary members entitled to different amounts based on a graduated scale. The members of the NCC also receive fixed remuneration in cash for their work on the Committee, with the Chairman and ordinary members likewise entitled to different amounts based on a graduated scale. There are no variable components. Remuneration is paid out in 12 monthly instalments.

Management Board

With effect from 1 June 2019, the BoD appointed Evan Williams as the new Group-wide Head of Marketing, Sales and Production Planning and as a member of the MB. Following Mr Williams's induction, his predecessor, Marcello Montisci, remained available to Vetropack Group for special projects until he retired at the end of 2019.

Members of the MB receive fixed basic remuneration (fixed basic salary), which is commensurate to the level of responsibility they have in their individual role, their experience and local conditions.

They also receive a variable cash bonus that consists of two parts:

- an individual bonus, based on the achievement of individually defined performance goals. This bonus component is calculated based on an individually specified percentage of the personal fixed basic salary, multiplied by the target attainment rate.
- a net result bonus, calculated on the basis of an individually defined per mille rate of the Group's consolidated net profit after tax. If the consolidated net profit is lower than 2% of the net revenue, this net result bonus is zero.

When appraising the extent to which individual performance goals have been achieved, the elements that cannot be quantified are evaluated at the appraiser's discretion.

The target value for the variable component as a whole, i.e. the individual bonus and net result bonus together, is between 25% and 50% of the basic salary.

It is limited to a maximum of 75% of the basic salary and is paid out in March of the following year after the Annual Report has been approved by the BoD.

5. Board of Director's (BoD) Remuneration

Only cash benefits were paid to members of the BoD in 2019. No shares, options, loans and credits, additional fees or remuneration of any other kind were disbursed to either members of the BoD, former members of the BoD or persons closely associated with them. There are also no outstanding credits or loans.

2019 BoD Remuneration

	BoD	Cash NCC	Social Security Contributions	Total
Claude R. Cornaz, Chairman	315 800	10 000	101 148	426 948
Richard Fritschi, Vice-Chairman	90 000	10 000	7 395	107 395
Sönke Bandixen, Member	65 000	–	4 807	69 807
Pascal Cornaz, Member	65 000	–	4 807	69 807
Rudolf W. Fischer, Member	65 000	15 000	3 978	83 978
Jean-Philippe Rochat, Member	65 000	–	4 807	69 807
Urs Kaufmann, Member	65 000	–	4 807	69 807
Total	730 800	35 000	131 749	897 549

2018 BoD Remuneration

	BoD	Cash NCC	Social Security Contributions	Total
Hans R. Rüegg, Chairman *	41 667	–	2 270	43 937
Claude R. Cornaz, Chairman **	232 200	10 000	71 006	313 206
Richard Fritschi, Vice-Chairman	90 000	10 000	7 395	107 395
Sönke Bandixen, Member	65 000	–	4 807	69 807
Pascal Cornaz, Member	65 000	–	4 807	69 807
Rudolf W. Fischer, Member	65 000	15 000	3 978	83 978
Jean-Philippe Rochat, Member	65 000	–	4 807	69 807
Urs Kaufmann, Member	65 000	–	4 807	69 807
Total	688 867	35 000	103 877	827 744

* Hans R. Rüegg, Chairman until 20.04.2018

** Claude R. Cornaz, Chairman since 20.04.2018

6. Management Board's (MB) Remuneration

Only cash benefits were paid to members of the MB in 2019. No shares, options, loans and credits, additional fees or remuneration of any other kind were disbursed to either members of the MB, former members of the MB or persons closely associated with them. There are also no outstanding credits or loans.

	Basic Salary	Bonus	Pension/ Social Security Contributions	Non-cash Benefits*	Total
2019 MB Remuneration					
Total MB	2 105 297	798 230	657 141	45 215	3 605 883
Highest level of remuneration **	535 000	302 626	176 059	6 925	1 020 610
2018 MB Remuneration					
Total MB	1 911 032	623 523	578 987	32 220	3 145 762
Highest level of remuneration **	475 000	259 370	135 933	5 200	875 503

* Company car for personal use

** Johann Reiter, CEO

Marcello Montisci and his successor, Evan Williams, were on the MB between 1 June 2019 and 31 December 2019, the number of members temporarily increased from six to seven.

7. Comparison of Remuneration disbursed with the Remuneration approved by the 2018 and 2019 Annual General Assembly

Board of Directors

At the Annual General Assembly on 24 April 2019, the total amount of remuneration on the Board of Directors was voted and a maximum of CHF 910'00.– defined.

Remuneration to the Board of Directors is approved prospectively for the period until the next ordinary Annual General Assembly in accordance with the articles of incorporation. The table below compares the maximum amount of remuneration to the Board of Directors approved by the Annual General Assembly with the amounts actually disbursed in 2019.

in CHF

Approved total remuneration for the BoD from the 2019 AGA until the 2020 AGA		910 000
Remuneration disbursed to the BoD in 2019	897 549	

Management Board

The total remuneration to the Management Board for the 2019 fiscal year (CHF 4.700.000.–) was approved at the Annual General Assembly held on 24 April 2019. See below a comparison of approved and disbursed remuneration for 2019. Please note the personnel changes, as stated above in point 6.

in CHF

		2019
Approved total remuneration for the Management Board for 2019		4 700 000
Remuneration disbursed to the Management Board in 2019		3 605 883

8. Shareholdings

Information on shares held by members of the Board of Directors and the Management Board can be found [here](#).

Report of the statutory auditor on the remuneration report

To the General Meeting of Vetropack Holding Ltd, Saint-Prex

Zurich, 10 March 2020

We have audited the remuneration report of Vetropack Holding Ltd for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) (PDF version: pages 139 to 143 / online version: marked with the label “audited information”) of the remuneration report.

Board of Directors’ responsibility. The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s responsibility. Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion. In our opinion, the remuneration report for the year ended 31 December 2019 of Vetropack Holding Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Marc Hegetschweiler
Licensed audit expert



Sustainability Report

Sustainability Report

Sustainability Report

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Customers and suppliers

Active stakeholder engagement

Management approach

Vetropack understands that its business is influenced by numerous stakeholders, such as investors (equity and borrowed capital), customers (direct customers and retailers), suppliers and employees and their representatives. Other stakeholder groups include the general public and society in general, as represented by supervisory authorities, legislators, trade associations and non-government organisations (NGOs). Open and transparent dialogue and cooperation with interest groups are therefore crucial for ensuring Vetropack's successful performance over the long term.

The Vetropack Code of Conduct and other internal guidelines such as the Business Ethics Policy serve as the foundation for active stakeholder engagement at Vetropack. Both the CEO and the CFO maintain relationships with investors and are responsible for responding to their questions and enquiries. Communication here takes place in meetings or during plant tours. However, Vetropack also communicates proactively on its strategic objectives and publishes a financial report twice a year. Other managers are also responsible for maintaining relationships with stakeholders – for example the Head of Procurement and the General Manager for Technology and Production at Vetroconsult oversee relations with suppliers.

Vetropack cooperates closely with business and research partners. Information of relevance and interest to internal and external stakeholders is published on our website and the intranet, in employee magazines, in brochures and in our customer magazine, and we also provide stakeholders with information via e-mail. Vetropack interacts daily with its customers and also conducts surveys every two years in order to learn more about customers' requirements and their level of satisfaction. Customer requirements have become more customer-specific over the last few years. Sustainability has also become an increasingly important issue that is reflected in customer requirements as well. For example, we now receive orders that explicitly request a final product made exclusively out of used glass.

The management team at each Vetropack production site is responsible for ensuring proper treatment of customers, employees, authorities and members of the local community. Vetropack's regulatory requirements are met through the provision of relevant information in annual reports and half-year reports, as well as disclosures made at annual shareholder meetings.

[Vetropack Story: Vetropack at the Fête des Vignerons in Vevey](#)



[Vetropack Story: Vetropack supports Musikschule Zürcher Unterland](#)



[Vetropack Story: Bloggers discover glass with all their senses](#)



This page contains information on the following GRI disclosures: 102-40, 102-42, 102-43, 102-44.

Multi-supplier strategy

Management approach

Vetropack works closely with its suppliers to ensure the ongoing, cost-effective and reliable procurement of production equipment and raw materials. Vetropack's multi-supplier strategy reduces the risk of interruptions to glass packaging production operations and thus also helps ensure reliable product deliveries.

The Head of Procurement and the General Manager for Technology and Production at Vetroconsult work together to improve and further develop the Group's multi-supplier strategy.

Vetropack's Code of Conduct for Suppliers defines the systematic approach used by Vetropack when searching for, assessing and validating potential new suppliers. Relevant criteria here include financial performance, the supplier company's history, its product portfolio, ownership structure, existing certifications and sustainability performance.

Long-term collaboration agreements are essential for ensuring that partnerships with suppliers are as effectively structured as possible, particularly when strategically important suppliers are involved. Vetropack considers suppliers of energy, transport services and raw materials such as used glass to be especially important.

Within the framework of its annual management review process, Vetropack evaluates the progress made with the multi-supplier strategy using key performance indicators (KPIs) such as the number of active suppliers per procurement category and the number of long term contracts in effect.

Health and safety of customers and consumers

Management approach

Vetropack supplies the food and beverage industry with products that are used by hundreds of thousands of consumers. It is therefore extremely important to Vetropack that the health and safety of all customers and consumers is ensured at all times. Any instance of faulty packaging that could pose a risk to the health and safety of consumers would result in significant financial losses and damage to the company's reputation.

In order to ensure the consistent high quality and safety of its products, as well as compliance with all legal and customer-specific requirements, Vetropack takes measures to ensure that every glass container it manufactures is inspected. Such inspections are the responsibility of the Quality and Management Systems department, which conducts its activities in line with the company's mission statement, strategy, and quality and safety policy. The management systems in place at all sites are certified in accordance with the requirements of the ISO 9001 quality management standard and the ISO 22000 food safety management standard (including the basic requirements for manufacturers of food packaging as defined in the TS/ISO 22002-4 technical specification). Nearly all production sites also meet the additional requirements for Food Safety System Certification 22000 (FSSC 22000).

Vetropack uses clearly defined quality indicators to evaluate the quality and safety of its products. These indicators are a trade secret, however, and are therefore not published by the company.

Disclosures

GRI 416 Customer Health and Safety

416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

No incidents were reported during the period under review.

Finances

Cash flow and profitability, sustainable growth and market position, sustainable return on capital

Management approach

An improved cash flow and higher profitability go hand in hand with sustainable growth. Such a situation ensures the availability of all the resources needed to make investments and thus safeguard Vetropack's successful market position. Vetropack conducts its business operations in an environmentally compatible manner by setting targets for a sustainable return on capital employed (ROCE) that promote long-term growth. When doing so, Vetropack also takes into account the interests of its stakeholders and the social, economic and environmental impact of its business activities.

At the same time, Vetropack is investing in measures to increase production capacity and improve efficiency. The careful utilisation of resources, raw materials and personnel, and the reduction of waste, contribute to both financial and environmental success at the company. A further component for safeguarding long-term performance are investments in the development of new products and investments in research projects that reduce the environmental footprint of glass packaging.

Vetropack views the achievement of sustainable growth as a Group-wide task. The Group Strategy forms the foundation for numerous projects and initiatives that are supervised, monitored and coordinated by top-level management. Whereas the Sales department is responsible for pricing policy, the Research and Development team is working to further reduce the weight of glass containers and develop new products. The Administration and IT department is developing and implementing measures designed to further increase efficiency.

Numerous systems and processes are to be harmonised, digitalised and automated over the next three to four years, including electronic document management systems that will be used to digitalise workflows, improve the exchange of information and set up new digital archives. A new technologically advanced ERP system was launched in 2019. This system supports the company's efforts to increase efficiency and it also serves as the basis for tools relating to supplier invoice management, procurement platforms, project portfolio management and human resources management. Vetropack utilises centralised procurement initiatives to achieve cost savings and optimise transport operations in the supply chain. For example, if digital information on specific transport needs is provided to a large group of freight-forwarders, these transport companies can then more effectively coordinate freight shipments in both directions, which in turn reduces the number of empty runs back to logistics centres.

Filling job positions with suitably talented individuals is another important way to ensure sustainable business success. The Vetropack Human Resources department is responsible for recruiting talented new employees and offering training opportunities to existing staff members. A new Group-wide human resources system is set to help Vetropack with its search for talented employees as a means of harmonising the human resources development and training process.

The Vetropack Group continually measures the progress it makes by using cash flow targets and associated KPIs, such as the costs per tonne of saleable glass produced, for example.

Disclosures

GRI 201 Economic Performance

201-1 Direct economic value generated and distributed

Performance Review: Finances



Compliance

Management approach

Compliance with legal provisions and international standards, such as those relating to human rights, for example, is essential for gaining the trust of key international customers in the food and beverage industry and thus ensuring the long-term success of Vetropack.

In order to ensure that awareness of the importance of fair business practices is firmly embedded in Vetropack's corporate culture, the company provides training to employees on its Code of Conduct, which is based on the values of honesty, reliability and transparency. All employees are required to comply with the principles set out in the Code of Conduct. Decision-makers are additionally provided with extensive information on the company's Business Ethics Policy, whereby the focus here is on fighting corruption, bribery and discrimination. Violations can be reported to the local Compliance Coordinator, the General Manager, the Compliance and Legal department or the CEO of the Vetropack Group. Vetropack also encourages all employees to report any suspected violations while observing the principle of proportionality.

Standardised SMETA audits (Sedex Members Ethical Trade Audits) are performed in order to monitor compliance with the company's Business Ethics Policy and occupational safety and environmental protection provisions. In the 2019 fiscal year, SMETA audits were conducted at Vetropack Austria GmbH (VPA) (Kremsmünster and Pöchlarn sites), Vetropack Nemšová s.r.o., Vetropack Moravia Glass, a.s. and Vetropack Italia S.r.l. Audits are also conducted on a regular basis to determine whether subcontractors and suppliers are in compliance with the Supplier Code.

Disclosures

GRI 205 Anti-Corruption

205-2 Communication and training about anti-corruption policies and procedures

Our employees and suppliers are provided with information on our Anti-Corruption Guidelines on a regular basis. No specific training courses on corruption were conducted in the 2019 fiscal year. At the end of the fiscal year, 100% of the Management Board and 96% of employees exposed to corruption risks had been informed of measures and procedures in place to fight corruption. These measures and procedures are primarily based on the Business Ethics Policy (BEP) of the Vetropack Group. The figure for employees does not relate exclusively to the reporting period but instead takes into account all employees who have received anti-corruption training since joining the company.

GRI 206 Anti-Competitive Behaviour

206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

No legal actions for anti-competitive behaviour were initiated in 2019.

GRI 307 Environmental Compliance

307-1 Non-compliance with environmental laws and regulations

GRI 419 Socioeconomic Compliance

419-1 Non-compliance with laws and regulations in the social and economic area

No non-compliance penalties or fines were imposed on Vetropack in 2019.

GRI 406 Non-discrimination

406-1 Incidents of discrimination and corrective actions taken

There were no incidents of discrimination in 2019.

GRI 408 Child Labour

408 -1 Operations and suppliers at significant risk for incidents of child labour

Because Vetropack only operates in Europe, the company has no production facilities that represent a risk in terms of child labour.

GRI 409 Forced or Compulsory Labour

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour

Because Vetropack only operates in Europe, the company has no production facilities that represent a risk in terms of forced or compulsory labour.

GRI 412 Human Rights Assessment

412-2 Employee training on human rights policies or procedures

At the end of the reporting year, 100% of the employees at the Vetropack Group had received training on relevant human rights issues. This figure for employees does not relate exclusively to the reporting period but instead takes into account all employees who have received training on human rights issues since joining the company.

GRI 418 Customer Privacy

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Compliance with legal provisions and contractual obligations for protecting customer data is a top priority at Vetropack. In order to establish data protection as a firm component of its corporate culture, Vetropack has formulated internal IT guidelines and guidelines for protecting internal and third-party intellectual property. No complaints were reported during the period under review.

Innovation and intellectual property

Innovation strategy and portfolio, process innovation with suppliers

Management approach

Vetropack focuses on product, process and organisational innovations that are designed to ensure it can continue to meet customer requirements in future with innovative, environmentally compatible and high-quality products, and thus safeguard the company's long-term business success. To this end, Vetropack also continually monitors developments relating to the circular economy, digitalisation, automation, the climate targets for 2050 and the needs and requirements of customers. Within the framework of its innovation strategy, Vetropack encourages the development of innovations by suppliers, customers and international research associations.

The company's CEO supports Vetropack's innovation strategy as an integral component of the Group's overall strategy. The CEO is assisted here by the General Manager for Technology and Production at Vetroconsult AG, who focuses in particular on the development of process innovations in cooperation with suppliers. The corresponding policies and guidelines are managed by the Corporate Functions department. Cooperation with suppliers is crucial here, as it allows Vetropack and its suppliers to identify ways to improve production operations and jointly develop innovative approaches for achieving such improvements. This collaborative effort focuses on the development of innovations for melting, moulding and inspection processes. Such cooperation leads to a win-win situation, especially in view of the fact that Vetropack does not operate its own R&D department and suppliers also benefit from the jointly developed, additional expertise.

Vetropack implements its own projects as well – one example here being the development and market launch of VIP Glass. The company also actively participates in international research groups such as the International Partners in Glass Research (IPGR) industry association.

[Vetropack Story: Multi-trip bottles from lightweight glass](#)



All strategic initiatives at Vetropack are reviewed and updated annually. The most important evaluation criteria here include the market performance of the products involved and the annual assessment of the CO₂ emissions produced as a result of melting processes at all Vetropack plants. Process innovation projects are evaluated on a monthly and annual basis using performance and quality indicators, whereby the number of critical complaints received also plays a key role.



Production and products

Continuous quality improvement along the value chain

Management approach

The continual improvement of the quality of all processes along the value chain is a core element of Vetropack's corporate philosophy. Continual process improvement holds the key to the company's ability to meet rising customer expectations and increase the efficiency of production processes, and thus keep Vetropack competitive over the long term.

Although ensuring the continual improvement of quality is a management task, continual improvement processes are also well established at all plants, where they are actively supported by the respective workforces. For example, internal specialist groups at various facilities work on projects to improve occupational safety, environmental protection and quality assurance. The Quality Assurance specialist group, which consists of members of the quality assurance teams at all plants, is responsible for improving product quality. The approach utilised by the group is aligned with the Vetropack mission statement, the corporate strategy and various process descriptions and work instructions.

Progress is assessed by means of various quality indicators, such as the number of customer complaints, for which clear annual targets have been set.

Digitalisation and automation

Management approach

Vetropack is systematically exploiting the opportunities offered by increasing digitalisation and automation in order to improve its performance with regard to quality, productivity and cost reductions. Digitalisation and automation also offer additional benefits in that they relieve employees from performing routine tasks, help increase occupational safety, and ensure the efficient exchange of data with suppliers and customers.

The Head of Finance, Controlling, Information Technology and Procurement, and the General Manager for Technology and Production, are jointly responsible for developing and implementing digitalisation and automation projects. Whenever a digitalisation or automation solution displays potential for process optimisation, Vetropack will initiate a new investment project, provided the solution in question is expected to lead to an adequate return on investment (ROI). Successful implementation of digitalisation and automation solutions requires Group-wide harmonisation of work and process flows and the continual training and professional development of employees whose job profiles are affected by digitalisation.

Innovation through customer-specific products

Management approach

Vetropack aims to create added value and firmly establish its brands by offering its customers innovative, distinctive and sustainable glass packaging products. Ensuring continual customer satisfaction is crucial if Vetropack's position in its European core markets is to be maintained and steady profitable growth is to be achieved.

[Vetropack Story: Designing and constructing glass packaging](#)



Vetropack listens to its customers in order to be able to understand their requirements and successfully further develop and implement its strategy. The company's sales team is responsible for implementing Vetropack's customer-focused sales and marketing strategy. Vetropack stays in contact with its customers on a daily basis and conducts customer satisfaction surveys every two years. The company also participates in various trade fairs and organises innovation events and exhibitions that showcase its expertise. Vetropack's Production, Planning, Quality, Design and Finance departments work together to calculate the costs of successfully developed products and define the profit margins for these.

[Vetropack Story: Review of BrauBeviale and SIMEI 2019](#)



The company creates new products together with customers, and in doing so also continually improves its skills, abilities and expertise. One example here is the Heineken "World Bottle" (WOBO), which is shaped like a brick and can be employed as a construction material after it's used. The systematic approach for customer-specific innovations has yet to be fully established, however, as potential for further improvement exists.

Vetropack is looking to have products that are less than one year old account for 5 % of its sales. In addition, the company's pricing strategy is designed to improve the product mix. For this reason, low-margin products are redeveloped with the aim of making them more profitable, or else are removed from the portfolio altogether.

Once every six months, Vetropack also reviews profitability as it relates to its segments, customers and the countries in which it operates in order to evaluate price levels and the suitability and profitability of its products. The most recent customer survey was carried out in 2019. Here, a specialised agency supported a process in which 112 personal interviews were conducted with key customers in all core markets. The results show that Vetropack was rated by customers as "good" or "very good", which puts the company above the competitive average. Order processing, customer focus and the close proximity of production plants were cited as the company's most important strengths. The knowledge gained from the survey will help Vetropack launch targeted improvement initiatives designed to increase customer satisfaction even further.

[Vetropack Story: The 2019 customer benefit analysis](#)



Employees

Employee engagement, attractive employer, learning organisation, talent management

Management approach

Vetropack's long-term success is inextricably linked with its ability to offer its employees attractive work conditions and career development opportunities. The level of employee commitment is directly related to an employee's feeling of well-being in the workplace. Such a feeling of well-being also reduces absences due to health problems and accidents, increases work performance and motivation, and raises the level of employee creativity and productivity. A high degree of employee satisfaction is also critical for a company's reputation and essential for attracting talented individuals.

All management functions have a common responsibility to support and motivate employees. Managers are responsible for strengthening employees' loyalty to the company and identifying and promoting talented employees. The Human Resources department supports the achievement of the various goals by defining the Employer Branding Strategy and establishing processes and instruments for recruiting employees, promoting employee commitment, and talent management. In line with the principle of a learning organisation, employees are encouraged to assume responsibility for their personal and professional development.

[Vetropack Story: CEO Talks](#)



Vetropack actively practises a "Group first" philosophy that includes international career opportunities and the exchange of best practices. This philosophy also promotes the establishment of a common identity among employees and a feeling of belonging to the Vetropack family. Vetropack has set itself the goal of becoming a learning organisation, which is why the Group has integrated the concept of continuous learning into its vision and set of values. Vetropack also consistently supports the development of its employees by means of both formal and informal training measures. Vetropack has introduced a Talent and Organization Review Process (TOR) at the Group level and in this manner has strengthened its proactive talent management system and ensured that successors are available to take over any key positions that might become vacant. The TOR process includes a talent assessment and an assessment of the organisation as a means of creating a pool of successors, who in each case are talented employees who possess the essential skills needed in the glass industry. Vetropack also utilises a system for the effective internal transfer of knowledge.

In order to gauge the level of employee satisfaction, Vetropack conducts employee surveys on a regular basis that provide the Group with information on what employees believe to be the strengths and weaknesses of the company. Recommendations made by employees in the most recent survey included proposals relating to the optimisation of communication measures and management processes and the expansion and optimisation of career development opportunities. Vetropack is addressing the latter issue by continually refining its training and career development programmes. The Group utilises specific KPIs to monitor the progress it makes in the area of human resources development.

Disclosures

GRI 102 General Disclosures

102-8 Information on employees and other workers

Composition of the workforce (at year-end)¹⁾	2019	in %	2018	in %
Number of employees in full-time equivalents (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 289		3 236	
Total number of employees (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 333		3 282	
Apprentices	50		45	
Interns	9		6	
Trainees	38		4	
Agency/contract/temporary workers	146		108	
Number of employees by employment contract				
Permanent contract (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 333	99%	3 282	96%
Women	771		758	
Men	2 562		2 524	
Temporary contract (excl. apprentices, interns, trainees, contract workers)	50	1%	120	4%
Women	11		37	
Men	39		83	
Permanent employees by employment type				
Full time (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 250	98%	3 207	98%
Women	713		706	
Men	2 537		2 501	
Part time (excl. apprentices, interns, trainees, contract workers, temporary workers)	83	2%	75	2%
Women	62		52	
Men	21		23	
Total workforce by gender				
Number of employees (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 333		3 282	
Women	775	23%	758	23%
Men	2 558	77%	2 524	77%
Apprentices, interns, trainees, contract workers, temporary workers	243		225	
Women	62	26%	50	22%
Men	181	74%	175	78%

GRI 202 Market Presence

202-2 Proportion of senior management hired from the local community

Vetropack does currently not measure the proportion of management staff hired from the local community. However, since most operations are located in rural areas, it estimates the proportion to be at least 50%.

GRI 401 Employment

401-1 New employee hires and employee turnover

Performance Review: Talent management



401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Labour law stipulations and remuneration practices vary from country to country. The benefits provided to full-time employees therefore also vary in line with the specific circumstances in each country.

401-3 Parental leave

Parental leave ¹⁾	Women	Men	Total
Employees entitled to parental leave	775	2 558	3 333
Employees that took parental leave	18	10	28
Employees who returned to work after their parental leave	11	10	21
Employees who were still employed within Vetropack 12 months after their return from parental leave	8	9	17

¹⁾ Parental leave is subject to different local laws at the locations of the Vetropack Group.

GRI 402 Labour/Management Relations

402-1 Minimum notice periods regarding operational changes

Transparent internal communication is a top priority at Vetropack. All regulatory requirements regarding notice periods were met in 2019.

GRI 404 Training and Education

404-2 Programs for upgrading employee skills and transition assistance programs

Vetropack offers all the training and education programmes needed to ensure its employees receive adequate support for their professional development – whether that means being successful in their current job or preparing themselves for the next step in their career. Vetropack employs a multifaceted development approach that attaches great importance to learning on the job, whereby this is supplemented by classroom training and online courses. Training programmes cover the topics of technology, IT, language skills, soft skills, project management and leadership.

404-3 Percentage of employees receiving regular performance and career development reviews

Vetropack currently has a process in place to conduct performance reviews with all white collar workers, which represent around 40% of the total workforce. While Vetropack did not track the exact percentage in 2019, it plans to implement a system to monitor this process in 2020.

Discussions with staff members help the company better understand the needs of its employees. In discussions held during the year under review, many employees expressed their desire to see an expansion of the career development opportunities offered by the company.

Occupational health and safety

Management approach

“Safety first” is part of the DNA of the Vetropack Group. Employees who work in glass production are exposed to high temperatures, moving machine parts and high levels of noise. Ensuring the health and safety of employees at all times is therefore a top priority at Vetropack. For the company, this means not only complying with legal provisions but also promoting the physical and mental health of employees in order to ensure they remain motivated and satisfied.

Our views regarding the importance of occupational health and safety are contained in the Vetropack mission statement and reflected in our occupational safety policy. These views are also taken into account in our strategy and in the design of our business processes. Occupational safety is managed on three levels. The Head of the Quality and Management Systems department is directly responsible for the Quality, Safety and Environmental Protection specialist department. The Group Officer for Occupational Safety coordinates activities via the Safety Managers at the business units and plants, who in turn are responsible for ensuring compliance with safety standards at the production sites.

The Safety Managers come together in the Occupational Safety Working Group to discuss various safety issues that apply to all plants. This exchange of information is designed to ensure that safety concepts are implemented, that safety regulations are complied with and that various tools and resources that enable the achievement of safety objectives are made available.

The Occupational Safety Working Group also conducts internal audits every year. These audits determine whether the prescribed measures for continually improving occupational safety have been implemented and whether the health of Vetropack employees is ensured at all times. The audits are also used to identify potential for improving occupational health and safety at Vetropack.

Disclosures

GRI 403 Occupational Health and Safety

403-2 Injuries, occupational diseases, lost days, work-related fatalities

Performance Review: Occupational health and safety





Environment

Sustainable products, energy efficiency and renewable energy, minimisation of CO₂ emissions, waste reduction, water consumption

Management approach

Vetropack is committed to the conservation of natural resources. The objective here is for production operations to have the lowest possible impact on the environment. On the one hand, this is necessary in order to position glass as a product that is more sustainable than other packaging materials. On the other hand, a minimal environmental impact is important because an increasing number of stakeholders are now focusing on environmental issues. The political pressure being exerted in energy-intensive industries is growing and politicians and interest groups are demanding that effective measures be taken to reduce CO₂ emissions. Ultimately, efficiency measures lower costs as well.

[Vetropack Story: Photovoltaic systems at Vetropack plants](#)



The impact of the glass industry on the environment and natural resources largely results from the energy-intensive melting processes utilised at glass-production facilities. Energy efficiency in the supply chain is primarily influenced by raw materials and packaging materials processing and the transport of raw materials and finished products. Vetropack therefore focuses on increasing the energy efficiency of its furnaces and increasing the proportion of used glass in production. Another important way to conserve natural resources is to reduce the weight of glass containers. Production operations already conserve water resources to a very large extent because water is used only as a coolant in glass production and its consumption is regulated in a closed-cycle system. Vetropack also seeks to produce as little waste as possible. Such waste that is produced mainly results from the processing of used glass, and this in turn is due to the fact that large amounts of foreign materials are still being deposited into used-glass collection containers.

The Environment specialist group is responsible at the Group level for coordinating and monitoring all environmentally relevant activities. This group develops and issues binding guidelines and minimum requirements on the basis of the Vetropack corporate strategy and sustainability policy and the Group's environmental management targets with respect to energy and water consumption, emissions and waste volume. During the year under review, the furnaces in Nemšová, Slovakia and Gostomel, Ukraine were either repaired or completely rebuilt. Because the latest technological knowledge is incorporated into the planning process for every furnace repair or new construction project, the specific energy consumption of the aforementioned furnaces was reduced in each case.

[Vetropack Story: Coloured glass furnace overhaul](#)



Information on the environmental footprint of the glass packaging they use is becoming increasingly important to major customers. Vetropack therefore reviews the progress it makes in terms of environmental performance using various indicators for which annual targets are defined. The achievement of these targets is then continually monitored. The indicators used here include various data on energy consumption, greenhouse gas emissions, water consumption and waste volume. Vetropack evaluates its environmental management activities by means of internal inspections and audits and – where required by law – inspections by certified external institutions.

Disclosures

GRI 301 Materials

301-2 Recycled input materials used

GRI 302 Energy

302-3 Energy intensity

GRI 305 Emissions

305-1 Direct GHG emissions (Scope 1)

305-2 Energy indirect GHG emissions (Scope 2)

305-4 GHG emissions intensity

GRI 306 Effluents and Waste

306-2 Waste by type and disposal method

Performance Review: Environment



GRI 303 Water and Effluents

303-1 Interactions with water as a shared resource

In general, no water is needed to produce glass. Water is used only as a coolant and its consumption is regulated in a closed-cycle system. Cooling water occasionally needs to be replaced, and Vetropack reviews its water consumption on an annual basis (see 303-5).

303-2 Management of water discharge-related impacts

The quality of wastewater discharge systems must comply with the minimum standards of national and/or local governments. Vetropack complies with all wastewater discharge regulations that apply to its production sites.

303-5 Water consumption

Performance Review: Environment



GRI Content Index



For the Materiality Disclosures Service, the GRI Services team reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The Materiality Disclosures Service was performed on the German version of the report.

General Standard Disclosures		Information
GRI 101: 2016	Foundation	
GRI 102: 2016	General Disclosures	
	Organizational Profile	
GRI 102-1	Name of the organization	Vetropack Holding AG
GRI 102-2	Activities, brands, products, and services	Development, production and sales of packaging glass for the food and beverage industry.
GRI 102-3	Location of headquarters	Headquarters of Vetropack Holding Ltd in St-Prex (CH) Group management (Vetropack Holding Ltd) in Bülach (CH)
GRI 102-4	Location of operations	
GRI 102-5	Ownership and legal form	
GRI 102-6	Markets served	
GRI 102-7	Scale of the organization	
GRI 102-8	Information on employees and other workers	
GRI 102-9	Supply chain	
GRI 102-10	Significant changes to the organization and its supply chain	None
GRI 102-11	Precautionary Principle or approach	
GRI 102-12	External initiatives	Global Reporting Initiative (GRI), Friends of Glass, Participation in the programme of the Swiss Energy Agency for Industry for voluntary climate protection (CO ₂ -reduction) and energy efficiency
GRI 102-13	Membership of associations	CelSian (ex-TNO), CETIE Centre Technique International de l'Embouteillage, Deutsche Glastechnische Gesellschaft, FEVE Fédération Européenne du Verre d'Emballage, Chamber of Commerce Switzerland - Central Europe c/o OSEC, Chamber of Commerce Switzerland - Austria, Metallurgical association of the German glass industry, IPGR International Partners in Glass Research, Food Packaging Forum
	Strategy	
GRI 102-14	Statement from senior decision-maker	
	Ethics and Integrity	
GRI 102-16	Values, principles, standards, and norms of behavior	
	Governance	
GRI 102-18	Governance structure	
	Stakeholder Engagement	
GRI 102-40	List of stakeholder groups	
GRI 102-41	Collective bargaining agreements	Around 90 per cent of all employees are covered by collective bargaining agreements, to varying degrees depending on the respective local legislation.
GRI 102-42	Identifying and selecting stakeholders	
GRI 102-43	Approach to stakeholder engagement	
GRI 102-44	Key topics and concerns raised	
	Reporting Practice	
GRI 102-45	Entities included in the consolidated financial statements	The report covers all production plants and locations of Vetropack Holding Ltd.
GRI 102-46	Defining report content and topic Boundaries	
GRI 102-47	List of material topics	
GRI 102-48	Restatements of information	Are marked at the relevant places in the report.
GRI 102-49	Changes in reporting	
GRI 102-50	Reporting period	01.01.2019 - 31.12.2019
GRI 102-51	Date of most recent report	March 2019
GRI 102-52	Reporting cycle	Annual

GRI 102-53	Contact point for questions regarding the report	Elisabeth Boner, Corporate Communications, Vetropack Holding Ltd, 8180 Bülach, Switzerland elisabeth.boner@vetropack.com
GRI 102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
GRI 102-55	GRI content index	
GRI 102-56	External assurance	No external assurance was performed.

Topic-Specific Standards

GRI 200: Economic

Topics

GRI 201:2016 Economic Performance Omission

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

GRI 201-1

[Direct economic value generated and distributed](#)

GRI 202:2016

Market Presence

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

GRI 202-2

[Proportion of senior management hired from the local community](#)

Cash flow and Profitability

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

Sustainable Return on Capital

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

Innovate through Customer-specific Products

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

Innovation Strategy and Portfolio

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

Process Innovation with suppliers

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

Continuous Quality Improvement along the Value Chain

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

Digitalisation and Automation

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

GRI 205:2016

Anti-Corruption

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

[Communication and training about anti-corruption policies and procedures](#)

GRI 205-2

GRI 206:2016

Anti-Competitive Behaviour

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

GRI 206-1

[Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices](#)

GRI 300: Environmental Topics

GRI 301:2016

Materials

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

GRI 301-2

[Recycled input materials used](#)

GRI 302:2016

Energy

GRI 103: 2016

103-1/103-2/103-3 [Management approach](#)

GRI 302-3

[Energy intensity](#)

GRI 303:2018

Water and effluents

GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 303-1	Interactions with water as a shared resource
GRI 303-2	Management of water discharge-related impacts
GRI 303-5	Water consumption
GRI 305:2016	Emissions
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 305-1	Direct GHG emissions (Scope 1)
GRI 305-2	Energy indirect GHG emissions (Scope 2)
GRI 305-4	GHG emissions intensity
GRI 306:2016	Effluents and Waste
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 306-2	Waste by type and disposal method
GRI 307:2016	Environmental Compliance
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 307-1	Non-compliance with environmental laws and regulations
GRI 400: Social Topics	
GRI 401:2016	Employment
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 401-1	New employee hires and employee turnover
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
GRI 401-3	Parental leave
GRI 402:2016	Labor/Management Relations
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 402-1	Minimum notice periods regarding operational changes
GRI 403: 2016	Occupational Health and Safety
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 403-2	Injuries, occupational diseases, lost days, work-related fatalities
GRI 404:2016	Training and Education
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 404-2	Programs for upgrading employee skills and transition assistance programs
GRI 404-3	Percentage of employees receiving regular performance and career development reviews
GRI 406:2016	Non-discrimination
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 406-1	Incidents of discrimination and corrective actions taken
GRI 408:2016	Child Labor
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor
GRI 409:2016	Forced or Compulsory Labor

GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor
GRI 412:2016	Human Rights Assessment
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 412-2	Employee training on human rights policies or procedures
GRI 416:2016	Customer Health and Safety
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services
GRI 418:2016	Customer Privacy
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data
GRI 419:2016	Socioeconomic Compliance
GRI 103: 2016 103-1/103-2/103-3	Management approach
GRI 419-1	Non-compliance with laws and regulations in the social and economic area
	Active Stakeholder Engagement
GRI 103: 2016 103-1/103-2/103-3	Management approach
	Multi-supplier Strategy
GRI 103: 2016 103-1/103-2/103-3	Management approach





Stories

All well and good

When it comes to looking for the right product, what consumers need most of all is guidance, so it's great when the glass packaging itself sends out a clear signal that the brand and quality are just what they are looking for. This is where specialists in glass design and construction come in.

Building a brand image is no easy feat. This is partly because we, as humans, have a very intuitive ability to decode the branding messages that convey small details to us. What we see and what we feel when we touch a product can persuade us to buy it – or not. Even if we are not consciously aware of this effect, the fact is that packaging stirs something within us.



Good design relies on expertise in materials

Glass packaging for food and drink is clearly distinguished from other packaging types, right from the very first draft. Not every idea designers come up with can feasibly be produced in any material, and glass is no exception. A precise understanding of materials and manufacturing processes is essential for identifying possibilities and recognising limits. There are not many specialists in this area, but Vetropack is fortunate enough to have some at its disposal. What these design and production experts have to offer is pooled together in a concept called [Service plus+](#).

Comprehensive cooperation and advice at every stage of the production process is part and parcel of this service package. How much Vetropack needs to get involved varies from one instance to the next. With regard to packaging in particular, there are often already ideas from the manufacturer's design departments and agencies to take into account, as well as specifications relating to the overarching brand strategy and corporate design. No matter whether designs for a bottle or jam jar have already been thoroughly thought-out, or whether a brand image needs to be developed for a product in the first place, Vetropack's glass designers can offer their support at any point.

By the time it comes to the technical implementation of materials, specialist expertise is absolutely indispensable. What geometrics are feasible from a processing perspective? What are the right types of glass to use? Could a surface finish create more of an impression of quality? And what else needs to be considered beyond the design? Is it going to be a one-way or multi-trip bottle? Would it also work with thinner walls and a lighter weight? How recyclable is it? What would happen to the glass or bottle on the bottling line? What standards and legal requirements need to be taken into account?

Stress analyses make for a better life cycle assessment

The list of specifications is therefore long, even when the initial designs are being drawn up and produced as 3D visualisations. As the process moves forward, design models are created in wood or plastic, discussions and consultations take place and eventually the design is approved – but even then there is still plenty of scope for optimisation. Lightweight construction, for example, is an important issue for products such as glass packaging, as reducing the use of energy and raw materials in production and transport can improve the life cycle assessment of packaging right from when it is first created. Finite element analyses and virtual stress tests done on a computer help to generate savings that make a significant difference in large production volumes, but often with very few discernible changes to the glass geometry.

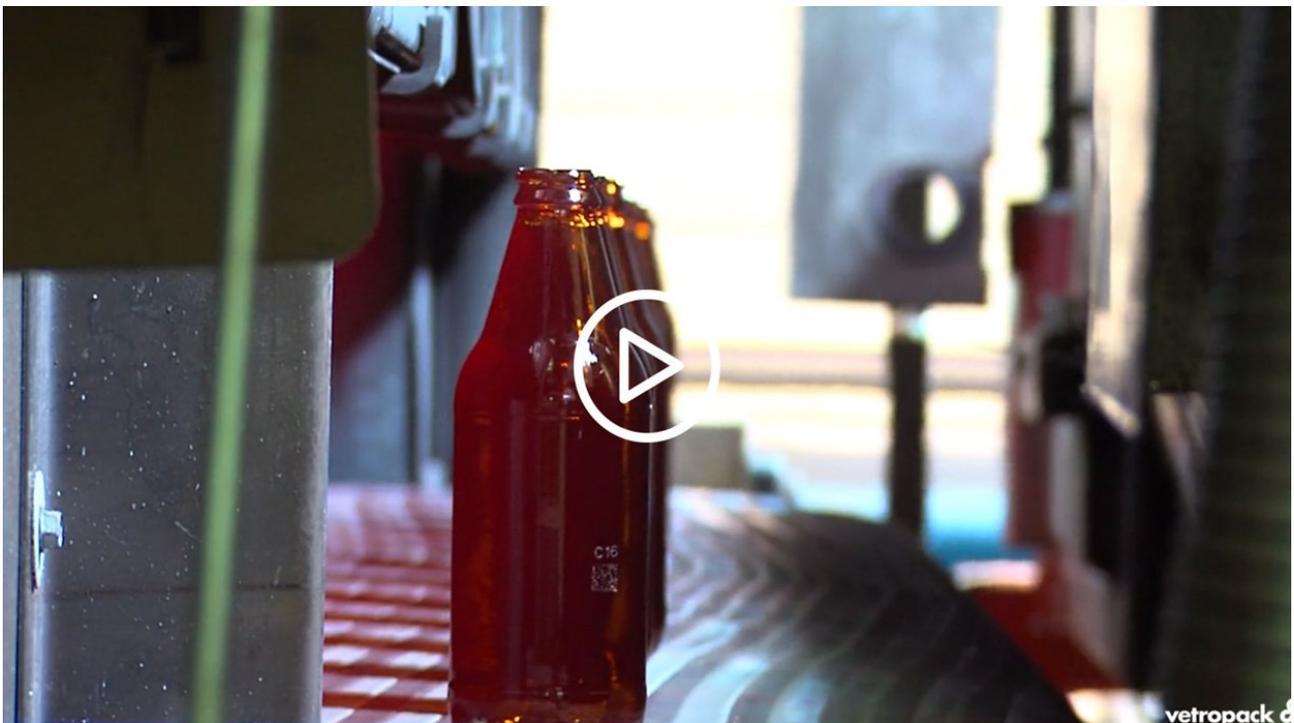
Vetropack's LCA calculations cover the entire life cycle of the glass packaging, and it's not just about the glass itself: in addition to the proportion of recycled material used in the glass, energy consumption and weight, aspects such as lids, closures and labels, transport packaging and transit routes are also included. This "cradle-to-cradle" model can be run through with varying parameters, often resulting in a range of scenarios that can be evaluated from economic and ecological points of view.

A journey of many steps

Vetropack's Service plus+ helps ensure that none of the small steps that are vital to producing the optimum glass packaging get left out. The end result is a packaging product that is cost-effective and sustainable and fulfils its purpose as perfectly as possible – and this sends out a clear message to consumers scanning the supermarket shelves: everything is all well and good!

Power-to-weight ratio significantly improved

Motorsport is not the only case where success is measured by more than power alone. Only the perfect power-to-weight ratio makes champions. Judged by this indicator, the new extra light, multi-trip bottles by Vetropack have what it takes to win the race. Even the name sounds athletic: VIP – Vetropack Improved Performance Glass.



Despite all the undeniable advantages of glass packaging, almost every discussion will feature the sentence: “Yes, but it is still heavier.” Weight becomes a factor during transportation, and consumers must ultimately also carry the packaging home from the supermarket. The more precious the content, the more likely this is to be accepted, i.e. a good wine versus a soft drink. In the sector for multi-trip bottles in particular, weight savings hold huge potential, precisely because of the distance a bottle like this will travel over the course of its life.



Could they also become thinner?

Because you can't change much about the specific weight of the glass itself, the key to less weight lies in the wall thickness of bottles and jars. This can definitely also be reduced for single-use packaging; computer-aided calculations which identify the areas of the glass wall with a low load help to save material here. Varying the wall thickness is possible during production by using the modern narrow press and blow method, which is much more suitable than the traditional blow-blow method, in order to control the geometry of bottles.

The situation is different for multi-trip bottles, which are reused up to 50 times. During this process, the bottles are, among other things, cleaned, sterilised and sent through bottling lines. This means they are exposed to considerably different types and levels of stress than one-way bottles. This significantly reduces the potential achievements of material savings alone. The technical solution devised by Vetropack therefore starts from a completely different position and subsequently makes lightweight glass reusable in a single processing step.

Technology transfer from flat glass to container glass

Vetropack is changing the mechanical properties of the glass in a new production plant. The principle is known from flat glass and has been being refined for window panes, glass façades, display glass and car glass for years and implemented everywhere where the need for mechanical strength is particularly high. The process involves the finished flat glass being heated once again in exact doses and quickly cooled down.

What is already more complicated with flat glass than it sounds is a real technical challenge when dealing with three dimensionally formed glass products with varying material thicknesses. Vetropack has found a technical process in which the finished and cooled lightweight glass bottles can be reheated to around 700 °C and then cooled from the inside out without damaging tension being created in the differing areas of thickness – i.e. the heat-insulating areas of varying strength.

It took a long time to transfer the technology from flat glass to container glass, but the cost was worth it. The result is Vetropack Improved Performance Glass, abbreviated to VIP Glass. The glass is hardened through heat treatment, the surface is more resistant and the resistance also fully meets the demands for tough multi-trip use, even where the wall thickness is reduced. The exact weight saving depends on the shape and size of the bottle, but is very significant in each case.

VIP Glass does not bring about any changes to the sustainable circular economy. The glass can be fully recycled and does not require any special treatment or separation from normal used glass. On the contrary, it is made from a very high proportion of recycled glass itself.



Market launch with multi-trip beer bottles

Vetropack started series production of VIP in Austria in April 2019. The Mohrenbrauerei brewery in Dornbirn in the Austrian state of Vorarlberg treated one of its most popular varieties, the Märzenbier (March beer) "Piff", to a new look by bottling it in the redesigned lightweight multi-trip bottle. With a content of 0.33 cl, the new bottle only weighs in at 210 grams, an impressive 90 grams less than its predecessor made in traditional multi-trip quality.

Per box, the savings totalled 1.8 kilograms – handling during production and logistics in the Mohrenbrauerei benefited noticeably from this, as did each step in the supply chain all the way to the consumer. The feedback from beer enthusiasts was also very positive. It is not only the shape and colour of a bottle but also its weight which has an effect on its image. A lightweight glass bottle simply goes well with a light drink. From a marketing perspective, VIP has another advantage, as it is of a higher quality than other known lightweight packaging alternatives.



Sustainability across the entire life cycle

The weight saved during production benefits the environment in many respects. Firstly, it means that fewer resources are used during production and material and energy use is significantly reduced. More energy is saved during transportation across the entire supply chain and there are also advantages which aren't even apparent at first. Multi-trip bottles are, for example, thoroughly cleaned before being refilled. Heat also plays an important role during this process. Lighter bottles cool the cleaning water in the washing machine far less, reducing energy consumption.

As well as holding high-quality drinks, VIP Glass therefore also holds huge potential: for product marketing and a brand image which emphasises lightness, but above all benefits for the environment. This Vetropack innovation clearly has a future.

Exhibition atmosphere



What's the point of trade fairs if everyone can obtain information on the Internet nowadays? BrauBeviale and SIMEI, both in November 2019, were two of those industry events that showed why trade fairs are still worthwhile. Vetropack was there and took the opportunity to make plenty of new contacts.

Trade fairs need their highlights. Attracting over 9,000 visitors, the guided tasting sessions involving beer and spirits, water, cider and soft drinks in the Craft Drinks Area were certainly one of the highlights of BrauBeviale. This Nuremberg-based exhibition is one of the leading European trade fairs for the production and marketing of beer and non-alcoholic beverages. Last year it became clear that craft drinks are very much on trend: they take something familiar and transform it into something completely different, they create surprises and bring a real sense of vibrancy to an entire industry.

Proven standards alongside special solutions

The packaging scene is also animated, and not just in terms of label design. Custom-made bottles, sometimes for one manufacturer, sometimes only for a very specific product and drink, were everywhere to be seen at the fair. However, when it comes to craft drinks in particular, two important topics are also emerging that are driving the entire industry: the local sourcing of many products that are new to the market and an awareness of individual and sustainable packaging. The topic of sustainability unites special solutions with the proven standards and reusable packaging that have been successful in other segments.

Vetropack's booth at the trade fair demonstrated the Group's achievements in product development and its efficient production facilities for glass bottle design. A wide range of colours, shapes and closure variants for the key product areas of beer, soft drinks, fruit juices and mineral water were presented to visitors, who were also able to see for themselves that creative glass packaging is not only image-enhancing, but can also be produced economically and sustainably.

Italy, wine and the world

Also in November 2019, but with the traditional focus on winery and bottling technology, SIMEL opened its doors in Rho, north of Milan. Although almost everything revolved around wine, Vetropack presented its entire product range: at a small separate exhibition integrated into the booth, Vetropack showcased not only wine bottles but also beer, spirits, juice, vinegar and oil bottles from the entire Group. The guests appreciate this comprehensive overview very much.

As in the beer industry, the bottle is now firmly established in the international wine business as an element that builds and supports a brand. The question of "customized solutions" was one of the most frequent at the booth, but there was also a great deal of interest in high-quality traditional bottles. Visitors were able to view a wide selection from Vetropack's repertoire at the booth and also take a look into the future – in a virtual reality tour, Vetropack Italia showed how the new production plant planned in Boffalora sopra Ticino in northern Italy will look at the end of 2021 – with state-of-the-art technology and significantly expanded capacity compared to the old plant in nearby Trezzano.



Trade fairs are an ideal communication platform

A trade fair is the perfect platform, especially for products that make a strong impression with their look and feel. Several hundred visitors stopped by Vetropack Group's booth at BrauBeviale, many of whom wanted to engage in discussion. "We had a setting here for informal conversations away from day-to-day business. This leads time and again to successful joint projects," reports Herbert Kühberger, Head of Marketing and Sales at Vetropack Austria.

The trade fair offers a fast and efficient way for both visitors and exhibitors to find out about the latest developments in the industry in a very concentrated forum. Vetropack used the event as an opportunity to showcase technologies and design trends, hold technical discussions and forge contacts. A single visit to the trade fair means there is no need to make lots of individual trips, and it also makes the market appear more transparent and innovations more visible and available for visitors to experience first-hand. The most important thing for Vetropack at BrauBeviale, as at any trade fair, was to bring the right people together. This has been a resounding success once again in 2019.

Talking to customers

Vetropack Group is developing very successfully year after year – regardless of the intense competition and changing market conditions. Good, stable and satisfied customer relations are fundamental to this. Vetropack’s objective is to continuously strive for solutions and improvements that have the potential to inspire its customers. This requires engaging in an active exchange and dialogue with customers with a view to gaining the best possible understanding of their needs and requirements and providing them with high-value benefits.

With this in mind, Vetropack decided to commission a comprehensive customer benefit analysis in the second quarter of 2019. This involved conducting more than 100 personal on-site interviews in 18 different countries (core and export markets). This comprehensive and methodologically sophisticated approach to evaluating customer benefit has been very positively received both by our customers and the entire team. The objective was to obtain a deep understanding of customer problems and expectations across all aspects of quality (product, service and relationship quality).

Vetropack as an important and reliable partner

Overall, the survey results paint a very positive picture of Vetropack and its interaction with customers. Quality, reliability and flexibility are the key factors that distinguish Vetropack from the customer’s point of view and give it an extremely strong competitive edge. Vetropack is seen as a partner with high standards of quality and service.

Looking into the different aspects of customer perception, both with regard to regional differences and in terms of the product groups in demand, was something Vetropack found particularly fascinating. In the future, these important findings will be used as a basis for developing concrete measures at Group and company level to ensure further improvements in performance.

A meaningful customer survey

The customer benefit analysis served not only to evaluate Vetropack’s performance from the customer’s point of view, but also to investigate future expectations and new topics and service areas from the customer’s perspective. This generated essential and forward-looking findings, which were integrated into the ongoing strategy process and taken into account.

Among other things, the increasing importance of sustainability and reducing the CO2 footprint, as well as new (product) innovations and business models in times of change and digitalisation, seem to raise important questions for the entire (glass) packaging industry and its stakeholders and open up interesting scope for all parties involved, including opportunities for new strategic partnerships.

Vetropack thanks its customers for their openness

Vetropack is grateful for this open dialogue and exchange with its customers and is already actively working on concrete measures and solutions to further increase the already high level of customer satisfaction. Open and transparent communication is not a matter of course and requires a great deal of mutual trust.



Vetropack at the Fête
des Vignerons in Vevey

A homage to viticulture

In summer 2019, the town of Vevey in Western Switzerland played host to a very special major event – the Fête des Vignerons. Vetropack was both a partner and a sponsor of this festival, which only comes around once every 20 to 25 years. The official wine bottle for the occasion was made at the Swiss plant in St-Prex.

Over a million visitors, shows and concerts being performed on a dozen stages every day – and well into the night – for more than three weeks, special programmes geared towards children and families, parades ranging from small-scale affairs to processions of up to 6,000 people and some 8,000 volunteer performers and helpers involved overall – one can only imagine how much effort the Confrérie des Vignerons de Vevey (the Brotherhood of Winegrowers) put into organising this event.

Intangible cultural heritage

In 2016, the Fête des Vignerons became the first Swiss tradition to be recognised by UNESCO as an example of intangible cultural heritage. The festival, which has been held precisely twelve times since 1797, resonates way beyond the local region. As François Margot, Abbé-Président of the Confrérie des Vignerons, pointed out, for a few weeks Vevey in effect became the “capital” of Switzerland, welcoming ambassadors of winegrowing from every canton in the country.

Of course, transforming an entire town into a festival epicentre for the whole nation for a good 25 days certainly required a considerable amount of time, effort and money. The big show on Vevey’s spacious market square, which had been specially converted into a gigantic 20,000-seater open-air arena, was undoubtedly the main attraction. On 20 of the 25 days of the festival, thousands of performers took to the stage with lavish, colourful and humorous tableaux depicting the cycle of nature and work that takes place on a vineyard over the year. The impressive spectacle was directed by Daniele Finzi Pasca, the maestro behind the closing ceremonies for the Olympic Games in Turin and Sochi.

The actors in their resplendent costumes left a tremendous impression on the spectators, as did the music. The Choeur de la Fête (festival choir), which boasted 500 adult singers, 300 percussionists and 150 young choristers, along with a big band, 36 alphorn players, the Fifres et Tambours group from Basel and a number of other ensembles took turns to provide background music that built up and intensified the atmosphere even further. The entire audience was swept up by the jubilant carnival spirit, which also spread to the various smaller events, parades, concerts and troupe displays providing entertainment across the town.



Official partner of the Fête des Vignerons

Staging the 2019 edition of this event would not have been possible without the active involvement of the Vevey municipal authorities and local residents or the efforts of the various partners and patrons. As an official partner of the festival, Vetropack was one of the main financial sponsors, not to mention the supplier of the official festival wine bottle as part of its non-financial sponsorship. The company also provided wine glasses and water tumblers bearing the Fête des Vignerons logo.

Some half a million wine bottles in a simple and classic “Vaudoise” style were produced at Vetropack’s glassworks in St-Prex and were being sent on to the bottlers from as early as summer 2018. Vetropack’s involvement in the Fête des Vignerons was its biggest sponsorship engagement to date. This one-of-a-kind event only takes place around once in a generation and being a visible part of it was a real pleasure.



A cultural space in a new quarter

Where better to give something back to society than in your own neighbourhood? The town of Bülach is home to many families with connections to Vetropack, so the company had no hesitation in deciding to get involved in its newly developed “Im Guss” quarter.



In Bülach, a town with a population of 20,000 at the heart of the Zürcher Unterland region, a former industrial site has been transformed into the “Im Guss” district – a smart new quarter boasting three residential complexes with a total of 490 apartments, along with some 50,000 square metres of commercial and office space. The development was completed in autumn 2019, with the first residents moving in as early as September and bringing life to “Im Guss”.



Local links dating back 100 years

In this mix of living and working environments, some kind of cultural offering is essential. To the north, the site is bordered by a distinctive building housing retail outlets. The Musikschule Zürcher Unterland music school sits above a row of shops, offering classrooms and a hall for concerts and cultural events that can accommodate more than 200 people. When the music school's governing body was looking for sponsors for the project, Vetropack quickly got in touch and the conditions were soon put in place.

The company has been part of the economic landscape in the town of Bülach and the surrounding region for over 100 years. Sponsoring the branch of the music school set up in its home town is a good opportunity to demonstrate its local links. This is made quite clear not only with the words "Vetropack Hall" emblazoned above the large windows on the brick façade of the concert hall, but also, of course, in the day-to-day work that goes on at the music school, which is supported by Vetropack funding. Another notable detail is that Vetropack will be using the hall once a year to host its own event.



Opening concert with music played on bottles

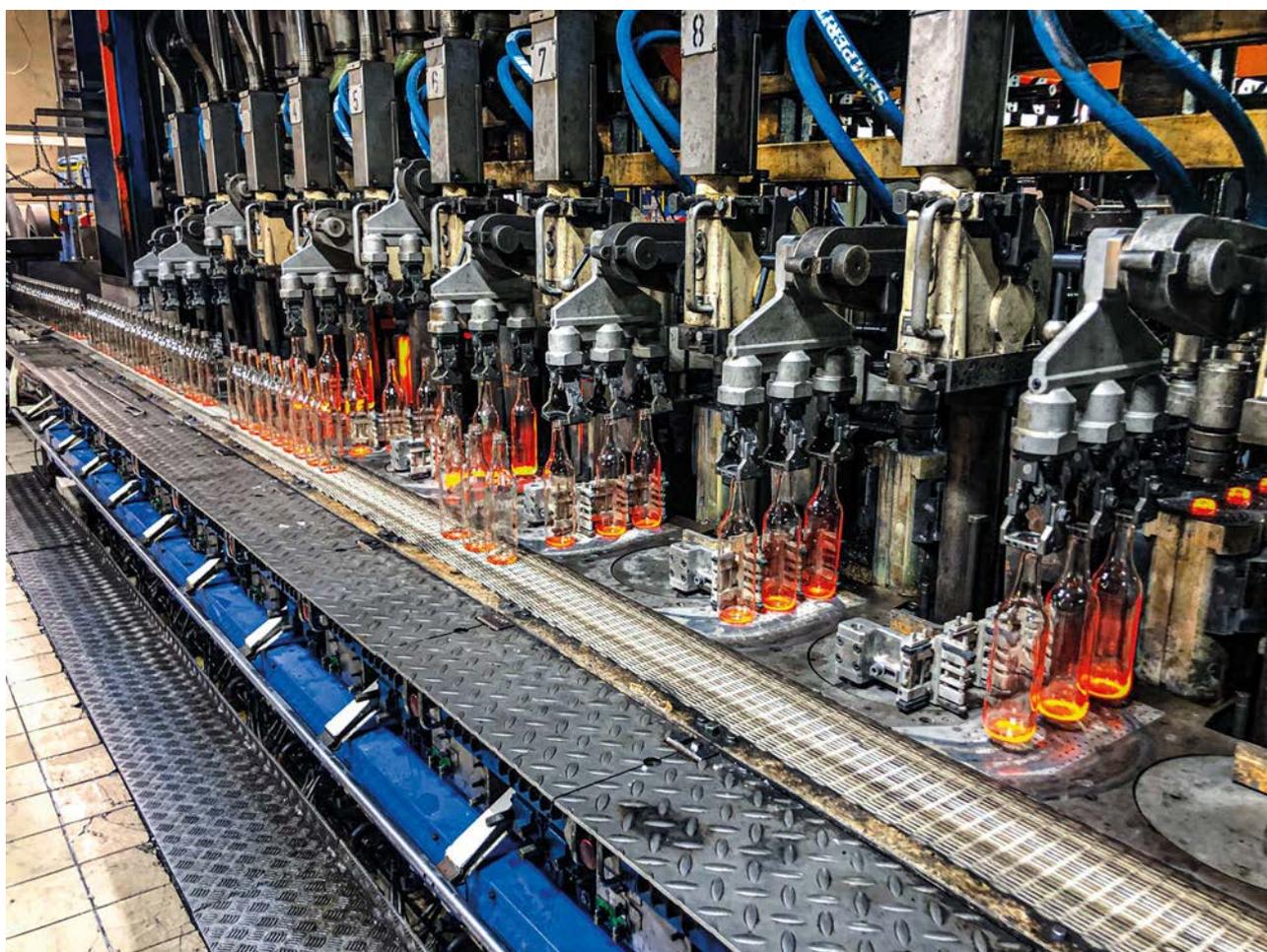
The concert hall was packed to the rafters for its official opening at the end of September. After a few introductory words from Claude R. Cornaz, Chairman of the Vetropack Board of Directors, CEO Johann Reiter and the music school's director Urban Frey, musical entertainment was provided by the GlasBlasSing quartet. The group sang and played music on and with bottles, either by blowing them, popping them open, shaking them or tapping them – simple techniques, but executed with great artistry.

Just a few weeks later, some young performers gave a concert for patrons at the music school, showing just what an impact Vetropack's support is having. On this occasion the repertoire was more classical in nature and the modern hall demonstrated what a superb space it is for performances on the piano, violin and cello too.

The company, the quarter, the town and the region's cultural scene certainly all stand to gain from the Vetropack Hall.

Heralding a new generation in Gostomel

Once they are up to operating temperature, furnaces remain in constant use for around twelve years on average before they have to be renovated or completely rebuilt. Each thorough overhaul therefore needs to be planned carefully in advance. In November 2019, a new furnace for coloured glass was brought into operation at Vetropack's Ukrainian plant in Gostomel.



At the start of 2019, Vetropack's Gostomel plant boasted three furnaces and a glass production rate of more than 820 tonnes per day – enough for around two million bottles. Vetropack Gostomel is the largest producer of glass in Ukraine. Its history stretches back a long way, but since 2006, the plant has been part of Vetropack Group.

Melting technology updated and production facilities extended

Following extensive modernisation work, which began after the plant was taken over, one of the furnaces was due for an overhaul in 2019. The furnaces are subject to wear caused primarily by the erosion of the furnace walls under high operating temperatures. They run continuously throughout their service life – around twelve years – and are never switched off.

Renovating a furnace invariably signals a complete generational shift in terms of technology. Advances in process technology and firing systems are implemented, partly with a view to increasing capacity and improving quality assurance and partly to boost energy efficiency. The downstream production facilities are often adapted too as part of the same process.

The most powerful plant in Ukraine

The new coloured glass production set-up in Gostomel is capable of producing 390 tonnes per day, thus expanding the plant's overall capacity. The glass mass is fed into twelve-station glass-blowing machines, which process it into its final form. All in all, Vetropack has now created the most powerful plant in the whole of Ukraine. From kicking off the project to starting production in November 2019 didn't even take two and a half months – a tremendous achievement for the project team involved.

An active programme for passive roofs

Typical industrial plants have a lot of unused space – not in the production halls and warehouses, but at a higher level, so to speak. The Vetropack Straža plant in Croatia has capitalised on this previously disregarded idle asset. Solar power is now being produced on the extensive roof areas of the plant facilities.

The sustainable use of energy is threefold: saving, increasing efficiency and switching to renewable energies. Vetropack is on the right track in all three areas, and now another element is being added – at Vetropack Straža, electricity is being produced using solar energy.



Large-scale solar panels tap into sustainable resources

On the roof of the finished goods warehouse at the Croatian plant in Hum na Sutli, though they cannot be seen from the street, 3,400 solar panels are mounted on a supporting structure. On an area of 5,565 square metres, powerful modules with an electrical output of 828 kW have been installed that will produce about 1,000 MWh of electricity per year, if the forecasts for expected sunlight are correct.

For the project team led by Mario Berc, Deputy Technical Manager of Vetropack Straža, the planning and implementation of the system was a challenge. Projects such as this are not one of the everyday tasks in an industrial plant, and the system is supposed to supply electricity reliably over a long period of time. "The commissioning is a special achievement by our technical team. With this project we have broken new ground," reports Berc.

In September 2019, the solar plant, which technically consists of two separate blocks, was connected to the plant's internal power grid and put into operation. The electricity generated is used right on site and is mainly used to generate compressed air. Compressed air plays a key role when bottles and glasses are moulded in modern industrial processes. It is required in correspondingly large quantities and is produced in powerful compressors.



Important experience for the Vetropack Group

The photovoltaic plant is the second one operated by the Vetropack Group. The Pöchlarn plant in Austria has been producing around 2,800 MWh of electricity annually since 2017, with a collector area of 17,500 square metres. In comparison, this corresponds to the average annual electricity consumption of 700 four-person households. In Pöchlarn, however, a different model is followed – the roof areas are leased to a third-party company, which operates its own photovoltaic system on them and feeds the electricity into the grid. The two models show different uses for the electricity generated. Which option is chosen also depends on the energy policy in the country concerned. Vetropack can now gain experience with both possibilities.

The result is equally positive for the environment. Whether the CO₂-neutral electricity is used directly in the plant or goes into the general power grid and is consumed elsewhere, what is important is that it replaces forms of energy production that harm the environment. The balance sheet is also positive for the Vetropack Group, and further projects for sustainable energy use will follow. Project manager Mario Berc is confident: "I believe that this is only the beginning. In the near future, renewable energies will become an integral part of the entire Vetropack Group".

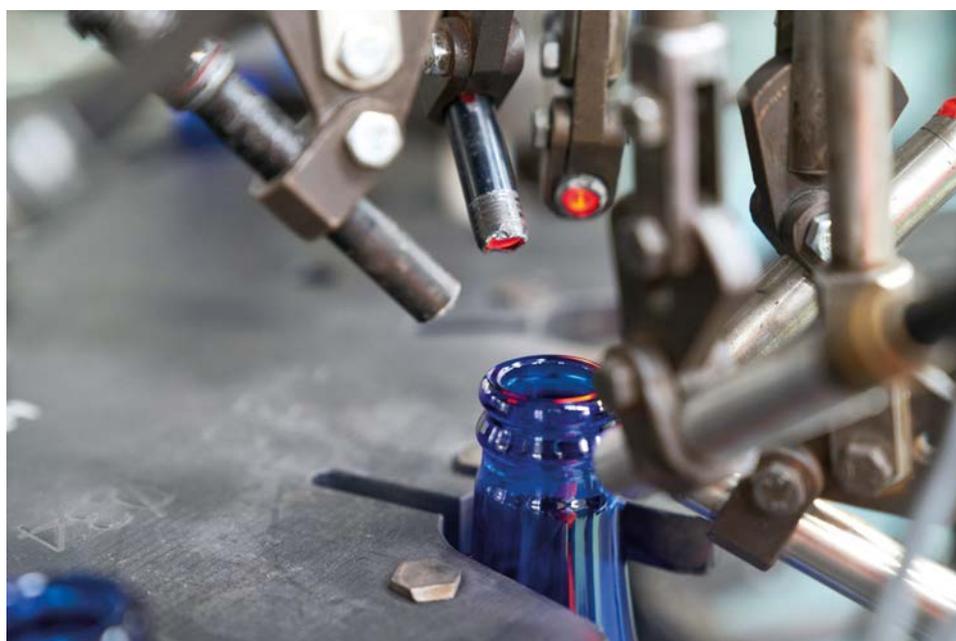


Special production at
Vetropack Slovakia

| **75 days of blue**

Flexible production processes are required for manufacturing bottles. Quick and simple changes in shape and colour are important for the economical production of small and medium batch sizes. If the quota ordered is really big, it's a different matter. The Vetropack plant in Nemšová demonstrated how it works – and the next 75 days were a rhapsody in blue.

In the production of bottles and other glass packaging, glass usually acquires special colours only in the last preparatory step before it is moulded. In what is called the feeder, which reprocesses the glass mass from the large furnace, the colouring components are added and worked into the mass before the gobs are portioned for the glassmaking machine. This enables the colour to be changed very quickly, because only a very small part of the mass is coloured. Furthermore, several production lines can be supplied with different glass colours from one glass furnace.



Changing the colour of a furnace

Blue is a special colour for glass packaging that Vetropack has known well for a long time. Let us take as an example the Croatian subsidiary in Hum na Sutli, which has been producing blue bottles for various customers using the feeder process for more than ten years. The task facing the production plant in Nemšová, Slovakia, in 2019, was much more ambitious. It was to take over the production of the blue bottles on a large scale, as part of a campaign for various international customers in the region.

Tonnes of blue glass, immense quantities: this is also possible with the feeder process. However, changed constraints ensure that the calculation is different. What is a good solution from an economical perspective for small and constantly changing batches is not ideal for a large throughput that has to be maintained over a long period of time. So a technical alternative was soon discussed. If the colour is not going to be changed, why not just set up the entire production process for one colour for a certain period of time?

For the blue glass campaign, a white glass furnace was completely converted for the production of blue glass. The furnace had been overhauled only a year earlier and the glassmaking machines had been refitted for the narrow-neck press-blow method for the production of bottles. This gave them a good head start, but such a changeover is still no easy matter from a technical standpoint, and can only be implemented with a detailed schedule.

A combination of know-how and commitment

Nobody knows this better than Robert Bestro, who coordinated the project and provided crucial support to the project managers. Actually a sales manager for wide-mouth jars and bottles in Nemšová, he was the one who brought everything together. Bestro knows the entire chain from technology and manufacturing processes to quality assurance, packaging and logistics.

“With the tight schedule I worked up a sweat more than once,” says Bestro, who was soon known throughout the plant only as “the Blue Man”. “But fortunately, everyone involved was extremely committed and contributed a great many ideas. Such a project simply requires many heads and many hands, and we have them here in Nemšová”.

In fact, all departments of the Slovakian plant were involved in the preparation, while normal work continued in parallel. There are decisive differences in the production processes when the colouring of the glass mass is carried out in the furnace instead of in the feeder, which meant that a lot of thought had to be given to many things. Precise process control is critical for quality, and for precisely this kind of monitoring and control of the processes in the melt there was no empirical data available for the colour blue. For one thing, the chemical composition of the glass mass and colouring additives is different from those used for colouring in the feeder. Deviations in the feeder are easier to monitor and only lead to small losses of time and material, whereas deviations in the large furnace are much more difficult to control. So a lot depends on working technically with very tight tolerances.



Group-wide project

Just how well prepared the project was in the end was reflected in the excellent quality that the Slovakian plant was able to deliver – practically from a standing start – and then over the planned 75 days of continuous operation. Quality assurance was organised with very close co-operation and daily discussion between production and technical staff, so that minor problems were solved without delay.

In the course of the project, the advantages of switching to the new process became apparent. For example, the job changes that would otherwise be due every three to four days could be omitted. A job change involves, among other things, changing the moulds in the glassmaking machines, adapting the quality controls to the new production run and changing the processes for palletising and interim storage. Large series and quantities therefore ultimately mean significant savings in terms of time and effort.

The fact that Vetropack's Slovakian plant was able to concentrate entirely on the colour blue also reveals another synergy effect – collaboration within the Vetropack Group works smoothly. The Croatian sister plant can still take on orders for blue bottles and jars using the feeder process if necessary. However, as Nemšová was not able to produce any wide-mouth jars and glass bottles in white during the blue glass campaign, production was relocated.

Robert Bestro's conclusion is positive: "There was fruitful collaboration between all employees, who were happy and enthusiastic about working on the project. Everybody was thinking about how to make things better, easier and more efficient". The "75 days of blue" are a success story for Vetropack. Not only for Nemšová, but for the whole Group.

Information at first hand



At the beginning of 2019, another round of CEO Talks were held at all Vetropack sites: in Bülach, St-Prex, Kremsmünster, Pöchlarn, Kyjov, Hum na Sutli, Nemšová, Gostomel and Trezzano sul Naviglio. The opportunity to find out information at first hand was a big hit among employees, with the individual events achieving great turnouts.

At the Vetropack Group's CEO Talks, employees have the opportunity to gain insight into Vetropack projects and topics at close quarters from CEO Johann Reiter. The events provide a good platform for reflecting on the past year and offer a glimpse into the main priorities for the coming months. The floor was given to employees for questions after the presentation and lively discussions continued at the drinks reception rounding off the event.

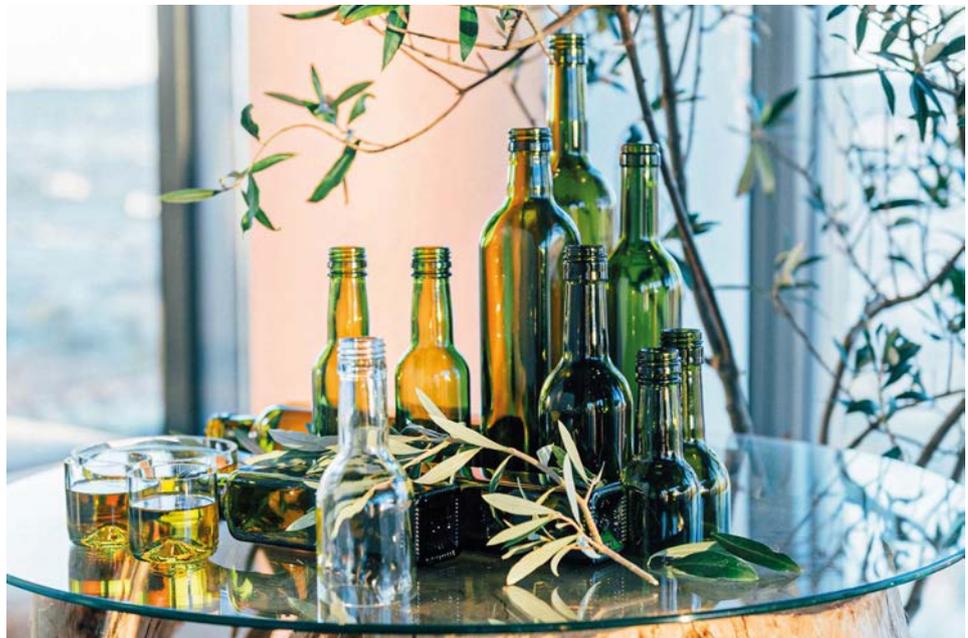
At Vetropack's Swiss plant, simultaneous translation using a mobile phone app was tested for the first time – and with great success. This version will almost certainly also be put to use at the other Vetropack plants in the future.



Glass in the digital living room

Some things are so commonplace that they seem to become invisible. That's how it is with glass. Time to put it back in the spotlight, thought Vetropack, and, of behalf of Friends of Glass, created a voyage of discovery for all the senses to make the overlooked sparkle. Bloggers in six European countries set off on this journey.

At the first event of the series, it was already clear that there was really something special to experience here. It was to be a journey of the senses through the world of glass packaging. Glass packaging – a sensory experience? Really?



On that day in October 2019, Vetropack had invited some people to Vienna. People came who think about the everyday and the not-so-everyday, who write about it and who publish their views and insights on lifestyle and sustainability, food, family and wellness in blogs on the Internet. People who are interested in these things, who live consciously and who are not impressed by advertising events.

Friends of Glass

Flashback to the year 2008. Several large and small glass packaging manufacturers from all over Europe are joining forces and launching Friends of Glass, a campaign platform that aims to make the benefits of glass packaging visible. Visible where it is most important: to the end consumers.

The initiator is the Fédération Européenne du Verre d'Emballage (FEVE), a non-profit organisation that has been pointing out in recent years with Friends of Glass that it is possible to avoid polluting water and the seas by using glass packaging. Glass does not produce microparticles that can enter the environment and the food chain – just one of the advantages of glass, but a very topical one. In discussions about the consequences of too much packaging in the flows of goods for daily use, it is too often overlooked that for many things there has long been an excellent solution with a good environmental footprint – namely glass.

Vetropack and Friends of Glass appeared together as hosts of the event "The Taste of Glass", and they had chosen a special location for the first one.

Stations for all senses

The Thirty Five in the myhive Twin Towers at the highest point in Vienna bears this name for a reason. It is located on the 35th floor and offers an incomparable view over the city. However, it was not the view that was the focus of the day, but the five experience stations that Vetropack had prepared.

Each of the stations took a topic and made it possible literally to experience it with all the senses. The natural and pure character of glass packaging was shown by an installation that staged the world of the oceans, with sand, shells and driftwood, a video installation of the "Cheers to the Ocean" campaign, and a smell composition with typical sea odours and small seafood snacks. The four other themes were just as elaborately staged: glass recycling, which conserves resources, reduces bottlenecks and CO2 emissions, fitted with a warm ambience with wood and smoky notes; the hygienic and healthy properties of glass were represented by open, green landscapes, fresh aromas and edible flowers; its aesthetic quality was demonstrated with embossed coloured bottles and the scent of olive oil; and the innovative development of particularly light bottles with thin walls was shown in video sequences on the work of a glass designer and unusual taste combinations in small hors d'oeuvres.



Roadshow in six countries

At each station there was something for all the senses. The staging was a real experience for the bloggers. Glass was placed in a context where it is not seen in everyday life – and the context of the individual stations made it clear where glass stands in the world of packaging materials. The guests were able to discuss their newly gained impressions again in depth over a meal at an elaborately decorated table.

The Czech Republic, Slovakia, Croatia, Italy and Switzerland, each a few days apart, were the next stops on the roadshow organised by Vetropack's local subsidiaries with the support of Friends of Glass. The impression it made everywhere will last for years to come.

And the bottom line? It's true: the sun also sparkles in a bottle. You just have to look and see how well glass fits into a modern, sustainable world. The guests were visibly impressed. By now you'll be able to read about it in many of their blogs.



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