



2020

Vetropack Holding Ltd
Integrated Annual Report and
Remuneration Report

Integrated Annual Report and Remuneration Report 2020

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Board of Directors' Report

Dear Shareholders,

In a challenging environment shaken by the Covid-19 pandemic, Vetropack Group achieved an EBIT margin of 11.5% (2019: 12.5%). Consolidated net sales stood at CHF 662.6 million (2019: 714.9 million). At the end of the year, the Group acquired a glass works in Moldova in a takeover which was financed by the Group's own funds.



Vetropack Group consistently drove forward its successful expansion strategy and acquired the Moldovan Glass Container Company S.A. glass works on 10 December 2020. With this acquisition, the Group is growing in a region where it has been successfully manufacturing and selling glass packaging for almost three decades. The new subsidiary fits seamlessly into Vetropack's markets in Central and Eastern Europe.

The new Vetropack Glass Container Company S.A. in Chişinău produces approximately 100,000 tonnes of glass packaging for the food and beverage industry annually, which is sold on both a growing domestic market in Moldova and on the export market. At the end of 2020, 504 people were employed by the Moldovan glass works and it generated a turnover of approximately EUR 40 million in 2019. The Moldovan subsidiary was fully consolidated for the first time as of 31 November 2020.

The impact of the Covid-19 pandemic on unit sales and net sales

Vetropack Group sold 4.86 billion units of glass packaging in the 2020 fiscal year (2019: 5.16 billion units), which was 5.9% less than in the previous year. As catering establishments were closed for months due to the coronavirus, demand for wine, beer and above all soft drinks, mineral water and fruit juices fell. The lockdown also led to more demand for foodstuffs stored in glass jars.

The Group generated consolidated net sales of CHF 662.6 million, 7.3% lower than the previous year (2019: CHF 714.9 million). This only amounted to a 3.5% reduction in local currencies. The changes brought about by the pandemic ensured that it was mainly lower-priced glass packaging that was affected by the reduction, thus increasing the average price of glass packaging sold.

Development of the Vetropack companies

The Covid-19 pandemic had a huge influence on the 2020 fiscal year. The entire European container glass industry had to reduce its production capacities and even shut down production lines.

Vetropack also reduced its production capacities temporarily and produced a total of 1.42 million tonnes (2019: 1.46 million tonnes), 3% down on the previous year.

The Swiss subsidiary generated net sales of CHF 94.8 million (2019: CHF 88.6 million). Thanks to the good vintage year and a Group-wide focus on the special green campaigns at the St-Prex plant, the company managed to increase net sales by 7.1%. Vetropack Austria's two glass works – Pöchlarn and Kremsmünster – achieved net sales of EUR 203.5 million (2019: EUR 202.6 million).

Thanks to high exports and a large proportion of glass packaging for foodstuffs, the net sales recorded for the Czech company Vetropack Moravia Glass remained virtually stable at CZK 2377.9 million (2019: CZK 2398.7 million) in comparison to the previous year.

The Slovakian company Vetropack Nemšová increased its net sales by 10.1% to EUR 71.8 million (2019: EUR 65.2 million). In the 2020 fiscal year, the company had full use of a new coloured-glass furnace and this additional capacity led to an increase in unit sales.

The net sales of the Croatian company Vetropack Straža stood at HRK 791.3 million (2019: HRK 862.5 million). Tourism in Croatia hit a low due to the Covid-19 pandemic. This, together with the lockdowns, led to a reduction in net sales of 8.2%.

The Ukrainian subsidiary Vetropack Gostomel achieved net sales of UAH 1948.2 million in 2020 (2019: UAH 2416.7 million), which was 19.4% less than in the previous year. The Covid-19 pandemic led Ukraine back into an economic crisis, and not only did Vetropack Gostomel see a reduction in sales, but it also needed to adjust the prices of its glass packaging.

The net sales of the Italian subsidiary Vetropack Italia stood at EUR 85.4 million (2019: EUR 78.8 million), which was 8.4% more than in the previous year. Following an extensive overhaul in 2019, the company had more capacity available in the reporting year. In addition, Vetropack Italia sold more glass packaging domestically which was manufactured by sister companies.

Solid profitability

Within the confines of the Covid-19 pandemic, Vetropack coordinated its Group-wide capacities in the 2020 fiscal year so that it was able to optimise the required cuts in production from an economic point of view. At the same time, strict cost reductions were implemented in all areas. Thanks to these extensive measures, the Vetropack Group achieved a consolidated EBIT of CHF 76.1 million (2019: CHF 89.4 million) and an EBIT margin of 11.5% of net sales (2019: 12.5%).

Consolidated profit increased

The consolidated annual profit rose by 12.2% to CHF 81.2 million (2019: CHF 72.4 million) and the profit margin stood at 12.3% (2019: 10.1%). In the first half of 2020, the Vetropack Group sold a property in the Swiss canton of Zurich which was not required for operations. The one-off proceeds after tax amounted to CHF 9.1 million.



Well-invested liquidity

Cash flow amounted to CHF 141.2 million in 2020 (2019: CHF 153.3 million), which equated to 21.3% (2019: 21.4%) of net revenue. The Vetropack Group invested CHF 73.7 million net in tangible and intangible assets (2019: CHF 123.7 million). The main investment was the construction of a new furnace and all the associated infrastructure at the Croatian glass works. In the second half of the year, CHF 42.8 million was also used to acquire the new subsidiary in Moldova. All investments were fully financed by the Group's own funds. Free cash flow reached CHF 37.9 million (2019: CHF 28.1 million). The Group's net liquidity fell to CHF 59.7 million (2019: CHF 81.4 million).

Balance sheet structure

Consolidated total assets amounted to CHF 991.5 million (2019: CHF 949.2 million). Higher accounts receivable and stock levels led to higher short-term assets of CHF 395.3 million (2019: CHF 365.0 million). Investments led to an increase in long-term assets to CHF 596.2 million (2019: CHF 584.2 million). Liabilities increased to CHF 227.9 million (2019: CHF 200.8 million) due to taking on loans from the new Moldovan subsidiary.

Shareholders' equity increased to CHF 763.6 million (2019: CHF 748.4 million). The equity ratio fell marginally to 77.0% (2019: 78.8%). At the end of the reporting year, the Vetropack Group employed a workforce of 3,882 people (31 December 2019: 3,366 people).

Vetropack share

The Annual General Assembly of Vetropack Holding Ltd proposed a 1:50 share split on 22 April 2020. The listed bearer shares were converted into registered shares A (ISIN CH0530235594) and the registered shares were renamed as registered shares B (ISIN CH0530235602).

The stock market price of registered share A was CHF 59.7 at the end of 2020 (31 December 2019: CHF 60.8).

Dividend

The Board of Directors will propose to the Annual General Assembly on 21 April 2021 that the dividend for the previous year be set at 130.0% of the nominal value. This equates to a gross payout of CHF 1.30 (2019: CHF 1.30) per registered share A and a gross payment of CHF 0.26 (2019: CHF 0.26) per registered share B.

Outlook for the 2021 fiscal year

The COVID-19 pandemic has changed almost all areas of life. It is still uncertain when and how quickly the economy will recover again.

Vetropack Group will have full capacity at its disposal in the 2021 fiscal year; no major furnace overhauls are required. As the "pro glass" trend shows no sign of abating, we assume that we will be able to fully utilise the capacities available in 2021 as things stand.

In 2020, the changes caused by Covid-19 led to increased use of warehousing across the entire European container glass industry. In addition, the costs of raw materials, energy and transport fell. This led to an increasingly competitive market with high pressure on margins during the reporting year. At the beginning of 2021, energy and transport costs rose disproportionately and it is uncertain whether these price increases will be accepted by the market in the short term.

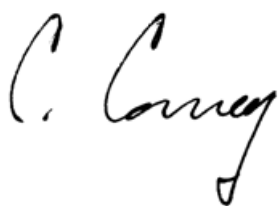
For these reasons, we expect the Group to be able to increase net sales organically and via acquisitions in the event of similar exchange rates. The EBIT margin may decline somewhat.

The new glassworks planned by Vetropack in Boffalora sopra Ticino, Italy, remains the Group's central strategic project in 2021. The groundbreaking ceremony will be held in the course of this year.

Thank you very much

The Board of Directors would like to thank all of our employees for their outstanding commitment and hard work during the 2020 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 2021



Claude R. Cornaz
Chairman of the Board of Directors



Johann Reiter
CEO



Interview CEO

“We were absolutely capable of delivering at all times.”

The coronavirus pandemic turned the world upside down in 2020. In this interview, CEO Johann Reiter reports on how Vetropack has dealt with the crisis and talks about the strategic implications it has had. Overall, he concludes that the Group's long-term outlook is succeeding.



Johann Reiter

CEO of the Vetropack
Group

2020 will go down in history as the year of the coronavirus pandemic. Looking back today, when did you realise the full extent of the crisis?

It really hit home with me – as it probably did with many others – in March, when severe restrictions were introduced in various European countries. From then on, things moved incredibly quickly and to an extent that had been unthinkable before. At the beginning of March, I was still visiting customers in person in Austria and just a few days later we held our first Group-wide Covid crisis meeting.

Vetropack immediately put measures in place to keep the business up and running. What were the key factors involved in this?

We were able to quickly establish a common understanding across the whole Group about the gravity of the situation. This was the most important factor from my point of view. The reports from our colleagues in northern Italy – the first part of Europe to be badly affected by the virus – were helpful. Measures had to be implemented there before anywhere else. All the other countries were then able to benefit from the experience gained in Italy.



And what were the most important measures?

Comprehensive measures to protect our employees were implemented across all locations in line with the country-specific regulations. In order to coordinate all measures within the Group, we initiated a fortnightly Covid meeting, with cash management and warehouse developments permanent items on the agenda. We also quickly got in touch with our customers and suppliers as well as the respective authorities. We had to ensure that our supply chain could be kept up and running without any interruptions and that our factories could remain open. We succeeded on both fronts and we were absolutely capable of delivering at all times.

Vetropack came through the crisis relatively unscathed in 2020 with a 3.5% drop in sales in local currencies and only a slight decline in value added. What factors were instrumental in this comparative ability to withstand the crisis?

To a certain extent, our glass packaging for food and beverages means that we are an important cog in the system. Without packaging, products would not be delivered to the shops and would not reach consumers. This is what gives our business its basic stability. In glassmaking, it is also necessary to produce glass without interruption for 365 days a year. This requires not only a lot of flexibility but also the ability to react quickly and adapt. This helped us through the crisis. And last but not least, our entire management and all our staff deserve a huge amount of credit as they have done an outstanding job throughout.

What Vetropack departments were hit hardest by the pandemic?

From a business point of view, catering – i.e. where food and drink are consumed directly on site – was undoubtedly most affected. At times, sales in this area dropped to around zero. We were able to make up part of this through additional efforts in the area of private consumption.

... and from a human point of view?

The official restrictions and requirements have completely changed our social interactions. The situation is very tough and stressful on employees, especially in production, where hard physical work is done and staff can only do their work under strict safety measures.



Did the protective measures work?

Yes – right from the start. We implemented our protective measures consistently and have not had a single infection. We are proud of this.

In 2019, Vetropack developed a new strategy to last until 2030. Due to Covid, the world now looks very different. Does the strategy need to be adjusted?

We think and act with the long term in mind. This is reflected in our strategy, which is deliberately designed to cover ten years – roughly the service life of a furnace. Regardless of Covid, we review the strategy annually to ensure that it is still valid. And I can say that all the essential elements of our strategy remain unchanged. This long-term outlook is also appreciated by our customers and suppliers and our relationships are structured accordingly. The crisis has again confirmed to us how important it is to be able to rely on your partners.

What were the most important strategic milestones in 2020?

Very importantly, we were able to extend our market share. The acquisition in Chişinău, Moldova was an important strategic step which helped in this. The fact that we were able to go through with this acquisition despite Covid shows what a good position we are in. In Croatia, we also successfully implemented one of our largest and most important furnace renovation projects in recent years. Another very important milestone was the “Great Place to Work” certification for our Bülach site. And last but not least, all the activities connected with our greenfield project in Italy were key achievements as well.

“All the essential elements of our strategy remain unchanged.”

And what about 2021?

We will achieve further important milestones with the new glass plant in Boffalora, Italy. We are also driving forward the use of synergies within the Group.

Are any more acquisitions on the cards?

That is a good question and it depends on what opportunities arise. The Vetropack Group has completed several acquisitions in its history, all of which have been successful. Acquisitions are and will remain part of our strategy – we will play it by ear and see what happens.

Innovation also plays an important strategic role. Vetropack has launched a reusable lightweight glass bottle on the market with VIP Glass – Vetropack Improved Performance Glass. What were the initial reactions?

The feedback was unbelievably good – both our customers as well as consumers are enthusiastic about it. The new product was initially only launched regionally to gauge reaction. Not only has the 30% lower weight of the new bottle won praise, but its appearance also stands out positively from standard multi-trip glass bottles.

How is the market developing and what is the potential of VIP Glass?

We want to win over smaller customers in more markets in 2021, including in Switzerland. It is still too early to be able to speak about specific numbers for revenue potential, as we are still in the testing phase. However, I am convinced that VIP Glass is a very attractive product with lots of potential for the future and our findings to date support this – not least because we are making a contribution to greater sustainability.

“Glass has a lot going for it as packaging for food and beverages.”

Is Vetropack benefiting from the green trend in general?

Ultimately, it is the customer who decides which type of packaging they prefer. When it comes to food and beverages, however, glass scores points in many respects, as it can be recycled an infinite number of times without being damaged. Thanks to the colours used, it also offers protection from sunlight, for example. And the sensation of glass is simply incomparable. The moment you touch glass, you get a certain feeling.

Let's finish on a personal note. What are you looking forward to most when the Covid restrictions are lifted?

From a business point of view, I am looking forward to a culture of conversation and meetings which no longer takes place exclusively through digital channels – being able to meet again and share ideas in person. On a personal level, I can't wait to see my family in Austria. And in the immediate future, my wife and I are looking forward to being able to visit a restaurant and go to sports and cultural events again.

Interview: Christoph Gaberthüel, AWP (awp Finanznachrichten AG)



Foundations for success

Foundations for success

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Vetropack Locations

On 10 December 2020

55 %

Use of recycled glass in the production process

4.86

Unit sales every year in billions

662.6

Net sales in CHF millions

10

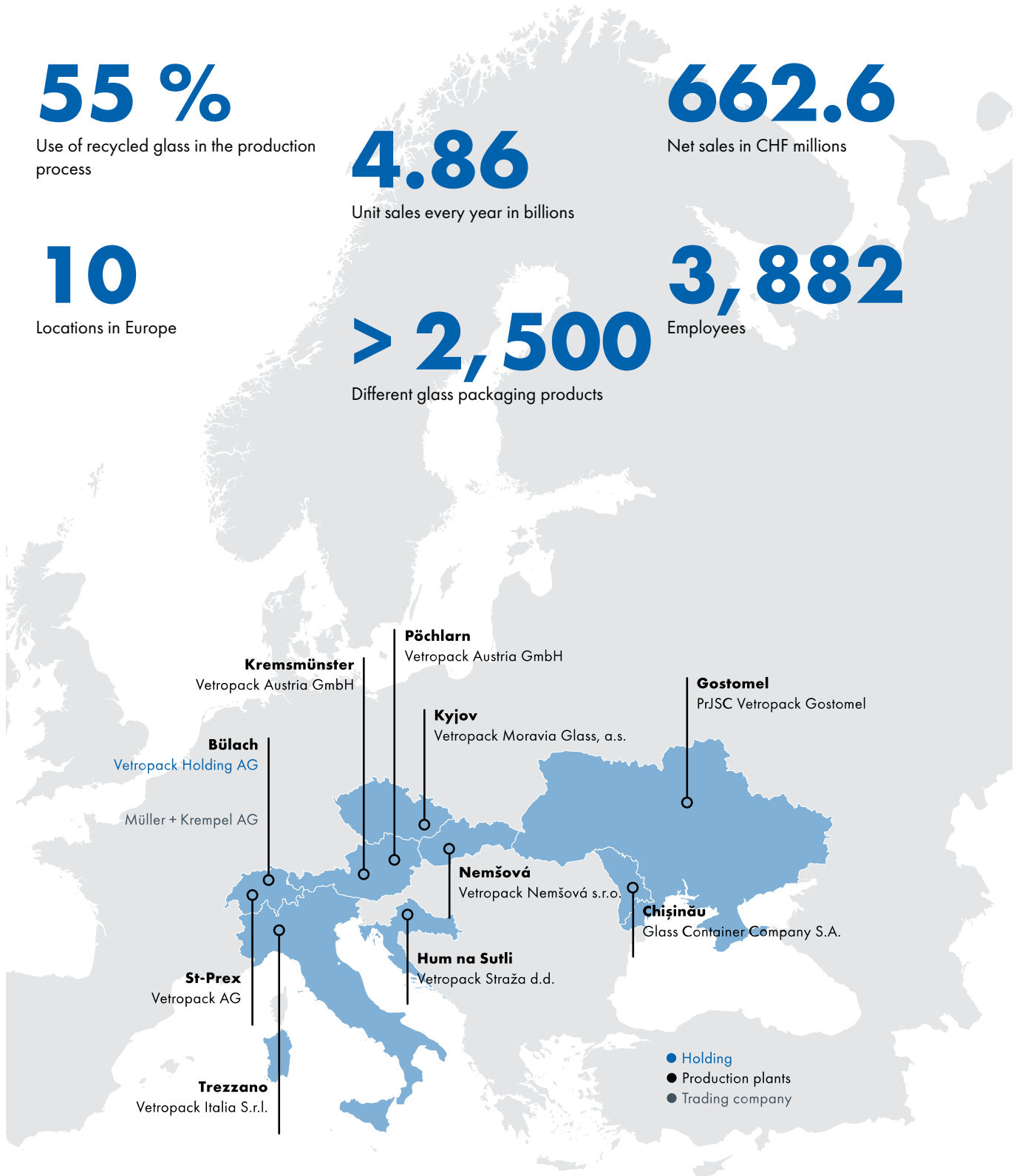
Locations in Europe

> 2,500

Different glass packaging products

3,882

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 2020, the corporate group employed 70 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 2020 in CHF millions	94.8
Employees as at 31.12.2020	202



Top: Pöchlarn, bottom: Kremsmünster

Vetropack Austria GmbH

Pöchlarn and Kremsmünster (AT)

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).

Site Pöchlarn

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 2020 in EUR millions	203.5
Employees Vetropack Austria GmbH as at 31.12.2020	709

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 2020 in EUR millions	203.5
Employees Vetropack Austria GmbH as at 31.12.2020	709



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	160 000 m ²
Number of furnaces	2
Number of production lines	7
Net sales 2020 in CZK millions	2 377.9
Employees as at 31.12.2020	451



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 2020 in HRK millions	791.3
Employees as at 31.12.2020	606



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 2020 in EUR millions	71.8
Employees as at 31.12.2020	384



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 2020 in UAH millions	1 948.2
Employees as at 31.12.2020	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 2020 in EUR millions	85.4
Employees as at 31.12.2020	301



Glass Container Company S.A. Chişinău (MD)

The new Vetropack company joined the Group in December 2020. It produces approximately 100,000 tonnes of glass packaging for the food and beverage industry annually, which is sold in both a growing domestic and export market. The glassworks is located in Chişinău and employs 504 people.



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 2020, the company employed 12 people and achieved net sales of CHF 12.3 million.



Foundations for success

Market environment offering opportunities and challenges

Increasing momentum in the glass industry

The glass industry traditionally evolves at a rather leisurely pace, as investment cycles are long and the value chain is characterised by tried-and-tested processes and partnerships with customers and suppliers spanning several years. For a few years now, however, its momentum has been increasing, particularly as a result of digitalisation and growing expectations on the part of various stakeholder groups. Then the global pandemic came along in 2020, intensifying some of the existing trends and having a serious impact on sales markets. This demonstrated that Vetropack is in a very stable position and able to respond quickly, even to unexpected developments. To ensure that the company can continue to meet customers' needs as effectively as possible going forward, Vetropack constantly monitors the market environment to identify opportunities and challenges early on and find ways to deal with them proactively.

Change in demand due to the pandemic

In recent years, the market environment for the glass packaging industry has been extremely favourable and has had a beneficial impact on Vetropack's successful business development, meaning that the company started the reporting year with optimism. The positive trend also continued unabated in the first quarter of 2020. After the COVID-19 pandemic broke out in Europe, however, the entire glass packaging industry saw a sharp drop in demand, primarily caused by the closure of gastronomy venues (hotels, restaurants, bars and cafés). As "on-premises consumption" comprises up to 30% of overall demand in normal fiscal years, this fall was a particularly heavy blow, and was coupled with the restrictions on tourism, which also had a negative impact on unit sales.

At the same time, consumption shifted to people's homes, triggering increased demand for example from supermarkets, especially for food. Vetropack was able to benefit from this shift thanks to its highly flexible production and the breadth of its product range, however, the decline in catering could not be fully offset. In spite of the challenging overall economic situation, Vetropack Group has proved itself to be in a very resilient position and well equipped to weather crises with its eight production sites, dedicated workforce and long-standing partnerships with customers and suppliers.

[Financial Report](#)



Flexibility and individual design still in demand

For several years now, Vetropack has been observing a move towards flexibility and customisation amongst its customers, which is linked to the fact that customers increasingly want to use their individually designed packaging to stand out. They also require plenty of flexibility in production as batch sizes are often small. The COVID-19 pandemic further intensified the trend towards flexibility because value chains and flows of goods (raw materials and finished products) had to be adapted or reorganised at short notice. This gave Vetropack the opportunity to critically examine well-established processes and practices and revise them where it made sense.

To further boost the flexibility of production, Vetropack invested in renovating and expanding a furnace, along with all the necessary equipment, in the Croatian town of Straža, despite stringent cost control measures. The new furnace is due to be put into operation in early 2021 and will allow Vetropack to serve the local market even more effectively in future. The construction of the new production plant in the Northern-Italian municipality of Boffalora sopra Ticino also went ahead at full speed.

Innovation and digitalisation as driving forces of change

As well as expanding production capacity, technical measures also help to boost the flexibility and efficiency of production. That is why Vetropack developed a digitalisation roadmap back in 2019 as part of its strategy and has since implemented a wide range of projects to optimise the efficiency of production processes and operational workflows. In the year under review, Vetropack migrated its production planning tool to the latest SAP system, further increasing speed and adjustment options in production planning. The move to Group-wide, fully digitalised production planning will be tackled in 2021.

[Performance Review: Digitalisation and automation](#)



Vetropack wants to make greater use of the opportunities offered by innovation and digitalisation throughout the company and has therefore defined this area in the course of its strategy development as one of five strategic directions that will shape how the company evolves in the next ten years.

[Strategy 2030](#)

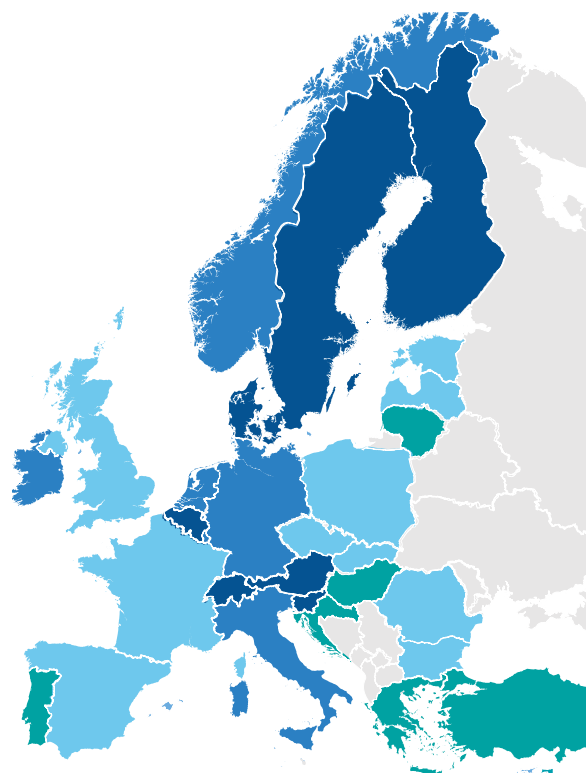
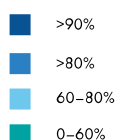


Regulatory pressure to achieve a circular economy

Although the glass packaging collection rate in the EU already totals over 75%, the EU has decided to up recycling quotas again as part of the revision of the Packaging Waste Directive. As a result, 70% of glass packaging must be recycled in each country by 2025, rising to at least 75% by 2030. These targets no longer apply to collection rates alone. Instead, they refer to the actual recycling of glass packaging waste.

Container glass collection for recycling in Europe

(as of November 2019)



Container glass collection for recycling in Europe (as of November 2019); Source: [Fédération Européenne du Verre d'Emballage \(Feve\), 2020](#).

There are also voluntary industry initiatives such as “Close the Glass Loop”. This initiative is aiming to achieve an EU-wide collection rate of 90% by 2030. It is supported by various industry associations such as the Fédération Européenne du Verre d'Emballage (Feve), of which Vetropack is also a member. The developments in the EU and Vetropack’s plans to increase the proportion of used glass in production therefore go hand in hand. Only a larger supply of high-quality used glass will make it possible to use a higher proportion of it in production, thus improving sustainability.

With this in mind, and in the context of Strategy 2030, Vetropack has set itself the target of achieving a proportion of used glass in production of at least 70% Group-wide by 2030. This number stood at 53% at the end of 2020.

[Performance Review: Share of used glass in the glass production](#)



[Strategy 2030](#)



In view of the ever-growing trend towards multi-trip glass, Vetropack is also working on new methods of increasing the traceability of glass containers. For example, at its new innovation centre in Austria, Vetropack began implementing a procedure for placing QR codes on each individual glass container. In future, these could be crucial to organising reverse logistics or tracing how often a bottle has been in circulation.

[Performance Review: Innovation strategy and portfolio](#)





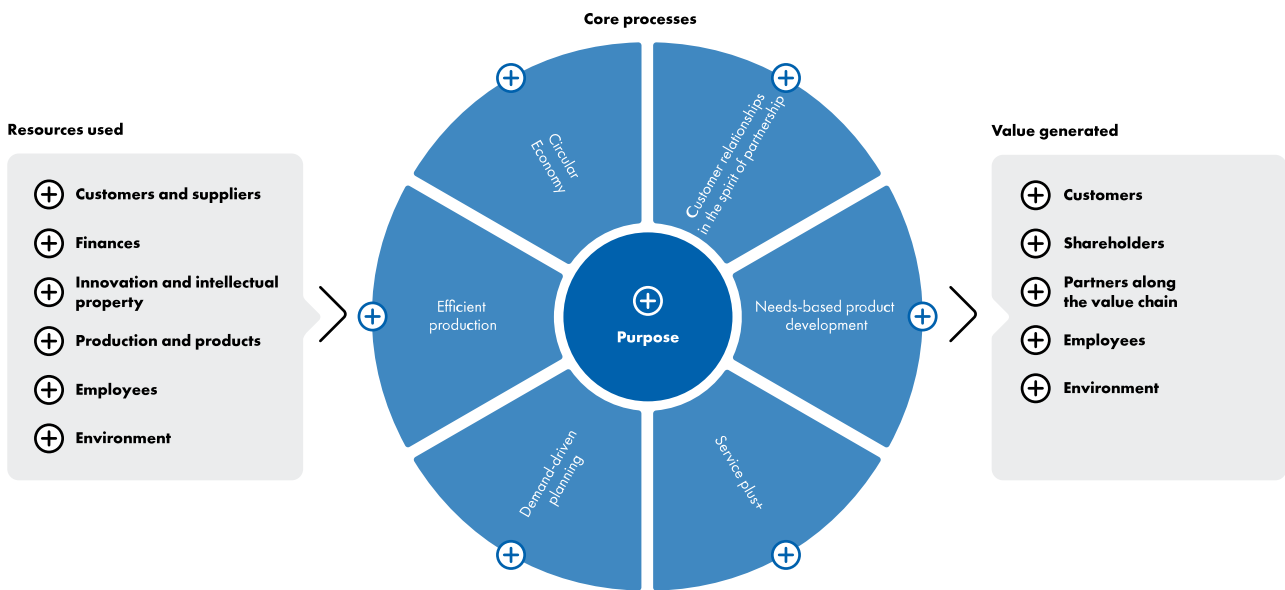
Foundations
for success

| Business model

The driving force behind value creation

Vetropack Group's actions are determined by an integrated understanding of value creation. Instead of focusing merely on financial success, Vetropack also takes into account the many different resources that are needed to create value in its business activities. Apart from customers and shareholders, this also benefits partners along the value chain, employees and the environment. Vetropack Group's corporate purpose, which was rewritten in the reporting year, is at the heart of the business model. This constitutes the driving force behind what all employees do and the basis on which we develop unique, high-quality products and services.

Business model Vetropack Group



Resources used

Customers and suppliers

A broad customer base and partnerships with suppliers built on trust are key drivers of value creation at Vetropack. They help Vetropack to achieve a high level of financial certainty in its planning, facilitating targeted investments. They also allow the company to 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, resulting 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 that is in line with the expectations of Vetropack Group's majority shareholders. Vetropack mainly finances the company's growth from its own resources and uses the return on operating capital employed (ROOCE) as the most important benchmark for reviewing business development. The focus on sustainably boosting the return on operating capital employed means that Vetropack increasingly operates as a Group and prioritises investments with great potential for synergy.

Innovation and intellectual property

Vetropack sets itself the goal of meeting its customers' requirements with innovative, high-quality and environmentally sustainable products, with emphasis placed not only on innovations in its products, processes and organisational structure, but also on the development of entirely new business models. To achieve this, Vetropack relies on the systematic management of intellectual property (patents) and engaging 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 – Vetropack and the customers and suppliers.

Production and products

Vetropack's production system follows lean production principles and works to systematically reduce inefficiencies of all kinds. The company also applies uniform quality standards and checks each individual glass container to deliver 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. This allows Vetropack to generate efficiency savings and to meet its customers' desire 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 programmes, all Vetropack staff have access to a training centre in Austria and the recently devised "Vetrocademy" – a professional development platform. Attractive career opportunities within the Group open up prospects for staff and help keep their wealth of expertise within the company.

Environment

Vetropack aims to be as environmentally sustainable as possible in its production and to position itself as a “green frontrunner” in the glass industry. Continuously reducing its environmental footprint in all business activities is 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 modernising its production facilities on an ongoing basis and implementing an energy management system. The use of recycled glass and multi-trip containers is also being systematically increased to conserve natural resources as effectively as possible.

Corporate purpose

Corporate purpose

We make it possible for everyone to enjoy food and beverages in the safest, most elegant and most responsible way.

We

We are a listed Swiss family enterprise which has fostered honesty, reliability and transparency since it was founded. We are characterised by our strong values, a work culture based on partnership and a cooperative atmosphere. When we say “we”, we mean every single person who works for and with the company. Each individual makes a significant contribution to the company’s success.

Everyone

Consumers and their needs are important to us. That is why we help our direct customers to look after their customers as effectively as possible.

Food and beverages

We have a long-standing tradition in the food and beverage industry and are very familiar with all of its facets. We also have a deep understanding of its stakeholders and needs. That is why we concentrate on producing glass containers for this industry – and endeavour to offer the highest quality and the best value in everything we do.

Elegant

We believe that the elegance of glass lies in the simplicity, long-lasting beauty and diversity of shapes and colours of this material for high-quality packaging solutions. When it comes to food and beverages, the packaging helps to communicate the brand and quality to the end consumer. Glass is the most elegant material for this purpose. Its look and feel bring a customer’s brand to life for each and every consumer. To us, “most elegant” also means placing emphasis on customer-specific, individually designed products. We offer a variety of services and rely on close, long-term relationships to develop a deep understanding of our customers.

Safe

The safety of everyone is our top priority – we focus on high-quality products that are constantly being updated. Thanks to its natural origin and inert structure, glass is the perfect material for food-safe packaging. We have a holistic view of safety and help our customers to optimise their value chain to guarantee the safety of consumers.

Responsible

We see glass as the most sustainable packaging solution, as it is manufactured from purely natural raw materials and is 100% and infinitely recyclable. But we do not limit our responsibility to the product. Instead, we extend it to acting in a spirit of solidarity, taking responsibility for the environment and being economical. We aim to achieve a very small carbon footprint along the entire value chain. Because we are responsible, we believe that recycling is the key to optimising the product life cycle, including end-of-life management. We also feel committed to contributing to

our customers' success and therefore offer them services that go beyond our glass products and help them to achieve this success.

Customer relationships in the spirit of partnership

Vetropack's holistic value creation is based on customer relationships in the spirit of partnership. A high 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. Identifying customer needs at an early stage is essential for successfully building on market positions, as is developing new areas of activity by exploring new lines of business along the value chain. By taking this approach, Vetropack is aiming to position itself as a high-quality partner and full service provider.

Needs-based product development

Vetropack sets innovation trends in the glass packaging industry, working closely with its customers, suppliers and industry associations on this right from the start. 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 future glass packaging has to meet needs to be specified if the development work is to be progressed efficiently and innovative solutions made market-ready quickly.

Service plus+

Vetropack offers 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. In future, Vetropack is keen to expand its service offering based on existing expertise with the aim of further reinforcing customer loyalty and opening up new business opportunities along the value chain.

Demand-driven planning

Vetropack is constantly striving to optimise the planning for and availability of its products. It uses demand forecasts to align all processes – from purchasing 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. With this in mind, Vetropack uses a digital system designed to consolidate all aspects of production planning into a single, Group-wide process in future. This should mean that production capacity can be utilised more efficiently and more flexibly.

Efficient production

To enable energy-efficient production at an optimum cost level, Vetropack invests continuously in more efficient, more flexible production lines. This will also make it possible to process smaller batches and multiple product segments, thus enabling 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 to simplify repetitive production and administration processes. The Group is also ensuring that energy consumption and the associated CO₂ emissions are reduced by investing extensively in its production facilities and logistics. As part of the 2030 Strategy, a key target has been set to reduce the greenhouse gas emissions from each tonne of glass produced by 30% compared to 2019.

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 more or less without limit. 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. Vetropack works together 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. Vetropack's 2030 Strategy includes the goal of ensuring that the proportion of used glass fed into its production across the Group hits at least 70% by 2030.

Value generated

Customers

Vetropack Group's customers can rely on an experienced partner in a strong market position that offers over 2,500 different kinds of glass packaging and comprehensive service. 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 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



New designs



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 means that the company has been able 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. Vetropack partners 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 and actively promotes the health and safety of employees. Staff also benefit from a wide range of opportunities for professional development, which increases their loyalty to the company. Many employees appreciate working for a sustainable company whose products they can identify with.

[Performance Review: Employees](#)



Environment

Investing in state-of-the-art production facilities and logistics 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

Getting to work on the future

At Vetropack, the year 2020 was all about the new Strategy 2030, which was approved by the Board of Directors at the start of the year. The company then immediately began to implement it in its operations and has already produced a few highlights with the first strategic initiatives.

Moving into the future with a broad base

Back in 2019, Vetropack initiated a comprehensive strategic transformation process. The aim of this is twofold: to open up additional growth potential in the existing business and develop new business models to position the company as a strong market player for the long term and to make a significant contribution to shaping the glass industry. Vetropack was very keen to involve internal and external stakeholders in this process, which is why over 100 employees, as well as customers and external experts from all manner of industries and fields of experience, participated in the development of the strategic foundations. This gave Vetropack valuable insights and allowed the company to head for the future with a broad-based strategy.

Five strategic directions for success

From the open strategy process, Vetropack derived five strategic directions that will shape the company's further development in the next ten years.



Expand the core

Vetropack is basing its strategy on further reinforcing its dominant market positions in its home markets by bringing the company closer to its customers and enabling it to become a high-quality partner and full-service provider. It is also targeting expansion in selected markets.



Value growth

Vetropack is extending its areas of activity by entering new business sectors along the glass packaging value chain, focusing on new services that are a logical extension to its existing expertise and enable the company to further strengthen customer relationships.



Drive innovation

Vetropack wants to become a trendsetter in the glass packaging industry and is therefore proactively driving innovation. While this does apply to gradual innovation, the focus is also on product and market innovation and on entirely new business models.



Clearly sustainable

Vetropack is pursuing a holistic approach to sustainability based on two main initiatives:

- continuously reducing the environmental footprint of all business activities and
- improving recycling in the value chain (one-way and multi-trip) and securing access to key resources (primarily used glass).



Leader in quality

Vetropack is aligning all activities so that they support the strategy at Group level to optimum effect. In addition to a holistic approach to operational excellence, this includes coordinated structures and processes in sales and technology/production. The opportunities offered by digitalisation are also to be exploited more effectively across the Group and Vetropack is to be positioned as an “employer of choice”.

These five cornerstones, the rewritten corporate purpose and the more specific corporate values form the basis for implementing the strategy. Vetropack launched the first initiatives in 2020, thus laying important foundations for the next steps.

[Corporate purpose and values](#)



A clear implementation process and reinforcing the Group mindset

In the reporting year, Vetropack specified a stringent implementation process to guide the company’s transformation in the run-up to 2030. Therefore, for all five directions, specific projects were defined, prioritised according to available resources and recorded with clear responsibilities, schedules and benchmarks for monitoring progress. A project coordinator appointed especially for Strategy 2030 has been entrusted with ensuring that the various projects are implemented in a coordinated, coherent manner.

The projects have also been entered in a digital tool and will be updated by those responsible on an ongoing basis in future. This enables the steering committee to use the balanced scorecard to supervise the implementation of the strategy and ensures that it always has a current overview of progress on the individual directions and can make adjustments where necessary.

Vetropack uses the return on operating capital employed (ROOCE) as the main key figure for reviewing business development under the new strategy. The focus on the sustainable optimisation of all resources used will help to reinforce the “Group first” mindset – meaning operating as a Group and prioritising investments with great potential for synergy between the individual locations.

Expand the core

In November 2020, Vetropack concluded a contract to take over a Moldovan glassworks. This new addition to Vetropack Group, which comprises two separate operational units (Glass Container Company and Glass Container Prim), will enhance Vetropack's market position in Central and Eastern Europe. The company has been firmly established in this region for almost three decades and is now continuing its long-standing strategy of integrating its acquisitions within the wider Group while preserving their local characteristics and identity. The new Vetropack glassworks in Chişinău produces approximately 100,000 tonnes of glass packaging for the beverage and food industry annually and employs 504 members of staff.

Value growth

Vetropack supports its customers throughout the entire journey – from product idea through to bottling. This also includes customised and optimised packaging solutions and comprehensive technical advice to improve existing processes on site. IT solutions are connected across systems, which also contributes to future value growth, and these are consistently expanded.

Drive innovation

The topic of innovation is also to be given a boost across the Group under the new strategy. That is why, in the year under review, Vetropack established a new innovation centre at its Pöchlarn site in Austria. A new team formed for the centre is to further develop VIP Glass technology and help to open up new areas of business, amongst other projects.

[Performance Review: Innovation strategy and portfolio](#)



Clearly sustainable

Vetropack wants to be a pioneer and make a key contribution to shaping the green transformation in the glass industry because ecology has a central role to play, especially in an energy-intensive sector such as the glass industry. That is why the topic of recycling was right near the top of the list when prioritising the strategic projects. The company has set itself the target of achieving a proportion of used glass in production of 70% across the whole Group by 2030. Greenhouse gas emissions can also be continuously reduced by modernising the furnaces, like at the Croatian glassworks in Straža in the reporting year. The main key indicator for checking this is CO2 emissions per tonne of glass produced. The company is aiming to cut greenhouse gas emissions by 30% from 2019 to 2030. Logistics are also to become climate neutral by 2030. In order to meet this target, investment in optimising the supply chain and in switching vehicles and the forklift fleet to renewable drive systems is required above all.

[Performance Review: Environment](#)



Leader in quality

Vetropack wants to make greater use of the opportunities offered by digitalisation in all divisions and developed a digitalisation roadmap back in 2019. The migration of the SAP system to the latest technology was completed in 2020. Various processes, such as purchasing and production planning, are being digitalised and centralised on this basis.

[Performance Review: Digitalisation and automation](#)



In the year under review, Vetropack pressed ahead with its "employer of choice" strategy in particular. For this purpose, it implemented a digital human resources tool through which all staff processes can be standardised. In future, this digital tool will make it easier to search for new talent, foster employee development or plan for succession, amongst other tasks. Vetropack also boosted employee engagement with a Group-wide discussion and obtained the "Great Place to Work" certification at the Bülach site.

[Performance Review: Employees](#)



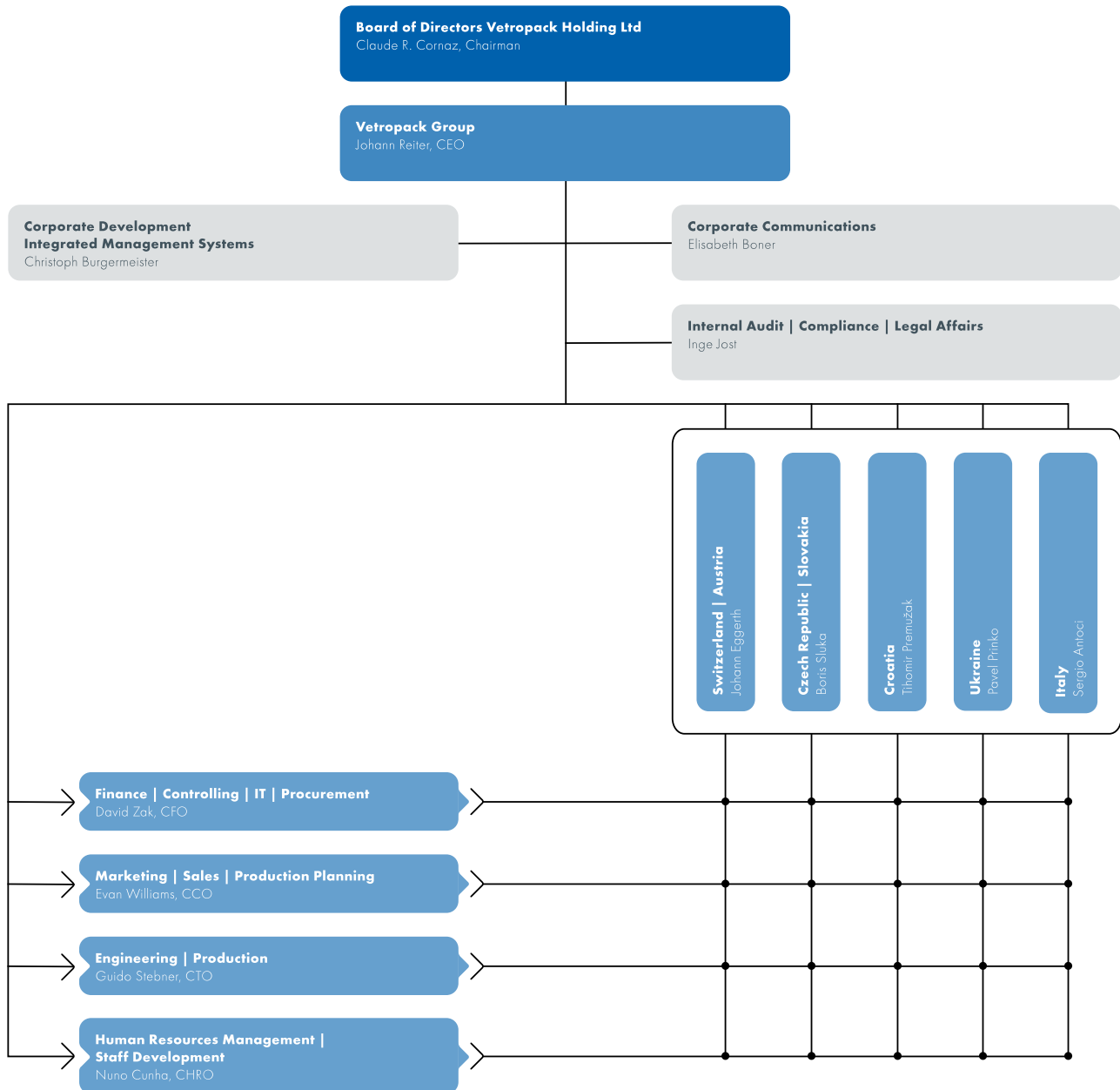
Management Structure



Extended Group Management

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

per 1 January 2021



Organisation

per 1 January 2021

Group Management Board	
Johann Reiter, CEO	
David Zak, CFO	
Nuno Cunha, CHRO	
Johann Eggerth	
Guido Stebner, 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	
Guido Stebner	
Corporate Development	
Integrated Management Systems	
Christoph Burgermeister	
– Quality Management	Andrea Steinlein
– Technical Customer Service	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
Supply Chain	Werner Schaumberger
Plants and Production	
– St-Prex Plant	Philippe Clerc
– Pöchlarn and Kremsmünster Plant	Thomas Poxleitner
Integrated Management System	
St-Prex Plant	Fabien Mauris
Pöchlarn and Kremsmünster Plant	Hannes Fasshuber

Business Unit Czech Republic/Slovakia	
Boris Sluka	
Marketing + Sales CZ/ SK	Dana Švejcarová
– Slovakia	Zuzana Hudecová
– Export Europe East	Vlastimil Ostrezi
Supply Chain	Jaroslav Mikliš
Engineering	Miroslav Šebík
Kyjov Plant	
– Production	Antonín Pres
– Finance + Human Resources	Milan Kucharčík
Nemšová Plant	
– Production	Roman Fait
– Finance + Human Resources	Eva Vanková
– Integrated Management System	Aleš Habán
Business Unit Croatia	
Tihomir Premužak	
Marketing + Sales	Darko Šlogar
Finance	Marija Špiljak
Supply Chain	Robert Vražić
Engineering	Velimir Mrkus
Human Resources	Damir Gorup
Production	Josip Šolman
Business Unit Ukraine	
Pavel Prinko	
Marketing + Sales	Hennadiy Arsiriy
Finance	Oleksandr Bondarenko
Supply Chain	Serhii Kazhan
Engineering	Mikola Marchenko
Human Resources	Maria Dukhnenko
Production	Roman Yatsuk
Business Unit Italy	
Sergio Antoci	
Marketing + Sales	Francesco Bonazzi
Finance	Alberto Borroni
Supply Chain	Luca Marini
Engineering (A.I.)	Rocco Callea
Human Resources	Annalisa Girardi
Plants and Production	Giovanni Depoli
Integrated Management System	Alessandro Canulli
Group Companies	
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 second time, Vetropack Group provides comprehensive information on its financial and non-financial performance for fiscal year 2020 within the framework of an Integrated Annual Report. The company defined the focus of its reporting in 2019 with a materiality analysis. Here, Vetropack evaluated which topics were particularly relevant 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).

Vetropack derived this process from the requirements of the Global Reporting Initiative (GRI), which requires the evaluation of stakeholder relevance and an assessment of impact. The evaluation of business relevance as a third dimension ensures that the material topics 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 material topics, Vetropack used the following dimensions based on the six capitals of the IIRC to evaluate topics in various areas:

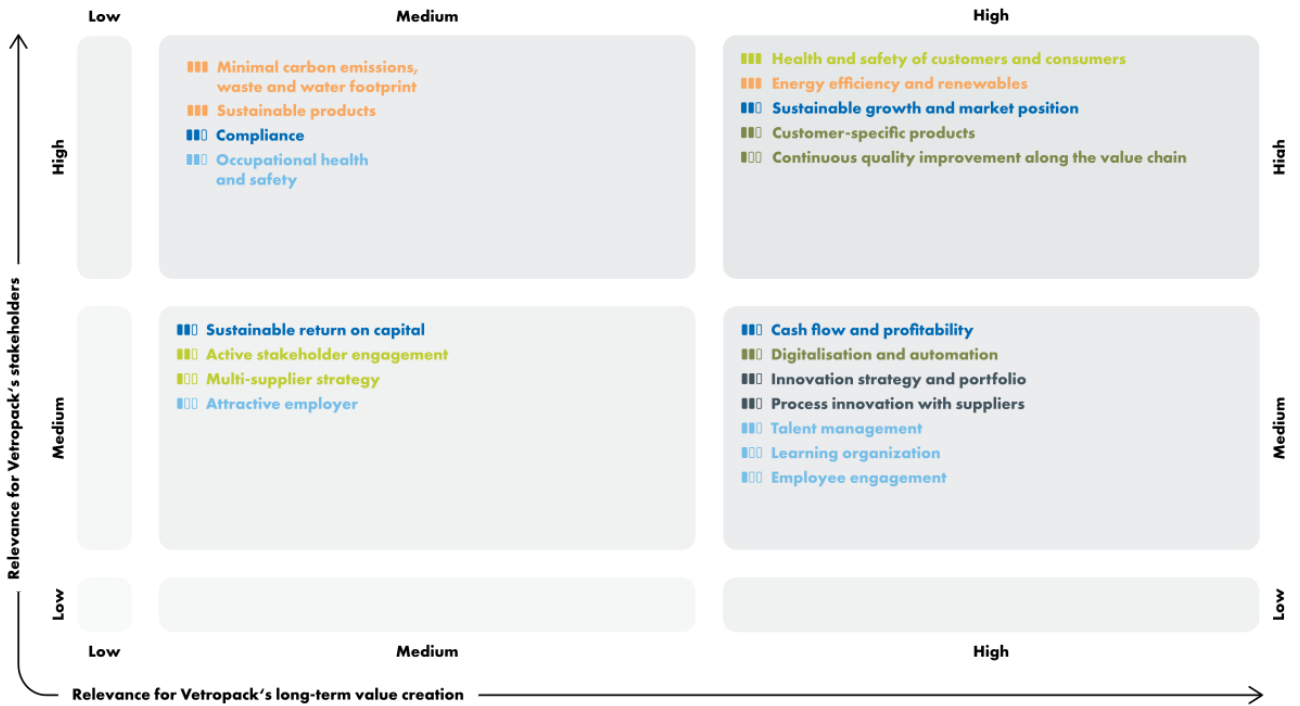
- Customers and suppliers
- Finances
- Innovation and intellectual property
- Production and products
- Employees
- Environment

The topics were evaluated in a workshop with the Extended Group Management and additional managers from various divisions with responsibility for the topics in question, who brought an in-depth understanding of the concerns of different stakeholder groups, meaning that external perspectives were considered indirectly. The findings of the workshop were validated by the CEO and external specialists.

The resulting material topics 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 2020 Integrated Annual 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 communication and proactive cooperation help Vetropack to anticipate the needs of customers and other stakeholders and exploit business opportunities, enabling it to gain competitive advantages. The main stakeholder groups, which influence Vetropack's business activity or are affected by it, include investors, customers, suppliers, employees and their representatives and society in general, including supervisory authorities, legislators, trade associations and non-government organisations (NGOs).

In the reporting year, communication with all stakeholder groups was particularly important due to the coronavirus. Vetropack contacted its customers and suppliers very early on and thus managed to make it through without any serious delivery disruption whatsoever, even during the lockdown period. This was essential for customers because, without packaging, they cannot bring their products to market. Vetropack is therefore an important cog in the system for many buyers and has proved that its position is resilient enough to fulfil this responsibility.

However, direct communication with customers and suppliers, for example at major trade fairs, was extremely limited in the year under review. Many events were cancelled or Vetropack decided not to attend for safety reasons. Nevertheless, the company significantly increased its virtual contact with customers and suppliers.

- Communication with employees: Performance Review, “Employee engagement”
- Working with suppliers: Performance Review, “Process innovation with suppliers” and “Multi-supplier strategy”
- Customer relationships: Performance Review, “Customer-specific products”
- Communication with other stakeholder groups: Sustainability Report, “Active stakeholder engagement”

Multi-supplier strategy

Vetropack pursues a multi-supplier strategy to guarantee a smooth production process. The strategy secures the supply of raw materials and equipment and minimises risks in the supply chain, such as disproportionate dependencies. The benefit of this approach became particularly apparent during the lockdown due to the pandemic in the reporting year.

In the year under review, Vetropack analysed the market and sought contact with new suppliers to make the supply chain more robust. This was the company's response to the trend towards consolidation and concentration in the supply chain, especially amongst suppliers of equipment, and to the dramatic increase in demand for production equipment in the glass packaging industry. New potential suppliers must comply with the requirements of the Supplier Code.

The coronavirus pandemic also revealed how susceptible supply chains are to disruption in a globalised world. Business was affected by temporary shutdowns of individual production sites and severe restrictions on cross-border traffic made logistics difficult. Thanks to the multi-supplier strategy and good market links, Vetropack Group did not experience any serious shortages in its supply of raw materials and resources for production. The large number of active and pre-qualified freight forwarders in the supplier portfolio also guaranteed customer logistics at all times.

In the medium and long term, Vetropack Group is working even more closely with suppliers which supply products that are as environmentally sustainable as possible. With this direction, Vetropack is pursuing its goal of reducing the use of primary raw materials and fossil fuels, both in its own production process and in upstream production steps. It also aims to consume fewer synthetic raw materials. The procurement workshops on sustainable procurement scheduled for the reporting year could not be held due to the coronavirus pandemic and are expected to take place in 2021.

The aim is to minimise supply and price risks and to establish alternatives to strengthen Vetropack's negotiating position.

Health and safety of customers and consumers

Its professional processing of the high-quality packaging material glass means that Vetropack protects not only the packaged drinks and foodstuffs but also consumers' health. Quality and safety are essential factors that are taken into account for each product development in accordance with clearly defined criteria. The company checks each individual glass container.

Vetropack also invested in refining the quality control process for its products in 2020. The quality assurance work group is pressing ahead with the harmonisation of the quality assurance processes. Improving testing technology was another area of focus. For instance, amongst other changes, the latest versions of testing sets were installed to detect faulty glass containers even more reliably. The quality of the testing sets on all production lines was evaluated to serve as a basis for future investment decisions.

Vetropack established ensuring the highest quality standards as an important objective under the "Leader in quality" heading as part of its new Strategy 2030. Existing quality indicators, such as the number of complaints per glass container sold and critical defects identified internally, are used to measure progress. These quality indicators are not published for competition reasons.

[Performance Review: Continuous quality improvement along the value chain](#)



Finances

In recent years, demand for glass packaging on the European market has increased continuously, but the coronavirus pandemic changed demand significantly. As around 20 to 30% of glass packaging is sold by restaurants and bars to consumers ("on-premises consumption") under normal conditions, the lockdowns triggered by the pandemic and the associated closure of catering outlets led to a temporary, yet sharp, drop in demand. This was also indirectly caused by the decline in tourism in some countries, which had a negative impact on unit sales in hospitality. At the same time, people began stockpiling food at home, which had a noticeable positive effect on demand for glass packaging. Overall, this resulted in a reduction in unit sales of 5.9% for the year under review.

The extraordinary developments in the reporting year led to a redistribution of flows of goods and of the production capacity utilisation of individual glassworks. Value chains had to be adapted or reorganised at short notice. However, not only did the crisis have negative economic consequences, it also made the industry more flexible in a positive way, as well-established processes and practices had to be critically examined and adjusted.

Financial figures 2020

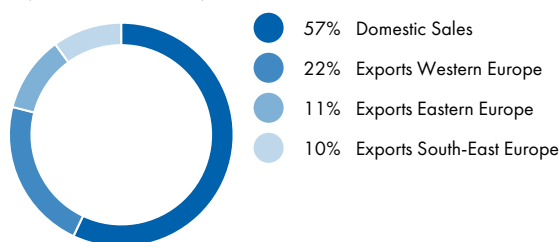
		+/-	2020	2019 ¹⁾
Net Sales	CHF millions	- 7.3%	662.6	714.9
EBIT	CHF millions	- 14.9%	76.1	89.4
Consolidated Profit	CHF millions	12.2%	81.2	72.4
Cash Flow*	CHF millions	- 7.9%	141.2	153.3
Investments	CHF millions	- 40.4%	73.7	123.7
Production	1 000 metric tons	- 3.0%	1 416	1 460
Unit Sales	billion units	- 5.9%	4.86	5.16
Exports (in unit terms)	%	-	43.1	43.9
Employees	number	15.3%	3 882	3 366

1) adjusted; see [note No. 29](#)

* operating cash flow before change of net working capital

Sales by markets 2020

(total 4.86 billion units)



To increase transparency regarding its shareholders, Vetropack abolished the bearer shares and converted them into a new category of registered shares following a resolution by the Annual General Assembly in the reporting year. A share split of 1:50 was implemented for both categories. Vetropack thus achieved an increase in the number of shares and the move also enables smaller shareholders to participate in the company's success.

Cash flow, profitability and sustainable return on capital

Vetropack's long-term growth is largely financed from its own resources. The main performance indicator used by Vetropack for reviewing business development is the return on operating capital employed (ROOCE). Optimising the resources used and their impact on profitability is therefore given a higher weighting by Vetropack than pure profit or cash flow. The focus on sustainably boosting the return on operating capital employed means that Vetropack increasingly operates as a Group and prioritises investments with great potential for synergy – very much in keeping with the "Group first" mindset.

[Vetropack Story: 160 years of glass production in Hum na Sutli](#)



This can also have a positive effect on resource consumption. For example, from a Group perspective, it makes more sense to invest in a recycling system that efficiently supplies used glass to multiple glassworks than to operate a separate system at each location. Investments in digitalisation also tend to be prioritised to make work processes more efficient and thereby increase return on capital. By doing this, Vetropack is positioning itself as a progressive and attractive employer for young talent.

In 2020, operating cash flow fell by 7.9% to CHF 141.2 million (2019: CHF 153.3 million) due to the pandemic. Vetropack also invested CHF 73.7 million in further expanding its production facilities. The highlight was the investment in renovating and expanding a furnace in Croatia, which further increased the Group's production capacity. As the improved furnace is not being put into operation until early 2021, this investment will not affect cash flow and profitability until later in the year.

All other, non-essential, investment projects were, however, put on hold. Vetropack's production facilities are of a high technical standard overall, which is why investment in existing capacity will be much lower in the next few years than it has been in the past. This is expected to increase the return on capital.

Sustainable growth and market position

Customer satisfaction is crucial to Vetropack's continuous economic success. To understand the needs of customers and their perception of the company more accurately, the Group carried out a large-scale Voice-of-Customer survey back in 2019. In 2020, Vetropack further expanded its market intelligence function at Group level to improve market knowledge in the Group as a whole. This enables Vetropack to predict customers' needs more reliably, develop suitable solutions and strengthen its market position.

Fostering good customer relationships was even more important in 2020 in view of the market disruption caused by the global pandemic. Vetropack worked hard to maintain operations and respond flexibly to customers' requests for shorter supply chains and faster product availability. Despite the total drop in sales of 7.3% compared to the previous year, Vetropack was able to keep and consolidate its leading position in its core markets. This was because Vetropack focused on markets in the vicinity of its production sites and made the most of the Group's capacity to offer a wider range of products and flexibility in all markets.

The Group aims to further reinforce its market position in future and has therefore improved product quality and traceability as part of the “Leader in quality” quality management programme. Production capacity was expanded thanks to the modernisation of a furnace at the Croatian production plant in Straža. Vetropack also increased its capacity for clear glass in 2020, as the trend towards glass packaging for food is growing. The strong focus on innovation, boosted by the drive to become the green pioneer of the industry, will help the Group to meet its growth targets.

[Performance Review: Innovation and intellectual property](#)



Compliance

Fair behaviour that forbids bribery, corruption and discrimination, amongst other things, as well as obeying the law, is one of Vetropack’s basic principles. It is essential for gaining and retaining the trust of customers, suppliers and authorities. For Vetropack, complying with all applicable laws, regulations and industry standards and responding immediately if any deviations are identified is a matter of course. The relevant guidelines are laid down in the Code of Conduct and in the Business Ethics Policy. The Supplier Code also regulates compliance with human rights in the value chain and is checked regularly during audits. This ensures that an awareness of how to behave in compliance with the rules is firmly established in the company. On this basis, Vetropack has been able to achieve a consistent and very high level of compliance over the past few years.

In the reporting year, Vetropack found in an internal inspection at the Austrian Kremsmünster glassworks that the relevant authorities had been sent incorrect figures for the plant’s quantity of industrial effluents and air emissions for 2010 to 2019. In those years, the annual reports to the relevant authorities had been falsified, some of them considerably so. Vetropack informed the authorities in question immediately after identifying the deviations and submitted a voluntary disclosure. The company is expecting payments of arrears on sewerage fees to amount to around EUR 4 million.

Vetropack would like to stress that all threshold values for both substances contained in effluents and air emissions were observed at all times, and for the most part clearly undercut. At no time was there any danger to the health of local residents or to the environment. Comprehensive documents and expert reports that demonstrate this were handed over to the municipality of Kremsmünster and the district governor’s office of Kirchdorf. Following this incident, Vetropack worked at full speed to ensure the facility’s compliance with all regulations. Measures were also taken to recycle necessary cooling water in production to considerably reduce effluent volumes.

Innovation and intellectual property

Vetropack is continuously optimising the ancient craft of glass production. With innovative, high-quality and environmentally friendly products, Vetropack adapts to customers' expectations, thereby positioning itself successfully in selected markets. When developing its Strategy 2030, Vetropack defined the topic of innovation and digitalisation as one of five strategic directions for the next ten years.

Innovation strategy and portfolio

With Strategy 2030, Vetropack is emphasising that innovation is highly relevant for the company. Not only does the open innovation strategy focus on product development, such as the further development of VIP Glass technology, it also targets the all-encompassing development of container glass production along the value chain. For this purpose, the company is using new digital marketing and sales channels and improving its planning processes.

Vetropack wants to give innovation a further boost across the Group and established a new innovation centre at its Pöchlarn site in Austria in 2020, amongst other projects. An innovation team will be formed there in 2021 to further develop VIP Glass technology, for example, and design new products on this basis. Another objective is to develop digitalised glass bottles that enable complete lifecycle transparency and traceability, which is relevant not least due to the trend towards reusing glass packaging multiple times. For example, the innovation centre is therefore working on a system for giving multi-trip containers a QR code so that Vetropack can easily see in future how often they have been in circulation.

[Vetropack Story: Renovating the white glass line](#)



Despite the challenging market environment, Vetropack pressed ahead with developing and commercialising lightweight glass packaging in the reporting year. The VIP Glass bottles, which are especially light and stable thanks to a special thermal hardening process, achieved excellent results in performance tests. The first customer appreciated this innovation so much that two more deliveries were made in 2020.

[Vetropack Story: VIP Glass](#)



The company also made great progress with digitalisation and automation, migrating the SAP system to the latest technology (SAP4Hana), for example. This measure enabled various work and planning processes to be harmonised further, which has a positive effect on the speed and flexibility of product planning.

[Performance Review: Digitalisation and automation](#)



Process innovation with suppliers

From increasing efficiency in the glass production process and improving organisation right through to developing products – Vetropack is focusing on cooperation with its suppliers in almost every strategic area of innovation. This is particularly important because each Vetropack glassworks is unique and has different conditions that can be optimised in a variety of ways. By doing so, the company not only benefits from its own expertise going back many years, but also from that of the furnace builders and other manufacturers of equipment for container glass production.

[Performance Review: Energy efficiency and renewables](#)



In 2020, there were various initiatives implemented working closely with suppliers that are worth mentioning. For example, Vetropack received support from the company Horn with the renovation of the furnace at the Straža glassworks. The energy management system introduced at the same site was installed together with Siemens. At the St-Prex glassworks in Switzerland, the processing plant was upgraded with the aid of a supplier to be able to process a higher proportion of used glass. A closed loop system to recycle water at the Kremsmünster site was also installed in close collaboration with the manufacturer.

[Vetropack Story: Glass sorting machines](#)



[Vetropack Story: Label remover](#)



[Performance Review: Optimising use of raw materials](#)



Product quality was also improved further with the help of various suppliers. In the reporting year, Vetropack joined forces with inspection machine manufacturer Symplex to work on the full inspection of all glass containers produced, further minimising defects such as cracks and impurities. By using lubricating robots, less waste was produced and the need for manual work was further reduced. In 2019, Vetropack introduced improved glass tear feeder machines in a joint project with Bucher Emhart Glass. These are now in use on all new installations and are considered the new industry standard.

It would also not be possible to implement forward-looking initiatives, such as the use of self-driving forklifts in automated stores currently being investigated in the new plant in Italy as part of the “Future” project, without direct collaboration with innovative suppliers.

Production and products

Continuous quality improvement along the value chain

For Vetropack, the quality of products is the top priority. This applies to all locations in accordance with the “One brand, one quality” motto. However, the understanding of quality goes beyond this and includes optimising all processes along the value chain. This is necessary both to satisfy customers’ more stringent demands and to improve efficiency. Quality improvements also have a positive impact on occupational safety and environmental pollution. Under the heading “Leader in quality”, this ambition is being pursued as a strategic direction of the new Strategy 2030.

In 2020, Vetropack invested in improving quality as part of various projects, most notably a major furnace renovation project at the Croatian glassworks in Straža. There, Vetropack installed state-of-the-art production facilities and testing sets, thus achieving comprehensive improvements to product quality and energy efficiency. The melting capacity was also expanded, allowing Vetropack to serve the markets in Southern and Eastern Europe even more effectively in future. Thanks to the larger production building, workplace conditions could also be optimised for the staff.

[Performance Review: Occupational health and safety](#)



[Performance Review: Environment](#)



The “Quality Assurance” specialist group drove the standardisation and harmonisation of quality assurance processes throughout Vetropack Group. In 2020, the complaints processes were harmonised in order to incorporate findings from complaints at the individual locations into Group-wide improvement measures even more effectively. Vetropack also carried out an audit of the inspection machines at the various plants. The results will be used in future investment planning. A further focus to improve quality was training production staff at the group training centre at the Pöchlarn glassworks.

[Performance Review: Learning organisation](#)



Vetropack also began the rollout of the “Vetropack Production System” (VPPS) project in the reporting year. This project’s 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 that are not needed, for example. All these are deemed to reduce value for the company under VPPS and are therefore to be minimised as much as possible. “Lean engineers” were already appointed in various plants in 2020. The company plans to introduce VPPS in all sites gradually over the next few years. The exchange of experiences at Group level is also to be progressed further.

Vetropack measures the number of complaints per glass container sold and critical defects identified internally as the main key figures for quality improvement.

Digitalisation and automation

At Vetropack, digitalisation and automation initiatives are key to sustainable business development. The company is using the range of new technologies to develop its processes and endeavours to improve efficiency through automation solutions. As part of the strategy process, digitalisation and automation were defined as one of five strategic directions that will shape the company's further development in the next ten years.

At Vetropack, digitalisation is taking place in all divisions, whether in the simplification of administration processes or in production. Vetropack therefore developed a digitalisation roadmap back in 2019 and implemented the first few measures. In the reporting year, Vetropack migrated its SAP system to the latest technology (SAP4Hana). With the new system, Vetropack can make business information available to the relevant employees even more quickly. For example, a pilot project for a fully digitalised purchasing process (Order to Pay) has been successfully implemented on the same system. Digitalised purchasing is being rolled out across the Group in 2021.

The production planning tool was also migrated to the new SAP system in 2020, which further increases the efficiency and adaptability of production planning. In 2021, production planning will be combined to form a single, Group-wide process in a second stage, which should make it possible to utilise production capacity even more efficiently and flexibly. The plan to coordinate all production plants so that they follow a single production process is a considerable challenge, as a large number of data interfaces need to be harmonised and mapped in a single control loop.

In the year under review, Vetropack also made use of the opportunities offered by digitalisation to keep communication going with customers, suppliers and employees under difficult circumstances. Previous investments in mobile working arrangements and a Group-wide conferencing infrastructure paid off during the lockdown due to the pandemic in particular. Vetropack also launched an app for internal communication and published the @vetropack staff magazine online for the first time.

[Performance Review: Employees](#)



Key areas of Strategy 2030 in which digitalisation and automation play an important role include "Drive innovation and digitalisation", "Leader in quality" and "Operational excellence". Digitalisation is a prerequisite for optimising various sales processes, while automation is mainly used in the production process. Vetropack has therefore defined the customer complaint rate, customer satisfaction value, production losses, internal critical defects and the occupational accident rate as relevant performance indicators.

Customer-specific products

Vetropack implements ideas in products and, in doing so, guarantees a high standard of service and quality. The Group is therefore well equipped to supply high-quality and innovative glass packaging that is tailored to customers' needs. Short communication channels between the production teams and customers allow Vetropack to react to customers' requirements at any time and develop new products within a short period. To further harmonise the Group-wide product development process, Vetropack introduced a new workflow tool in 2020. It establishes clear requirements for customer approval and thus ensures that customers are involved in the product development process systematically. The enhancements planned for 2021 also support the realignment of the whole supply chain with the objective of bringing innovations to market.

In 2020, Vetropack introduced a large number of new products and packaging variants to help its customers in a year that was challenging for product launches. Over 150 new products had been introduced as of the end of the year. Particular emphasis was placed on developing multi-trip glass bottles for sale in Austria, including bottles for carbonated soft drinks, water and milk. Vetropack worked with Bergland Milch in the dairy segment. Following the success of re-introducing milk in glass bottles, Bergland Milch took the decision to invest in a reusable glass offer with Vetropack. The new bottle went into market during 2020 and meets consumers' expectations of sustainable and affordable packaging.

[Vetropack Story: Smart packaging award](#)



[New designs](#)



The Group also concentrated on further developing its VIP Glass technology with the objective of improving product performance. The ongoing collaboration with Austrian brewery Mohnbrauerei is a win-win situation in this respect. Vetropack helped the brewery to switch all its multi-trip bottles to VIP technology and received valuable feedback for further improving its performance. In 2021, Vetropack aims to develop a go-to-market strategy for VIP Glass based on its improved understanding of VIP technology and excellent knowledge of local markets.

[Vetropack Story: VIP Glass](#)



As part of Strategy 2030, Vetropack defined the innovation rate and customer satisfaction as key indicators for measuring progress. The innovation rate is calculated by dividing the number of new glass containers (based on shape, process technology, size and colour) by the total number of units sold. The objective is to increase the innovation rate over time. In 2020, the innovation rate was lower than expected due to the global pandemic and a few delayed product launches.

Employees

Vetropack's long-term success is largely down to its employees. The company has therefore set out the ambition to become an "employer of choice" in its new strategy. The aim is to make Vetropack known as a first-class brand on the job market, including outside its immediate reach. Vetropack wants to achieve this goal by investing in further professionalisation of human resources management, attracting new talent, continuous employee engagement and the professional development of employees in the spirit of a "learning organisation".

A strategic approach to human resources management

As part of the new "employer of choice" strategy, Vetropack tightened up its human resources management in 2020 to achieve human resources (HR) processes that are uniform and systematic across the Group. Vetropack therefore implemented "SuccessFactors", a digital HR tool that increases transparency and fairness – from talent recruitment, employee engagement and training and development right through to succession planning. During this implementation, Vetropack developed a new classification system and standardised job titles and descriptions, which will make career development plans more transparent and comparable for all functions and positions at the different sites.

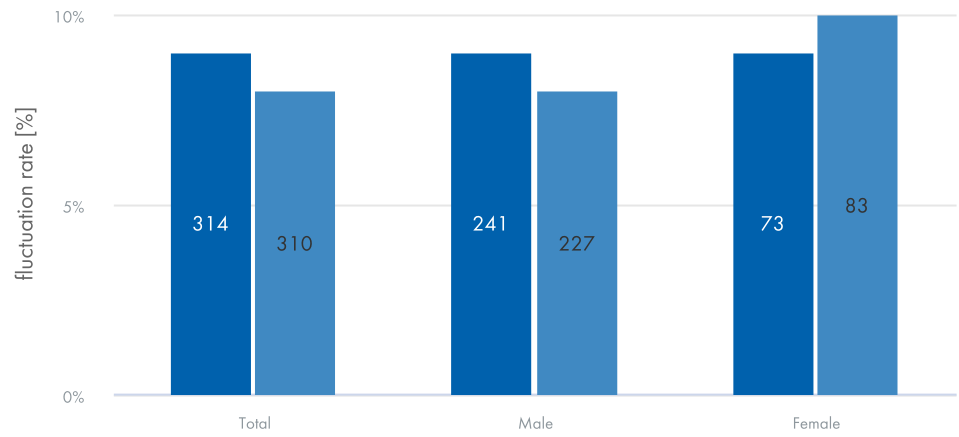
Talent recruitment, development and retention

Vetropack has proved itself to be 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 succeeded in attracting and retaining top talent despite the stiff competition for qualified staff in the industry. However, the skills required and the availability of suitable candidates are changing, especially due to digitalisation and social and demographic change. Vetropack has therefore reviewed its talent recruitment strategy and introduced a new application system at Group level. All new vacancies will be listed transparently in this system and advertised automatically and in a standardised manner on Vetropack's revised career site. The company also began to work more closely with LinkedIn. In addition, Vetropack established the position of Group Talent Acquisition Leader. This new role facilitates a coordinated approach to key hires.

Vetropack also implemented a revised talent and organisation review programme (TOR) with the aim of identifying, retaining and developing internal talent. It is also intended to ensure that all key positions within the Group have a robust succession plan. This will help the company to anticipate potential organisational challenges and offer its employees reasonable professional development opportunities.

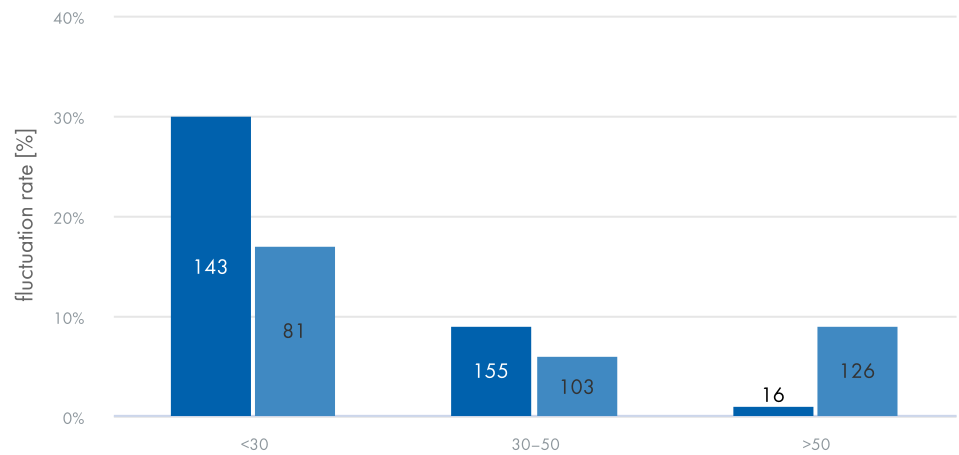
Over the next few years, Vetropack will measure the success of the approach for attracting and retaining talent using key performance indicators (KPIs) such as staff turnover, the talent retention rate and the percentage of management positions filled internally. Internal promotion rates will also be tracked from 2021.

Fluctuation by gender
(rates and absolute numbers)



- Joiners
- Leavers

Fluctuation by age group
(rates and absolute numbers)



- Joiners
- Leavers

Employee engagement

Vetropack focuses on continuous exchange with its employees. This was all the more important in a year dominated by considerable uncertainty due to the global pandemic. In 2020, Vetropack carried on building on the findings relating to engagement obtained in a Group-wide survey conducted in 2019. At all locations, the company organised engagement workshops to explain the results of the survey and have an open discussion about strengths, weaknesses and possible ways to improve. Despite the challenges of the coronavirus pandemic, Vetropack was able to hold workshops involving employees from all levels and functions. From this direct feedback, Vetropack gained findings that will help it to implement additional measures to strengthen trust and individual responsibility throughout the Group.

Following the survey on engagement, a culture survey was conducted at Vetropack's headquarters in Bülach. The questionnaire touched on various aspects of workplace culture in the company. The outcome was that Vetropack was successfully certified as a "Great Place to Work" in 2020. This achievement shows that Vetropack is an attractive employer where employees can grow. Vetropack employees are proud of what they do and feel part of the Vetropack family. Vetropack has set itself the goal of obtaining the same certification at all sites in future. Going forward, it will track the "Trust Index" of "Great Place to Work" as one of the three main employee-related KPIs.

[Vetropack Story: Great Place to Work®](#)



Vetropack also launched "Beekeeper", a digital workplace app where operational systems and communication channels run on a secure, intuitive platform. This tool facilitates internal communication and collaboration and will be key to the "employer of choice" strategy. The app also promotes the direct exchange of expertise between different production sites. An integrated translation tool enables discussion even if the two employees participating do not speak the same language. Vetropack also expects the app to improve the sharing of feedback from the bottom up.

Learning organisation

The glass packaging sector is fast-moving and talent is scarce, which is why highly qualified employees and their continuous development are crucial to boosting Vetropack's competitiveness. The Corporate Human Resources department creates the framework conditions for a learning organisation and enshrines a continuous learning mentality in the company.

Vetropack pursues an integrated learning approach comprising classroom events, virtual training and onboarding programmes, offering a comprehensive learning infrastructure that promotes the development of hard and soft skills. The company's own training centre in Pöchlarn, Austria, ensures that valuable expertise is passed on to the next generation of glass makers. The centre focuses on the hard skills in glass production processes, while the newly developed "Vetrocademy", a professional development platform, concentrates on fostering soft skills and aims to improve strategic expertise. The first "Vetrocademy" module is starting in 2021 and includes a comprehensive management curriculum covering all aspects of professional management. All 400 managers within Vetropack Group will complete the programme, which will take between 18 and 24 months depending on their function and level. In the future, Vetropack plans to develop further modules for key areas and functions and is currently evaluating potential topics to focus on.

[Vetropack Story: Group-wide training centre](#)



As part of the "employer of choice" strategy, new KPIs are being monitored, such as training costs per employee and the ratio of technical and compliance to soft skill training courses.

Occupational health and safety

As a responsible employer, the safety and health of employees is a major concern for the company. Vetropack therefore follows a “Safety first” philosophy. Safety matters are discussed across all plants to continuously improve occupational safety. All employees receive occupational safety training annually.

Apart from the two sites in Austria – Pöchlarn and Kremsmünster – the production plants do not yet have a certified management system for occupational health and safety. Vetropack is, however, aiming to have all the remaining production sites certified in accordance with ISO 45001 by 2022. A number of glassworks already implement similar local standards. With the certifications planned for 2022 in mind, “safety minutes” were introduced at all levels in the reporting year, amongst other initiatives. “Safety minutes” are short, regular safety training sessions. They generally last for less than ten minutes and take place at the beginning of a shift or at the start or end of a meeting, for example. There is no prescribed format for these short sessions. They may include refresher exercises on current safety protocols, brief video presentations, question and answer sessions or discussions of specific case studies, which are all intended to raise awareness of occupational health and safety.

Vetropack also aims to strengthen its position as an attractive employer through the proactive and preventive promotion of occupational safety and employees’ health. Other positive effects including boosting productivity and satisfaction at work and reducing absences.

Key indicators occupational health and safety

	+/-	2020	2019
Share of employees and supervised workers covered by a certified occupational health and safety management system ¹⁾	-	11%	-
Incidents leading to at least one lost work day	- 9%	117	129
Total lost work days due to injuries and occupational diseases	- 33%	3 721	5 591
Total Recordable Incident Rate (TRIR) ²⁾	- 15%	3.4	3.9
Total Recordable Incident Severity Rate (TRISR) ²⁾	- 37%	107	170

¹⁾ KPI is only being collected since 2020.

²⁾ Per 100 full time equivalents (FTE).

Environment

Glass is a sustainable packaging material, as it is manufactured from natural raw materials and is optimally recyclable. However, there is great potential for improvement when it comes to organising the industry as a whole to be more sustainable in the long term. Vetropack aspires to shape this transformation and develop into a glass producer that is known throughout the industry for its environmentally friendly practices and products. Under the heading “Clearly sustainable”, this has been set out as an important objective of the new Strategy 2030.

The company has established relevant key figures and short-, medium- and long-term targets to make progress measurable and compare itself with its competitors. The main key indicator for checking this is CO₂ emissions per tonne of glass produced. The company is aiming to cut CO₂ emissions by 30% from 2019 to 2030.

Sustainable products

Customers’ and consumers’ interest in the environmental footprint and traceability of glass packaging is growing steadily. That is why Vetropack began developing a method to make it easier to trace glass containers in its new innovation centre in 2020. With the aid of a QR code on the containers, Vetropack will, in future, be able to see how often a bottle has been reused, for example.

The glass industry, which can make a major contribution to climate protection because of its substantial energy consumption, is also subject to increasing regulatory pressure. Vetropack therefore endeavours to reduce its environmental footprint every year. To live up to this aspiration, the company works continually at making the production steps more energy efficient, and therefore more CO₂ efficient, and increasing the proportion of used glass. Vetropack also participates in various research projects investigating new technologies to reduce greenhouse gas emissions in glass production, for example as part of the “International Partners in Glass Research” (IPGR).

Environmental key indicators

	2020	in %	2019	in %
Total energy consumption in GWh	2 474		2 520	
Electricity	414	17%	422	17%
Natural gas ¹⁾	2 060	83%	2 098	83%
Specific energy consumption in MWh/t²⁾	1.76		1.73	
Greenhouse gas emissions in tCO₂e³⁾	624 534		635 994	
Scope 1 (heat & process emissions) ⁴⁾	487 378	78%	496 335	78%
Scope 2 (electricity)	137 156	22%	139 659	22%
Specific greenhouse gas emissions in tCO₂e/t²⁾	0.444		0.436	
Material consumption: recycled glass				
Used glass green	65%		65%	
Used glass brown	55%		53%	
Used glass white	42%		43%	
Water in m³				
Total water withdrawal	1 347 987		1 402 519	
Municipal water supply	346 410	26%	424 981	30%
Groundwater	1 001 577	74%	977 538	70%
Total water discharge	1 267 950		1 268 790	
Waste disposal in tons				
Recycling (ongoing)	31 133	47%	32 560	47%
Recycling (sporadic) ⁵⁾	1 259	2%	3 380	5%
Incineration or landfill (ongoing)				
Industrial waste	30 640	46%	29 080	42%
Hazardous waste	2 793	4%	1 769	3%
Incineration or landfill (sporadic) ⁵⁾				
Industrial waste	84	0%	1 978	3%
Hazardous waste	385	1%	1 198	2%

¹⁾ Incl. 3.8 GWh heating oil in 2020 (4.5 GWh in 2019)

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

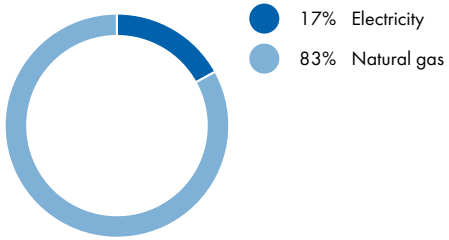
³⁾ Greenhouse gas inventory calculated in accordance with the Greenhouse Gas Protocol.

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

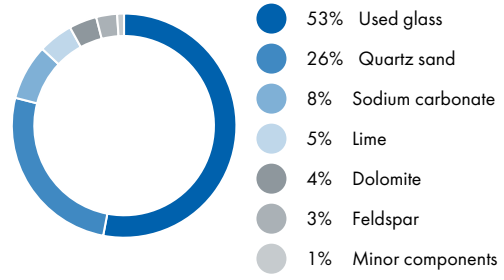
⁵⁾ Waste not generated every year from ongoing operations (e.g. furnace repairs)

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.

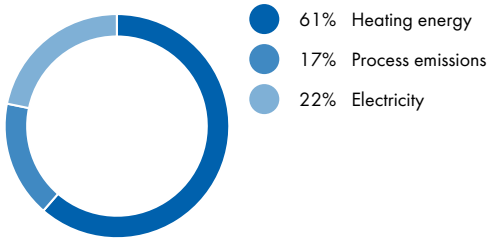
Total energy consumption (GWh)



Mixing ratio raw materials and used glass



Greenhouse gas emissions by source (t CO2e)



Energy efficiency and renewables

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

[Vetropack Story: Investor of the year 2020](#)



In 2020, the company renovated a furnace in Straža (Croatia). The specific energy consumption was successfully cut by 14% thanks to this measure. It also resulted in a corresponding reduction of CO₂ emissions.

In the next three years, Vetropack plans to introduce an energy management system developed especially for the company in all plants. This system is to optimise the control of energy consumption and make it easier to identify potential improvements. The process was continued in 2020. The system has already been tested in a three-year pilot phase in Croatia.

In 2020, Vetropack set itself the target of reducing greenhouse gas emissions per tonne of glass produced by 30% compared with the base year 2019 by 2030. Vetropack not only wants to increase energy efficiency, but also to invest in renewables. Back in 2019, the company put a photovoltaic system into operation at the Croatian glassworks in Straža, which produces approximately 1,000 MWh of electricity each year. Important experience has now been gained at the plant for the potential operation of further systems.

Climate-neutral logistics by 2030

Vetropack also has ambitious goals for logistics and mobility – the company wants to make its logistics climate neutral by 2030. In the year under review, the company analysed the CO₂ emissions of all shipments in the last three years. Based on this analysis, Vetropack developed measures such as switching vehicles and the forklift fleet to renewable drive systems. It is also investing in optimising the supply chain.

[Vetropack Story: Transport management](#)



[Vetropack Story: Sustainable forklifts](#)



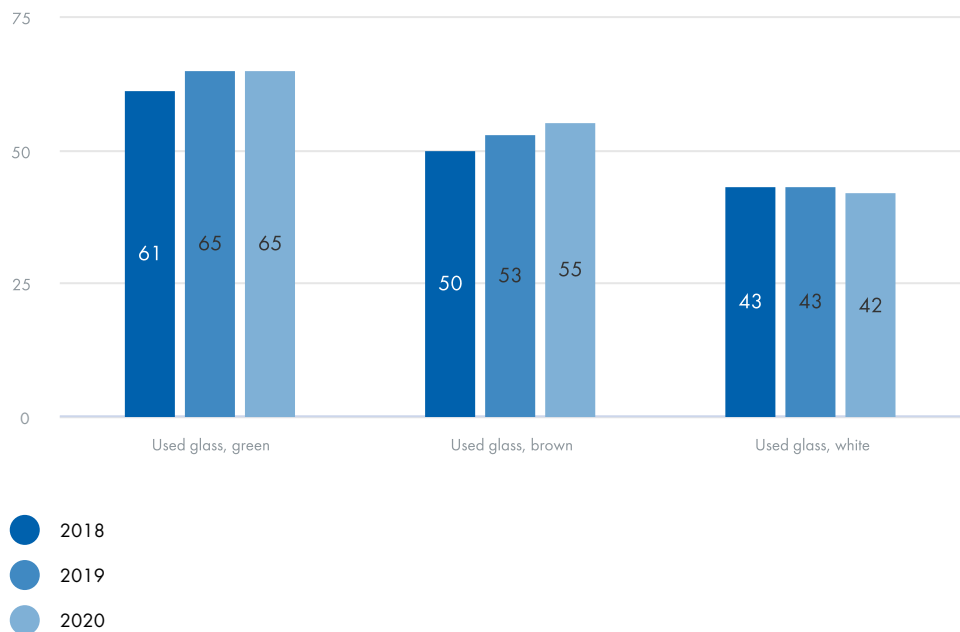
In its own operations, Vetropack plans to switch all forklifts throughout the Group to natural gas or electric drive systems by 2024. Substantial investments are required to achieve this, especially as the necessary infrastructure, such as for charging, must be provided. In addition, only electric or hybrid vehicles will be considered when procuring new company vehicles from the reporting year.

Optimising use of raw materials

A high proportion of recycled glass is vital for environmentally friendly glass production. At Vetropack, the proportion of used glass accounts for up to 80% of processed raw materials in some plants. Across the Group, the proportion of used glass was 53% in 2020. Vetropack has set itself the target of achieving a used glass proportion of 70% by 2030. However, the availability of high-quality used glass remains a major challenge. In many countries, collection rates are far lower than in Switzerland and Austria, for example. The quality of used glass can also lead to problems if it is contaminated with foreign substances, such as ceramics. Vetropack therefore supports measures that increase collection rates.

Although the political will to improve the collection of used glass is not equally strong 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 and be available for use.

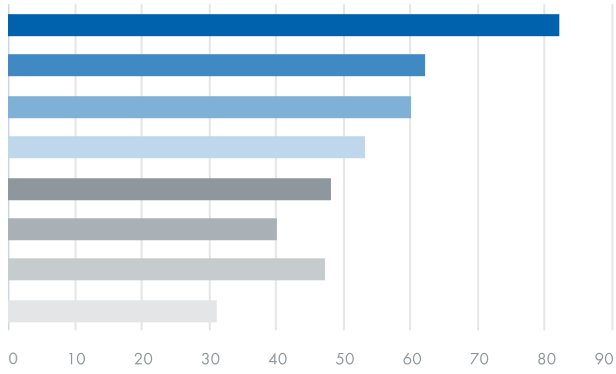
Share of used glass in the glass production



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 used glass is available.

Used glass ratio for glass production 2020

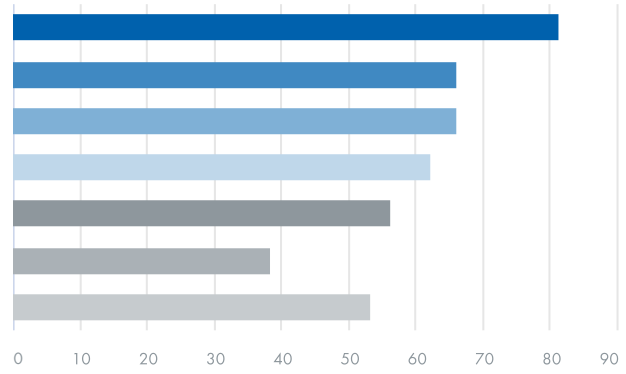
(by Group Company)



- 82% Vetropack (CH)
- 62% Vetropack Austria (AT)
- 60% Vetropack Moravia Glass (CZ)
- 53% Vetropack Nemšová (SK)
- 48% Vetropack Straža (HR)
- 40% Vetropack Gostomel (UA)
- 47% Vetropack Italia (IT)
- 31% Vetropack Moldova (MD)

Used glass ratio for glass production 2020

(by colour)



- 81% Feuille Morte
- 66% Green/Vetrogreen
- 66% Olive/Cuvée
- 62% Primeur
- 56% Amber
- 38% White
- 53% Ø all colours



Foundations for success

| **New designs**



Organic

Create emotions

In cooperation with Raymond and Laura Paccot from Domaine La Colombe winery, Vetropack Switzerland developed a customised 0.75-litre wine bottle in the striking “Vaudoise” style. The bottle was produced in the colour cuvée – just around eight kilometres from Cave at Vetropack’s plant in St-Prex.

Father and daughter Raymond and Laura Paccot paid just as much attention to detail when developing the bottle as they do when producing their wine. They agreed each special feature of the bottle with Vetropack’s product designer Jean-Franck Haspel on site at the plant in St-Prex. And the result was worth it: a strong, evocative and subtle bottle. The 0.75-litre bottles in cuvée have turned out so well that they will soon be produced in another mouth (BV30H60).

And the Paccot family don’t just pay attention to the packaging of their precious drops: their grapes thrive high above Lake Geneva, grown in organic quality. In Féchy, a small village on the Côte vaudoise, the grapes have everything they need – but, above all, a lot of time to flourish. Only the grapes which have reached the right balance and optimal maturity are picked.

Tradition

Variety of flavours

The Upper Austrian spirits manufacturer emil has added a new member to its bottle family. Vetropack Austria is producing the new eye-catching 0.35-litre bottle in white glass at the Pöchlarn plant.

Back in 2016, the glass specialists at Vetropack’s Austrian plant in Pöchlarn teamed up with the distiller Emil Stegmüller to design a striking 0.7-litre spirit bottle with a screw cap. This has recently been joined by its “little sister”, which boasts the same design but has a capacity of 0.35 litres. The “emil” brand logo is engraved four times around the lower part of the bottle, while a glass relief on the shoulder section echoes the mountain peaks printed on the label in a tactile way, thus reinforcing the highly recognisable image of this traditional spirit brand.

The 0.35- and 0.7-litre bottles for emil spirits, offering all kinds of flavour varieties, are available exclusively in retail outlets. The family enterprise has been distilling spirits based on an old tradition and putting a contemporary spin on them for 150 years.



Flattering Fresh appearance

The philosophy of the Lithuanian brand Stumbras Vodka is based on a harmonious balance between tradition and innovation. The 500 ml bottle is used exclusively for “Klasikine Vodka”. The producer is Vetropack Gostomel.

Remarkable things are often simple. Following this thought, the bottle of “Klasikine Vodka” from Stumbras factory was given a regular shape with smooth, simple lines in an emerald green colour, which reflects the naturalness of the product very well. The logo and slogan of the brand are embossed on both sides of the bottle, emphasizing the uniqueness of the glass packaging. The original design is completed by a screw cap, which makes the bottle modern and functional.

As the largest and oldest producer of spirits in the Baltic Sea region, Stumbras factory remains true to the unique recipes of the 19th century. The products are made from natural ingredients such as wheat, rye and potatoes. The use of advanced technologies allows the old classics to be tasted in a new way.

Sparkling Timeless design

In the course of the last decades, the bottle designed for Fonti S. Bernardo with its water drops motif has become a style icon. Today, the 26 cl white glass bottle is produced at Vetropack’s Trezzano sul Naviglio plant.

Fonti S. Bernardo was founded in 1926 in Garesio, in the Piedmont region (Italy), to bring the purest and lightest of waters that flow from the nearby springs to all the Italian tables; this mineral water, in fact, comes from the Maritime Alps, an uncontaminated environment at 1300 metres above sea level. In the mid-90s the famous designer Giorgetto Giugiaro designed for this brand the famous bottle “Gocce”, which is still appreciated all over the world and characterises Acqua S. Bernardo for its elegance and distinguished Italian style.

S. Bernardo entered the world of carbonated soft drinks in 2017 and the 26 cl bottle, produced in white glass at the Vetropack Italia plant, is dedicated to this line with its bright colours, strong aromas and unforgettable taste. Freshness is a concept that is clearly expressed throughout this refreshing drink range, including great fresh flavours (lime and ginger, lemon and mint, and bitter orange and cinchona) as well as more traditional varieties such as orange, pink grapefruit, ginger ale, soda and many others – all available to enjoy.



Regional

A wine bottle for Bern

Vetropack's Swiss plant in St-Prex is producing new cuvée-coloured wine bottles for the canton of Bern. The 0.75-litre bottles may only be filled with wine made in the canton.

There are many ways to draw a bear. But when it comes to the one engraved on the wine bottle with its high cork finish, there is no room for compromise. This is because the famous bear of Bern is depicted here: a black bear also adorns the coat of arms of the city and canton of Bern. Vetropack Switzerland is producing the wine bottles in cuvée. The design of this special bottle is simple and yet very elegant.

The 0.75-litre bottles may only be filled with wine made in the local area. Varieties including Chasselas, Pinot Noir and Chardonnay are cultivated in the canton, which is divided between two winegrowers' associations – covering the Lake Biel and Lake Thun/Bern areas, the two associations represent their respective region's interests.



Diverse

Refreshing and herbal

Refreshing herbal bitter drinks are popular at the moment. Spar Austria has launched two particularly popular varieties as a squash in an elegant white glass bottle from Vetropack Austria.

Bitter drinks are particularly popular, not least due to the diverse range of gin specialities and the associated revival of long drinks. They are no longer just alcohol mixers but can also be drunk neat or enjoyed as an alcohol-free cocktail.

In line with this trend, Spar Austria has expanded its squash range to include the Tonic and Wild Berry varieties. A specially developed slender 0.5-litre white glass bottle is being used for these new, bitter varieties, thus achieving a particularly high-quality appearance. The slightly inward-curving shape beneath the shoulder means the bottles sit particularly well in your hand. Vetropack Austria manufactures these bottles in its Pöchlarn plant in Lower Austria.

When mixed with mineral water, Spar Tonic and Wild Berry taste exactly like premixed bitter drinks. However, the amount of squash in the drink can be adjusted to suit individual tastes.



Vital

Harnessing power

The Secondo Marco agricultural enterprise has opted for a 750 ml Bordolese Elite bottle for its highly valuable Amarone della Valpolicella Classico DOCG wine. This bottle is produced by Vetropack Italia.

The Bordolese Elite is characterised by its slender, cylindrical shape and pronounced shoulders, with its straight neck topped off with a cork stopper. The design of this cuvée bottle combines elegance with vitality. Its sense of potency is also reflected on the label.

Secondo Marco is based in the heart of the Valpolicella Classico zone and blends modern viticulture with traditional values. The Amarone is the product of years of observation and fine adjustments. The pergola system originally used for growing the grapes has been developed and enhanced, bringing various benefits that have had a noticeable impact on the final product. Thanks to the fertile soil, the Amarone packs a powerful punch on the taste buds, giving drinkers a sense of the strength of the earth. At the same time, however, this red wine has an impressively elegant touch.

Cultivated

With gentian

The Zurich start-up company Gents has taken the high-end bar scene by storm with its tonic water. As of this year, the aesthetic 0.2-litre white glass bottles that the cult drink is served in have been produced by Vetropack Austria in Pöchlarn.

Tonic water is one of the most popular bitter lemonades. It is considered to be particularly classy, so it is no surprise that trendy young entrepreneurs keep trying to make an even better tonic water – an aim that the start-up company Gents from Zurich has certainly achieved. The recipe for its tonic is based on its knowledge of the culinary arts and herbs gained over the years. Swiss ingredients such as beet sugar and gentian harvested in the Jura with special authorisation are also used. The great yellow gentian – *Gentiana lutea* – also gave the company its name.

The bottles in which Gents offers its drinks are produced by Vetropack Austria in Pöchlarn. The straight neck and gently curving shoulders show the products in the 0.2-litre white glass bottle in the best light. There are now many other varieties in addition to the classic tonic such as Gents Swiss Roots Ginger or Gents Swiss Craft Ginger.



Patented Innovative notches

At the Terre de la Custodia vineyard, the fruits of the Umbrian terroir have been transformed into outstanding wine for centuries. The rosé comes in a unique 750 ml white glass bottle by Vetropack Italia.

Montefalco in the Italian region of Umbria has been famous for its outstanding wine since the Middle Ages. The first vines were cultivated here by Franciscan monks in the cloisters of the monastery.

The Terre de la Custodia vineyard, five kilometres outside Montefalco, also looks back on a centuries-old tradition. Anything that survives for so long must continue to be innovative and this can certainly be said of Terre de la Custodia. A white glass bottle was developed for the rosé wine Montefalco Sagrantino – the result of a perfect synthesis of aesthetics and functionality. The eye-catching groove on the front of the bottle leads to an internal depression that collects wine residues and prevents them from being moved, while the rear notch ensures that no residues escape when pouring. Why isn't every wine not poured in this special bottle, which has clear advantages? The answer is simple: Terre de la Custodia has patented it!



Elegant For the world

The Sicilian red wine Nero d'Avola is world-famous. Alibrianza cultivates the wine in the Trapani area and packages it in elegant 750 ml cuvée glass bottles produced by Vetropack Italia in Trezzano sul Naviglio near Milan.

The family enterprise Alibrianza was founded in 1981 and concentrated initially on trading premium-quality wines for an international clientele. But the desire was soon formed to produce wine itself. Alibrianza first took over the Cascina Radice vineyard in Piedmont, which is steeped in tradition, and then added vineyards in Sicily – the island where vines thrive thanks to the Mediterranean climate, many hours of sunshine and refreshing sea breeze.

One of the indigenous Sicilian grape varieties is the full-bodied Nero d'Avola. For each Nero d'Avola that Alibrianza cultivates in the Trapani region, Vetropack Italia produces a 750 ml cuvée glass bottle. It reflects the full-bodied, fruity wine with its pronounced shoulders and robust body. In 2019, Alibrianza was awarded a gold medal at the China Wine & Spirits Awards.



Magnificent

A sparkling appearance

Anything fit for royal taste buds should look royal too. That's why leading Ukrainian fruit wine producer Mikado is packaging its new low-alcohol sparkling wine Mikado Princess in a magnificent bottle, produced by Vetropack Gostomel.

With its dignified sloping shoulders and long, slender neck, the new 0.75-litre bottle has a classic, elegant shape. Its majestic impression is enhanced greatly by the surface of the glass – the crystal engraving makes the bottle sparkle like a cut ruby when the light hits it. The new product by Vetropack Gostomel is therefore the perfect package for the premium-quality sparkling drink with its unique fruit and berry flavour.

The eye-catching interplay of colours created by the combination of bottle and drink together is also almost festive – the soft pink shimmer of the sparkling wine matches the colour of the cherry blossom traditionally pictured on the label of the renowned brand. Wine, bottle, label and light are brought together in harmony in a unique way in this utterly successful new creation and help highlight the festive and special nature of every occasion where Mikado Princess is served.

Original

An ideal companion

Craft beer has met with unparalleled success around the world. It is mainly produced by small breweries by hand with a great deal of care. Beers like this belong in classy and sustainable glass – for example, the Steinweg beer, for which Vetropack Gostomel produces exceptional bottles.

Steinweg is a small, dedicated brewery in Ukraine. The Steinweg beer glass is the visual expression of the drink it was created for – original and highly unique, it gives hints of the small factory atmosphere and steampunk influences. Both a retro style and progressive way of thinking are captured in its unusual design.

The brewers chose brown glass for the 0.6-litre glass capable of holding a pint, providing their frothy, delicious drink with the best protection against potentially harmful light. The sealed screw cap is particularly eye-catching and user-friendly, making the glass an ideal companion for a trip. With this collaboration, Steinweg and Vetropack Gostomel have shown that even something as everyday and seemingly perfected as a beer bottle can be spectacularly reimaged.



Just right

A fruity flavour

The Austrian syrup brand YO produces syrups of the highest quality. Three new creations are perfectly protected by beautifully shaped white 0.5-litre glass bottles that are produced in Vetropack Austria's Pöchlarn plant.

Glass and organic – the perfect combination. Anyone who produces or consumes organic products places a very high value on quality, health and protecting the environment. Glass protects the contents particularly well because it does not affect them in any way and is neutral in taste and odour.

Eckes Granini Austria GmbH also agrees. Its brand YO is known throughout Austria and beyond for producing high-quality fruit syrups. Now the line has been extended with three organic syrup creations: raspberry and lemon, currant and lemon balm. The new varieties come in 0.5-litre glass bottles produced by Vetropack Austria at its Pöchlarn plant in the well-established YO bottle design. The white glass bottles fit particularly comfortably in the hand thanks to the grip recess below the shoulders. Combined with the glass packaging material, the slender shape emphasises the premium quality of the contents.

Sparkling

A revival

Wine spritzed with mineral water or soda is one of the most popular thirst-quenching drinks on a hot day. What's equally satisfying is the 0.33-litre glass bottle by Vetropack Austria in which the "Spritzer" by Austrian winery Aigner is served.

Did you know that the "G'spritzte" or "Spritzer" was invented in Austria? Wine mixed with mineral water or soda is a particularly popular drink in the summer, either as an aperitif or as a simple, no-nonsense companion to a delicious meal.

The Aigner winery in Gumpoldskirchen is one of the best performing and most modern wineries in Austria. In summer 2020, it launched a particularly refreshing mixed drink made from white wine and mineral water: a "Spritzer". It comes in a 0.33-litre glass bottle made from green glass which provides the contents with the necessary light protection and also guarantees freshness for consumers even when stored for longer periods of time. The standard bottle produced by Vetropack offers just the right amount of headspace for the carbonated drink. It is filled up to just below the rim so that the contents are exposed to as little oxygen as possible. The shoulderless bottle shape is also very practical and means that the Spritzer can be enjoyed straight from the bottle.



Pure

Gift of the mountains

The natural mineral water Karpatska Dzherelna is extracted from the depth of 90 metres in the untouched nature of the Carpathian Mountains. In order to preserve the healthy properties of the water, the producer has opted for an environmentally friendly packaging solution – glass bottles of premium quality manufactured by Vetropack Gostomel.

The original 0.5-litre bottle has a teardrop shape that fascinates with its elegant simplicity. The engraving on the surface depicts the mountain landscape and a soaring eagle, thus highlighting the natural origin of the mineral water. The bottle enjoys both a pleasing design and utility: the thickened bottom guarantees stability while 100% recyclable material represents the producer's respectful attitude to the environment.

At Karpatska Dzherelna, the health of the consumer is at the centre of attention. The mineral water is filtered from solids without changing its natural formula. This preserves the primary set of minerals and microelements such as calcium. The mineral water is available both with and without carbon dioxide.



Fruity

Homemade

Vetropack Moravia Glass produces the new half-litre glass bottles for the various flavours of Kitl syrups. The bottles present themselves in an olive-green transitional colour, as they appear when the colour of the furnace changes.

The Kitl company attaches great importance to quality and craftsmanship in its syrups. These standards are just as high for the 500 ml glass bottle too. The olive-green glass bottle is topped off with a silver screw cap. The entire bottle is enclosed in a large paper label that emphasises the homemade character of the products and provides valuable additional information such as recipe recommendations.

Kitl's (Kitl Syrob) array of syrups taste as good as homemade, following traditional recipes. In addition to the raspberry variety, they also come in ginger, elderberry, mint, grapefruit, cherry or currant flavour. The thickened juices are produced in organic quality and contain a high percentage of fruit. Thanks to cold processing, the syrups are rich in taste and full of flavour.



Easy to handle

Sustainable and convenient

The new jars designed for the internationally known spice powder Vegeta Maestro stand out for their attractive and modern look. Podravka developed the jars in cooperation with its long-term business partner Vetropack Straža.

The new spice jars appear to be larger than their predecessors, but they actually have the same diameter and hold the same quantity. This impression is created by the push-up floor. Vetropack Straža was able to use the narrow-neck press-blow method to produce this floor.

The new design provides more space on the label for communication with consumers. This allows them to see at first glance that the product contains 100% natural spices. There is also another new and very practical function. The cap of both the mills and shakers can be removed so that the jar can be refilled with spices from the bag. The shaker's cap has larger holes, which make it easier to use coarser spices. The new jars therefore fulfil customer requirements for sustainable and modern packaging which is easy to handle.



Elegant

Sunny salutations

Boasting seven centuries of winegrowing tradition, the Josef Brigl Winery is now investing in its future. The Pinot Bianco is filled in the 750 ml Borgognotta bottle, which is produced at Vetropack's Trezzano sul Naviglio plant.

The bottle's tapered shoulders and long neck lend it a distinctive air of elegance, further emphasised by its cuvée colour. The Borgognotta perfectly mirrors the fresh and fruity Pinot Bianco, which stands out thanks to its pleasantly sweet vanilla notes.

The Brigl winery in South Tyrol has been a symbol of the winegrowing and pressing tradition since the 14th century. The winery only uses grapes from its own vineyards and selected winegrowers to make its premium-quality wines. The production process blends tradition and state-of-the-art technology. The Pinot Bianco grapes come from the Haselhof Winery, located 550 metres above sea level in Colterenzio. The Burgundy's straw-yellow colour embodies the many days of sunshine that the cultivation area enjoys.



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Vetropack Group**

Financial Report

Vetropack Group

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At a Glance

		+/-	2020	2019 ¹⁾
Net Sales	CHF millions	- 7.3%	662.6	714.9
EBIT	CHF millions	- 14.9%	76.1	89.4
Consolidated Profit	CHF millions	12.2%	81.2	72.4
Cash Flow*	CHF millions	- 7.9%	141.2	153.3
Investments	CHF millions	- 40.4%	73.7	123.7
Production	1 000 metric tons	- 3.0%	1 416	1 460
Unit Sales	billion units	- 5.9%	4.86	5.16
Exports (in unit terms)	%	-	43.1	43.9
Employees	number	15.3%	3 882	3 366

¹⁾ adjusted; see [note No. 29](#)

* operating cash flow before change of net working capital

Consolidated Balance Sheet

CHF millions	Note	31.12.2020	31.12.2019 ¹⁾
ASSETS			
Short-term Assets			
Liquid funds		104.5	100.8
Marketable securities		–	0.4
Accounts receivables	1	123.5	115.6
Other short-term receivables	2	13.6	10.2
Inventories	3	151.7	136.6
Accruals	4	2.0	1.4
Subtotal Short-term Assets		395.3	365.0
Long-term Assets			
Tangible assets	5	573.5	559.2
Financial assets	6	16.8	18.5
Intangible assets	7	5.9	6.5
Subtotal Long-term Assets		596.2	584.2
Total Assets		991.5	949.2
LIABILITIES			
Liabilities			
Short-term liabilities			
– Accounts payables		88.0	87.6
– Short-term financial debts	8	5.5	0.3
– Other short-term liabilities	9	28.4	23.1
– Deferrals	10	27.2	21.3
– Short-term provisions	11	3.3	9.5
Subtotal Short-term Liabilities		152.4	141.8
Long-term liabilities			
– Long-term financial debts	8	39.3	21.7
– Other long-term liabilities		1.3	1.2
– Long-term provisions	11	34.9	36.1
Subtotal Long-term Liabilities		75.5	59.0
Total Liabilities		227.9	200.8
Shareholders' Equity			
Share capital	12	19.8	19.8
Capital reserves		0.3	0.3
Retained earnings		662.3	655.9
Consolidated profit		81.2	72.4
Subtotal shareholders' Equity excl. Minorities		763.6	748.4
Minority interests	13	–	–
Subtotal Shareholders' Equity		763.6	748.4
Total Liabilities		991.5	949.2

¹⁾ adjusted; see note No. 29

Consolidated Income Statement

CHF millions	Note	2020	2019 ¹⁾
Net Sales from Goods and Services	14	662.6	714.9
Other operating income	15	12.6	12.6
Changes in inventories		15.4	2.4
Material costs	16	- 111.9	- 116.0
Energy costs		- 89.1	- 94.6
Personnel expenses	17	- 167.5	- 169.7
Depreciation/Impairments of tangible assets	5	- 73.4	- 74.7
Depreciation/Impairments of intangible assets	7	- 2.7	- 2.0
Other operating expenses	18	- 169.9	- 183.5
Operating Result (EBIT)		76.1	89.4
Financial result	19	1.5	- 3.6
Ordinary Result		77.6	85.8
Non-operating result ²⁾	20	12.1	1.5
Consolidated Profit before Income Taxes		89.7	87.3
Income taxes	21	- 8.5	- 14.2
Consolidated Profit before Minority Interests		81.2	73.1
Minority interests from Group companies		-	- 0.7
Consolidated Profit		81.2	72.4
Earnings per Share	22		
Undiluted earnings per registered share A in CHF		4.10	182.61
Undiluted earnings per registered share B in CHF		0.82	36.52
Diluted earnings per registered share A in CHF		4.10	182.61
Diluted earnings per registered share B in CHF		0.82	36.52

¹⁾ adjusted; see note No. 29

²⁾ This position includes a gain from the sale of a non-operating property of CHF 11.7 million (2019: CHF 0.0 million).

Consolidated Cash Flow Statement

CHF millions	Note	2020	2019 ¹⁾
Consolidated profit incl. minorities		81.2	73.1
+ Asset depreciation		77.1	77.7
+/- Loss/gain from applying/removing impairments		-	-
+/- Increase/decrease in provisions		- 0.7	1.9
+/- Loss/gain from disposals of tangible assets		- 11.8	0.2
+/- Other changes in non-cash items		- 4.6	0.4
= Operating Cash Flow before Change of Net Working Capital		141.2	153.3
+/- Decrease/increase in accounts receivables		6.8	7.9
+/- Decrease/increase in inventories		- 11.0	- 11.5
+/- Decrease/increase in other receivables and accruals		- 1.0	3.2
+/- Increase/decrease in accounts payables		- 4.1	1.6
+/- Increase/decrease in other liabilities and deferrals		5.0	2.2
= Cash Inflow/Drain from Operating Activities		136.9	156.7
- Outflows for investments in tangible assets	23	- 71.6	- 121.1
+ Inflows for sales of tangible assets		14.8	0.7
- Outflows for investments in financial assets		-	-
+ Inflows for sales of financial assets		2.3	-
- Cash-out for acquisitions of consolidated companies	30	- 42.8	- 5.9
- Outflows for investments in intangible assets		- 2.1	- 2.6
+/- Changes in marketable securities		0.4	0.3
= Cash Inflow/Drain from Investment Activities		- 99.0	- 128.6
- Dividend distribution to shareholders		- 25.8	- 19.8
- Dividend distribution to minorities		-	-
+/- Formation/repayment of short-term financial debts		3.2	- 44.6
+/- Formation/repayment of long-term financial debts		- 10.1	4.8
= Cash Inflow/Drain from Financing Activities		- 32.7	- 59.6
Foreign Exchange differences		- 1.5	0.8
Changes in Liquid Funds		3.7	- 30.7
Liquid funds as per 1.1.		100.8	131.5
Liquid funds as per 31.12.		104.5	100.8
Changes in Liquid Funds		3.7	- 30.7
Inflows from interest		0.1	0.4
Outflows for interest		- 0.4	- 0.4
Outflows for income taxes		- 7.2	- 17.5

¹⁾ adjusted; see note No. 29

Changes in Consolidated Shareholders' Equity

CHF millions

	Share Capital	Capital Re-serves (Agio)	Retained Earnings	Subtotal excl. Minority Share Interests	Minority Share Interests	Subtotal incl. Minority Share interests
Shareholders' Equity as per 31.12.2018 ¹⁾	19.8	0.3	685.9	706.0	2.4	708.4
Acquisition of minority interests	–	–	– 2.8	– 2.8	– 3.1	– 5.9
Consolidated profit ¹⁾	–	–	72.4	72.4	0.7	73.1
Foreign exchange differences	–	–	– 7.4	– 7.4	–	– 7.4
Dividends	–	–	– 19.8	– 19.8	–	– 19.8
Shareholders' Equity as per 31.12.2019 ¹⁾	19.8	0.3	728.3	748.4	–	748.4
Accounting goodwill ²⁾	–	–	– 17.6	– 17.6	–	– 17.6
Consolidated profit	–	–	81.2	81.2	–	81.2
Foreign exchange differences	–	–	– 22.6	– 22.6	–	– 22.6
Dividends	–	–	– 25.8	– 25.8	–	– 25.8
Shareholders' Equity as per 31.12.2020	19.8	0.3	743.5	763.6	–	763.6

¹⁾ adjusted; see note No. 29

²⁾ see note No. 30

The legally non-distributable reserves of Vetropack Holding Ltd amount to CHF 4.0 million (2019: CHF 4.0 million). Vetropack Holding Ltd did not hold own shares from 2018 to 2020.



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	
	2020	2019	2020	2019
EUR	1.07033	1.11276	1.08570	1.08710
CZK	0.04049	0.04334	0.04136	0.04269
HRK	0.14199	0.15000	0.14388	0.14595
MDL*	0.05172	-	0.05176	-
RON*	0.22202	-	0.22230	-
UAH	0.03440	0.03876	0.03144	0.04053

* Average Exchange Rate: December 2020

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	31.12.2020	31.12.2019
Gross receivables	127.3	118.5
Value adjustments	- 3.8	- 2.9
Net receivables	123.5	115.6

2. Other Short-Term Receivables

CHF millions	31.12.2020	31.12.2019
VAT (value added tax) credit	3.9	4.1
Withholding tax credit	2.5	2.8
Other short-term receivables	7.2	3.3
Total	13.6	10.2

3. Inventories

CHF millions	31.12.2020	31.12.2019
Raw materials	13.5	13.8
Materials and supplies	54.9	48.4
Work-in-progress	4.1	3.1
Finished goods, merchandise	129.3	107.2
Advance payments	0.4	3.6
Value adjustments	- 50.5	- 39.5
Total	151.7	136.6

4. Accruals

CHF millions	31.12.2020	31.12.2019
Ongoing income tax (credit)	1.1	0.4
Other accruals	0.9	1.0
Total	2.0	1.4

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 1.1.2019	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 1.1.2020	75.3	296.0	895.6	40.7	43.3	1 350.9
Change consolidation scope	–	9.5	20.6	0.7	5.0	35.8
Additions	0.1	1.8	15.8	0.8	53.1	71.6
Disposals	– 22.2	– 0.3	– 24.5	– 1.5	–	– 48.5
Reclassifications	– 0.7	2.2	9.1	1.3	– 11.8	0.1
Foreign exchange differences	– 0.1	– 3.9	– 24.4	– 0.9	– 0.2	– 29.5
As per 31.12.2020	52.4	305.3	892.2	41.1	89.4	1 380.4
Accumulated Depreciation						
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 1.1.2020	31.5	183.4	543.6	33.2	–	791.7
Ordinary depreciation	0.9	6.6	64.4	2.4	–	74.3
Disposals	– 19.5	– 0.2	– 24.2	– 1.5	–	– 45.4
Reclassifications	–	–	–	–	–	–
Asset impairments*	–	–	–	–	–	–
Foreign exchange differences	–	– 2.0	– 11.1	– 0.6	–	– 13.7
As per 31.12.2020	12.9	187.8	572.7	33.5	–	806.9
Book Value						
As per 1.1.2020	43.8	112.6	352.0	7.5	43.3	559.2
As per 31.12.2020	**39,5	**117,5	319.5	7.6	89.4	573.5

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

** This includes vacant real estate plots valued at CHF 2.6 million (2019: CHF 3.4 million).

As per 31.12.2020 payments on assets under construction amounted to CHF 2.5 million (2019: CHF 7.4 million).

6. Financial Assets

CHF millions	Note	31.12.2020	31.12.2019
Employer's contribution reserves	28	12.3	12.3
Assets from pension funds		2.1	2.0
Deferred taxes	21	1.7	1.5
Participations in associated companies		0.3	0.5
Other financial investments		0.4	2.2
Total		16.8	18.5

7. Intangible Assets

CHF millions

	Software	Software in Development	Other Intangible Assets	Total
Acquisition Value				
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 1.1.2020	50.4	1.6	1.2	53.2
Additions	1.5	0.6	-	2.1
Disposals	- 0.1	-	-	- 0.1
Reclassifications	1.4	- 1.4	-	-
Foreign exchange differences	- 0.1	-	-	- 0.1
As per 31.12.2020	53.1	0.8	1.2	55.1
Accumulated Amortisation				
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 1.1.2020	45.6	-	1.1	46.7
Ordinary amortisation	2.7	-	-	2.7
Disposals	- 0.1	-	-	- 0.1
Reclassifications	-	-	-	-
Asset impairments	-	-	-	-
Foreign exchange differences	- 0.1	-	-	- 0.1
As per 31.12.2020	48.1	-	1.1	49.2
Book Value				
As per 1.1.2020	4.8	1.6	0.1	6.5
As per 31.12.2020	5.0	0.8	0.1	5.9

There were no licences, patents or brands in 2019 or 2020.

8. Financial Debts

CHF millions	31.12.2020	31.12.2019
Residual period		
- < 1 year*	5.5	0.3
- 1 to 2 years**	6.1	2.5
- 3 to 5 years***	20.7	6.7
- > 5 years****	12.5	12.5
Total	44.8	22.0

* in CHF; interest rate between 0.0% to 5.0% (2019: 0.0% to 0.85%)

** in CHF; interest rate between 0.0% to 5.0% (2019: 0.7%)

*** in CHF; interest rate between 4.85% to 6.0% (2019: 0.65% to 1.85%)

**** in CHF; interest rate 0.99% (2019: 0.99%)

As of 31 December 2020, short-term financial debts mainly included bank loans from the company in Moldova that was acquired in the reporting year. In the year 2020 no short-term financial debts (2019: CHF 8.7 million) were prolonged.

9. Other Short-Term Liabilities

CHF millions	31.12.2020	31.12.2019
Prepaid recycling fee	5.0	4.6
Advance payments	2.2	1.1
Liabilities to employees	5.9	5.4
Other short-term liabilities	15.3	12.0
Total	28.4	23.1

10. Deferrals

CHF millions	31.12.2020	31.12.2019 ¹⁾
Ongoing liable income taxes	5.5	1.5
Unclaimed vacations and overtime compensations	7.4	5.3
Other deferrals	14.3	14.5
Total	27.2	21.3

¹⁾ adjusted; see note No. 29

11. Provisions

CHF millions

	Service Anniver- sary	Pensions	Deferred Tax Liabilities	Other	Total
As per 1.1.2019 ¹⁾	4.8	14.9	19.5	6.3	45.5
Reclassifications	-	-	-	-	-
Formations ¹⁾	1.2	2.1	1.4	5.3	10.0
Liquidations	- 0.1	- 0.1	- 4.2	0.1	- 4.3
Utilisations	- 0.1	- 1.8	-	- 2.9	- 4.8
Foreign exchange differences	- 0.1	- 0.4	- 0.3	-	- 0.8
As per 1.1.2020 ¹⁾	5.7	14.7	16.4	8.8	45.6
Reclassifications	-	-	-	-	-
Formations	0.6	1.8	0.6	2.7	5.7
Liquidations	- 0.2	- 0.1	- 1.6	- 5.7	- 7.6
Utilisations	- 0.1	- 1.7	-	- 3.2	- 5.0
Foreign exchange differences	- 0.1	- 0.2	- 0.2	-	- 0.5
As per 31.12.2020	5.9	14.5	15.2	2.6	38.2
Of which short-term	0.7	-	-	2.6	3.3
Of which long-term	5.2	14.5	15.2	-	34.9

¹⁾ adjusted; see note No. 29

12. Share Capital

The share capital is structured as follows:

CHF millions	31.12.2020	31.12.2019
13 774 000 Registered shares A (2019: 220 480) nominal value CHF 1.00 (2019: CHF 50.00) (issued and paid in full)	13.8	11.0
30 250 000 Registered shares B (2019: 880 000) nominal value CHF 0.20 (2019: CHF 10.00) (issued and paid in full)	6.0	8.8
Total	19.8	19.8

The registered shares A (Security no. 622 761) are listed on the SIX Swiss Exchange, Swiss Reporting Standard. With a closing price at the end of the year of CHF 59.70 (2019: CHF 3,040.00) total capitalisation is CHF 1,183.5 million (2019: CHF 1,205.3 million). Each registered share has one voting right.

Major Shareholders with > 3% of Voting Rights

	31.12.2020	31.12.2019
Shareholder group Cornaz according to latest SIX publication	76.1%	79.3%

The definition of major shareholders has been adjusted for this year and the previous year.

One shareholders' agreement exists between the shareholders of Cornaz AG-Holding, another between Cornaz AG-Holding and other shareholders (details see [here](#)).

13. Minority Interests

Since 27 March 2019, Vetropack Austria Holding AG has held 100% of the shares in PrJSC Vetropack Gostomel.

14. 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	2020	2019
Glass Packaging			
– Switzerland	3.9%	77.4	74.5
– Austria	– 4.4%	194.0	203.0
– Czech Republic	– 10.1%	66.2	73.6
– Croatia	– 18.3%	101.6	124.4
– Slovakia	2.3%	61.9	60.5
– Ukraine	– 33.0%	54.7	81.7
– Italy	4.5%	90.9	87.0
– Moldova	-	3.6	-
Speciality Glass (Switzerland)	20.6%	12.3	10.2
Total	– 7.3%	662.6	714.9

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.

15. Other Operating Income

CHF millions	2020	2019
Material and energy sales	3.0	3.7
Ancillary services	1.3	0.9
Real estate management income	0.6	0.5
Internally produced additions to plant and equipment	1.2	1.7
Supplier commissions	1.8	1.8
Allocations disposal fees	2.0	1.8
Other income	2.7	2.2
Total	12.6	12.6

16. Cost of Materials

CHF millions	2020	2019
Raw material	100.6	106.5
Merchandise	11.3	9.5
Total	111.9	116.0

17. Personnel Expenses

CHF millions	2020	2019
Wages and salaries	126.3	127.4
Social benefits	35.3	36.2
Other personnel expenses	5.9	6.1
Total	167.5	169.7

Headcount by country

	Change	31.12.2020	31.12.2019
Switzerland	- 2.0%	292	298
Austria	- 0.1%	713	714
Czech Republic	- 3.4%	451	467
Croatia	3.1%	606	588
Slovakia	1.6%	384	378
Ukraine	0.0%	631	631
Italy	3.8%	301	290
Moldova	-	504	-
Total	15.3%	3 882	3 366

18. Other Operating Expenses

CHF millions	2020	2019 ¹⁾
Maintenance and repairs	32.9	33.2
Mould costs	6.8	6.3
Packaging material	23.1	29.1
Transport costs	41.7	46.2
Other administrative and operating expenses	65.4	68.7
Total	169.9	183.5

¹⁾ adjusted; see note No. 29

19. Financial Result

CHF millions	2020	2019
Interest income	0.6	0.9
Interest expenses	- 0.3	- 0.4
Currency exchange gains	7.0	5.3
Currency exchange losses	- 5.8	- 9.4
Other financial income	-	-
Total	1.5	- 3.6

20. Non-Operating Result

CHF millions	2020	2019
Non-operating real estate income	2.7	3.9
Non-operating real estate expenses	- 1.4	- 1.6
Non-operating real estate depreciation / impairments	- 0.9	- 1.0
Other non-operating income/expenses *	11.7	0.2
Total	12.1	1.5

* This position includes a gain from the sale of a non-operating property of CHF 11.7 million (2019: CHF 0.0 million).

21. Income Taxes

CHF millions	2020	2019 ¹⁾
Ongoing income taxes	9.7	16.9
Deferred income taxes	- 1.2	- 2.7
Total	8.5	14.2

¹⁾ adjusted; see note No. 29

Loss carryforwards amounted to CHF 15.5 million (2019: CHF 10.0 million) in total at the end of the reporting year. CHF 4.5 million (2019: CHF 0.0 million) loss carryforwards were included in the calculation of the deferred income tax assets. The impact on the tax on earnings of unrecognised loss carryforwards was CHF 2.6 million in the reporting year (2019: CHF 2.1 million). In the reporting year CHF 3.5 million unrecognised loss carryforwards were used (2019: CHF 0.0 million). There was an impact of CHF -0.6 million in the reporting year on income taxes due to the use of unrecognized losses carried forward (2019: CHF 0.0 million). In the reporting year, as in the previous year, there was no impact due to the use or expiry of unrecognised loss carryforwards.

The country-specific tax rates that apply to the calculation of the deferred taxes on earnings range from 11.0% to 25.0% (2019: 11.0% to 25.0%).

The weighted average tax rate to be applied based on the ordinary result is 18.3% (2019: 20.0%).

22. 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.

	2020	2019 ¹⁾
Consolidated profit allocated to the shareholders of the Vetropack Group in million CHF	81.2	72.4
Weighted number of outstanding registered shares A for undiluted result per share	19 824 000	396 480
Weighted number of outstanding registered shares B for undiluted result per share	99 120 000	1 982 400
Undiluted result per registered share A in CHF	4.10	182.61
Undiluted result per registered share B in CHF	0.82	36.52

¹⁾ adjusted; see note No. 29

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. By resolution of the Annual General Assembly of 22 April 2020 a 1:50 share split was carried out for both categories on 4 May 2020. Furthermore, the listed bearer shares were converted into class A registered shares and the current registered shares are now designated as class B registered shares. In addition, 13,750,000 class B registered shares, each with a nominal value of CHF 0.20, were converted at a ratio of 5:1 into 2,750,000 class A registered shares, each with a nominal value of CHF 1.00.

23. Investments

Investment Breakdown:

CHF millions	2020	2019
Switzerland	2.6	2.5
Austria	11.3	8.0
Czech Republic	2.0	9.2
Croatia	34.7	24.6
Slovakia	3.5	28.5
Ukraine	3.9	26.6
Italy	9.2	21.7
Moldova	4.4	-
Total	71.6	121.1

24. Off Balance Sheet Transactions

CHF millions	31.12.2020	31.12.2019
Letters of comfort	2.5	2.5
Guarantees	0.4	0.6
Off balance sheet leasing	0.5	0.9
Total	3.4	4.0

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	31.12.2020	31.12.2019
Maturity		
– 1 to 2 years	0.4	0.8
– 3 to 5 years	0.1	0.1
– > 5 years	–	–
Total	0.5	0.9

25. Pledged Assets

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

CHF millions	31.12.2020	31.12.2019
Accounts receivables	18.2	10.4
Inventories	8.7	–
Real estate	68.9	30.1
Total	95.8	40.5

26. Derivative Financial Instruments

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

27. Transactions with Closely Associated Persons

CHF millions	31.12.2020	31.12.2019
Pension Funds		
Accounts receivables	–	–
Accounts payables	0.1	0.2
Interest expenses	–	–
Associated Companies		
Accounts receivables	–	–
Accounts payables	0.9	0.8
Capitalised services	–	–
Service income	–	–
Equity income	–	–
Glass cullet purchasing expenses	– 4.2	– 4.0
Maintenance and repairs expenses	– 0.3	– 0.2
Other service expenses	–	–
Equity valuation expenses	–	–
Other Closely Associated Persons		
Accounts receivables	–	–
Accounts payables	3.2	0.2
Investments in tangible assets	2.7	–
Distribution income	–	–
Packaging material expenses	– 0.3	– 0.5
Distribution expenses	–	–
Service expenses	– 0.1	–
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.

28. 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	2020	2019
Nominal value 31.12.	12.9	13.0
Utilisation waiver 31.12.	–	–
Other value adjustments 31.12.	–	–
Discounting effects 31.12.	– 0.6	– 0.7
Book value 31.12.	12.3	12.3

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 31.12.2020	13.8	–	32.2	–	46.0
Economic utilisation/liabilities 31.12.2019	–	–	–	– 12.1	– 12.1
Economic utilisation/liabilities 31.12.2020	–	–	–	– 11.9	– 11.9
Changes 2020	–	–	–	– 0.2	– 0.2
Contributions restricted to the period*	–	–	2.5	1.6	4.1
Pension expenses 2019	–	–	2.4	1.9	4.3
Pension expenses 2020	–	–	2.5	1.4	3.9

* 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	2020	2019
Key influential factors		
– Changes in employer's contribution reserves	–	0.1
– Changes in economic utilisation / liabilities	– 0.2	– 0.3
– Pension fund contributions	4.1	4.5
Total Pension Fund Expenses	3.9	4.3

29. Correction previous year's figures

Due to incorrect recordings of the wastewater quantities in the Austrian Kremsmünster production plant, sewer fees that were too low were charged to the plant in the years 2010 to 2019. In 2020, the extent of the deviation was recorded and reported to the responsible authority. This will lead in 2020 to an additional payment after taxes of CHF 3.8 million. For reasons of comparability, the previous year's figures have been adjusted as follows:

Consolidated Balance Sheet 31.12.2019

CHF millions	reported	correction	corrected
Deferrals	22.6	- 1.3	21.3
Short-term provisions	4.4	5.1	9.5
Retained earnings	659.1	- 3.2	655.9
Consolidated profit	73.0	- 0.6	72.4

Consolidated Income Statement Half Year 2019

CHF millions	reported	correction	corrected
Other operating expenses	- 182.7	- 0.8	- 183.5
Income taxes	- 14.4	0.2	- 14.2
Consolidated Profit	73.0	- 0.6	72.4

Consolidated Cash Flow Statement 31.12.2019

CHF millions	reported	correction	corrected
Consolidated profit incl. minorities	73.7	- 0.6	73.1
Increase/decrease in provisions (+/-)	1.1	0.8	1.9
Operating Cash Flow before Change of Net Working Capital	153.1	0.2	153.3
Increase/decrease in other liabilities and deferrals (+/-)	2.4	- 0.2	2.2

Changes in Consolidated Shareholders' Equity

CHF millions	reported	correction	corrected
Shareholders' Equity as per 1.1.2018	688.3	- 2.7	685.6
Consolidated profit	58.1	- 0.5	57.6
Shareholders' Equity as per 1.1.2019	711.6	- 3.2	708.4
Consolidated profit	73.0	- 0.6	72.4
Shareholders' Equity as per 31.12.2019	752.2	- 3.8	748.4

30. Acquisition

On 10 December 2020, the group acquired a Moldovan glass factory based in Chişinău and fully consolidated it for the first time from 30 November 2020.

The current values of the net assets as at the date of acquisition are as follows:

CHF millions	30.11.2020
Liquid funds	1.6
Accounts receivables	15.3
Other short-term receivables	2.9
Inventories	9.0
Subtotal Short-term Assets	28.8
Long-term Assets	37.1
Total Assets	65.9
Accounts payables	3.7
Short-term financial debts	2.0
Advance payments	2.4
Other short-term liabilities	2.2
Deferrals	1.0
Subtotal Short-term Liabilities	11.3
Long-term financial debts	27.8
Subtotal Long-term Liabilities	27.8
Total Liabilities	39.1
Acquired net assets, measured at current market value	26.8
Goodwill from the acquisition	31.7
Total	58.5
Total consideration	58.5
Analysis of cash outflow as a result of the company acquisition:	
Amount paid in 2020 (investment activity)	44.4
Cash acquired with the subsidiary (investment activity)	– 1.6
Actual cash outflow as a result of the company acquisition	42.8

The total consideration includes a fixed purchase price component of CHF 44.4 million and further payments dependent on future results, which presently is estimated at CHF 14.1 million.

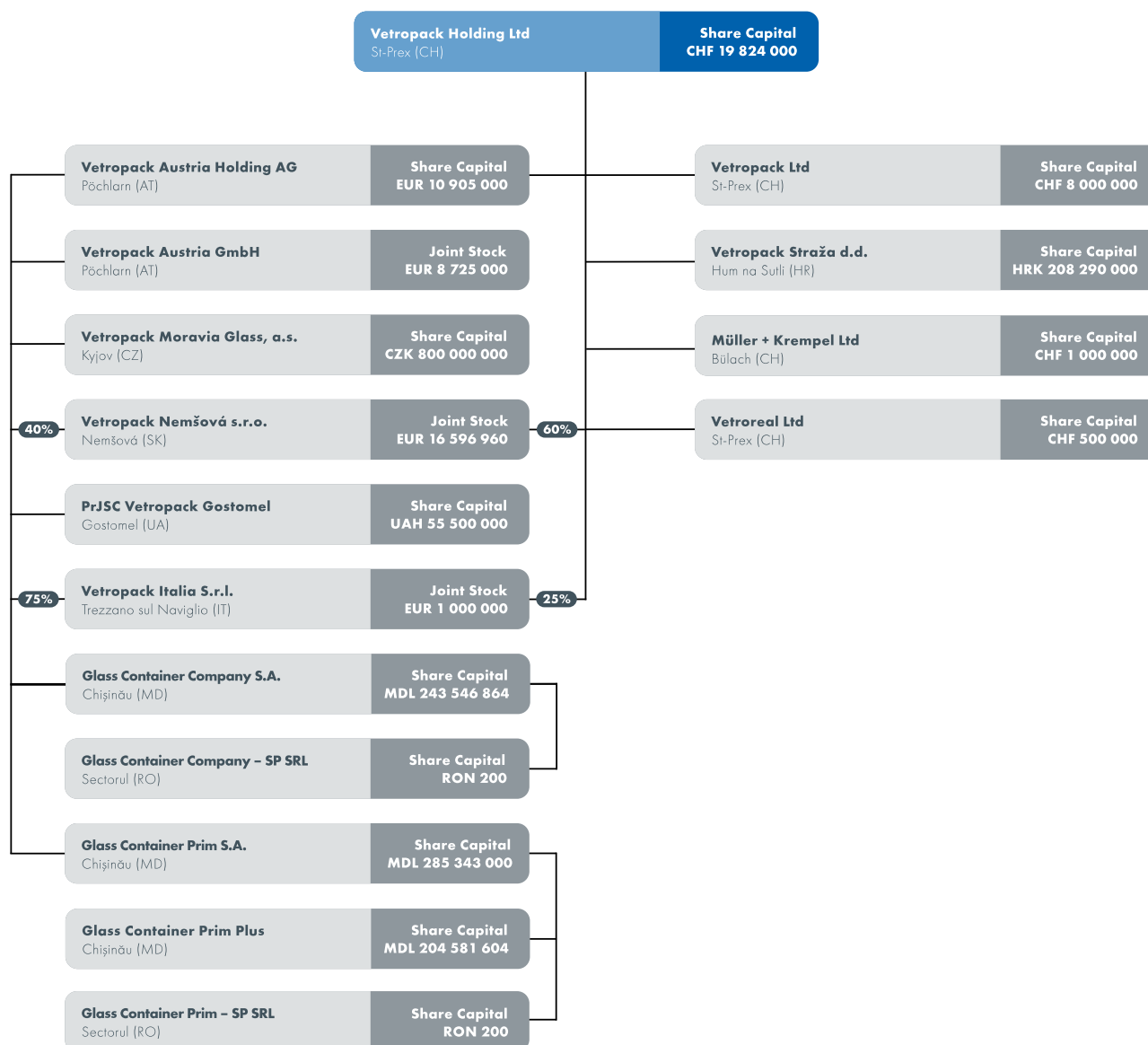
The goodwill of a purchased consolidated company is offset with equity at the date of acquisition. The theoretical amortisation of the goodwill is over the useful live of five years. A theoretical capitalisation of the goodwill would have the following impact on the consolidated financial statements:

CHF millions	2020	2019
Theoretical goodwill		
Gross book value as at 01.01.	16.8	16.8
Addition from acquisition	31.7	-
Gross book value as at 31.12.	48.5	16.8
Accumulated amortisation as at 01.01.	- 15.0	- 11.6
Amortisation	- 2.3	- 3.4
Accumulated amortisation as at 31.12.	- 17.3	- 15.0
Net book value as at 01.01.	1.8	5.2
Net book value as at 31.12.	31.2	1.8
Effect on Balance Sheet		
Sharholders' Equity according to Balance Sheet	763.6	748.4
Theoretical capitalisation of net book value of goodwill	31.2	1.8
Theoretical Shareholders' Equity incl. net book value of goodwill	794.8	750.2
Effect on Income Statement		
Consolidated Profit	81.2	72.4
Amortisation goodwill	- 2.3	- 3.4
Theoretical Consolidated Profit incl. amortization of goodwill	78.9	69.0

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 2021 that could negatively affect the declarations made in the 2020 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
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 Straža d.d.***	Hum na Sutli	HRK	208 290 000	100%	K	VPH
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
Italy						
Vetropack Italia S.r.l.	Trezzano	EUR	1 000 000	****75/25%	K	VAH/VPH
Moldova						
Glass Container Company S.A.	Chişinău	MDL	243 546 864	*****100%	K	VAH
Glass Container Prim S.A.	Chişinău	MDL	285 343 000	*****100%	K	VAH
Glass Container Prim Plus	Chişinău	MDL	204 581 604	*****100%	K	GCP
Romania						
Glass Container Company – SP SRL	Bucuresti	RON	200	*****100%	K	GCC
Glass Container Prim – SP SRL	Bucuresti	RON	200	*****100%	K	GCP

* Capital shares and voting rights are identical

** In the year under review, Vetroconsult Ltd was transferred to Vetropack Holding Ltd through an absorption merger.

*** Straža-Imo d.o.o. was sold during the reporting year.

**** In the year under review, a share of 25% was sold by Vetropack Austria Holding AG to Vetropack Holding Ltd.

***** Acquired in the reporting year via Vetropack Austria Holding AG, details see [here](#)

There were no other changes in company participations compared with 31 December 2019.

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.

GCC = Glass Container Company SA

GCP = Glass Container Prim SA

As per 31 Dezember 2020

Report of the statutory auditor on the consolidated financial statements

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

Zurich, 10 March 2021

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 83 to 111 / online version: marked with the label "audited information"), for the year ended 31 December 2020.

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 2020 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 2020 amounts to MCHF 573.5 (Prior Year: MCHF 559.2) and therefore represents approximately 58% 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 83, Valuation Principles on page 90 as well as Note No. 5 on page 94 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

Willy Hofstetter
Licensed audit expert
(Auditor in charge)

Marc Hegetschweiler
Licensed audit expert

Five Year Overview

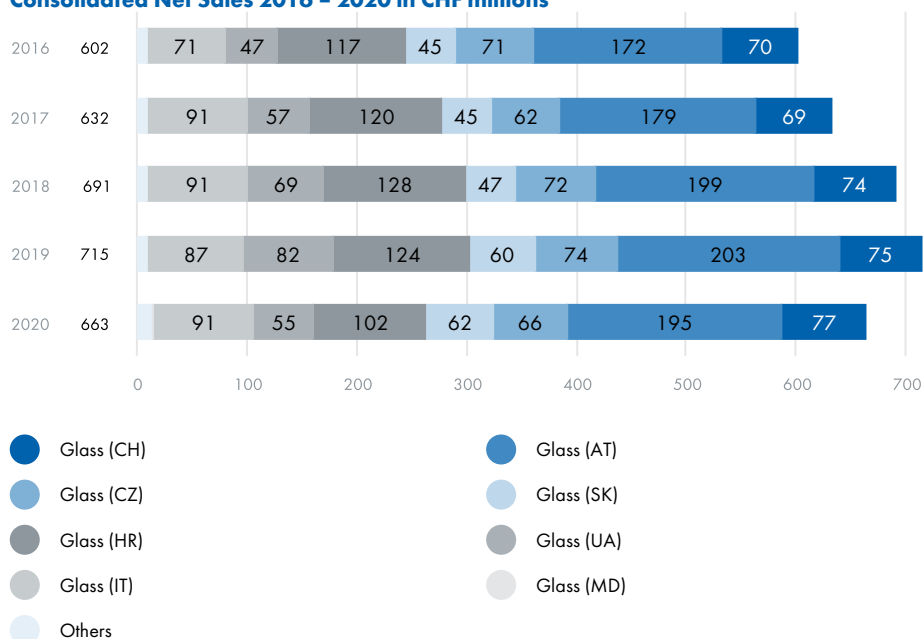
		2020	2019 ¹⁾	2018	2017	2016
Consolidated Income Statement						
Net sales from goods and services	CHF millions	662.6	714.9	690.7	631.5	601.7
Change net sales from previous year	%	- 7.3	3.5	9.4	5.0	8.0
Employees	number	3 882	3 366	3 291	3 257	3 243
Net sales per employee*	TCHF	195	212	210	194	186
Operating cash flow before change of net working capital ¹⁾	CHF millions	141.2	153.3	135.7	126.3	105.1
Cash flow as % of net sales	%	21.3	21.4	19.6	20.0	17.5
Depreciation/Impairments on tangible assets**	CHF millions	74.3	75.7	70.5	62.5	55.3
Income taxes ¹⁾	CHF millions	8.5	14.2	14.0	15.1	8.7
Net profit ¹⁾	CHF millions	81.2	72.4	58.1	57.0	42.6
Consolidated Balance Sheet as per 31.12.						
Investments in tangible assets	CHF millions	71.6	121.1	114.2	65.5	81.4
Total assets	CHF millions	991.5	949.2	947.4	932.2	840.7
Short-term assets	CHF millions	395.3	365.0	399.6	407.9	339.9
Long-term assets	CHF millions	596.2	584.2	547.8	524.3	500.8
Liabilities ¹⁾	CHF millions	227.9	200.8	235.8	243.9	235.3
Shareholders' equity ¹⁾	CHF millions	763.6	748.4	711.6	688.3	605.4
Equity ratio ¹⁾	%	77.0	78.7	75.1	73.8	72.0

¹⁾ adjusted only for the year 2019; see [note No. 29](#)

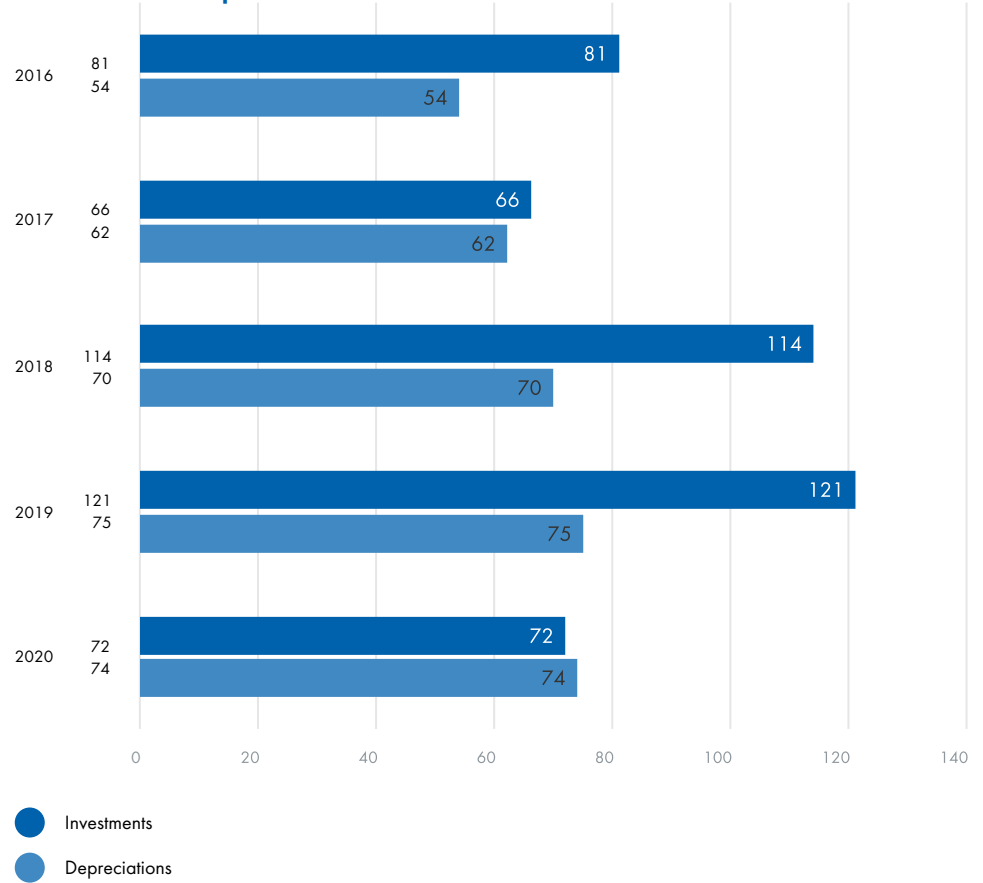
* excluding the company acquired on 10 December 2020

** including amortisation on non-operating real estate and buildings

Consolidated Net Sales 2016 – 2020 in CHF millions



Investments and Depreciations 2016 – 2020 in CHF millions





**Financial Report
Vetropack Holding Ltd**

Financial Report

Vetropack Holding Ltd

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Balance Sheet

CHF millions	Note	31.12.2020	31.12.2019
ASSETS			
Short-term Assets			
Liquid funds		76.3	79.1
Accounts receivables from third parties		0.3	–
Accounts receivables from Group companies		4.3	4.4
Other short-term receivables from third parties		0.7	–
Other short-term receivables from Group companies		130.3	65.5
Accruals		0.3	–
Subtotal Short-term Assets		212.2	149.0
Long-term Assets			
Loans to Group companies		146.6	192.0
Participations	4	120.2	116.5
Tangible assets		0.1	0.1
Intangible assets		5.0	–
Subtotal Long-term Assets		271.9	308.6
Total Assets		484.1	457.6
LIABILITIES			
Liabilities			
– Accounts payables to third		2.0	1.5
– Accounts payables to Group companies		1.2	0.9
Accounts payables		3.2	2.4
– Short-term financial debts to third	5	0.1	0.2
– Short-term financial debts to Group companies		26.9	20.2
Short-term interest-bearing financial debts		27.0	20.4
Deferrals and short-term provisions		3.3	3.0
Subtotal Short-term Liabilities		33.5	25.8
– 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		37.2	29.5
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		334.4	324.2
Retained earnings brought forward from previous year		19.4	21.8
Annual profit		44.4	33.4
– Accumulated profits		63.8	55.2
Voluntary retained earnings		398.2	379.4
Subtotal Shareholders' Equity		446.9	428.1
Total Liabilities		484.1	457.6

Income Statement

CHF millions	Note	2020	2019
Dividend income		39.3	38.6
Income generated from licenses		9.2	10.4
Management fees		8.7	10.2
Other income		20.3	2.6
Total income		77.5	61.8
Personnel expenses		- 16.5	- 10.7
- Administrative expenses		- 13.7	- 6.6
- Promotional expenses		- 1.3	- 1.8
- various operating expenses		- 2.6	- 2.3
Other operating expenses		- 17.6	- 10.7
Depreciation of tangible assets		- 0.1	- 0.1
Depreciation of intangible assets		- 2.5	-
Operating Result (EBIT)		40.8	40.3
Interest expenses		- 0.1	-
Currency exchange losses		- 1.8	- 12.7
Total financial expenses		- 1.9	- 12.7
Interest income		4.9	4.0
Currency exchange gains		1.4	2.5
Total financial income		6.3	6.5
Ordinary Result		45.2	34.1
Extraordinary income	2/4	0.2	-
Annual Profit Before Taxes		45.4	34.1
Income taxes		- 1.0	- 0.7
Annual Profit		44.4	33.4

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 (2019: CHF 0.0 million).

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

The company employed between 50 and 250 people in the reporting year. In the previous year there were between ten and 50 employees.

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 (2019: CHF 0.0 million).

5. Short-term financial debts to third

Liabilities to pension funds amounted to CHF 0.1 million on the reporting date (2019: CHF 0.2 million).

6. Share capital

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

7. Derivative Financial Instruments

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

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 (2019: 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. Off Balance Sheet Transactions

As of 31 December 2020 there were unrecognized leasing obligations in the amount of CHF 0.03 million (2019: CHF 0.00 million). CHF 0.02 million are due within 1 to 2 years and CHF 0.01 million are due within 3 to 5 years.

12. 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 2020. Shares held by closely associated persons are included in the total for the respective individual.

Voting Rights	Registered Shares A 2020	Registered Shares B 2020	Bearer Shares 2019	Registered Shares 2019
Claude R. Cornaz*	48 260	–	589	1 881
Richard Fritschi*	1 000	–	20	–
Sönke Bandixen*	2 000	–	40	–
Pascal Cornaz*	50 000	–	–	5 000
Rudolf Fischer*	500	–	10	–
Urs Kaufmann*	2 450	–	49	–
Jean-Philippe Rochat*	500	–	10	–
Total	104 710	–	718	6 881
Johann Reiter**	750	–	15	–
David Zak**	–	–	–	–
Nuno Cunha**	–	–	–	–
Johann Eggerth**	–	–	–	–
Günter Lubitz** (until 30.9.2020)	7 000	–	140	–
Evan Williams**	–	–	–	–
Marcello Montisci (until 31.12.2019)	–	–	10	–
Total	7 750	–	165	–

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

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

List of Major Shareholders with Holdings > 3%

	31.12.2020	31.12.2019
Shareholder group Cornaz according to latest SIX publication	76.1%	79.3%

The definition of major shareholders has been adjusted for this year from 5% voting rights to 3%. The previous year was adjusted accordingly.

One shareholders' agreement exists between the shareholders of Cornaz AG-Holding, another between Cornaz AG-Holding and other 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	2020	2019
At disposal of the AGA		
Retained earnings	19.4	21.8
Annual profit	44.4	33.4
Total profit	63.8	55.2
Total at the disposal of the AGA	63.8	55.2
Board of Directors' Proposal		
Total profit	63.8	55.2
Allocation profit	- 20.0	- 10.0
Dividend payment	- 25.8	- 25.8
Retained earnings	18.0	19.4

Acceptance of this proposal results in the following dividend payments:

CHF	Gross Dividend	35% Withholding Tax	Net Dividend
Registered share A CHF 1.00 nominal value	1.30	0.46	0.84
Registered share B CHF 0.20 nominal value	0.26	0.09	0.17

The dividend payment to the shareholders will be made on 27 April 2021 to the paying agent known to us.

Report of the statutory auditor on the financial statements

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

Zurich, 10 March 2021

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 118 to 123 / on-line version: marked with the label "audited information"), for the year ended 31 December 2020.

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 2020 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

Willy Hofstetter
Licensed audit expert
(Auditor in charge)

Marc Hegetschweiler
Licensed audit expert

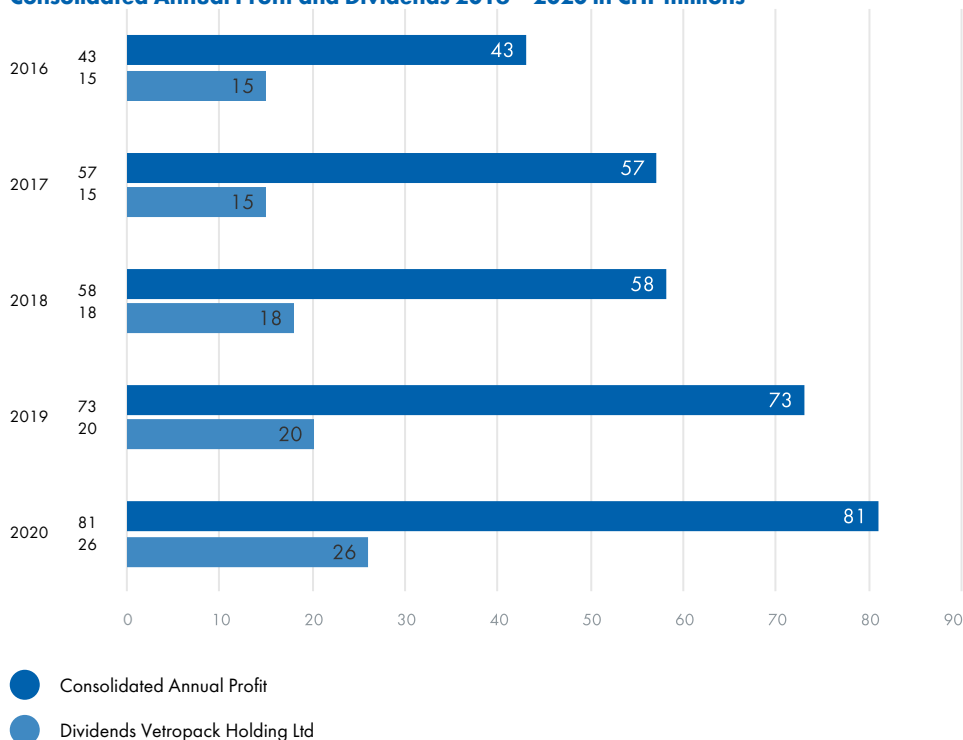
Five Year Overview

	2020	2019	2018	2017	2016
Income Statement and Balance Sheet (CHF millions)					
Total income	77.5	61.8	55.3	43.5	43.2
Annual profit	44.4	33.4	47.3	47.1	35.4
Total assets	484.1	457.6	430.6	410.0	370.5
Participations	120.2	116.5	116.5	108.7	102.4
Share capital	19.8	19.8	19.8	19.8	19.8
Shareholders' equity	446.9	428.1	414.6	385.2	353.3
Share details (CHF)					
Share prices					
– Registered share A high	65.10	62.40	49.80	43.50	35.54
– Registered share A low	39.60	38.00	34.80	34.20	27.00
Earnings per share ¹⁾					
	4.10	182.61	146.50	143.90	107.50
Dividends					
– Registered share A	*1.30	65.00	50.00	45.00	38.50
– Registered share B	*0.26	13.00	10.00	9.00	7.70
Distribution ratio in %					
	31.8	35.3	34.1	31.3	35.8

¹⁾ adjusted only for the year 2019; see [note No. 29](#)

* Motion for the AGA on 21 April 2021

Consolidated Annual Profit and Dividends 2016 – 2020 in CHF millions





Corporate Governance

Corporate Governance

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Introduction

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 June 2019.

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 shares A and registered shares B are entitled to dividends.

List of Major Shareholders with Holdings > 3%

	31.12.2020			31.12.2019		
	No. of Registered Shares A	No. of Registered Shares B	Voting Rights in %	No. of Bearer Shares	No. of Registered Shares	Voting Rights in %
Shareholder group Cornaz according to latest SIX publication	3 245 710	30 250 000	76.1	14 179	858 676	79.3

There is one shareholders' agreement between the Cornaz AG-Holding shareholders and another between Cornaz AG-Holding and other shareholders.

The core elements of both agreements are as follows:

- concerted exercise of voting rights at the Annual General Assembly;
- mutual tender obligation for the shares upon sale.

With regard to the voting shares indicated, it should be noted that changes to the voting share that do not affect a threshold value do not have to be reported. Accordingly, the number of voting shares disclosed above may differ from the notifications published on the SIX Exchange Regulation website in accordance with Art. 120 Financial Market Infrastructure Act (FinfraG). No disclosure notices in terms of Art. 120 FinfraG were submitted to the company in the reporting year.

Detailed information about previous notices in accordance with Art. 120 FinfraG can be accessed on the SIX Exchange Regulation website via the following link: <https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html>

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 2020, 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 fifteen meetings with the CEO in 2020 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 2020

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

BoD Members

	Position	Nationality	Appointed	Elected till
Claude R. Cornaz *	Chairman, executive	CH	1998	April 2021
Richard Fritschi *	Vice-Chairman, non-executive	CH	2005	April 2021
Sönke Bandixen	Member, non-executive	CH	2012	April 2021
Pascal Cornaz	Member, non-executive	CH	2009	April 2021
Rudolf W. Fischer *	Member, non-executive	CH	2000	April 2021
Urs Kaufmann	Member, non-executive	CH	2017	April 2021
Jean-Philippe Rochat	Member, non-executive	CH	2006	April 2021

* Members of the Nomination and Compensation Committee (NCC)

Claude R. Cornaz (1961, Buchberg SH)

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, Aircal-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

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 Mandates

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 Särl, 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

Governing Mandates

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

Governing Mandates

Member of Investissements Fonciers SA – La Foncière, Lausanne, Switzerland / Member of Vaudoise Holding SA, Lausanne, Switzerland / Member of Hochdorf Holding SA, Hochdorf, 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– 30.9.2020
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
- 6/2003–9/2020 General Manager Techniques and Production, Vetropack Group / 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 share A and each registered share B has one voting right. Registered shares can only be represented by other shareholders (persons or legal entities) that own registered shares.

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 registered shares A. Transfers of registered shares B must be reported to the Shareholders' Office of Vetropack Holding Ltd. and approved by the BoD.

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 2020. The head auditor is changed every seven years.

Fees: Ernst & Young Ltd invoiced Vetropack Group CHF 0.4 million in the reporting year for auditing the individual financial statements and the consolidated financial statements, along with CHF 0.1 million for other services. In 2020, 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
Segetis AG
Investor Relationship Management
Platz 4
6039 Root D4



Remuneration Report

Remuneration Report

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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.

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.

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 22 April 2020 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 2020: 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.

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

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.

Board of Director's (BoD) Remuneration

Only cash benefits were paid to members of the BoD in 2020. 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.

2020 BoD Remuneration

in CHF	BoD	Cash	Social Security Contributions	Total
		NCC		
Claude R. Cornaz, Chairman	315 800	10 000	100 580	426 380
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
Urs Kaufmann, Member	65 000	–	4 807	69 807
Jean-Philippe Rochat, Member	65 000	–	4 807	69 807
Total	730 800	35 000	131 181	896 981

2019 BoD Remuneration

in CHF	BoD	Cash	Social Security Contributions	Total
		NCC		
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
Urs Kaufmann, Member	65 000	–	4 807	69 807
Jean-Philippe Rochat, Member	65 000	–	4 807	69 807
Total	730 800	35 000	131 749	897 549

Management Board's (MB) Remuneration

On 30 September 2020, Günter Lubitz, CTO Engineering and Production, retired. Johann Reiter, CEO of the Vetropack Group, headed this division on an interim basis until his successor, Dr Guido Stebner, joined the company on 1 January 2021.

in CHF	Basic Salary	Bonus	Pension/ Social Security Contribu- tions	Non-cash Benefits*	Total
2020 MB Remuneration					
Total MB	2 035 480	800 236	722 250	50 658	3 608 624
Highest level of remuneration **	600 000	314 062	228 032	6 925	1 149 019
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

* Company car for personal use

** Johann Reiter, CEO

After Günter Lubitz, CTO, retired, Johann Reiter, CEO of the Vetropack Group, managed the division temporarily from 1 October to 31 December 2020, which reduced the number of members from 6 to 5.

Comparison of Remuneration disbursed with the Remuneration approved by the 2020 and 2021 Annual General Assembly

Board of Directors

At the Annual General Assembly on 22 April 2020, the total amount of remuneration on the Board of Directors was voted and a maximum of CHF 910,000.– 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 2020.

in CHF

Approved total remuneration for the BoD from the 2020 AGA until the 2021 AGA		910 000
Remuneration disbursed to the BoD in 2020	896 981	

Management Board

The total remuneration to the Management Board for the 2021 fiscal year (CHF 5,100,000.–) was approved at the Annual General Assembly held on 22 April 2020. See below a comparison of approved and disbursed remuneration for 2020. Please note the personnel changes, as stated in the paragraph "[Management Board's \(MB\) Remuneration](#)".

in CHF

		2020
Approved total remuneration for the Management Board for 2020		4 750 000
Remuneration disbursed to the Management Board in 2020		3 608 624

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 2021

We have audited the remuneration report of Vetropack Holding Ltd for the year ended 31 December 2020. 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 148 to 153/ 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 2020 of Vetropack Holding Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Willy Hofstetter
Licensed audit expert
(Auditor in charge)

Marc Hegetschweiler
Licensed audit expert



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. These include investors (equity and borrowed capital), customers (direct customers and retailers), suppliers and employees and their representatives. Vetropack's stakeholder groups also comprise society in general, as represented by supervisory authorities, legislators, trade associations and non-government organisations. Vetropack maintains an open and transparent dialogue with these groups in the interest of long-term value creation.

The Vetropack Code of Conduct and 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. This communication takes place in meetings or during plant tours. Vetropack also communicates proactively on its strategic objectives and publishes a financial report twice a year. Its regulatory requirements are met through the publication of annual reports and semi-annual reports, as well as disclosures made at annual general assemblies. Other managers are also responsible for maintaining relationships with stakeholders. For example, the Head of Procurement and the General Manager for Engineering and Production at Vetropack Holding are responsible for maintaining contact with suppliers. 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 uses the company website, the intranet, the online employee magazine, brochures and the customer magazine to communicate with internal and external stakeholders. It interacts daily with its customers and also conducts surveys every three years in order to learn more about customers' requirements and their level of satisfaction. The last few years have shown that customers' demands are becoming more and more specific and individual. Many of these specifications relate to sustainability and the source of the products. For example, Vetropack now receives enquiries that explicitly request a final product made almost exclusively out of used glass.

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 also helps ensure reliable product deliveries.

The Head of Procurement and the Head of Engineering and Production 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, secure IT infrastructure, existing certifications and sustainability performance.

Long-term collaboration agreements are essential for ensuring that partnerships with suppliers are structured as effectively 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 millions 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 faulty glass containers 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.

Vetropack takes measures to ensure that every glass container it manufactures is inspected in order to ensure the consistent high quality and safety of its products, as well as compliance with all legal and customer-specific requirements. Such inspections are the responsibility of the Quality and Management Systems department, which conducts its activities in line with the corporate purpose, values, 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). All glassworks, apart from the one in Italy, which was certified to ISO 22000 in 2020, are also certified in accordance with the requirements of Food Safety System Certification 22000 (FSSC 22000).

Ensuring the highest quality standards is also considered a key objective as part of the new Strategy 2030. To check progress in this area, the number of complaints per glass container sold and critical defects identified internally are also recorded as management indicators.

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 leading market position. Vetropack promotes long-term growth by setting targets for a sustainable return on operating capital employed (ROOCE). 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 by expanding and modernising furnaces and to improve efficiency, for example by investing in digitalisation. The careful utilisation of resources, raw materials and personnel, and the reduction of waste, contribute to both financial and environmental success at the company.

Vetropack implemented various measures for boosting the efficiency of work processes in the reporting year. The company migrated the ERP system to the latest technology. This system serves as the basis for a variety of tools such as the system for optimising transport routes, which was implemented successfully in all plants in the year under review, and generates both economic and environmental added value. Pallet management was also optimised across the Group with the aid of the new system. Customers can now report returns digitally, which allows Vetropack to distribute the pallets to the different glassworks according to their requirements and means that a considerable amount of manual work is no longer needed. This also enables Vetropack to reduce the number of pallets used.

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.

Vetropack Group continually measures the progress it makes by using operating result targets and associated KPIs, such as the costs per tonne of saleable glass produced, for example. In the reporting year, the Board of Directors of Vetropack Group declared the return on operating capital employed (ROOCE) to be the main financial indicator, a decision based on the "Group first" philosophy. This means that Group-wide synergies are to be increasingly exploited to sustainably boost the return on capital. However, to retain a leading position on the market, Vetropack also places great value on innovation. The company measures progress using the innovation rate (number of new glass containers divided by total units sold), amongst other indicators.

[Vetropack Story: 160 years of glass production in Hum na Sutli](#)



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 which focuses 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 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 reporting year, SMETA audits were conducted at Vetropack Straža d.d. and PrJSC Vetropack Gostomeľ. Audits are also conducted on a regular basis to determine whether suppliers are in compliance with the Supplier Code. Vetropack's new contractual conditions are already being agreed upon with every new supplier and a growing number of existing suppliers.

With regard to data privacy and data security, Vetropack follows the principles of the European General Data Protection Regulation. In order to respond to the global increase in cyber attacks, Vetropack has introduced further technical measures to improve information security. For example, the network architecture was reworked and new solutions for external connections and Vetropack's external security rating were established. These and other measures ensure a much higher security rating.

Disclosures

GRI 205 Anti-Corruption

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

Employees and suppliers are provided with information on the Anti-Corruption Guidelines on a regular basis. At the end of the fiscal year, 100% of the Management Board and 90% of employees exposed to corruption risks had been informed of measures and procedures in place to fight corruption since joining the company. These measures and procedures are primarily based on the Business Ethics Policy (BEP) of Vetropack Group. In 2020, training courses on anti-corruption were conducted at the Bülach site.

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 2020.

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

Performance Review: Compliance



GRI 406 Non-discrimination

406-1 Incidents of discrimination and corrective actions taken

There were no incidents of discrimination in 2020.

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, 97% of the employees at Vetropack Group had received training on relevant human rights issues. This figure does not relate exclusively to the reporting period but instead takes into account all employees who have received this training 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 pursues product, process and organisational innovations that are designed to ensure it can continue to meet customer requirements in future with innovative, environmentally sustainable and high-quality products, and thus safeguard the company's long-term business success. Therefore, when developing Strategy 2030, "Drive innovation" was defined as one of five strategic directions. To this end, Vetropack continually monitors developments relating to the circular economy, digitalisation, automation, the climate targets for 2050 and the needs and requirements of customers. As part of its innovation strategy, Vetropack also encourages the development of innovations by suppliers, customers and international research groups, for example as part of the "International Partners in Glass Research" (IPGR) industry association.

[Vetropack Story: Smart Packaging Award](#)



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 Head of Engineering and Production, 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, 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, inspection processes and products.

In 2020, Vetropack launched an innovation centre at its Pöchlarn site in Austria, where an innovation team is to be formed in 2021 and entrusted with developing new VIP Glass packaging, amongst other projects.

[Vetropack Story: VIP Glass](#)



[Vetropack Story: Renovating the white glass line](#)



Important key figures for measuring progress on innovation are the innovation rate and customer satisfaction value. Strategic initiatives are also reviewed annually based on the market performance of the products involved and the CO2 emissions produced as a result of melting processes at the plants. Process innovation projects are evaluated on a monthly and annual basis using performance and quality indicators, such as the number of critical complaints received.

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 and one of five strategic directions of Strategy 2030. According to the motto "Leader in quality", the company meets rising customer expectations, increases the efficiency of production processes and remains competitive over the long term.

The entire management team at Vetropack holds ultimate responsibility for the ongoing quality improvement, although the continual improvement process is well established and actively supported by the workforce in all plants. For example, internal specialist groups at various facilities work on projects to enhance 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 corporate purpose and values, as well as the corporate strategy, and the group formulates process descriptions and work instructions.

Progress is assessed by means of various quality indicators, such as the number of customer complaints per glass container sold and the number of internal critical defects. Clear annual targets have been set for all indicators.

Digitalisation and automation

Management approach

Vetropack considers digitalisation and automation to be key drivers of the company's further development and defined the topic as a key element of the strategic direction "Leader in quality" when developing Strategy 2030. The company endeavours to systematically make use of the opportunities offered by digitalisation and automation in order to boost its quality and productivity and reduce costs. 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, Procurement and Sales, and the Head of Engineering and Production, are responsible for developing and implementing digitalisation and automation projects together with the IT department. Potential for process optimisation is exploited through investment projects, 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 significantly affected by digitalisation.

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. Ensuring a high level of customer satisfaction is crucial if the leading position in its European core markets is to be maintained and steady profitable growth is to be achieved.

New designs



Vetropack's sales team is responsible for a customer-oriented sales and marketing strategy. The information required for this comes from daily interactions with customers and a customer satisfaction survey conducted every three years. The most recent customer survey was carried out in 2019. Vetropack was rated "good" or "very good", which puts the company above the competitive average. Order processing, customer orientation, reliability and the proximity of production plants were cited as the company's most important strengths. Knowledge gained from the survey will help Vetropack implement targeted improvement measures designed to increase customer satisfaction even further.

Vetropack also participates in various trade fairs and organises innovation events and exhibitions to find out about customers' requirements while showcasing its expertise. Due to the coronavirus pandemic, attendance at trade fairs and events had to be suspended temporarily in the reporting year.

For Vetropack, developing new products together with customers is the key to success, as it makes it possible to tailor products to customers' specific needs and also improves its skills and expertise. In 2020, the overall level of new product launches fell considerably. However, one positive example is the introduction of different bottle sizes for the launch of new whiskey brand "The Busker". The successful product launch was the outcome of a long-standing connection with the brand owner in Italy, with whom Vetropack worked to develop the designs and various product samples. However, the systematic approach to customer-specific innovations has yet to be fully established. To harmonise the Group-wide product development process, Vetropack launched a new workflow tool in 2020. Enhancements to the tool are planned for 2021.

In 2020, Vetropack developed a new indicator to measure sales of products that are less than one year old, which the company intends to use to track the progress of innovation. Products that have been on the market for up to a year are to make up a growing share of total sales in future. The company also aligns its market strategy so that it can improve the product mix. For this reason, low-margin products are redeveloped with the aim of making them more profitable. If this does not succeed, they are removed from the portfolio altogether. Once every six months, Vetropack reviews profitability as it relates to segments, customers and the countries in which the company operates in order to monitor price levels and the suitability of products on an ongoing basis.

Employees

Employee engagement, attractive employer, learning organisation, talent management

Management approach

Vetropack's long-term success is inextricably linked with attractive working conditions and career development opportunities. The level of employee engagement is directly related to an employee's feeling of well-being in the workplace. A pleasant working environment reduces absences due to health problems and accidents, increases 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 new talent.

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 implements the Group-wide "employer of choice" strategy, which is supported by the new digital tool "SuccessFactors". This tool manages processes for recruitment, talent management and employee engagement throughout the Group. Employees themselves are encouraged to assume responsibility for their personal and professional development in keeping with the principle of a learning organisation.

Vetropack practises a "Group first" philosophy that includes international career opportunities and the exchange of best practices. This approach promotes identification with the company and a feeling of belonging to the Vetropack family. Vetropack has set itself the goal of becoming a learning organisation. That 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 uses regular surveys to gauge the level of employee satisfaction across the Group. These surveys provide information on what employees believe to be the strengths and weaknesses of the company. The Group uses three strategic KPIs to track the success of its "employer of choice" strategy: voluntary staff turnover, training costs per employee and the "Trust Index" of the "Great Place to Work" certification organisation. The Bülach site received the "Great Place to Work" certification in 2020. Vetropack is now aiming to achieve this certification at all other locations too.

[Vetropack Story: Great Place to Work®](#)



[Vetropack Story: Group-wide training centre](#)



Disclosures

GRI 102 General Disclosures

102-8 Information on employees and other workers

Composition of the workforce (at year-end)	2020	in %	2019	in %
Number of employees in full-time equivalents (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 491		3 289	
Total number of employees (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 539		3 333	
Apprentices	39		50	
Interns	–		9	
Trainees	–		38	
Agency/contract/temporary workers	72		146	
Number of employees by employment contract				
Permanent contract (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 467	98%	3 333	99%
Women	804		771	
Men	2 663		2 562	
Temporary contract (excl. apprentices, interns, trainees, contract workers)	72	2%	50	1%
Women	22		11	
Men	50		39	
Permanent employees by employment type				
Full time (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 467	98%	3 250	98%
Women	804		713	
Men	2 663		2 537	
Part time (excl. apprentices, interns, trainees, contract workers, temporary workers)	72	2%	83	2%
Women	22		62	
Men	50		21	
Total workforce by gender				
Number of employees (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 539		3 333	
Women	826	23%	775	23%
Men	2 713	77%	2 558	77%
Apprentices, interns, trainees, contract workers, temporary workers	111		243	
Women	28	25%	62	26%
Men	83	75%	181	74%

GRI 401 Employment

401-1 New employee hires and employee turnover

Performance Review: Fluctuation by gender and age



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.

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 2020.

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. This learning process is supplemented by classroom training and online courses.

The hard skills of glass production are primarily taught at Vetropack's own training centre in Pöchlarn, Austria, while soft skills are covered on the newly established "Vetrocademy" development platform. The training programmes cover the topics of technology, IT, language skills, project management and leadership. Vetropack had planned to launch the first pillar of the "Vetrocademy", a comprehensive leadership curriculum for all 400 managers within the Group, in 2020. However, due to the coronavirus pandemic, the new offering cannot be introduced until 2021.

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

Vetropack currently has a process in place to conduct performance reviews for all white collar workers, who represent 40% of the total workforce. Vetropack did not track the exact percentage in 2020. However, a system to monitor this process is due to start in 2021.

Occupational health and safety

Management approach

“Safety first” is part of the DNA of Vetropack Group. Employees who work in glass production are exposed to high temperatures and high levels of noise, and moving machine parts may represent a further risk. Ensuring health and safety is 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.

Occupational health and safety are contained in the Vetropack mission statement and reflected in the occupational safety policy. They are also taken into account and implemented in Vetropack’s strategy and in the design of business processes. Occupational safety is managed on three levels: the Head of the Corporate Development, 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. They are all 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 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.

All production employees are given annual health and safety training. Near-accidents are also recorded systematically at all locations. The Occupational Safety Working Group also conducts internal audits every year to determine whether the prescribed measures for continual improvement have been implemented and whether the health of Vetropack employees is ensured at all times.

Disclosures

GRI 403 Occupational Health and Safety

403-9 Work-related injuries

403-10 Work-related ill health

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 keeping the impact of glass production on the environment as low as possible and conserves natural resources accordingly. 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. As part of the new strategy, Vetropack therefore formulated the objective of becoming an industry-wide leader with regard to environmentally friendly production. Under the heading "Clearly sustainable", Vetropack established relevant key figures and short-, medium- and long-term targets. The main key indicator is CO2 emissions per tonne of glass produced. For this indicator, Vetropack has defined a reduction of 30% compared with 2019 as the target for 2030.

[Vetropack Story: Transport management](#)



[Vetropack Story: Sustainable forklifts](#)



In the glass industry, it is largely the energy-intensive melting processes that have an impact on the environment and natural resources. In the supply chain, the processing of raw materials and packaging materials and the transport of raw materials and finished products primarily influence energy efficiency. Vetropack therefore focuses on increasing the energy efficiency of its furnaces and increasing the proportion of used glass in production. The company wants to achieve a proportion of used glass of 70% and operate climate-neutral logistics across the whole Group by 2030. Another important way of conserving natural resources is lighter glass containers. Efforts to reduce their weight are being made as part of VIP Glass technology.

[Vetropack Story: Glass sorting machines](#)



[Vetropack Story: VIP Glass](#)



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 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). In the reporting year, the furnace in Straža (Croatia) was renovated, for example. 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 furnace was reduced by 14%.

[Vetropack Story: Investor of the year 2020](#)



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 indicators used here include 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. As a basic principle, Vetropack complies with all wastewater discharge regulations that apply to its production sites. If a deviation is found, Vetropack takes measures immediately in cooperation with the relevant authorities.

Performance Review: Compliance



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 (CO2-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	01.01.2020 - 31.12.2020
GRI 102-51	Date of most recent report	March 2020
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](#)
Cashflow 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](#)
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](#)

GRI 205-2 [Communication and training about anti-corruption policies and procedures](#)

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 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: 2018	Occupational Health and Safety
GRI 103: 2016	
103-1/103-2/103-3	Management approach
403-1	Occupational health and safety management system
403-2	Hazard identification, risk assessment, and incident investigation
403-3	Occupational health services
403-4	Worker participation, consultation, and communication on occupational health and safety
403-5	Worker training on occupational health and safety
403-6	Promotion of worker health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-9	Work-related injuries
403-10	Work-related ill health
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

Investor of the Year 2020



This year, in its 23rd year, the magazine Trend announced awards for extraordinary business achievements for companies and managers in Slovakia. Readers, important business personalities and partners of the competition selected in the Manager of the Year and Investor of the Year survey.

The main criterion of the competition was not the amount of the investment, but the use and the award for Vetropack Nemšová was mainly the ecological aspect. Investments in new furnaces and production lines in the last two years have brought not only an increase in the capacity of furnaces, but mainly energy savings and, thanks to the latest technology, a reduction in CO₂ emissions.

Vetropack Nemšová, can be proud to have won the first prize in a strong competition. Boris Sluka, General Manager, navigated the Danube in a kayak to receive the prize from the hands of the organizers of the competition in Bratislava.



Great Place to Work®



The Vetropack Bülach site in Switzerland was recognised as a Great Place to Work®. This certification signifies an excellent work place and a culture of trust. Vetropack is delighted that the location meets the demanding criteria.

The Great Place to Work® award shows that there is a culture of trust between employees and managers and that employees enjoy working at this company. Employees from all generations have the opportunity to develop personally and professionally, trust and support one another and are proud of their work. Working together with colleagues is fun! Vetropack received the certification for the Bülach site in the category of 20 employees and above.

How does a workplace become a Great Place to Work®?

On the one hand, to be certified as a Great Place to Work®, a specially designed and anonymous survey of all employees – including managers, the Trust-Index™, needs to be performed, while on the other, the management survey, Kultur-Audit™ is required. The questions in the Trust Index™ employee survey are divided into five categories: credibility, respect, fairness, team spirit and pride. The Kultur-Audit™ shows a clear overall picture of the organisation, the predominant culture, the processes and quality.

The certification is awarded to those who achieve a score of at least 65 per cent in the Trust Index™ employee survey and meet the minimum criteria in the Kultur-Audit™ management analysis.



(film only available in German)

Great Place to Work® gathers more than 20 years of data to measure the workplace culture in organisations. Trust has always been the foundation of an excellent workplace culture. Six factors were taken into account: a workplace culture based on mutual trust, lived values, leadership quality, the extent to which all employees develop their potential and the resulting innovative strength and value added.

Vetropack Switzerland installs label remover

Glass production in St-Prex is up to 80% based on used glass. This means that 100,000 tonnes of used glass is melted down every year. Early in the summer, Vetropack set up a label removal system at its glassworks in St-Prex in order to process the used glass supplied more efficiently.

The used glass supplied to the St-Prex plant normally contains a high proportion of labels and coatings. Previously, optical devices have been used to sort all this “non-glass” material out from the used glass in an automated process. Thanks to the new system, however, residue from labels and coatings is now removed by means of compressed rubbing into a conveyor trough.

The label remover and the glass sorting machines installed in 2019 are enabling the Vetropack glassworks in St-Prex to improve the way used glass is processed – an important improvement given that used glass is such a valuable secondary raw material. In the Swiss plant alone, some 100,000 tonnes of used glass is melted down every year to produce new glass bottles in various shades of green.



Vetropack Switzerland investing in new glass sorting machines



Recycling used glass has hugely improved the environmental footprint of glassmaking within just a few decades. However, the used glass contains a considerable amount of foreign substances that increase production costs. This is why the Vetropack plant in St-Prex purchased two glass sorting machines last year.

Glass is a natural material and is one hundred per cent recyclable without compromising on quality. Using used glass gives glassmaking a much smaller environmental footprint than using primary raw materials. In order for used glass to become a high-quality secondary raw material, however, all foreign substances and extraneous matter must be removed during processing. After being presorted manually, the used glass reaches the recycling station, where the glass is separated from the foreign substances using compressed air and other separation systems.

Between 300 and 350 tonnes of used glass is sorted and processed daily at Vetropack's plant on Lake Geneva. Used glass makes up a substantial 80% of total production in St-Prex – more than anywhere else in Vetropack Group. This high used glass content allows for an energy saving of almost 25%.

The quality of recycled glass in Switzerland is higher than in other countries. Even in St-Prex, however, foreign substances can still make up some 9% of the used glass supplied to the plant. Impurities and bubbles in finished bottles are the result of foreign substances which were not filtered out. These bottles remain in quality control and are removed from the process. Only the best-quality glass packaging reaches the customer.

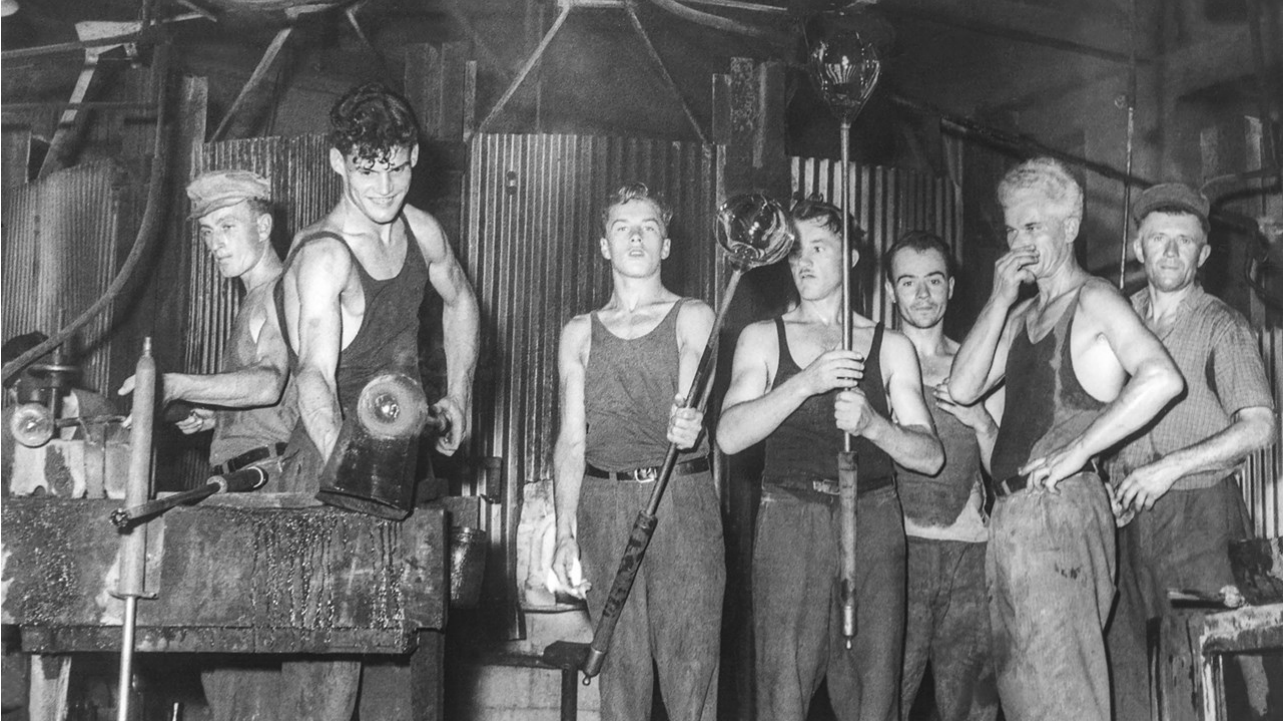
Increased efficiency

Filtering out foreign substances makes production more expensive. For this reason, St-Prex decided to purchase two Clarity glass sorting machines in 2019. One machine processes 14 tonnes of used glass per hour. Processing follows a two-shift pattern from Mondays to Fridays. The used glass then goes through several more stages of processing.

The new Clarity sorting machines made by Binder + Co do much more than just visual sorting: Clarity is also equipped with various sensors. Not only do these sensors work together, but the data they capture is also linked to evaluation algorithms devised specifically for this purpose. This enables simultaneous sorting of heat-resistant glass ceramic without using X-ray fluorescence. The high level of detection quality and rapid sorting diverter technology ensures a high degree of accuracy in the separation process. The two sorting machines process glass fragment sizes of between 10 and 20 millimetres and between 20 and 80 millimetres respectively.

This purchase allows Vetropack to work much more precisely with the technology currently available and spot even the tiniest bits of metal and aluminium using detectors. Clarity takes the burden off downstream process steps, increases production quantities and product quality and reduces processing costs.

160 years of glass production in Hum na Sutli



Vetropack Straža is celebrating its 160 th anniversary. In 1860, the Bavarian industrialist Michael von Pochinger built a small glass factory in Hum na Sutli and named it after the land on which it was located – “Straža” . The factory has an eventful history to look back on.

The history of Vetropack Straža is a story of people who were brought together thanks to their common passion for glass. The craft of glassmaking was passed down through the generations from glass masters to their children and grandchildren. Although working in the glass factory has always been challenging, the fascination for glass is still unbroken among the people of Straža.

The location of the factory was not chosen at random; the decisive factor was its proximity to the mineral water spring in Rogaška Slatina – the company’s first customer. Over the course of the last 160 years, the factory has gone through some turbulent times. The most significant changes all took place during the last three decades – the break-up of Yugoslavia, Croatian independence, the Homeland War, privatisation and changes in ownership. Thanks to good strategic management, Vetropack Straža has managed to survive these challenging times



The major milestone in the history of Vetropack Straža was joining the Vetropack Group in 1996. Vetropack and the Cornaz family brought new projects and investments and a well-organised team of experts. In Straža, they found a group of skilled and dedicated people who were poised to learn and adapt.

Production manager Josip Šolman (picture below), who has worked at the plant for 38 years, witnessed some key moments. "Glass production has always been more than a job to me. It was my passion, a constant challenge to improve the process and the product. Looking back, I can say that we have made tremendous progress in the field of glass technology, especially after joining Vetropack. The cooperation between management and junior staff as well as customer requirements, which allow us to constantly improve, are a fundamental and longterm driving force behind our development."



The corona crisis has forced the company to give up on most anniversary events. Yet, the renovation and further equipping of local Vetropark was done – a wonderful surprise for the children when they returned to school after two months of isolation.



VIP Glass

With the arrival of Daniel Egger as Head of VIP Glass, the next phase of VIP Glass was initiated. The aim is to develop the VIP Glass process from a pilot process to a fully industrialised process in the coming years.



The third strategic focus of Vetropack's 2030 Strategy is to press ahead with innovation, with the Innovation Centre in Austria the manifestation of these efforts. One of the reasons why this centre is located in Austria is that with VIP Glass, the world's first multi-trip bottle made from lightweight glass was launched on the market last year. Johann Eggerth, General Manager of Vetropack Austria is Head of the Innovation Centre and Daniel Egger has been responsible for the VIP Glass division since 2019.

In 2020, the stated goal was to establish structured processes in the VIP Glass division to develop a powerful team, to guarantee plant availability and to ensure delivery capability for the first pilot customer, Mohrenbrauerei brewery in Dornbirn.

In 2020, approximately 1.2 million brown 330 ml Mohrenbräu bottles have been hardened so far. The customer is very happy with the VIP Glass bottles and the acceptance is very high. In addition to Vetropack Straža, another plant, Kremsmünster, succeeded in qualifying to produce crude bottles for hardening in the VIP Glass process. The first production campaign for VIP Glass crude bottles took place in Kremsmünster in July 2020. It was possible to produce and harden some 500,000 bottles of very high quality with no problems.

A hot-end laser, which applies a data matrix code to the bottles, was also tested in Kremsmünster during the course of production. This is required to be able to guarantee complete traceability of VIP Glass bottles in the future. A separate project focuses on the development of a complete traceability solution for these lightweight glass bottles. The resulting findings can be used as a blueprint for the entire Group.



Daniel Egger, Head of VIP Glass/Profit Center

Studied at University of Leoben

International Study Programme in Petroleum Engineering

Completed a doctorate in Industrial Energy Technology with the dissertation "Energy Efficiency in the Energy Intensive Industry"

Professional career

Heinemann Oil GmbH in Leoben, data management and production technology

Research Associate, then a postdoc and Head of the working group for industrial energy technology at the Chair of Thermal Process Engineering, University of Leoben

Questions for Daniel Egger, Head of VIP Glass

The aim was to establish structured processes in VIP Glass in 2020. Are we on track?

All in all, I am very happy with how VIP Glass developed last year. We managed to harden approximately 1.2 million Mohrenbräu bottles, conduct test campaigns to expand the product portfolio and ensure plant availability of the VIP Glass line. We are in the process of developing a powerful team where individual employees' tasks and their respective objectives are clearly defined. This will form the basis of structured work and continuous development from the current pilot plant status to a fully industrial production operation in the future.

What is the advantage of having the data matrix code already applied to the bottles at the hot end?

Due to the high temperature of the glass container at the hot end, the quality of the data matrix code applied by the hot end laser is much better. According to our initial tests, the read rates rise to 99%. In comparison, a cold end laser only achieves a read rate of about 75 to 80%. The promising tests bring us significantly closer to our goal of full traceability for VIP Glass items along the entire manufacturing and supply chain.

What are the next steps for VIP Glass?

In the coming months, intensive work will be carried out to install the Siemens Energy Manager Pro, a certified solution for optimised and economical energy management, in the VIP Glass division. In addition, we will work on the expansion of our product portfolio in 2021, move the VIP Glass process to a fully industrial process and develop and implement a concept for the complete traceability of VIP Glass items. Things are all very exciting – watch this space.

The Austrian State Prize for Smart Packaging – awards for Vetropack Austria

The Austrian State Prize for Smart Packaging – Austria's oldest state accolade – was awarded this year for the 59th time. The aim of this prize is to highlight modern solutions in the packaging sector that meet environmental criteria while also fulfilling high functional and design requirements.



This year, Vetropack Austria submitted two showcase projects from its returnable glass bottles business and did extremely well with both. It is also encouraging to see that the entry put forward by our customer Vöslauer was recognised too.



The 1-litre returnable glass bottle for the Radlberger Limö brand – produced at the Pöchlarn plant for Egger Getränke – was awarded the Austrian State Prize for Smart Packaging 2020 in the “Branding” category for brand development. When it came to deciding on the prizewinner, The jury was won over by the bottle's aesthetically appealing and modern design and stressed that the brand image was implemented extremely well, conveying the concept of a sustainable returnable solution.



The 1-litre returnable glass bottle for Berglandmilch, produced at the Kremsmünster plant, was nominated for the Austrian State Prize for Smart Packaging in the B2C category for consumer packaging. Being nominated is an honour in itself even if you do not end up winning, so this means that the joint work by Vetropack and Berglandmilch in developing this environmentally friendly packaging solution for milk has been recognised.



The 0.5-litre returnable glass bottle for Vöslauer is the first half-litre returnable glass bottle on the Austrian market. It already bears the Austrian Ecolabel and has now also been acclaimed as an “Excellent Packaging Solution 2020” under the Austrian State Prize for Smart Packaging.

The Austrian State Prize for Smart Packaging puts the packaging industry and the important role it plays in the public spotlight. An official state award provides a further incentive for all companies to become more sustainable and competitive.

Renovating the white glass line at the Pöchlarn plant

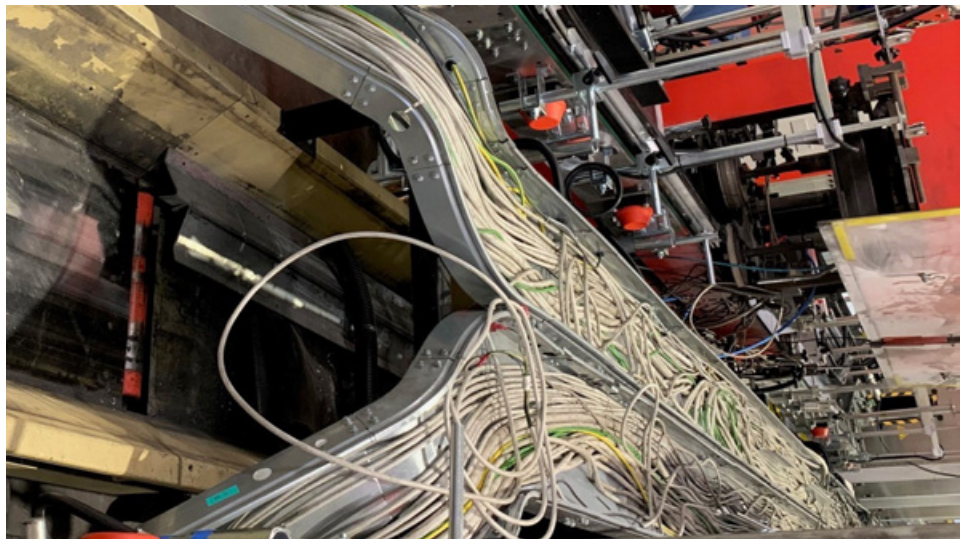
The replacement of the white glass line at the Pöchlarn plant took just 28 days to complete. On the one hand, the comprehensive modernisation boosts line utilisation and expands white glass production capacities. On the other, it provides improved ergonomic conditions for the line staff and, not least, increased occupational safety.



Delivery of the new production machine



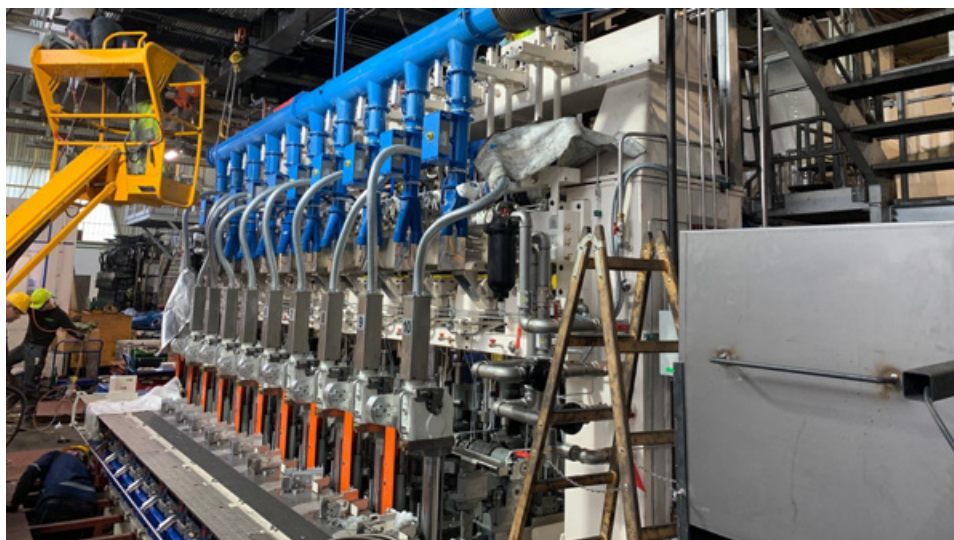
Substructure



Feeder structure



New testing machines at the cold end



New machine with overhead cooling

A brand-new utilisation concept for the white glass lines in Pöchlarn and Kremsmünster was developed in order to make maximum use of the two Austrian white glass furnaces and optimise line utilisation at both plants. In Kremsmünster, the line was also converted for triple-gob production, meaning that items with large batch sizes can now be moved from Pöchlarn to Kremsmünster. The Pöchlarn white glass line has been redesigned so that in return, suitable items can now be relocated from Kremsmünster to Pöchlarn. These changes enable us to better meet the increasing demand for white glass.

Reconstruction of feeder

The large-scale renovation work on the white glass line 4 in Pöchlarn began on 21 September 2020 with the demolition of the fireproof material on the feeder and the entire infrastructure. The fireproof material on the feeder was replaced, equipping it for the higher tonnage required. The line's machine bed was lowered, which also adjusted the incline of the annealing furnace. Working on the line is now much more ergonomic for the employees.

Occupational safety increased

The installation of a blank side barrier system minimises the risk of reaching into the station while it is in operation. The good view of the operating status remains unchanged. The Pöchlarn plant is the first in the Vetropack Group to be equipped with this safety system. The installed lubricating robot is the newest of its kind.



Modernisation at the cold end and modern project management

Four new Symplex testing machines recognise the binary mould code of the glass containers via the barrel camera. Pleats and bubbles on the body of the container are easier to detect and any mould-related errors are reported to the hot end in real time using images. An update of both Check+ testing machines, four glass orientators and new glass scanners at the packer to detect shards of glass on the pallet complete the new infrastructure on white glass line.

Conserving resources and improving ride comfort at the same time



In the Vetropack Group, sustainability has for some time no longer been limited to just the production process. All production workflows are regularly examined and adjusted with regard to their energy efficiency. For example, Vetropack's plants in Austria and Croatia are the first in the Group to switch to electric forklift trucks.

The Vetropack Group uses sustainable business practices to safeguard the success of its business. In an effort to conserve resources and achieve cost efficiency, all production processes and all the associated infrastructure are regularly checked for possible savings and improvements in energy efficiency across all the Group's plants.

As part of this, the forklift fleet at the Vetropack Austria plants in Kremsmünster and Pöchlarn were subjected to a close analysis. In both glass factories, the forklifts are mostly in use around the clock to transport manufactured products to the warehouse and to load them onto trucks or trains. They also carry all necessary operating equipment. In one year, a forklift will perform at least 1,500 loading processes and be in use for up to 5,000 hours. This adds up to around 20,000 hours of operation over the lifecycle of a forklift, which converted to a car motor equates to one million kilometres travelled.

Great potential for savings

Several years ago, Vetropack Austria began to switch gradually from traditional machines powered by diesel engines to electric forklifts. The advantages are very clear, as when comparing overall costs an electric forklift is up to 30% cheaper than one operated by diesel. And using electric forklifts reduces CO2 emissions while also decreasing energy costs. Two thirds of the fleet have now been switched to electric in the Austrian plants. Diesel consumption has dropped significantly and will decline even further thanks to plans to acquire more forklifts. Fine dust pollution in the halls has also decreased.

The advantages outweigh the negatives

Electric forklifts do not create a lot of noise or vibrations and are therefore much more pleasant to operate for the driver. They do, however, pose a challenge in relation to occupational safety. As electric forklifts are barely audible, they are equipped with a blue spot and a flashing light on the roof. These light up when driving in reverse and therefore provide a warning to pedestrians. Another advantage is the lower maintenance cost. Nevertheless, depending on the temperature, it is necessary to change the battery after around five to eight hours. In both plants, in-house garages were fitted with charging stations for the electric forklifts. The power is drawn entirely from renewable energy.



A win-win situation in Croatia too

At Vetropack Straža, the working conditions are also regularly improved and redesigned to be more environmentally friendly. The first electric forklift was acquired back in 2008 for the cold end and more electric forklifts followed. In Hum na Sutli, the air quality in the production halls has been significantly improved. As such, there are plans across all departments to replace the conventional forklifts with the easier to operate and more environmentally friendly electric forklifts.

Group-wide training centre

The Vetropack Group training centre in the Austrian town of Pöchlarn entered its third year in 2020 with very positive results. The on-the-job training courses for production employees again met with great interest in the year under review. Glass-specific know-how, efficiency, quality and output took centre stage.



Before training kicked off in the newly set-up training centre in 2017, intensive preparations were made for the internal training of employees from all Vetropack plants – and they paid off. Group-wide training modules in the various process steps and procedures of glassmaking were developed for the in-depth training of glass specialists as well as those new to the profession, career changers and trainees.

Employees familiarise themselves with the glassmaking process and learn to set up and use the existing technology correctly. The focus is on on-the-job training. A total of four learning stations were built, on which the various production steps can be simulated. The participants can practise all the work stages at the hot end – this is the phase where the glass is moulded.



Interview with Martin Pejic, head of the Pöchlarn training centre

What is the main focus of the training?

Above all, the training is about consolidating knowledge of the production machines at the hot end of a glassworks. It is important that the participants are familiar with how all operating and control elements of these systems function in detail, while also understanding and learning to exploit the complex interaction between them. Currently, 15 different modules are being offered – from basic and safety training right up to very specific training for job modifications or dealing with feeder machines.

How exactly does the training work?

The training line is a fully operational production machine with four stations, where the various production processes such as blow-and-blow, pressblow, and narrow-neck pressblow for single-, double- and triple-gob production can be tested. The only restriction is that the machine operates without any glass.

The training generally lasts five days, although some specific training sessions can be for just one or two days. The practical training is the centrepiece, while the theoretical part of the training is kept as short as possible.

How are the numbers of participants developing?

Due to Corona, the number of training courses had to be reduced compared to the previous year. In 2020, we held a total of 21 courses with around 99 participants. The participants in the training come from all Vetropack Group production plants, with a focus on the hot end and the IS workshop. However, we also train technicians, electricians and technical customer service agents – not forgetting the glass technician trainees from the two Austrian plants at Pöchlarn and Kremsmünster.

Is the Vetropack training centre a model for success?

The feedback from participants has been only positive up to now. The high level of practical relevance and the major emphasis placed on work safety are appreciated. The training enables activities that wouldn't be feasible during ongoing operations.

As training managers, we have also found the experience very rewarding. To do our work well, there needs to be close cooperation across the board between the training team and the technical departments at the Vetropack plants. We always have to look ahead to see what technological developments are in the pipeline and how we can incorporate these elements into the training programme. We are very flexible about how we shape the content of individual modules. I've never yet had two groups which have been the same. Each training course is tailored individually to the prior knowledge and specific needs of the participants, and this is one of the most important factors in its success.

Climate neutrality requires cooperation

Vetropack is working with the Elogate transport management platform to reduce its environmental footprint. The platform shows where the company currently stands and what impact has been made by which improvements.

As one of Europe's leading manufacturers of glass packaging, Vetropack supports the European Green Deal. "By its very nature, glass contributes to sustainability," says Ulrich Ruberg, Head of Corporate Procurement. "This is because it can be recycled and is made from natural raw materials." But, of course, there is still lots more Vetropack can do. In order to change processes and activities in a way that is geared toward the ultimate goal of achieving climate neutrality, the current situation needs to be analysed first. This is the reason why, since 2014, all shipments to customers across the Group have been handled by a transport management platform from start to finish, i.e. from the invitation to tender right through to invoicing.

Precise data

This creates a huge pool of data, as 70,000 deliveries are made to customers every year. A further 40,000 shipments are collected by the customers themselves. Vetropack products cover a distance roughly equivalent to a thousand times the circumference of the earth each year. "Thanks to Elogate, we can establish exactly what distances we travel, how often freight was shipped, at what cost and with what level of CO2 emissions," explains Ulrich Ruberg. "This means we can work out the size of the environmental footprint for each freight shipment using a standardised calculation method." The European standards approved by Vetropack for the vehicles' combustion engines are factored in, for example, so we know exactly how much CO2 they emit and how efficient their engines are. This mix of data can then be used to calculate the emissions a particular vehicle produces over a given distance. "And thanks to all this data, we can figure out how to reduce our environmental footprint," says Ulrich Ruberg.

A long journey with many companions

However, Vetropack is reliant on the entire logistics chain getting involved – from suppliers to customers and right through to freight carriers. Ulrich Ruberg: "We could, for example, optimise cargo capacity utilisation, further limit the approved engine standards or opt for different drive systems such as hydrogen or electricity," says Ulrich Ruberg. "But the customers then also need to be able to work with these new pallets, the lorries need to be available in sufficient numbers and there needs to be infrastructure in place for new technology". He adds that policy plays an important role in all efforts to achieve climate neutrality, explaining that it must create the necessary framework conditions for a paradigm shift within the industry. As he points out, "We can only make a great leap forward when the right infrastructure is in place."

| Imprint

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