



2021 | **Vetropack Holding Ltd**
Integrated Annual Report and
Remuneration Report

Integrated Annual Report and Remuneration Report 2021

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Board of Directors' Report

Dear Shareholders,

The year 2021 was characterised by high demand for glass packaging throughout Europe. Vetropack Group once again strengthened its market position and increased its production capacity during the year under review. In addition, Vetropack's markets and the Group's production operations were barely affected by the global pandemic. Vetropack Group companies sold most of their additional capacities in their domestic markets, and the Group as a whole generated consolidated net sales of CHF 816.5 million. This record corresponds to an increase of 23.2% from the previous year (2020: CHF 662.6 million). The subsidiary the Group acquired in the Republic of Moldova in December 2020 accounted for 6.9% of the increase in net sales.

Increase in net sales at all Vetropack companies (sales to third parties)

The Swiss subsidiary recorded net sales of CHF 79.9 million in 2021 (2020: CHF 77.4 million). The increase in net sales was due to a very good wine year and increased business in restaurants and bars that reopened after being shut down because of the pandemic.

Vetropack Austria's two glass works – Pöchlarn and Kremsmünster – achieved net sales of CHF 219.4 million in the year under review (2020: CHF 194.0 million). In Austria as well, the re-opening of restaurants and bars generated significant demand for glass packaging in 2021.

Thanks to high exports and a large proportion of glass packaging for foodstuffs and beer, net sales recorded by the Czech company Vetropack Moravia Glass rose by 20.4% to CHF 79.7 million (2020: CHF 66.2 million).

At CHF 63.6 million, net sales at Vetropack Nemšová in Slovakia remained more or less at the same level as in the previous year (2020: CHF 61.9 million).

In 2021, the tourism industry in Croatia, which is one of the country's most important economic sectors, nearly reached the record level of performance it posted back in 2019. This led to an increase in demand for glass packaging, which in turn resulted in full capacity utilisation at the new and expanded production plant for coloured glass in Croatia. As a result of these positive developments, the Croatian company Vetropack Straža increased its net sales by 31.1% to CHF 133.2 million in 2021 (2020: CHF 101.6 million).

The Ukrainian subsidiary Vetropack Gostomel achieved net sales of CHF 63.4 million in 2021 (2020: CHF 54.7 million), an increase of 15.9% from the previous year. The glass works in Ukraine was able to sell more glass packaging for wine, beer and mineral water both domestically and for export.

Net sales at the Group's Italian subsidiary, Vetropack Italia, amounted to CHF 115.6 million (2020: CHF 90.9 million), an increase of 27.2% from the previous year. This major increase was due to a significant market recovery. In addition, Vetropack Italia recorded higher domestic sales of glass packaging manufactured by sister companies.

The Republic Moldova-based Glass Container Company S.A., which we acquired in December 2020, generated a net sales of CHF 50 million (2020: CHF 3.6 million), thereby contributing 6.9% to the increase in the Group's overall net sales.



Inflation impacts profitability

Vetropack Group achieved consolidated EBIT of CHF 81.6 million in 2021, an increase of 7.2% from the previous year (2020: CHF 76.1 million). The extraordinarily high increases in prices for energy, raw materials, packaging, transport, etc. that began occurring in the second half of 2021 had an adverse impact on the Group. These short-term massive increases in production costs could only be passed onto the market in part.

Consolidated profit

The consolidated annual profit amounted to CHF 63.8 million (2020: CHF 81.2 million, boosted by around CHF 9.1 million from the sale of properties not required for operations) and the profit margin reached 7.8% (2020: 12.3%). The Swiss franc was very strong at the end of 2021, which led to a net foreign exchange loss of CHF 5.8 million on euro-denominated credit balances at Vetropack Group.

Increased liquidity

Cash flow increased to CHF 154.1 million in the year under review (2020: CHF 141.2 million). This figure corresponds to 18.9% of net sales (2020: 21.3%). Vetropack Group invested CHF 119.2 million net in tangible and intangible assets in 2021 (2020: CHF 73.7 million). The main investment here involved the new glass works in Boffalora sopra Ticino, Italy, construction of which began with a groundbreaking ceremony on 25 October 2021. The Group also invested in the expansion of glass recycling facilities in its plants in the Czech Republic and Austria. Cash flow from operating activities reached CHF 182.7 million in the year under review (2020: CHF 136.9 million). This corresponds to 22.4% of net sales. The Group's net liquidity increased to CHF 88.7 million (2020: CHF 59.7 million).

Balance sheet structure

Consolidated total assets amounted to CHF 1,047.8 million in the year under review (2020: CHF 991.5 million). Higher liquidity and accounts receivable at the Group led to short-term assets of CHF 432.3 million (2020: CHF 395.3 million). Investments led to an increase in long-term assets to CHF 615.5 million (2020: CHF 596.2 million). New borrowing led to an increase in liabilities to CHF 273.3 million (2020: CHF 227.9 million).

Shareholders' equity amounted to CHF 774.5 million (2020: CHF 763.6 million). The equity ratio fell to 73.9% (2020: 77.0%).

At the end of the reporting year, Vetropack Group employed a workforce of 3896 people (31 December 2020: 3882 people).



Vetropack share

The stock market price of the Vetropack share was CHF 57.60 at the end of 2021 (31/12/2020: CHF 59.70). Compared to the previous year, the share decreased in value by 3.5%.

Dividend

The Board of Directors will propose to the Annual General Assembly on 20 April 2022 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 (2020: CHF 1.30) per registered share A and a gross payment of CHF 0.26 (2020: CHF 0.26) per registered share B.

Outlook for the 2022 fiscal year

Glass packaging remains very popular, which is why demand for container glass continues to rise throughout Europe.

Vetropack Group has continuously increased its production capacity over the last few years in order to meet the higher demand for its products and further strengthen its market position.

Over the last few months, however, the cost of energy, raw materials, packaging, transport, etc. has increased dramatically. As inflation rises, personnel expenses will increase as well. All of these rising costs will make it necessary for Vetropack Group to make further adjustments to its prices in the current year.

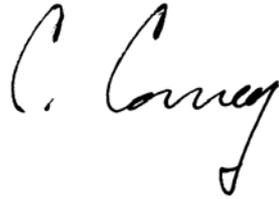
In addition, as a result of the military escalation that has led to war in Ukraine, and in order to protect our employees, Vetropack Group shut down its glass works in Gostomel (near Kyiv) on 24 February 2022. Given the rapid and unpredictable developments at the moment, it is not possible for us at this time to completely quantify the effect this armed conflict will have on the Group in the 2022 fiscal year. There will be no production at our glass works in Ukraine for the rest of the year. This will lead to a reduction in the Group's net revenue of around 10%. The expected growth in revenue will therefore be cancelled out by events in Ukraine and it will not be possible to achieve the consolidated operating result and net profit recorded in 2021.

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 2021 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.

We are still unable to grasp the magnitude of what is currently happening in Ukraine. The Board of Directors and employees of Vetropack Group are deeply affected. We are thinking of our colleagues in Vetropack Gostomel; we are thinking of their families, friends and acquaintances and giving them substantial assistance.

Bülach, 9 March 2022



Claude R. Cornaz
Chairman of the Board of Directors



Johann Reiter
CEO



Interview CEO

“We revised our strategy at the right moment.”

The coronavirus continued to dominate the day-to-day lives of people all around the world in 2021. Whilst the measures and restrictions associated with the pandemic further exacerbated social tensions, many businesses started to see the light at the end of the tunnel. Johann Reiter, CEO of Vetropack Group, explains how the Group still managed to push ahead with implementing its new strategy over the past year despite ongoing uncertainties.



Johann Reiter

CEO of the Vetropack
Group

The pandemic had more of an influence on our lives in 2021 than many expected it would at the beginning of the year. Just how much of an impact did the coronavirus continue to have for Vetropack in the year under review?

In many places, we were able to relax measures to combat the coronavirus pandemic from the spring of 2021 onwards. This had positive consequences for our Group in many respects... Not only was this, of course, reflected in our pleasing annual results, the spirit of optimism among staff at all our locations was palpable. Having said that, the rapid rise in demand was also a challenge. We're pleased that we managed to organise our procurement, production and logistics activities in such a way that we were able to satisfy all key customer concerns and requests.

“The crises we’re currently experiencing are a positive catalyst at Vetropack.”

So, where specifically was this positive spirit apparent?

One of my personal highlights of the past year was the successful integration of the plant that we acquired in the Republic of Moldova at the end of 2020. We managed this even though restrictions prevented us from spending much time on site and despite the fact that we had to establish and cultivate our new contacts virtually. This was only possible because everyone involved was aware of the opportunity at hand. The pandemic has stunted the growth and development of many businesses. If we make good use of this time and take an agile approach to how we react to ongoing changes, we can generate competitive advantages and emerge from the crisis in an even stronger position. The same principle applies to the construction of our new site in Italy. Whereas in the past people might have resisted such a change due to the fear of insecurity, in today's climate, this process of transformation is welcomed with open arms. The crises we're currently experiencing are a positive catalyst at Vetropack – at many different levels.



What's happening with the implementation of the new strategy that was adopted in 2019? Has this been delayed or inhibited by the pandemic?

We revised our strategy at just the right moment. The challenges presented by the pandemic intensified the rollout of the new strategy. The changes introduced in recent times really caused us to take an in-depth look at our business model. The pandemic significantly boosted our flexibility and our willingness to make changes throughout the Group. Because, what's evident in all sectors is that the agile companies will be the ones to come out of this crisis on top. We put a lot of time and energy into working on our strategy in 2021 and we didn't shy away from going back to basics.

But are the five strategic directions still valid in the context of this new normal?

These strategic directions are fundamental and need to be efficacious, even in the context of a crisis. It's all about what Vetropack represents and intends to do even more successfully in the future. So, the short answer is yes. Having said that, we did spend the past year thinking about their weighting and moved "clearly sustainable", which stands for a self-evident, lived culture of sustainability, to the top of the list.

"We will allocate significantly more resources to innovation."

How did you come to this decision?

»Environmental issues have long been a concern for Vetropack. We've made an effort to use resources in an economical and efficient manner since day one. And, to tell you the truth, this has purely been for commercial reasons. Many other companies take a similar stance. And, although members of the general public do talk and worry about the issue, few are prepared to change their habits and behaviour. The climate crisis firmly hit the spotlight once again in 2021. We've now suddenly reached a point where the issue could have a bearing on the day-to-day lives of a huge number of people. Rising energy costs could evolve into a serious problem for many households. This is one of the reasons why our conviction has grown over the past year – we want Vetropack to become a green frontrunner and initiate, demand and exemplify change more quickly and vehemently, for example by using only "green electricity" by 2025. Even if this means that, as of today, our energy costs will rise even higher than they already have in the context of current developments.

What global problems can a company like Vetropack solve?

Our opportunities to exert influence are given by our core business. We consume limited resources, have a high energy demand, employ numerous people and are part of the consumption system through our products. These topics can be found in the United Nations' Agenda 2030. The mandate is therefore actually clear: We have to contribute to the corresponding goals 5 ("equality"), 9 ("Industry, innovation and infrastructure"), 12 ("Sustainable consumption and production") and 13 ("Climate protection measures") for sustainable development. However, we see this as a long-term process. These topics are now newly part of our strategic agenda. However, we are aware that we will also have to push for corresponding measures in the future.

Contribution to the Sustainable Development Goals (SDGs) of the United Nations



These 17 Sustainable Development Goals are very comprehensive and complex. What is your focus – also in operational terms?

Environmental issues have been on our minds at Vetropack for a very long time. We have always strived to use resources sparingly and efficiently. To be honest: for business reasons alone. Many other companies behave in a similar way. And although the general public talks about the issue and is concerned about it, they are hardly prepared to change their behavior. In 2021, however, the climate crisis has become even more acute. We are now suddenly at a point where the issue could affect the everyday lives of very many people. Rising energy costs could become a serious problem for many households. This is one of the reasons why our conviction has grown over the past year: Vetropack should become a "green frontrunner" and initiate, demand and live change more quickly and vehemently. For example, by using only "green electricity" by 2025. Even if this means that our energy costs – as things stand today – will rise even more than they already have in the course of current developments.

Energy prices are certainly posing a challenge to global value chains. What's the situation for Vetropack on other fronts?

I'm sure the most widely known problem is the chip shortage. Although Vetropack isn't directly affected by this, I believe that we too will come up against this problem in the near or distant future. Like many industrial enterprises, we're also driving forward digitalisation which does, of course, also require us to have hardware and systems that are equipped with more and more IT components. That's why good supplier relationships are a key asset to us. Having said that, we're also fully aware that keeping our suppliers happy isn't the be-all and end-all. We need to look far ahead and be agile and proactive in order to ensure access to scarce resources at any early stage. That's why we placed more of a strategic emphasis on supply chain management and created a corresponding position on our Board of Directors in 2021. Such a key role is also important when it comes to ensuring that we don't lose sight of our "Group first" aspiration and enforcing it even more emphatically in the future.



The other end of the value chain are the customers. What was your focus here this past year?

Our main focus is strengthening our innovative power. Glass is the ideal packaging material when it comes to meeting the market's increased desire for greater sustainability. But we do need to attract attention with innovative products, a perfect example of this being VIP Glass. Tempered glass means less demand for materials, less weight, lower emissions and more comfort. An obvious, promising concept that we plan to keep rolling out. We're also investing in an innovation centre to ensure that more such examples can follow suit as this development work can no longer be done alongside day-to-day production activities like it used to be. This will allow us to allocate significantly more resources to innovation. This doesn't mean that we won't continue to drive forward progress on the ground at each and every one of our locations. Because, our production staff play an important role as nobody sees our production processes with such an exacting eye as they do. We're confident that we can achieve excellent progress over time by optimising all the building blocks they've put in place on an ongoing basis. Our plant in the Czech Republic, for example, has recently taken up the challenge of using recycled glass to manufacture white glass. As a result, we're now able to produce white glass with a proportion of used glass of more than 70%, which is just outstanding. And, of course, it meets our customers' desire for sustainable products.

I'm sure you'd agree that such progress is only possible if you can draw on the relevant expertise in the workforce. How is Vetropack investing in this vital resource?

The shortage of skilled workers is an issue in many industries – ours included. That's why we're stepping up the amount of training we provide to our staff internally. It goes without saying that we're delighted to have already won an international award for this young project with the "Merit Award", and we're equally pleased to be picking up the "Great Place to Work Switzerland®" Award on 26 May of this year. And, for us it's clear that Switzerland shouldn't get special treatment in this respect throughout the Group. In order to be a valued employer for all of our employees, we plan to conduct a comprehensive satisfaction analysis in 2022 and subsequently implement a series of evidence-based measures on the back of this – as we do in all our key areas.

Interview: Sibylle Umiker, Sustainserv GmbH



Foundations for success

Foundations for success

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Vetropack Locations

On 31 December 2021

53 %

use of recycled glass in the production process

5.88

unit sales every year in billions

816.5

net sales in CHF millions

11

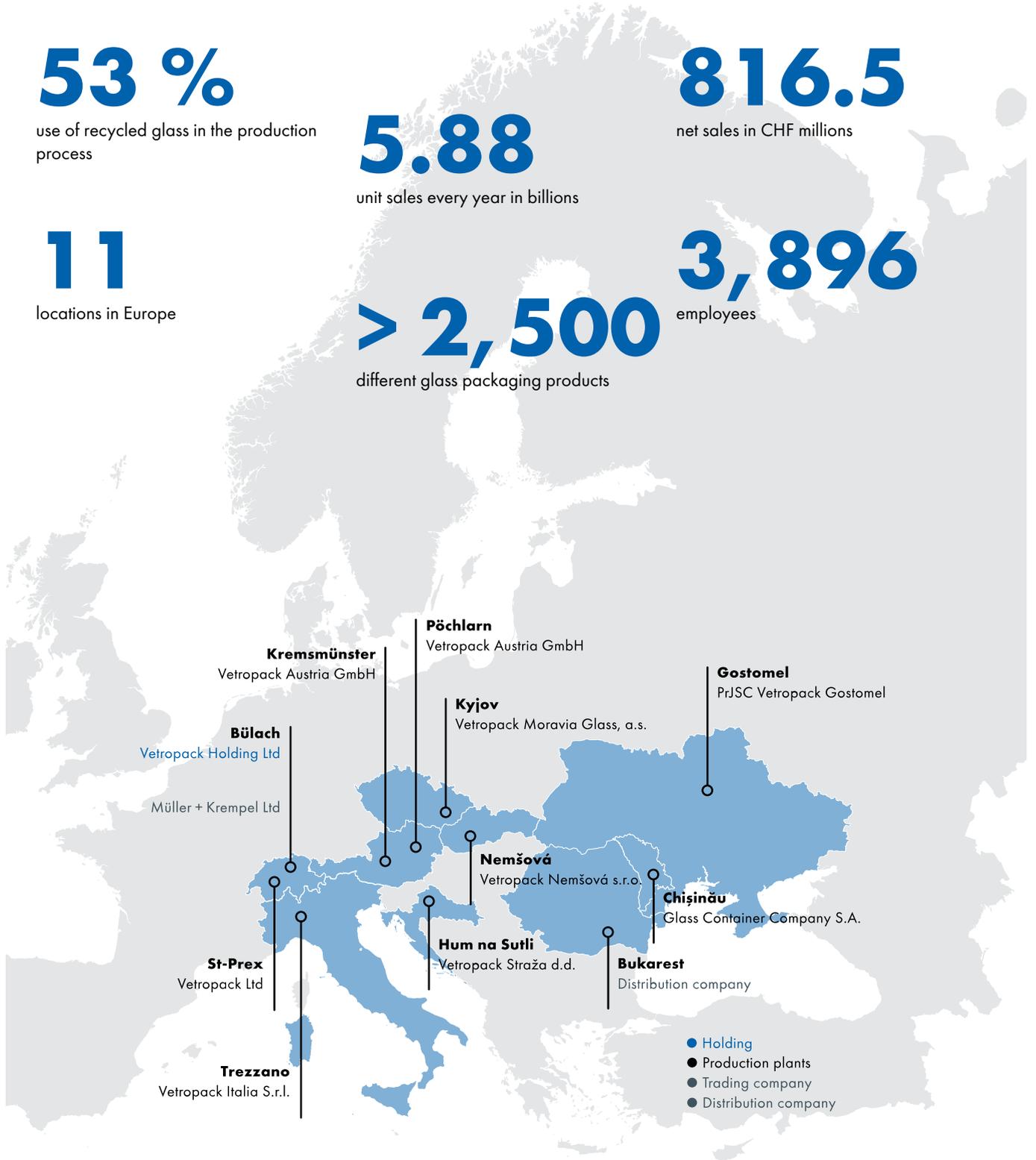
locations in Europe

> 2,500

different glass packaging products

3,896

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 2021, the corporate group employed 78 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	120 659 m ²
Number of furnaces	1
Number of production lines	4
Employees as at 31.12.2021	206



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
Employees Vetropack Austria GmbH as at 31.12.2021	698

Site Kremsmünster

Founded	1954
Takeover by Vetropack	1993
Area	147 000 m ²
Number of furnaces	3
Number of production lines	7
Employees Vetropack Austria GmbH as at 31.12.2021	698



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

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

Founded	1883
Takeover by Vetropack	1991
Area	1 60 000 m ²
Number of furnaces	2
Number of production lines	7
Employees as at 31.12.2021	455



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	12
Employees as at 31.12.2021	616



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
Employees as at 31.12.2021	377



PrJSC Vetropack Gostomel

Gostomel (UA)

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

Founded	1912
Takeover by Vetropack	2006
Area	229 600 m ²
Number of furnaces	3
Number of production lines	8
Employees as at 31.12.2021	629



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
Employees as at 31.12.2021	296



Glass Container Company S.A. Chişinău (MD)

Glass Container Company S.A. produces, sells and distributes glass packaging in the Republic of Moldova and on selected export markets. Our site is in Chişinău. The glassworks also has a sales company in Bucharest, Romania.

Founded	1995
Takeover by Vetropack	2020
Area	222 869 m ²
Number of furnaces	2
Number of production lines	6
Employees as at 31.12.2021	516



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 2021, the company employed 13 people.



Foundations for success

Opportunities and challenges in times of global crisis

Increasing momentum in the glass industry

Change in the glass industry has traditionally been rather leisurely, because investment cycles are long and the value chain is characterised by well-established processes and partnerships with customers and suppliers that go back several years. For some years now, however, the dynamics have been increasing, mainly due to digitalisation and faster changes in the framework conditions.

Crisis outside any scenarios

At the beginning of 2020, the outbreak of the COVID 19 pandemic was the starting point of a comprehensive global crisis. Even the glass packaging industry, which had previously benefited from a supportive market environment for years, was not spared by the crisis. From the second quarter of 2020 onwards, the decline in demand due to severe restrictions in the catering and tourism sectors left a clear mark on all industry participants. These negative effects were partially offset by a shift in consumption to the domestic sector. Thanks to its great flexibility in production and the breadth of its product range, Vetropack was able to benefit from this shift. Accordingly, the Vetropack Group was able to digest the first year of the pandemic very well.

[CEO interview](#)



Transition to a new normality

In many European countries, the measures to combat the pandemic were relaxed from spring 2021. From autumn onwards, compulsory certification took the place of restrictions and lockdowns in many places in the catering and tourism sectors. Despite the temporary closures imposed again towards the end of the year in some cases, these industries were able to recover in part during the year under review, which subsequently led to an increase in demand for glass packaging.

The upturn in demand placed heavy demands on Vetropack's supply chain at times - particularly due to the shortage of certain raw materials and goods in procurement as well as the interruptions and bottlenecks in global supply chains. In such times, it is clearly important to have diverse and good connections with suppliers, as well as agility in the company's own processes.

Vetropack was able to meet this rapidly increasing demand in a timely manner, also because the pandemic and the associated measures had not led to a plant standstill at any point. Planned investments were made and projects implemented - in some cases adapted to the new framework conditions.

[Financial Report](#)



[Board of Directors' Report](#)



[CEO interview](#)



Flexibility and individual design remain in demand

On the customer side, Vetropack has been observing a trend towards flexibility and individualisation for several years now: customers increasingly want to differentiate themselves through their individually designed packaging. This often leads to small batch sizes and also requires a high degree of flexibility in production. The COVID 19 pandemic has further intensified the trend towards flexibility, as value chains and goods flows (raw materials and finished goods) have had to be adjusted or redefined at short notice. This gave Vetropack the opportunity to question entrenched processes and habits and to revise them accordingly at some points.

In order to be able to respond even better and faster to customer needs in the future, Vetropack restructured its Technology and Production division during the year under review with a view to enhancing its innovative capabilities.

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

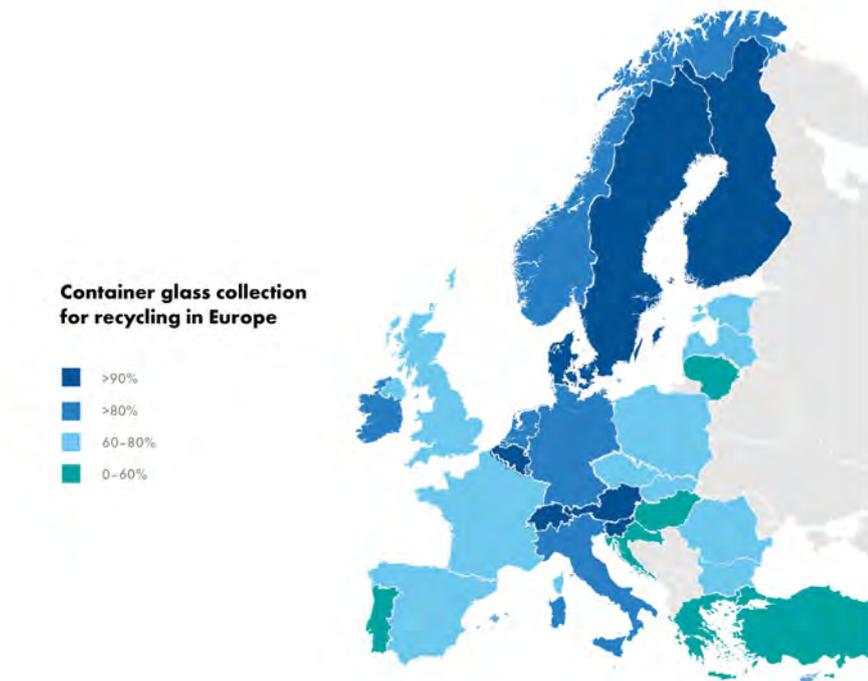


[Performance Review: Digitalisation and automation](#)



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.



Source: [Fédération Européenne du Verre d'Emballage \(Feve\)](#)



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.

Against this backdrop and in the context of its Strategy 2030, Vetropack has set itself the goal of achieving a cullet content of at least 70% in production across the Group by 2030.

Performance Review: Share of used glass in the glass production



Strategy 2030



As the trend is also increasingly moving towards reusable glass, Vetropack is simultaneously working on new methods to increase the traceability of glass containers. For example, Vetropack began using a process at its innovation centre in Austria that places QR codes on each individual glass container. In the future, these could be crucial for organising reverse logistics or tracking how many times a bottle has been in circulation.

Performance Review: Innovation strategy and portfolio





Foundations
for success

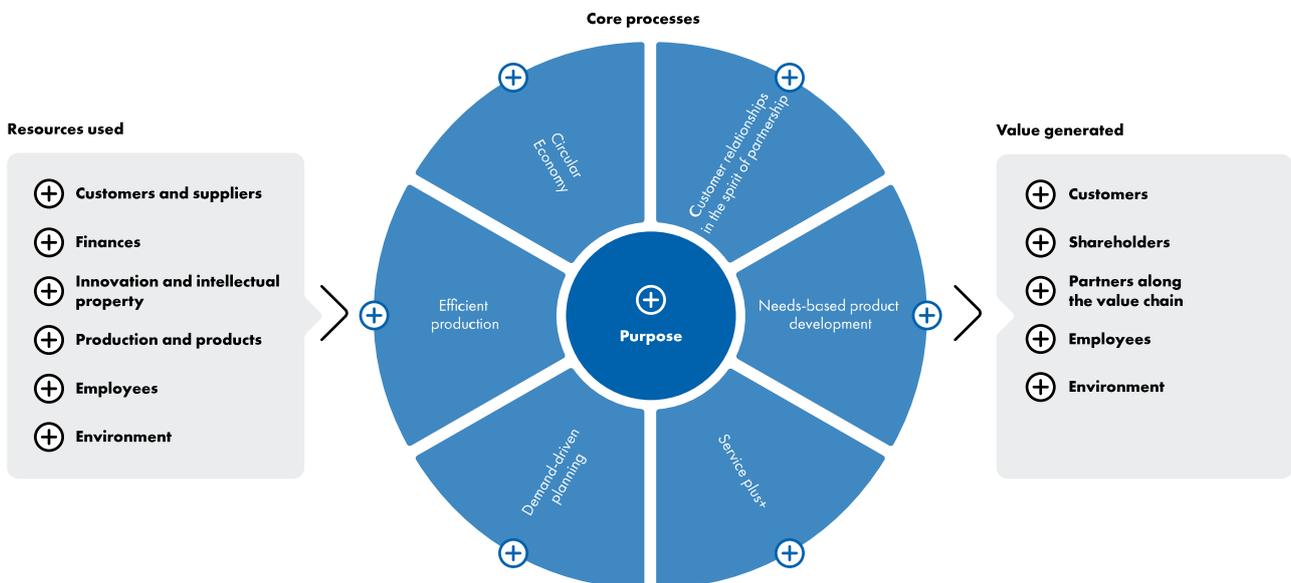
| Business model

The driving force behind value creation

The production of glass involves many complex processes and the use of large amounts of resources. Vetropack is therefore committed to creating diverse value from these resources. Financial success in itself should not stand alone in the Vetropack Group's value creation model. After all, it is not only the shareholders who should benefit from the company's performance, but also the customers, the employees, the upstream and downstream partners in the value chain and the environment.

At the heart of Vetropack Group's business model is the corporate purpose that was newly articulated during the year under review: "We enable everyone to enjoy food and beverages in the most elegant, safe and responsible way possible". The corporate purpose is intended to be the driving force behind the actions of all employees and the basis for creating high-quality and unique 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

Thus, Vetropack Group's strategy is aimed at the long-term development of the company, which takes into account the concerns of its stakeholders. This approach is in line with the expectations of Vetropack Group's majority shareholders. Vetropack finances the majority of the company's growth from its own balance sheet and uses return on operating capital employed (ROOCE) as the most important metric for monitoring business development. The focus on sustainably increasing the return on capital employed means that Vetropack increasingly acts as a group ("group first" approach) and prioritises investments with high synergy potential.

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.

[Vetropack Story: New labelling machine at Kyjov plant](#)



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.

[Vetropack Story: Vetropack Switzerland installs label remover](#)



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.

[Vetropack Story: Vetropack Improved Performance Glass entering a new phase](#)



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

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.

In 2020, Vetropack defined a process that accompanies the transformation of the company towards 2030. Specific projects were defined for all five strategic directions, prioritised according to the available resources and backed up with clear responsibilities, schedules and metrics for monitoring progress.

Vetropack uses return on operating capital employed (ROOCE) as the key performance indicator for reviewing business development under the new strategy. The focus on the sustainable optimisation of all resources used will help to strengthen the “group first” concept.

The new strategy proved its worth in the crisis years of 2020 and 2021. It has been shown that Vetropack Group not only has a resilient business model, but also has the right culture to act flexibly yet thoughtfully at the same time in times of crisis. This also includes gradually optimising the organisation of the entire company in such a way that it supports the strategy in the best possible way. The strategic directions are also being critically reviewed on an ongoing basis. For example, recent events and social discussions have prompted the Board of Directors and Group Management to give a higher priority to a comprehensive understanding of sustainability under the heading “clearly sustainable” within the five strategic initiatives.



Five strategic directions for success

From the open strategy process, Vetropack derived five strategic directions in 2019 to shape the company's further development in the next ten years.

- Clearly sustainable
- Expand the core
- Value growth
- Drive innovation
- Leader in quality

Clearly sustainable

Ecology plays a central role, especially in an energy-intensive sector such as the glass industry. That is why Vetropack wants to play a decisive role in shaping the green transformation in the glass industry as a pioneer. In doing so, the company pursues 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).

Recycling is high on the prioritisation list of strategic projects. The company sets itself the goal of achieving a cullet (i.e. used glass) content of 70% in production across the entire Group by 2030. Greenhouse gas emissions can also be continuously reduced by modernising the furnaces. The most important environmental indicator is therefore CO₂ emissions per ton of glass produced. This is to be reduced by 30% by 2030 compared with 2019. Only «green electricity» is to be used as early as 2025.

In addition, Vetropack wants to make its logistics climate-neutral by 2030. To achieve this goal, investments are needed above all in optimising the supply chain and in converting the vehicles and forklift fleet to alternative drives.

[Performance Review: Environment](#)



[Vetropack Story: Climate neutrality requires cooperation](#)



Expand the core

Vetropack's strategy is based on further strengthening its dominant market positions in the home markets of its Group companies. In addition, Vetropack aims to expand into selected markets – primarily through acquisitions.

With the acquisition of a glass plant in the Republic of Moldova at the end of 2020, Vetropack took a step towards strengthening its Central and Eastern European business.



Value growth

Vetropack is expanding its fields of activity by entering new lines of business along the glass packaging value chain and supporting its customers from the product idea to the filling of the product. In doing so, the company is focusing on new services that logically expand existing competencies and allow the company to further strengthen customer relationships. This also includes individualised and optimised packaging solutions as well as comprehensive technical consulting to improve existing processes on site. Cross-system connections of IT solutions also contribute to future growth in terms of value and are being consistently expanded.



Drive innovation

Vetropack aims to become a trendsetter in the glass packaging industry and therefore proactively drives innovation. Among other things, this involves process, product and market innovations as well as completely new business models.

The Technology and Production division, which was reorganised in the year under review, is intended to be a key driver of innovation within the Vetropack Group - including via the Innovation Centre at the Pöchlarn site in Austria, which was established in 2020 and went into operation in the year under review.

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



Leader in quality

Vetropack aligns all activities in such a way that the strategy is optimally supported at Group level. In addition to a holistic "Operational Excellence" approach, this also includes coordinated structures and processes in the areas of sales as well as technology and production. In addition, the opportunities presented by digitalisation are to be better exploited throughout the Group and Vetropack is to be positioned as an "Employer of Choice".

[Performance Review: Production and products](#)



[Business model](#)



Vetropack wants to make greater use of the opportunities offered by digitalisation in all areas of the company and developed a digitalisation roadmap as early as 2019. In 2020, the migration of the SAP system to the latest technology was completed. On this basis, various processes were digitised and centralised, for example purchasing and production planning.

[Performance Review: Digitalisation and automation](#)



In the year under review, Vetropack continued to drive forward its "Employer of Choice" strategy. These efforts bore their first visible fruits with the certification of the Bülach site as a "Great Place to Work®" and the awarding of the Vetroademy internal training programme by the Merit Leadership Community.

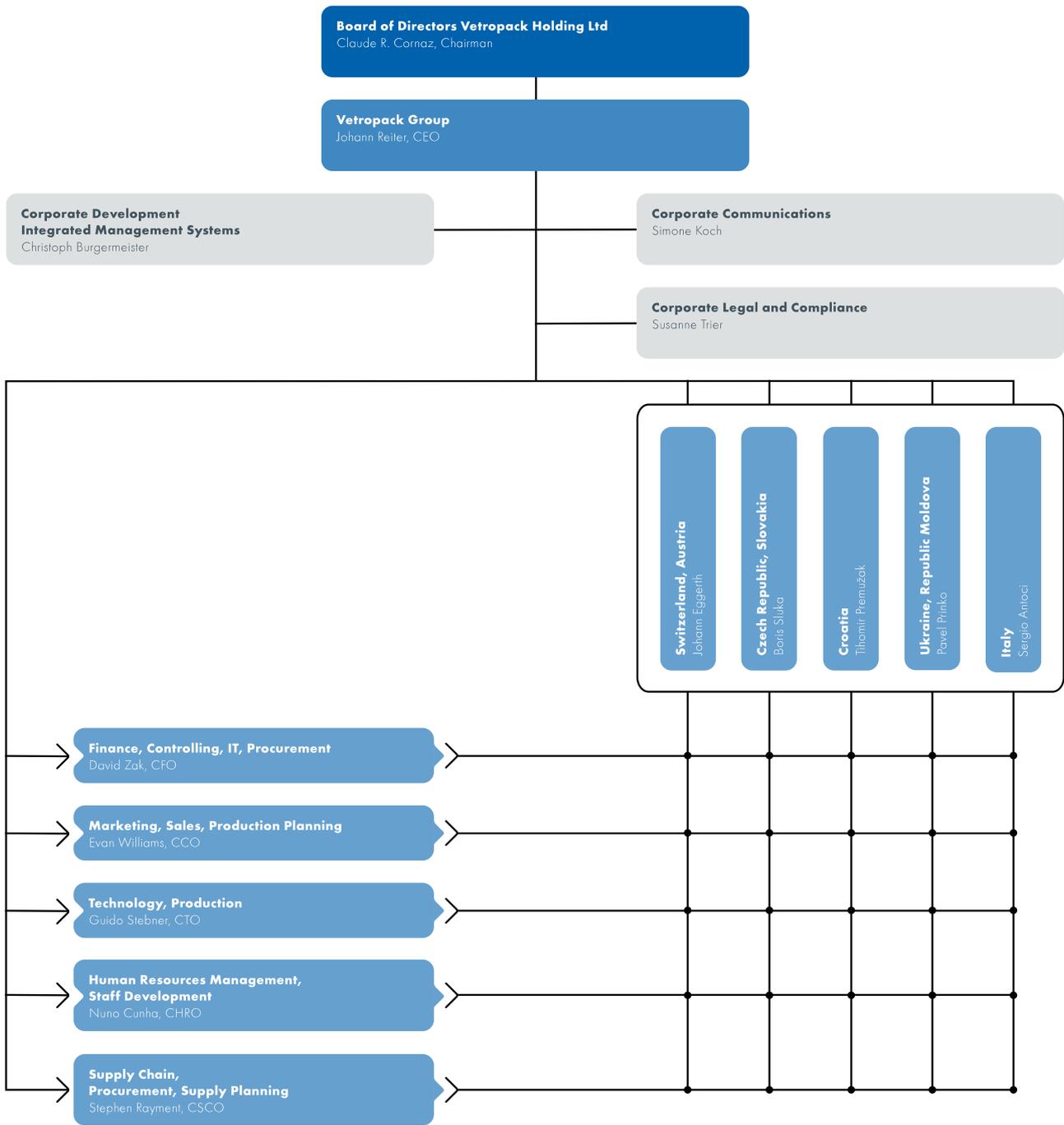
[Performance Review: Employees](#)



Management Structure



per 1 January 2022



Organisation

per 1 January 2022

Group Management Board		Supply Chain, Procurement and Supply Planning	
Johann Reiter, CEO		Stephen Rayment	
David Zak, CFO		– Group Procurement Ulrich Ruberg	
Nuno Cunha, CHRO		Corporate Development, Integrated Management System	
Johann Eggerth, Managing Director Division Switzerland/Austria		Christoph Burgermeister	
Stephen Rayment, CSCO		– Integrated Management System Claire Faessel a.i.	
Guido Stebner, CTO		– Quality Management Andrea Steinlein	
Evan Williams, CCO		– Occupational Safety + Health Nenod Horvath	
Finance, Controlling, IT and Procurement		Corporate Communications	
David Zak		Simone Koch	
– Shared Service Center Switzerland	Christian Trösch	Corporate Legal and Compliance	
– Group Controlling und Accounting	Adriano Melchiorretto	Susanne Trier	
– IT	Georg Oberdammer	Switzerland/Austria	
Sales, Marketing and Demand Planning		Johann Eggerth	
Evan Williams		Sales + Marketing	
– Group Technical Customer Service	Christoph Böwing	– Switzerland Herbert Kühberger	
– Commercial Excellence	Armelle Dupont	– Austria Christine Arnet	
Human Resources		– Export Europe West Leopold Siegel	
Nuno Cunha		Finance + Human Resources	
– Talent Acquisition	Maja Darija Skrljak	Bernhard Karrer	
– Learning and Development	Keiko Seki von Allmen	Human Resources Sabine Hameter-Weber	
– Talent Management	Panagiota Katiniou	Supply Chain	
Technology and Production		Werner Schaumberger	
Guido Stebner		Production	
– Performance	Dubravko Stuhne	– St-Prex Plant Philippe Clerc	
– Technology and Projects	Nick Giannoulas	– Pöchlarn Plant Gerd Buchmayer	
– Innovation	Guido Stebner a.i.	– Kremsmünster Plant Thomas Poxleitner	
		Integrated Management System	
		– St-Prex Plant Renaud Roquigny	
		– Pöchlarn and Kremsmünster Plant Hannes Fasshuber	

Czech Republic/Slovakia	
Boris Sluka	
Sales + Marketing	Dana Švejcárová
– Czech Republic	Dana Švejcárová
– Slovakia	Zuzana Hudecová
– Export Europe East	Vlastimil Ostrezi
Supply Chain	Jaroslav Mikliš
Engineering	Miroslav Šebík
Integrated Management System	Aleš Habán
Kyjev Plant	
– Production	Antonín Pres
– Finance + Human Resources	Milan Kucharčík
Werk Nemšová	
– Production	Roman Fait
– Finance + Human Resources	Eva Vanková
Croatia	
Tihomir Premužak	
Sales + Marketing	Darko Šlogar
Finance	Marija Špiļjak
Supply Chain	Robert Vražić
Human Resources	Damir Gorup
Production	Božo Hršak
Engineering	Velimir Mrkus
Integrated Management System	Anica Hriberski-Leskovar
Ukraine/Republic Moldova	
Pavel Prinko	
– Ukraine	Pavel Prinko
– Republic Moldova	Oleg Baban
Finance	Oleksandr Bondarenko

– Ukraine	Oleksandr Bondarenko
– Republic Moldova	Boris Crivoi
Supply Chain	
– Ukraine	Serhii Kazhan
– Republic Moldova	Igor Hincu
Human Resources	
– Ukraine	Andriy Keranchuk
– Republic Moldova	Larisa Harabagiu
Integrated Management System	
Pavel Prinko a.i.	
Gostomel Plant	
– Sales + Marketing	Hennadiy Arsiriy
– Production	Roman Yatsuk
– Engineering	Mikola Marchenko
Chişinău Plant	
– Sales + Marketing	Oleg Garstea
– Production + Engineering	Igor Volcanov
Italy	
Sergio Antoci	
Sales + Marketing	Francesco Bonazzi
Finance	Chiara Garancini
Supply Chain	Luca Marini
Human Resources	Annalisa Girardi
Production + Engineering	Giovanni Depoli
Engineering	Alberto Alvisi
Integrated Management System	Alessandro Canulli
Group Companies	
Müller + Krempel Ltd	Mark Isler
Vetroreal Ltd	Matthias Bieri



Foundations for success

Material Topics, Contribution to the Sustainable Goals (SDGs) and Performance Review

Definition of the key financial and non-financial issues

For the third time, Vetropack Group provides comprehensive information on its financial and non-financial performance for the fiscal year 2021 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:

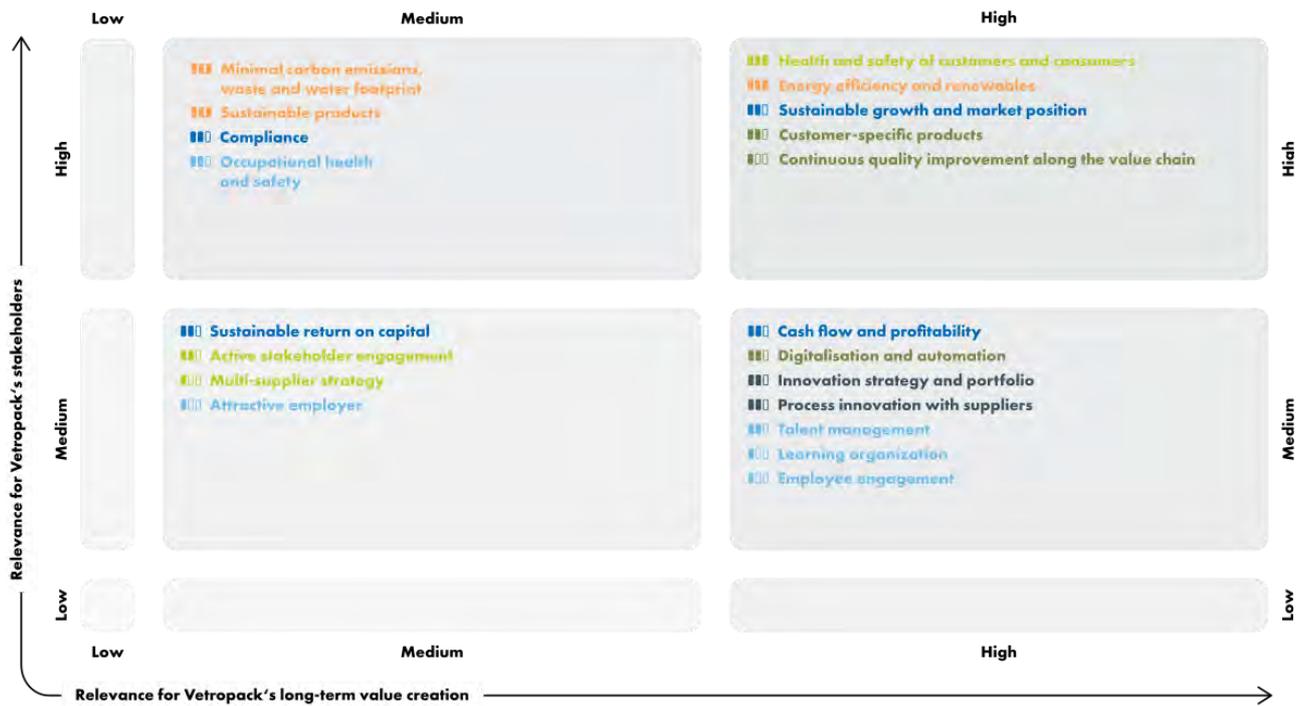
- Customers and suppliers
- Finances
- Innovation and intellectual property
- Production and products
- Employees
- Environment

The topics were in 2020 evaluated in a workshop with the extended Group Management and additional managers from various divisions with responsibility for the topics in question. They 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 2021 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
- Production and products
- Finances
- Employees
- Innovation and intellectual property
- Environment

Impact on sustainable development

- ▮▮▮ Low
- ▮▮▮ Medium
- ▮▮▮ High

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

Contribution to the United Nations' Sustainable Development Goals (SDGs)

Vetropack uses the 17 Sustainable Development Goals (SDGs) of the United Nations (UN) as a reference system to embed the effects of its own business activity on the environment and society within the context of global sustainable development.

Four of the 17 SDGs in total are of particular relevance for Vetropack. The company sees them as offering the greatest leverage for making a significant contribution: SDG 9 (Industry, Innovation and Infrastructure), SDG 13 (Climate Action), SDG 12 (Responsible Consumption and Production) and SDG 5 (Gender Equality).



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Contribution to SDG 9

Vetropack's strategic focus is based on the core targets of creating a robust infrastructure and developing sustainable industrialisation in the least developed countries in Europe. The company's investment programme will bring processes, equipment and technologies up to the latest technical standards to support sustainable industrialisation. Investment projects in the regions will promote a network of small companies around the glass works. All Vetropack Group's glass works, its partners along the value chain and in its environment will benefit from the Group's innovations and investments in various areas.

Aspect on which Vetropack has particular influence

9.2: Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

Material topics

- Innovation strategy and portfolio
- Learning organisation

Action areas and objectives

- Investments in underdeveloped countries in Europe (such as the Republic of Moldova)
- Integration of local suppliers into the supply chain, especially in underdeveloped countries
- Creation of an innovation centre as a focus for innovation and research
- Collaboration with research centres and industry participants in order to work together to drive forward innovation
- Establishment of a technical group organisation that reflects the Group's strategic focus in order to guarantee optimal production output and product quality in line with pre-defined standards

Progress in 2021

- Expansion of the innovation centre at the Pöchlarn site (AT)

More information

Performance Review: Innovation and intellectual property





Take urgent action to combat climate change and its impacts

Contribution to SDG 13

As a global industrial enterprise requiring considerable amounts of energy and resources, Vetropack has an environmental footprint. The company focuses its environmental commitment on climate protection.

Aspect on which Vetropack has particular influence

13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

Material topics

- Energy efficiency and renewables
- Minimal carbon emissions, waste and water consumption

Action areas and objectives

- 30% reduction in CO₂ emissions by 2030 compared with 2019.
- Conversion to «green electricity» by 2025
- Substantial medium-term investment which will contribute to CO₂ reduction
- Increasingly shifting external transport from road to rail
- CO₂-neutral internal transport
- Decreasing water footprint
- Reducing waste

Progress in 2021

- Austrian plants connected to the energy management system
- Installation of a new furnace at the glass works in Hum na Sutli in Croatia. This will allow specific energy consumption to be cut by 15%. This also resulted in a corresponding reduction in CO₂ emissions

More information

Performance Review: Environment



Sustainability report: Sustainable products, energy efficiency and renewables, minimal carbon emissions, waste and water consumption





Ensure sustainable consumption and production patterns

Contribution to SDG 12

The global population currently consumes more resources than the ecosystems can provide. In addition to the consumption of resources, the waste resulting from this consumption constitutes another major global problem. Glass has numerous characteristics that can contribute to more sustainable consumption: fewer resources are consumed, less food is wasted and less waste is generated.

Aspect on which Vetropack has particular influence

12.2: By 2030, achieve the sustainable management and efficient use of natural resources

12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Material topics

- Sustainable products
- Recycling used glass

Action areas and objectives

- Improving recycling in the value chain
- Increasing the percentage of used glass from 53% to 70%

Progress in 2021

- Developing a Group-wide recycling concept to increase the percentage of used glass, make the recycling of used glass more efficient and reduce the distances over which used glass is transported

More information

Performance Review: Production and products



Performance Review: Customers and suppliers



Sustainability report: Sustainable products, energy efficiency and renewables, minimal carbon emissions, waste and water consumption





Achieve gender equality and empower all women and girls

Contribution to SDG 5

As a company that is committed to a fully sustainable business policy, the elimination of gender-specific differences is an obligation. What's more, ensuring gender equality has been proven to have a positive effect on economic success, productivity, competitiveness and levels of innovation. Traditionally, women are in the minority – at all levels of the hierarchy and in all job profiles – in the glass industry. Vetropack believes that there is enormous potential for change here.

Aspect on which Vetropack has particular influence

5.5: Ensure the full and effective participation of women and equal opportunities for leadership at all levels of decision-making in political, economic and public life

Material topics

- Attractive employer

Action areas and objectives

- Identification and elimination of gender-specific pay gaps
- Promoting a balance of women and men in decision-making processes
- At least 20% more women in decision-making positions by 2030
- Increasing the proportion of women in Vetropack's talent pool by 40% by 2030
- Creating a working environment that promotes a culture of diversity at all levels

Progress in 2021

- Appointment of three new female managers to run Group functions
- Review of appointment and promotion processes to guarantee an objective decision-making process and to minimise gender-specific differentiation for key selection processes
- Training all personnel managers with regard to the significance of diversity in the workforce to ensure awareness of this vital issue

More information

[Performance Review: Employees](#)



Customers and suppliers

Active stakeholder engagement

Open communication and proactive cooperation help Vetropack anticipate the needs of customers and other stakeholders, exploit new business opportunities and thereby create competitive advantages. The key stakeholder groups who influence or are affected by Vetropack's business activities include investors, customers, suppliers, employees and their representatives, as well as society in general, including supervisory authorities, legislators, trade associations and non-governmental organisations (NGOs).

In the year under review, communication with all stakeholder groups was particularly important due to the COVID crisis, even though the measures to combat the pandemic severely limited the possibilities. The planning of stakeholder communication was made more difficult by the latent uncertainty regarding the development of government measures. As in the previous year, direct exchange with customers and suppliers at major trade fairs was hardly possible. Many events were cancelled or Vetropack decided not to participate for security reasons. Vetropack was able to compensate for this through regular virtual contact with customers and suppliers. Very intensive contact was also maintained with investors in this way during the year under review. However, due to the relaxed measures from the second half of the year onwards, Vetropack also took the opportunity to meet its investors in person at a physical meeting.

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.

Further information on stakeholder engagement can be found in the following report chapters:

- Communication with employees: Performance Review Employee engagement
- Working with suppliers: Performance Review Process innovation with suppliers and Performance Review Customer-specific products
- 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 ensure 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 aim is to minimise supply and upfront cost risks and build up alternatives in order to strengthen Vetropack's negotiating position. The benefits of this approach were also evident in the second pandemic year. While 2020 was characterised by restrictions on labour and major challenges in logistics, Vetropack was confronted with high demand on the one hand and rising costs and scarce goods on the other in the year under review. However, thanks to proactive supplier management that relies on multiple partners, Vetropack has sufficient flexibility and room to manoeuvre even in challenging procurement situations.

Vetropack also used the year under review and its new challenges to work on its supplier relationships - with a particular focus on payables. In doing so, the company responded to the trend towards consolidation and concentration in the supply chain, particularly among equipment suppliers, and to the recovering demand for production equipment in the glass packaging industry increasingly in the fourth quarter of the year under review. Suppliers must comply with the requirements of the Supplier Code. In specific high-risk cases, a specific clause on environmental and human rights compliance requirements is noted in the Supplier Code. All suppliers have signed the Supplier Code of Conduct or demonstrably have at least an equivalent code of conduct of their own. In the case of relevant goods or services, clauses on environmental protection, working conditions and compliance with human rights are also explicitly anchored in the contract. Vetropack also examines its supply chain with regard to risks in the area of conflict minerals in order to minimise these risks. For selected suppliers, specifications for compliance with the requirements for dealing with conflict minerals are implemented.

In the medium and long term, Vetropack Group is building on even closer and more binding cooperation with suppliers who deliver products that are as environmentally friendly as possible. With this approach, Vetropack is pursuing the goal of reducing the use of primary raw materials and fossil fuels. In addition, fewer synthetic raw materials are to be consumed. The procurement workshops on "Sustainability in Procurement" planned for the year under review could not be held due to limited travel options as a result of the Corona pandemic. They are expected to take place in 2022.

In future, Vetropack Group's Supply Chain Management will also benefit from being equipped with specialised resources. With the creation of the position of a Group-wide Chief Supply Chain Officer, this specialist area will take on greater strategic importance. The aim of this central position is to promote decisions in the interests of the entire Group and to increase the speed of decision-making. In addition, the "lead buyer" approach creates expertise and technical depth that cannot be achieved at the plant level.

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 2021. The quality assurance work group pressed ahead with the harmonisation of the quality assurance processes. As a basis for future investment decisions, the performance of the testing equipment of all production lines was evaluated. As a result, the testing technology at the plant in Croatia was brought up to date in the course of installing a completely new line. In Italy, the decision was made to replace some testing equipment. The vision of taking traceability to a new level through the use of QR codes is also being worked on.

Vetropack recorded that ensuring the highest quality standards as an important objective under the "Leader in quality" heading was 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.

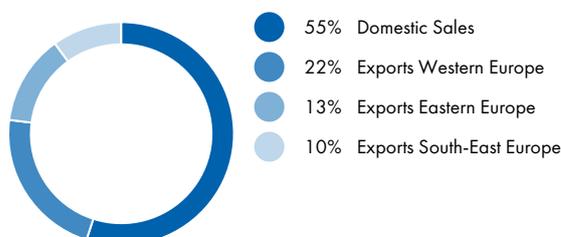
Financial figures 2021

		+/-	2021	2020
Net Sales	CHF millions	23.2%	816.5	662.6
EBIT	CHF millions	7.2%	81.6	76.1
Consolidated Profit	CHF millions	- 21.4%	63.8	81.2
Cash Flow*	CHF millions	9.1%	154.1	141.2
Investments	CHF millions	61.7%	119.2	73.7
Production	1 000 metric tons	15.0%	1 629	1 416
Unit Sales	billion units	20.9%	5.88	4.86
Exports (in unit terms)	%	-	45.5	43.1
Employees	number	0.4%	3 896	3 882

* operating cash flow before change of net working capital

Sales by markets 2021

(total 5.88 billion units)



The greatest challenge for the Vetropack Group in the year under review and likely in the coming years will be rising energy costs.

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.

In 2021, operating cash flow increased by 9,1% to CHF 154,1 million (2020: CHF 141.2 million).

While Vetropack had briefly halted all non-essential investment projects in the first year of the pandemic in order to have more financial room for manoeuvre, extensive investments were made again in the year under review. At around CHF 130 million, investments in 2021 were significantly higher than in the previous year, which was characterised by pandemic-related restraint, but also above the long-term average of around CHF 80 to 90 million; in each case this corresponded to a share of just under 10% of sales. Above-average investments are also planned for 2022.

The most significant investment projects in the year under review were the start of construction of a new plant in Italy, the installation of a completely new production line in Croatia, as well as the installation of a new production line and the replacement of a furnace at the plant acquired in the Republic of Moldova at the end of 2020. These projects will increase Vetropack's production capacities - by a total of around 3*. In view of the great uncertainties in the year under review due to the pandemic and the moderate average market growth of three percent, this impressively demonstrates the medium-term growth expectations that Vetropack Group has for itself.

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



Sustainable growth and market position

Customer satisfaction is crucial to Vetropack's ongoing commercial success.

Maintaining good customer relationships was even more important during the past two years, which were dominated by the pandemic. Vetropack worked hard to respond flexibly to customer demands for new products adapted to consumer needs, shorter supply chains and rapid product availability. The significant increase in revenue shows that this was successful. This was possible because Vetropack focused on markets in the vicinity of its production facilities, while at the same time using the Group's capacities to offer a broader product range 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.

The Group intends to further strengthen its market position in the future. Vetropack products for mineral and soft drinks appear particularly promising. These segments are growing disproportionately throughout Europe. Interest in returnable glass, which unlike all other packaging materials can be recycled an infinite number of times without any loss of quality, continues to grow.

[Vetropack Story: Returnable glass bottles on the rise](#)



Production capacity was increased in the year under review through various investments. The strong focus on innovation, strengthened by the ambition to become the sustainability pioneer in the industry, will help the group achieve its growth targets.

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



Compliance

Ethical and 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 year under review, Vetropack implemented the requirements of EU Directive 2019/1937 on the protection of persons who report breaches of EU law ("whistleblowers") on time.

Vetropack's Supplier Code regulates compliance with human rights in the value chain and is regularly reviewed as part of on-site audits. Acceptance of this code is mandatory. As a result, the sensitivity for compliant behaviour is deeply anchored in the company. On this basis, Vetropack has been able to achieve a consistently very high level of compliance over the past few years.

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 would like to promote innovation more strongly throughout the Group. The reorganisation of the Technology and Production division during the year under review takes this intention into account. In future, the department will not only be able to advise the plants, but will also be responsible for process and technology development for the entire Group.

In future, the Technology and Production division will consist of three organisational units:

- The Performance division is responsible for the production processes. The focus is on analysing, standardising and continuously optimising Vetropack's process landscape. Tools for continuous improvement such as Lean or Six Sigma are used regularly.
- The Technology division focuses on technological developments both within and outside the Group. The technologies used serve to implement production processes throughout the entire Vetropack Group and focus in particular on digitalisation, innovation and sustainability. Proven and well-known technologies in these areas are examined with regard to their suitability for Vetropack and, if necessary, brought into the company.
- The Innovation Centre launched in 2020 at the Pöchlarn site in Austria was further expanded and will be integrated organisationally into the Technology and Production division from January 2022. The research focus of the Innovation Centre will be on process and product development as well as digitalisation. A further increase in staff is planned for this purpose. Current projects are working on, for example, the possibilities for CO₂-reduced production of container glass, the development of new process technologies for the production of lightweight glass packaging, and the development of digitalised glass bottles that enable complete life cycle transparency and traceability. This is relevant not least because of the trend towards multiple use of glass packaging.

During the year under review, Vetropack continued to drive forward the development and commercialisation of lightweight glass packaging. The glass launched in 2019 under the name VIP Glass (Vetropack Improved Performance), which is particularly stable thanks to a special thermal curing process and thus enables the production of lighter containers, continues to enjoy great popularity among pilot customers, so the expansion of the product range is being driven forward.

[Vetropack Story: Vetropack Improved Performance Glass entering a new phase](#)



The company also continued to make progress in the area of digitalisation and automation, although there were delays at times due to the COVID crisis. The focus here is on the topic of traceability of individual bottles with the help of the latest laser technology and the processing of data in the corresponding systems. Vetropack also dealt with the introduction of a new Group-wide MES system. The uniform operational data structure created with the help of this system will enable the use of "Big Data Tools" or artificial intelligence for the extensive evaluation of operational data in the future. Vetropack expects the use of these digital tools to improve operational performance and increase quality levels. To this end, data analysis specialists will be integrated into the organisation of the Technology and Production division.

The introduction of an energy management system in cooperation with Siemens continues to progress. After a successful pilot project at the plant in Croatia, the Austrian plants were connected to the system in terms of data in 2021. The connection of the plants in the Czech Republic and Slovakia is planned for 2022.

There were delays in the implementation of the projects due to the COVID crisis, primarily due to the limited travel possibilities as well as the availability of staff of the partners involved in the projects.

[Performance Review: Digitalisation and automation](#)



Process innovation with suppliers

From increasing efficiency in the glass production process to improvements in the organisation and product development – Vetropack relies on collaboration with its suppliers in almost every strategic area of innovation. Their pursuit of a higher level of digitalisation also supports corresponding processes at Vetropack.

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.

One component of Vetropack’s understanding of quality is “lean management”, which aims to avoid waste of any kind through continuous improvement. The rollout of the “Vetropack Production System” (VPPS) project, which was launched in 2020, continued during the year under review. Due to the restrictions imposed by the COVID crisis, the focus was placed on creating fundamental structures. “Lean engineers” have already been hired at various plants. In the coming years, VPPS is to be gradually introduced at all locations. At the same time, the exchange of experience at Group level is to be further promoted. In the newly organised Technology and Production division, continuous improvement activities (e.g. Lean, Six Sigma) are coordinated at Group level. For this purpose, a position was created in the Performance division to ensure a uniform approach to performance projects in the Group. This will ensure a stronger exchange of knowledge beyond the boundaries of the organisational units in the future.

Performance Review: Learning organisation



Some measures to increase quality also require the support of partners in the value chain. For example, the standards for reusable transport aids (pallets and layer pads) established in the year under review.

The Performance Division, which is part of the Technology and Production Division, will work closely with the Quality Assurance Division – consisting of the quality assurance experts from all plants – to drive forward the standardisation and unification of the production and production support processes. The goal is to introduce Group-wide process and quality standards in all important production processes that combine high production performance with the highest quality. In addition, these standards form the basis for the rapid integration of new production sites into the Vetropack Group.

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.

Digitalisation is taking place in all areas of the company at Vetropack, whether in the simplification of administrative processes or in production. For this reason, Vetropack developed a digitalisation roadmap as early as 2019 and implemented the first measures. Based on the SAP system "SAP4Hana" introduced in 2020, for example, the degree of digitalisation of purchasing processes was further increased. Invoicing ("Vendor Invoice Management VIM") is now paperless.

After the production planning tool was migrated to the new SAP system in 2020, the second step in the year under review was to merge production planning into a single Group-wide process. This should enable production capacities to be used even more efficiently and flexibly in the future.

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.

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.

In order to further professionalise its collaboration with customers and thus increase customer satisfaction, Vetropack 2021 has increased its personnel. A Customer Excellence and Strategic Account Manager was recruited to work with a core team of sales experts to develop a strategic programme for key accounts. Furthermore, the team in Italy was strengthened with an additional marketing function to support the Group's marketing activities and at the local level. And to give additional thematic impetus to quality assurance, the position of Group Quality Assurance Manager was newly filled.

During the year under review, Vetropack further optimised its workflow tool in order to align the entire supply chain even more closely with innovation.

For many of Vetropack's customers, the consequences of the COVID-related restrictions were drastic. Accordingly, Vetropack continued to focus on new products and packaging variants in the year under review that provide customers with the best possible support under the changed circumstances.

New designs



An important development topic for Vetropack is its technology for the production of multi-trip bottles made from lightweight glass ("VIP Glass"). Other fields with particular growth opportunities include glass packaging for food and non-alcoholic beverages, as well as products that address the growing trend towards sustainability. This is not only about more sustainable packaging, but also about reliable statements to satisfy the information needs of various stakeholder groups. This is where Vetropack can support its customers with sound data on the environmental performance of their products.

[Vetropack Story: Vetropack Improved Performance Glass entering a new phase](#)



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. As in 2020, the innovation rate in 2021 remained at the same level as in 2019 (at 5.7%) due to the COVID crisis and some delayed product launches. Thanks to the establishment of the Innovation Centre, this value should continue to rise in the coming years.

Employees

A large part of Vetropack's long-term success is owed to its employees. That is why, as part of its new strategy, the company has established the ambition to become an "Employer of Choice". Vetropack also aims to be known on the job market as a first-class brand beyond just its immediate reach. The company aims to achieve this goal by investing in the further professionalisation of HR management, in the acquisition of new talent, in continuous employee involvement and in the professional development of employees as a "learning organisation".

Short-term resilience

Many of the planned projects and measures to strengthen the Group as an employer were delayed by the COVID-19 crisis. The prioritisation of projects had to be adjusted and resources could not be used because of the restrictions implemented to combat the pandemic. After all, Vetropack had absolutely no doubt about one thing during the past two years: protecting the health of employees and maintaining production are top priorities. Looking back at the year under review, the company thus also focused on ensuring that employees were fully protected despite continuous production at all sites.

As part of the strategic direction of "Employer of Choice", Vetropack set itself the goal of introducing uniform and systematic HR processes across the entire Group in 2019. That is why Vetropack implemented "SuccessFactors" in 2020, the HR management solution from SAP. During the year under review, a lot of work was put into the quality of HR data in particular – for example, with the introduction of uniform job titles at all sites.

Recruiting, developing and retaining talent

Vetropack has proven itself to be a good employer. In connection with the high level of brand awareness, the company has succeeded in attracting and retaining talent despite the tough competition for qualified personnel.

Various measures to professionalise talent management were implemented in 2020:

- The introduction of the three central strategic group functions "Talent Acquisition", "Training & Development" and "Talent Management" gives more weight to these essential topics.
- After introducing the "SuccessFactors" Recruiting 2020 module for the entire Vetropack Group, the company's HR department continued to standardise the recruitment process in 2021. Thanks to a coordinated approach, Vetropack is now in an even better position to attract talent and recruit it at all locations. The focus in talent acquisition continues to be on building a strong external and internal talent pool from which key positions can be filled quickly. Talent can be acquired through direct internal and external channels. Vetropack also succeeded in tripling the number of followers of its corporate profile on LinkedIn in 2021, thus making a significant contribution to the company's positive public image. Sharing Vetropack stories and strengthening the employer brand are among the company's top priorities.
- As part of its ongoing commitment to employee development, Vetropack has introduced a new Group-wide process: the Talent and Organisational Review (TOR) programme. This new assessment process is designed to help identify ambitious employees who are eager and willing to develop personally. The annual TOR process, which focuses on the top three organisational levels of the company, is composed of two parts:

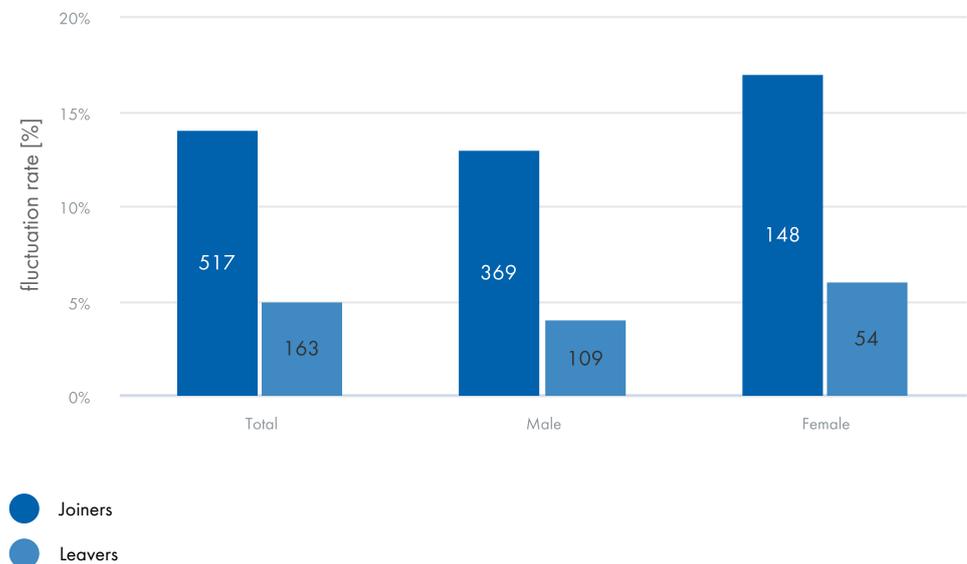
1. Talent screening identifies employees who have leadership potential or unique expertise to support the business.
2. The organisational review is about assessing the business in terms of succession planning and identifying talent needs and development opportunities. Part of this process is the continuous assessment of the mission-critical positions within the Group and the consideration of HR talent data trends, based on which the Group aligns its strategy and launches initiatives.

Vetropack believes that quantification also helps to professionalise HR work. For this reason, the company will monitor the success of the approach for attracting and retaining talent in a targeted manner in the future using key performance indicators (KPIs) such as staff turnover, talent retention rates, training costs, the percentage of internally filled management positions and the internal promotion rate.

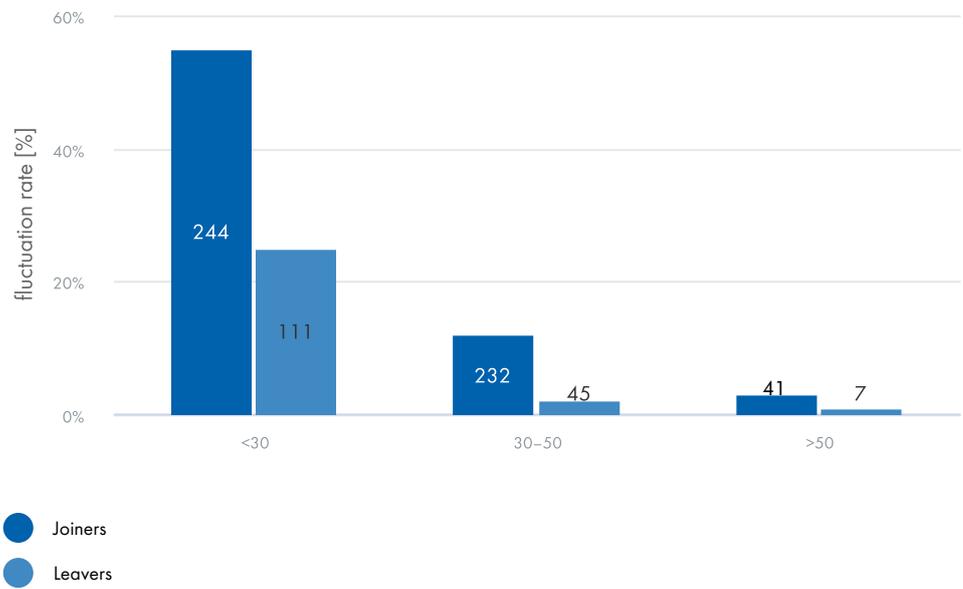
Full HR KPIs will be available as of 2022. However, countable achievements can already be evidenced for the year under review. It was thus possible to recruit no less than three key positions in Group roles without external support.

Fluctuation by gender

(rates and absolute numbers)



Fluctuation by age group (rates and absolute numbers)



Employee engagement

Vetropack relies on continuous communication with its employees. Every three years, the company carries out a large-scale survey of employees – the next one will take place in 2022. However, Vetropack also believes in staying connected with its employees during the periods between these comprehensive surveys, and strengthening this bond. These efforts are increasingly being supported by new technologies. One example is the digital workplace app “Beekeeper” introduced in 2020, which facilitates internal communication and collaboration – this was also essential during the year under review due to the limited opportunities for personal contact.

These continuous efforts towards enhancing workplace culture are absolutely worthwhile. Following the “Great Place to Work®” certification in 2020, the Bülach site ranked among the top ten of the “Medium Best Workplaces Switzerland” in the year under review. Vetropack achieved particularly high scores for fair treatment – regardless of age, nationality or ethnic origin – and for the workplace atmosphere. In addition, 92% of employees are proud to work for Vetropack.

Vetropack sees this award as a cornerstone for further enhancing workplace quality at all sites. That is why the “Trust Index” from “Great Place to Work®” is one of the three most important HR KPIs.

Learning organisation

The glass packaging industry is fast-paced, and talent is scarce. This is why highly qualified employees and their continuous development are essential for Vetropack to increase its competitiveness. The Corporate Human Resources department creates the framework conditions for a learning organisation and anchors a mentality of continuous learning within the company. Vetropack pursues an integrated learning approach that includes face-to-face events, virtual training and onboarding programmes.

Vetropack offers a comprehensive learning infrastructure that promotes the development of hard and soft skills. For one thing, the company’s own training centre in Pöchlarn, Austria, ensures that valuable expertise is passed on to the next generation of glass makers. Here, the focus is placed on the hard skills involved in glass production processes. In addition, the newly developed “Vetrocademy” – a professional development platform – focuses on promoting soft skills and aims to boost strategic skill sets. The programme includes a comprehensive leadership curriculum that covers all aspects of professional leadership. The first pillar of the “Vetrocademy” was established in 2021. All 400 managers in the Vetropack Group will complete the programme, which will take between 18 and 24 months, depending on their role and level. Vetropack plans to develop additional modules for key areas and roles in the future and is currently assessing possible priority topics. The fact that Vetropack practises exemplary HR development is confirmed by the award received by the “Vetrocademy” from the “Merit Leadership Community” in September 2021.

New KPIs such as training costs per employee and the ratio of technical and compliance training to soft skill training are monitored as part of the “Employer of Choice” strategy.

Occupational health and safety

Vetropack attaches great importance to the health and safety of its employees. This is why Vetropack follows a “safety first” philosophy. Safety topics are discussed across all facilities to continuously improve occupational safety. All employees receive annual occupational safety training.

Vetropack is aiming for all production sites to have an occupational health and safety management system certified in accordance with ISO 45001 by 2022. The two sites in Austria (Pöchlarn and Kremsmünster) were certified some time ago. Various facilities implement comparable, local standards. The site in Nemšová, Slovakia was successfully recertified during the year under review. Bearing the certifications planned for 2022 in mind, what we call the “Safety Minutes”, among other things, were further established during the year under review. Safety Minutes are regular, short safety training units. They usually last less than ten minutes and take place, for example, at the start of a shift or at the beginning or end of a meeting.

Vetropack also aims to strengthen its position as an attractive employer by proactively and preventively promoting the occupational health and safety of its employees. Further positive effects are the promotion of productivity and job satisfaction, as well as the reduction of absences.

Key indicators occupational health and safety

	+/-	2021	2020
Share of employees and supervised workers covered by a certified occupational health and safety management system ¹⁾	-	20%	11%
Incidents leading to at least one lost work day	- 30%	82	117
Total lost work days due to injuries and occupational diseases	- 22%	2 887	3 721
Total Recordable Incident Rate (TRIR) ²⁾	- 31%	2.3	3.4
Total Recordable Incident Severity Rate (TRISR) ²⁾	- 23%	82	107

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

The interest of consumers in ecological products is constantly increasing in many places. The packaging of many consumer goods – especially foodstuffs – is receiving a great deal of attention. Vetropack’s customers prioritise this topic accordingly. On the one hand, they are interested in more sustainable packaging solutions, but on the other hand they are also very concerned about transparency with regard to the ecological footprint of packaging as part of the product they offer. This is where Vetropack can support its customers with sound data on the impact of their products on the environment. Vetropack developed an application from the industry organisation FEVE (“The European Container Glass Federation”) in-house specifically for this purpose.

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 indicators⁰⁾

	2021	in %	2020	in %
Total energy consumption in GWh	3 188		2 783	
Electricity	546	17%	480	17%
Natural gas ¹⁾	2 641	83%	2 302	83%
Specific energy consumption in MWh/t²⁾	1.96		1.98	
Greenhouse gas emissions in tCO₂e³⁾	659 845		563 182	
Scope 1 (heat & process emissions) ⁴⁾	605 841	92%	519 805	92%
Scope 2 (electricity) ⁵⁾	54 004	8%	43 377	8%
Specific greenhouse gas emissions in tCO₂e/t²⁾	0.405		0.401	
Material consumption: recycled glass				
Used glass green	63%		65%	
Used glass brown	61%		55%	
Used glass white	41%		42%	
Water in m³				
Total water withdrawal	1 319 963		1 347 987	
Municipal water supply	318 839	24%	346 410	26%
Groundwater	1 001 124	76%	1 001 577	74%
Total water discharge	1 227 932		1 267 950	
Waste disposal in tons				
Recycling (ongoing)	36 177	45%	31 133	48%
Recycling (sporadic) ⁶⁾	359	0%	1 259	2%
Incineration or landfill (ongoing)				
Industrial waste	37 256	46%	30 640	47%
Hazardous waste	3 189	4%	1 954	3%
Incineration or landfill (sporadic) ⁶⁾				
Industrial waste	417	1%	84	0%
Hazardous waste	3 484	4%	385	1%

⁰⁾ Data collection and methods for analysis have been optimised. This changes some of the information on results in 2020.

¹⁾ Incl. 10.6 GWh heating oil in 2021 (3.8 GWh in 2020)

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.

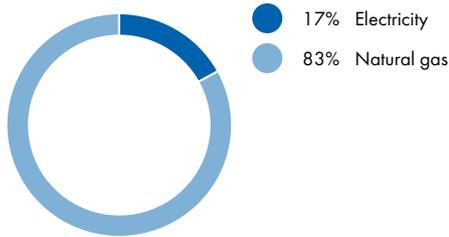
⁴⁾ Process emissions result from chemical reactions throughout the glass manufacturing process.

⁵⁾ For the first time, Emissions für 2020 and 2021 are calculated acc. to "market-based approach".

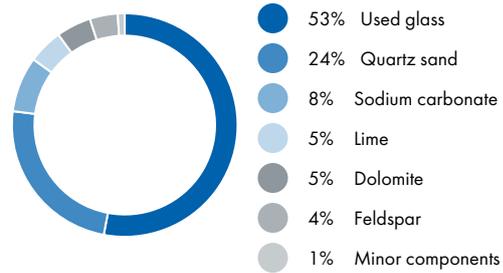
⁶⁾ Waste not generated every year from ongoing operations (e.g. furnace repairs)

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

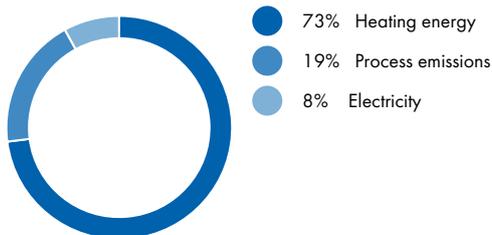
Total energy consumption (GWh)



Mixing ratio raw materials and used glass



Greenhouse gas emissions by source (t CO2e)



Energy efficiency and renewables

Glass production involves a large amount of energy, primarily caused by the operation of the furnaces. In 2020, Vetropack set a target to reduce greenhouse gas emissions per tonne of glass produced by 30% by 2030 compared to the base year 2019. The starting points are energy efficiency and renewable energies.

The greatest leverage for reducing specific energy consumption is therefore always found in the repair or new construction of a furnace. With every refurbishment, Vetropack tries to achieve energy efficiency improvements of around 10% to 15% as well as a longer service life. To ensure that this is achieved, Vetropack always implements these investment projects using state-of-the-art technology. Such efficiency improvement measures not only have an ecological benefit for Vetropack, but also an economic one.

In 2021, a new furnace was built at the plant in Hum na Sutli, Croatia. Specific energy consumption was successfully reduced by 15% through this measure. It also resulted in a corresponding reduction in CO₂ emissions.

[Vetropack Story: The next level of performance](#)



Vetropack plans to introduce an energy management system developed specifically for the company at all of its plants by 2023. This system is designed to optimise the management of energy consumption and make potential for improvement more readily identifiable. In the year under review, a corresponding system was introduced at the plants in Croatia and Pöchlarn. Furthermore, the potential for energy-saving measures is currently being surveyed in cooperation with the University of Leoben.

[Vetropack Story: Vetropack Switzerland installs label remover](#)



Parallel to the gradual progress in energy efficiency, the share of renewable energy sources is being increased. In the year under review, for example, the decision was made to switch to "green electricity" by 2025.

Climate-neutral logistics by 2030

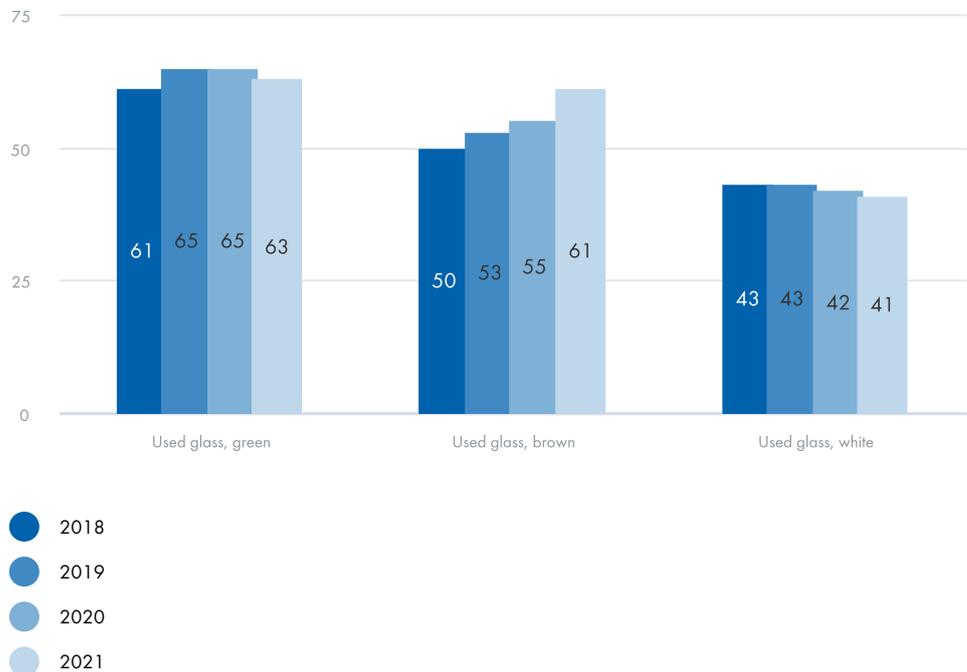
Vetropack also has ambitious goals for logistics and mobility – the company wants to make its logistics climate neutral by 2030. In the year under review, the company analysed the CO2 emissions of all shipments in the last three years. Based on this analysis, Vetropack developed measures such as switching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

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. For the procurement of new company vehicles, only electric or hybrid vehicles are considered since 2020.

Optimising use of raw materials

A high proportion of recycled cullet is indispensable for ecological glass production. At Vetropack, the proportion of used glass accounts for up to 85% of the processed raw material volume in some plants. Group-wide, the proportion of waste glass was 53% in 2021. Vetropack has set itself the goal of achieving a cullet content of 70% by 2030. However, the availability of high-quality used glass remains a major challenge. In many countries, collection rates are significantly lower than in Switzerland and Austria, for example. The quality of the cullet can also lead to problems if it is contaminated with foreign materials such as ceramics. This is why Vetropack promotes measures that increase collection rates and cullet quality.

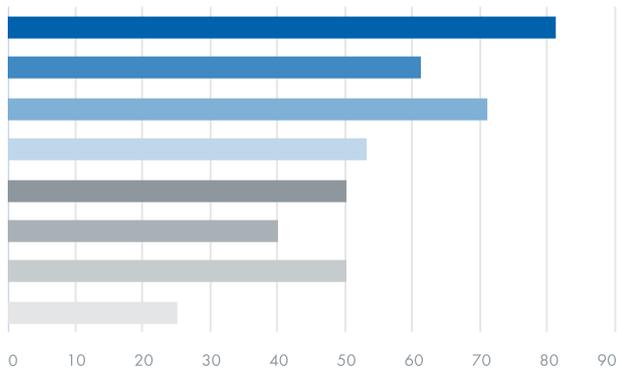
Share of used glass in the glass production



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 2021

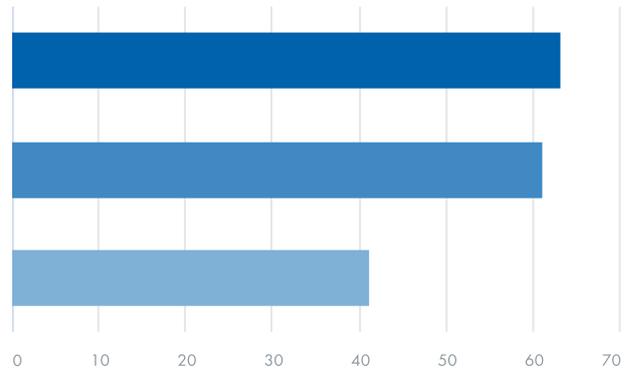
(by Group Company)



- 81% Vetropack (CH)
- 61% Vetropack Austria (AT)
- 71% Vetropack Moravia Glass (CZ)
- 53% Vetropack Nemšová (SK)
- 50% Vetropack Straža (HR)
- 40% Vetropack Gostomel (UA)
- 50% Vetropack Italia (IT)
- 25% Vetropack Moldova (MD)

Used glass ratio for glass production 2021

(by colour)



- 63% Green
- 61% Amber
- 41% White



Foundations for success

New Design



Chic

Where health meets style

Zdravo Organic gets the best out of nature for its juices. And they want you to see it. The gentle curves of the white 200 ml bottles by Vetropack Straža create a sophisticated look.

Health consciousness has grown enormously in recent years, a phenomenon reflected in the success of food and drinks producers who focus on making natural products. One of these is Zdravo Organic. With Zdravo meaning “healthy”, it does exactly what it says on the glass. Based in Selenca in Vojvodina, the company only uses the highest-quality local fruit and vegetables for its juices, conserves, pickles and aĵvar sauce, avoiding the use of additives and preservatives. The best packing medium for products like this is glass, which is why Zdravo Organic only uses glass bottles for its juices.

The centrepiece of the family of bottles we make for Zdravo Organic is the new 200 ml juice bottle with twist-off cap. It is just as chic and compact as its older, larger siblings, the 314 ml jar and 750 ml bottle, but its gentle curves give it a particularly sophisticated look. Bon voyage, beautiful bottle – Zdravo products are loved around the world and can be found as far afield as Canada and China.



Pleasure of life

Balanced

Azienda Agricola Caudrina brings the liquid sun of Piedmont to wine connoisseurs. Winemaker Romano Dogliotti places great value on having aesthetically pleasing packaging for his fine wines – which is why he is working with Vetropack Italia.

The fertile, sunny Piedmont region has always been known as an outstanding terroir for Muscat grapes. Here, near Asti, is where Romano Dogliotti works. The owner of Azienda Agricola Caudrina is almost obsessed with creating the most sumptuous wines possible. The shining stars of his collection are the Moscato d’Asti La Caudrina and Asti Spumante La Selvatica DOCG. These sweet yet gently acidic sparkling wines, which pair perfectly with tapas and light summer dishes, are an ode to the pleasure of life.

It has been almost 20 years since Vetropack Italia’s Milan glass works produces the 750 ml custom bottles for Azienda Agricola Caudrina. The cuvée coloured bottle is perfectly elegant, featuring balanced proportions and a decorative relief. But it also has another subtle level. Each part of the design comes together to form a beautiful frame for the attractive label, designed by the artists Alessandro Lupano and Romano Levi.



Natural

A match made in heaven

Bis vor 200 Jahren wurde das Heilwasser Vincentka in Keramikgefäße abgefüllt, seither wird es in Glasflaschen ausgeliefert. Zum Jubiläum hat sich Vincentka eine besondere Flasche in limitierter Auflage geschenkt.

To say Vincentka is a mineral water is an understatement. The premium product is actually a medicinal healing water. It comes from Luhacovice, the largest and oldest spa town in Moravia, whose ten natural healing springs draw visitors from all over the world. The water is suitable for drinking and inhalation therapies for a variety of illnesses, but health-conscious people also enjoy its many benefits day-to-day.

Apart from a brief interlude, Vincentka has been bottled in glass since 1820. The relationship between this special water and glass is therefore now 200 years old. Vincentka is celebrating this anniversary by working with Vetropack Moravia Glass to produce an anniversary edition bottle that is considerably darker and greener than its traditional counterpart. Some 400,000 of the anniversary bottles have been manufactured to celebrate this natural pairing. Because just like the healing water, glass too is synonymous with health and high quality.

Majestic

Liquid gold

With its glass packaging for Aznauri brandy, Vetropack Gostomel is proving just how much a bottle can reflect the image of a brand and a sophisticated tiple.

The name Aznauri comes from the ancient honorary title, which was awarded for special merits. Equally illustrious and exalted is the brandy of the same name, distilled by the Ukrainian company Global Beverage. In keeping with the world of nobility, the brand's image is dominated by majestic lions. A unique drink like this needs a very special bottle, just like the one made by Vetropack Gostomel.

To show off the dark gold, shimmering colour of the brandy, the 0.25-, 0.5- and 0.7-litre bottles are made from thick, colourless glass. The combination of the curves and convex engraving on the front is stunningly harmonious. Two grand lions holding a crown above the letter A reflect the nature of the drink: strong and proud, yet unique and self-sufficient. No question, this bottle really does boost the enjoyment of genuine connoisseurs.



Elegant

The best of the best

The wineries that form the “Österreichische Traditionsweingüter” association have developed a special classification. The highly customised bottles for the “Erste Lage” wines are produced by Vetropack Austria.

Austria’s winegrowing regions are incredibly diverse. The varying soil compositions and microclimates mean that even neighbouring vineyards can produce very different wines. Members of the “Österreichische Traditionsweingüter” association have put a great deal of passion and expert knowledge into determining how tiny details about a vineyard can influence the quality and identity of its wine.

The association has developed a classification system that distinguishes between “Klassifizierte Lage” (similar to appellation contrôlée), “Erste Lage” (similar to Premier Cru) and “Grosse erste Lage” (similar to Grand Cru). Vetropack Austria has developed Rhine wine bottles for the “Erste Lage” group that immediately reflect the special quality of these wines. The “Erste Lage” logo is made in glass relief, like a hallmark, while the shoulder area of the bottle is an elegant cuvée colour. The wineries can then choose between a swisstype thread or cork finish – because with wines, it’s always “to each their own”.

Noble

Get the best

As the legend goes, spring water from the subterranean lake in Podolia in Ukraine once healed the sick daughter of a Polish nobleman. Her name, Regina, became the brand name of the mineral water sourced from that lake. Vetropack Gostomel is adding extra value to this highquality spring water with a new glass bottle.

Regina – this still, natural product is the queen of Ukrainian table water. Up until 1917 and the fall of the European aristocracy, Regina was delivered to the tabletops of the emperors and exported abroad to Austria-Hungary, Romania, Germany, Poland and France. Even though its well-to-do consumers have since disappeared, the water has maintained its noble properties and helps to maintain a perfect, general bodily tone now as much as ever.

Now Regina is available in 1-litre and 0.5-litre bottles made of green glass, a unique and distinctive vessel. On the base of the bottle is a wave-shaped engraving, a curved logo akin to the chemical symbol for silver. This is not a coincidence – the mineral-rich water not only contains trace elements of sodium, calcium and magnesium, but also silver. The precious metal has antiviral properties and strengthens the immune system. It is not only for aesthetic reasons that the bottle is made from glass – this choice of material guarantees that the health-giving water preserves its qualities even when stored for long periods of time.



Trailblazer

A new chapter

Austrian star winemakers Markus Huber and Lenz Moser have taken on the challenge of writing a trailblazing new chapter in the history of Austrian wine. Vetropack Austria helped the two give their exciting project a unique look with a brand new bottle design.

The Grüner Veltliner grape variety is the pride of Austria's wine country, predominantly sold and enjoyed in German-speaking regions. Lenz Moser and Markus Huber, two Veltliner specialists of the Austrian wine industry, believe that this hidden gem of a grape is ready to earn a broad international fanbase and achieve global cult status. Under the brand Lenzmark – New Chapter, the two winemakers have combined their wealth of experience with the aim of reinterpreting the taste of Grüner Veltliner and developing a modern style – Veltliner 2.0, so to speak – targeted at both experienced connoisseurs and young, demanding target groups.

It was therefore vital for the product to feature an unusual bottle design. The intricate look of the conical 0.75-litre cuvee-coloured wine bottle gives the team everything they wanted. A complex glass relief at the shoulder, the Lenzmark brand name engraved at the base, and a three-part paper label on the front embody the new style of this very special wine.

Prestigious

Passing down traditions

The Henri Badoux vineyard has given its emblematic lizard an elegant update. The new olive-coloured edition of the bottle is produced by the Vetropack glass works in St-Prex and the white glass version by Vetropack Austria.

Henri Badoux founded the vineyard that shares his name in 1908. Since then, the family enterprise has grown continually. Today, it encompasses 55 hectares of vineyards and makes wine with the produce from one hundred hectares. The name Henri Badoux is inseparable from the lizard that has adorned the labels of his wine bottles for over a century.

In 2021, the vineyard underwent a rebranding campaign. White and red wine are now hitting the shelves in an olive-coloured 0.7-litre bottle, while rosé is bottled in white glass. The iconic lizard is accentuated in a sober and elegant style on the bottles in the new wine collection – a link between tradition and the modern world. The emblem is also an important element of the Chablais ecosystem, a factor that is additionally reflected in the low weight of the bottles. Due to its high cork finish, the upper part of the cork is clearly visible and, of course, is also adorned with a lizard.



Grandeur

Beauty and indulgence

Straightforward elegance – you can apply this description to the Vinjak 5 V.S.O.P. made by the central Serbian winery Rubin as well as to its packaging. The striking black bottles are produced by Vetropack Straža.

The winery Rubin, with its 10,000 hectares of vines across 19 locations, is the largest Serbian producer of wines and spirits. The winery is renowned for its top-class wines, highly valued throughout the Balkans and beyond, but also for its exquisite brandy. Vinjak 5 V.S.O.P. has contributed a great deal to the good reputation of Rubin's spirits. It is made from carefully selected distilled wines and aged for at least five years in a 500-litre oak barrel. The light-dark contrasts of its amber colour along with its reddish shimmer and highly complex aroma with notes of vanilla, plum, coffee and spices make it the king of Serbian brandies.

Only the best packaging could suffice for such a sublime product – the elegant, dark, heavy bottles made by Vetropack Straža. They are a no-frills affair. At the end of the day, Vinjak 5 V.S.O.P. is about unadorned indulgence. This way, the eye is drawn to the single piece of decoration – the 700 ml cuvee bottle is finished off with a gold-coloured screen print before it is filled.

Memorable

A new look

Vetropack Austria has created a new bottle for the Austrian Schlumberger Group's traditional Leibwächter bitter spirit, with a design that memorably showcases what makes the liqueur truly unique.

The coachman was always a trusted companion and guardian of his passengers. He would wait outside in the rain and wind with his horses while enjoying a well-earned occasional sip of Leibwächter, a liqueur made from a variety of different herbs. The bittersweet herbal spirit is still popular today, enjoyed either as an invigorating aperitif or mixed with orange juice, bitter lemon or cola to create a refreshing cocktail.

The tradition of the elixir, with its delicate sweetness that brings out the glorious herbal notes to particularly good effect, now has a striking bottle to match, thanks to the new design of the 0.5-litre green glass bottle created at the Austrian Vetropack glassworks in Pöchlarn. The rectangular bottle's sides are richly decorated with glass reliefs of some of the 58 herbs inside. The year the drink was first created, 1873, is also engraved at the base of the bottle. The high-quality printed label nestles safely in the specially created depressions in the surface.



Boundless

Tradition and sustainability

The traditional Czech brand Pilsner Urquell is launching a new returnable bottle, thereby strengthening its commitment to sustainability. The elegant bottle with striking embossing is produced by Vetropack Moravia Glass.

Glass is equally suitable for one-way and returnable bottles. A returnable bottle can be reused more than 40 times. In light of the debate surrounding the environmental impact of packaging, the demand for returnable glass bottles is growing. Vetropack strives to produce its packaging as ecologically as possible. For example, the use of recycled glass and returnable containers is being systematically increased in order to conserve natural resources as much as possible.

No empty promises

The Plzeňský Prazdroj brewery is taking another important step towards sustainability: the new returnable bottle for the world-famous Pilsen beer with its striking embossing does away with the aluminium foil at the neck of the bottle, while the plastic labels are replaced by recyclable paper ones. The message to beer lovers is clear: "With the new bottles, you are helping to protect the environment." This change will mean that around 106 tonnes of waste can be saved per year. These are the facts.

Just like home-made

A product with heart

Fruit spreads from Podravka, a well-known Croatian food producer, come with a great tradition. The company's roots date back to 1934, and it has been making fruit jams since 1947. As well as high quality, the Podravka brand is now a byword for "home-made" — a trait that is both modern and natural.

Recently, the company revamped its brand image in tandem with the renowned Milan design agency Smith Lumen. And as fruit and fruit spreads have always been close to Podravka's heart, a heart symbol has been chosen as the centrepiece of the new packaging design. Because nothing says "emotion" more than a heart! Now, a glass heart-shaped relief surrounds the labels of the new wide-necked jars used for the fruit spreads.

This challenging but effective heart-shaped relief was transferred to the packaging by the glass specialists at Vetropack Straža. The white glass jars, with their deep twist-off caps, are developed exclusively for Podravka in two different sizes in 314 ml and 580 ml sizes. They are produced at the Vetropack plant in Croatia.



Authentic Italian zest for life

Heineken is bringing some Italian zest for life to the German market with “Birra Moretti”. The new 0.33-litre returnable bottles for this beer come from the Vetropack glass works in Kremsmünster, Austria.

Birra Moretti was first brewed over a century ago by Luigi Moretti, in his “beer and ice cream factory” in the Italian city of Udine. Today, Birra Moretti is among the most famous beers in Italy and its production process has remained almost unchanged.

“A sip of joie de vivre” – that’s Heineken’s invitation to German beer fans to give this authentic Italian beer a try. This refreshing drink is brewed in the Wieselburg brewery in Austria under Italian supervision and bottled in brown 0.33-litre returnable bottles with a crown cork mouth for the German market. Our mission in designing this bottle was to roll tradition and authenticity into one. This has been achieved by putting the “Birra Moretti” logo in glass relief on the base combined with the striking label.



**Financial Report
Vetropack Group**

Financial Report

Vetropack Group

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At a Glance

		+/-	2021	2020
Net Sales	CHF millions	23.2%	816.5	662.6
EBIT	CHF millions	7.2%	81.6	76.1
Consolidated Profit	CHF millions	- 21.4%	63.8	81.2
Cash Flow*	CHF millions	9.1%	154.1	141.2
Investments	CHF millions	61.7%	119.2	73.7
Production	1 000 metric tons	15.0%	1 629	1 416
Unit Sales	billion units	20.9%	5.88	4.86
Exports (in unit terms)	%	-	45.5	43.1
Employees	number	0.4%	3 896	3 882

* operating cash flow before change of net working capital

Consolidated Balance Sheet

CHF millions	Note	31.12.2021	31.12.2020
ASSETS			
Short-term Assets			
Liquid funds		126.2	104.5
Accounts receivables	1	142.5	123.5
Other short-term receivables	2	16.4	13.6
Inventories	3	144.6	151.7
Accruals	4	2.6	2.0
Subtotal Short-term Assets		432.3	395.3
Long-term Assets			
Tangible assets	5	593.4	573.5
Financial assets	6	17.4	16.8
Intangible assets	7	4.7	5.9
Subtotal Long-term Assets		615.5	596.2
Total Assets		1 047.8	991.5
LIABILITIES			
Liabilities			
Short-term liabilities			
– Accounts payables		138.2	88.0
– Short-term financial debts	8	11.5	5.5
– Other short-term liabilities	9	27.2	28.4
– Deferrals	10	30.9	27.2
– Short-term provisions	11	4.6	3.3
Subtotal Short-term Liabilities		212.4	152.4
Long-term liabilities			
– Long-term financial debts	8	26.0	39.3
– Other long-term liabilities		0.8	1.3
– Long-term provisions	11	34.1	34.9
Subtotal Long-term Liabilities		60.9	75.5
Total Liabilities		273.3	227.9
Shareholders' Equity			
Share capital	12	19.8	19.8
Capital reserves		0.3	0.3
Retained earnings		690.6	662.3
Consolidated profit		63.8	81.2
Subtotal shareholders' Equity excl. Minorities		774.5	763.6
Minority interests		–	–
Subtotal Shareholders' Equity		774.5	763.6
Total Liabilities		1 047.8	991.5

Consolidated Income Statement

CHF millions	Note	2021	2020
Net Sales from Goods and Services	13	816.5	662.6
Other operating income	14	15.2	12.6
Changes in inventories		- 8.3	15.4
Material costs	15	- 128.2	- 111.9
Energy costs		- 143.5	- 89.1
Personnel expenses	16	- 183.7	- 167.5
Depreciation/Impairments of tangible assets	5	- 81.3	- 73.4
Depreciation/Impairments of intangible assets	7	- 2.2	- 2.7
Other operating expenses	17	- 202.9	- 169.9
Operating Result (EBIT)		81.6	76.1
Financial result	18	- 6.5	1.5
Ordinary Result		75.1	77.6
Non-operating result*	19	0.8	12.1
Consolidated Profit before Income Taxes		75.9	89.7
Income taxes	20	- 12.1	- 8.5
Consolidated Profit before Minority Interests		63.8	81.2
Minority interests from Group companies		-	-
Consolidated Profit		63.8	81.2
Earnings per Share	21		
Undiluted earnings per registered share A in CHF		3.22	4.10
Undiluted earnings per registered share B in CHF		0.64	0.82
Diluted earnings per registered share A in CHF		3.22	4.10
Diluted earnings per registered share B in CHF		0.64	0.82

* This includes depreciation of CHF 0.9 million on non-operating real estate and buildings (2020: CHF 0.9 million). In 2020 this position included a gain from the sale of a non-operating property of CHF 11.7 million.

Consolidated Cash Flow Statement

CHF millions	Note	2021	2020
Consolidated profit incl. minorities		63.8	81.2
+ Asset depreciation		84.1	77.1
+/- Loss/gain from applying/removing impairments		0.3	-
+/- Increase/decrease in provisions		2.3	- 0.7
+/- Loss/gain from disposals of tangible assets		- 0.2	- 11.8
+/- Other changes in non-cash items		3.8	- 4.6
= Operating Cash Flow before Change of Net Working Capital		154.1	141.2
+/- Decrease/increase in accounts receivables		- 24.9	6.8
+/- Decrease/increase in inventories		4.4	- 11.0
+/- Decrease/increase in other receivables and accruals		- 3.9	- 1.0
+/- Increase/decrease in accounts payables		50.3	- 4.1
+/- Increase/decrease in other liabilities and deferrals		2.7	5.0
= Cash Inflow/Drain from Operating Activities		182.7	136.9
- Outflows for investments in tangible assets	22	- 118.2	- 71.6
+ Inflows for sales of tangible assets		0.6	14.8
- Outflows for investments in financial assets		-	-
+ Inflows for sales of financial assets		-	2.3
- Cash-out for acquisitions of consolidated companies	28	- 9.6	- 42.8
- Outflows for investments in intangible assets		- 1.0	- 2.1
+/- Changes in marketable securities		-	0.4
= Cash Inflow/Drain from Investment Activities		- 128.2	- 99.0
- Dividend distribution to shareholders		- 25.8	- 25.8
- Dividend distribution to minorities		-	-
+/- Formation/repayment of short-term financial debts		0.2	3.2
+/- Formation/repayment of long-term financial debts		- 6.9	- 10.1
= Cash Inflow/Drain from Financing Activities		- 32.5	- 32.7
Foreign Exchange differences		- 0.3	- 1.5
Changes in Liquid Funds		21.7	3.7
Liquid funds as per 1.1.		104.5	100.8
Liquid funds as per 31.12.		126.2	104.5
Changes in Liquid Funds		21.7	3.7
Inflows from interest		0.1	0.1
Outflows for interest		- 1.9	- 0.4
Outflows for income taxes		- 11.7	- 7.2

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
Sharholders' Equity as per 31.12.2019	19.8	0.3	728.3	748.4	–	748.4
Accounting goodwill	–	–	– 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
Sharholders' Equity as per 31.12.2020	19.8	0.3	743.5	763.6	–	763.6
Accounting goodwill*	–	–	– 10.4	– 10.4	–	– 10.4
Consolidated profit	–	–	63.8	63.8	–	63.8
Foreign exchange differences	–	–	– 16.7	– 16.7	–	– 16.7
Dividends	–	–	– 25.8	– 25.8	–	– 25.8
Sharholders' Equity as per 31.12.2021	19.8	0.3	754.4	774.5	–	774.5

* The consideration for the Moldovan plant based in Chişinău, which was taken over on 10 December 2020, includes a fixed purchase price component of CHF 44.4 million and further payments dependent on future results, which were reassessed in 2021 based on developments. This led to an adjustment in the goodwill offset against equity in the amount of CHF 10.4 million.

The legally non-distributable reserves of Vetropack Holding Ltd amount to CHF 4.0 million (2020: CHF 4.0 million). Vetropack Holding Ltd did not hold own shares from 2019 to 2021.



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 retained earnings 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	
	2021	2020	2021	2020
EUR	1.08161	1.07033	1.03630	1.08570
CZK	0.04216	0.04049	0.04159	0.04136
HRK	0.14365	0.14199	0.13779	0.14388
MDL*	0.05176	0.05172	0.05120	0.05176
RON*	0.21929	0.22202	0.20943	0.22230
UAH	0.03348	0.03440	0.03349	0.03144

* 2020: Average Exchange Rate: December

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 may be impaired, an impairment test is conducted. If the impairment test suggests an impairment, the book value is reduced to the recoverable amount (higher value of fair value less cost to sale and value in use).

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	31.12.2021	31.12.2020
Gross receivables	147.7	127.3
Value adjustments	- 5.2	- 3.8
Net receivables	142.5	123.5

2. Other Short-Term Receivables

CHF millions	31.12.2021	31.12.2020
VAT (value added tax) credit	8.2	3.9
Withholding tax credit	2.9	2.5
Other short-term receivables	5.3	7.2
Total	16.4	13.6

3. Inventories

CHF millions	31.12.2021	31.12.2020
Raw materials	14.0	13.5
Materials and supplies	59.7	54.9
Work-in-progress	4.1	4.1
Finished goods, merchandise	109.1	129.3
Advance payments	0.5	0.4
Value adjustments	- 42.8	- 50.5
Total	144.6	151.7

4. Accruals

CHF millions	31.12.2021	31.12.2020
Ongoing income tax (credit)	1.2	1.1
Other accruals	1.4	0.9
Total	2.6	2.0

5. Tangible Assets

CHF millions

	Real Estate & Buildings Non- operating	Real Estate & Buildings operating	Furnaces Equipment Prod. Facilities Moulds	Other Tangible Assets	Advance Payments & Assets Under Construction	Total
Acquisition Value						
As per 1.1.2020	75.3	296.1	895.6	40.6	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 1.1.2021	52.4	305.4	892.2	41.0	89.4	1 380.4
Additions	–	2.2	21.2	2.2	92.6	118.2
Disposals	–	0.7	– 12.7	– 2.2	–	– 14.2
Reclassifications	–	17.3	60.5	0.7	– 78.5	–
Foreign exchange differences	– 0.1	– 8.8	– 22.6	– 0.9	– 4.3	– 36.7
As per 31.12.2021	52.3	316.8	938.6	40.8	99.2	1 447.7
Accumulated Depreciation						
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 1.1.2021	12.9	187.8	572.7	33.5	–	806.9
Ordinary depreciation	0.9	7.2	71.4	2.5	–	82.0
Disposals	–	0.7	– 12.5	– 2.2	–	– 14.0
Reclassifications	–	0.1	–	– 0.1	–	–
Asset impairments*	–	–	0.1	0.1	–	0.2
Foreign exchange differences	–	– 5.0	– 15.1	– 0.7	–	– 20.8
As per 31.12.2021	13.8	190.8	616.6	33.1	–	854.3
Book Value						
As per 1.1.2021	39.5	117.6	319.5	7.5	89.4	573.5
As per 31.12.2021	**38.5	**126.0	322.0	7.7	***99.2	593.4

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

** of which vacant real estate plots valued at CHF 19.7 million (2020: CHF 2.6 million)

*** of which payments on assets under construction CHF 0.7 million (2020: CHF 2.5 million)

6. Financial Assets

CHF millions	Note	31.12.2021	31.12.2020
Employer's contribution reserves	27	12.5	12.3
Assets from pension funds		2.1	2.1
Deferred taxes	20	2.3	1.7
Participations in associated companies		0.3	0.3
Other financial investments		0.2	0.4
Total		17.4	16.8

7. Intangible Assets

CHF millions

	Software	Software in Development	Other Intangible Assets	Total
Acquisition Value				
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 1.1.2021	53.1	0.8	1.2	55.1
Additions	0.8	0.1	0.1	1.0
Disposals	- 0.2	-	-	- 0.2
Reclassifications	0.6	- 0.6	-	-
Foreign exchange differences	-	-	-	-
As per 31.12.2021	54.3	0.3	1.3	55.9
Accumulated Amortisation				
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 1.1.2021	48.1	-	1.1	49.2
Ordinary amortisation	2.2	-	-	2.2
Disposals	- 0.2	-	-	- 0.2
Reclassifications	-	-	-	-
Asset impairments	-	-	-	-
Foreign exchange differences	-	-	-	-
As per 31.12.2021	50.1	-	1.1	51.2
Book Value				
As per 1.1.2021	5.0	0.8	0.1	5.9
As per 31.12.2021	4.2	0.3	0.2	4.7

There were no licences, patents or brands in 2020 or 2021.

8. Financial Debts

CHF millions	31.12.2021	31.12.2020
Residual period		
- < 1 year*	11.5	5.5
- 1 to 2 years**	7.9	6.1
- 3 to 5 years***	5.6	20.7
- > 5 years****	12.5	12.5
Total	37.5	44.8

* in CHF; interest rate between 0.65% to 1.85% (2020: 0.0% to 5.0%)

** in CHF; interest rate between 0.7% to 3.25% (2020: 0.0% to 5.0%)

*** in CHF; interest rate between 4.6% to 6.0% (2020: 4.85% to 6.0%)

**** in CHF; interest rate 0.99% (2020: 0.99%)

9. Other Short-Term Liabilities

CHF millions	31.12.2021	31.12.2020
Prepaid recycling fee	5.4	5.0
Advance payments	1.8	2.2
Liabilities to employees	6.5	5.9
Other short-term liabilities	13.5	15.3
Total	27.2	28.4

10. Deferrals

CHF millions	31.12.2021	31.12.2020
Ongoing liable income taxes	6.8	5.5
Unclaimed vacations and overtime compensations	7.5	7.4
Other deferrals	16.6	14.3
Total	30.9	27.2

11. Provisions

CHF millions

	Service Anniver- sary	Pensions	Deferred Tax Liabilities	Other	Total
As per 1.1.2020	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 1.1.2021	5.9	14.5	15.2	2.6	38.2
Reclassifications	-	-	-	-	-
Formations	0.8	1.8	1.8	7.8	12.2
Liquidations	- 0.2	- 0.1	- 1.2	- 0.2	- 1.7
Utilisations	- 0.1	- 2.7	-	- 6.3	- 9.1
Foreign exchange differences	- 0.2	- 0.6	-	- 0.1	- 0.9
As per 31.12.2021	6.2	12.9	15.8	3.8	38.7
Of which short-term	0.8	-	-	3.8	4.6
Of which long-term	5.4	12.9	15.8	-	34.1

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

Service Anniversaries: Provisions are formed in respect to remuneration for long service to the company as defined in the Employment Regulations. These provisions, which take into account country-specific corrective factors for the staff turnover, were discounted between 0% to 11% (2020: 0% to 11%) as per balance sheet date.

12. Share Capital

The share capital is structured as follows:

CHF millions	31.12.2021	31.12.2020
13 774 000 Registered shares A (2020: 13 774 000) nominal value CHF 1.00 (2020: CHF 1.00) (issued and paid in full)	13.8	13.8
30 250 000 Registered shares B (2020: 30 250 000) nominal value CHF 0.20 (2020: CHF 0.20) (issued and paid in full)	6.0	6.0
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 57.60 (2020: CHF 59.70) total capitalisation is CHF 1,141.9 million (2020: CHF 1,183.5 million). Each registered share has one voting right.

Major Shareholders with > 3% of Voting Rights

	31.12.2021	31.12.2020
Shareholder group Cornaz according to latest SIX publication	71.6%	76.1%

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

13. 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 by Country

CHF millions	Change	2021	2020
Glass Packaging			
– Switzerland	3.2%	79.9	77.4
– Austria	13.1%	219.4	194.0
– Czech Republic	20.4%	79.7	66.2
– Croatia	31.1%	133.2	101.6
– Slovakia	2.7%	63.6	61.9
– Ukraine	15.9%	63.4	54.7
– Italy	27.2%	115.6	90.9
– Republic of Moldova	1.288.9%	50.0	3.6
Speciality Glass (Switzerland)	– 4.9%	11.7	12.3
Total	23.2%	816.5	662.6

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.

14. Other Operating Income

CHF millions	2021	2020
Material and energy sales	3.2	3.0
Ancillary services	1.7	1.3
Real estate management income	0.6	0.6
Internally produced additions to plant and equipment	2.5	1.2
Supplier commissions	1.1	1.8
Allocations disposal fees	2.2	2.0
Other income	3.9	2.7
Total	15.2	12.6

15. Material costs

CHF millions	2021	2020
Raw material	116.6	100.6
Merchandise	11.6	11.3
Total	128.2	111.9

16. Personnel Expenses

CHF millions	2021	2020
Wages and salaries	137.5	126.3
Social benefits	39.7	35.3
Other personnel expenses	6.5	5.9
Total	183.7	167.5

Headcount by Country

	Change	31.12.2021	31.12.2020
Switzerland	4.5%	305	292
Austria	- 1.5%	702	713
Czech Republic	0.9%	455	451
Croatia	1.7%	616	606
Slovakia	- 1.8%	377	384
Ukraine	- 0.3%	629	631
Italy	- 1.7%	296	301
Republic of Moldova	2.4%	516	504
Total	0.4%	3 896	3 882

17. Other Operating Expenses

CHF millions	2021	2020
Maintenance and repairs	34.6	32.9
Mould costs	8.3	6.8
Packaging material	34.2	23.1
Transport costs	54.4	41.7
Other administrative and operating expenses	71.4	65.4
Total	202.9	169.9

18. Financial Result

CHF millions	2021	2020
Interest income	0.8	0.6
Interest expenses	- 1.5	- 0.3
Currency exchange gains	5.3	7.0
Currency exchange losses	- 11.1	- 5.8
Other financial income	-	-
Total	- 6.5	1.5

19. Non-Operating Result

CHF millions	2021	2020
Non-operating real estate income	2.7	2.7
Non-operating real estate expenses	- 1.2	- 1.4
Non-operating real estate depreciation/impairments	- 0.9	- 0.9
Other non-operating income/expenses *	0.2	11.7
Total	0.8	12.1

* In the year 2020 this position included a gain from the sale of a non-operating property of CHF 11.7 million.

20. Income Taxes

CHF millions	2021	2020
Ongoing income taxes	12.1	9.7
Deferred income taxes	-	- 1.2
Total	12.1	8.5

Loss carryforwards amounted to CHF 9.0 million (2020: CHF 15.5 million) in total at the end of the reporting year. No loss carryforwards were included in the calculation of the deferred income tax assets (2020: CHF 4.5 million). The impact on the tax on earnings of unrecognised loss carryforwards was CHF 2.2 million in the reporting year (2020: CHF 2.6 million). In the reporting year CHF 6.0 million unrecognised loss carryforwards were used (2020: CHF 3.5 million). There was an impact of CHF -1.1 million in the reporting year on income taxes due to the use of unrecognized losses carried forward (2020: CHF -0.6 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 11.6% to 25.0% (2020: 11.0% to 25.0%).

The weighted average tax rate to be applied based on the ordinary result is 19.1% (2020: 18.3%).

21. 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.

	2021	2020
Consolidated profit allocated to the shareholders of the Vetropack Group in million CHF	63.8	81.2
Weighted number of outstanding registered shares A for undiluted result per share	19 824 000	19 824 000
Weighted number of outstanding registered shares B for undiluted result per share	99 120 000	99 120 000
Undiluted result per registered share A in CHF	3.22	4.10
Undiluted result per registered share B in CHF	0.64	0.82

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.

22. Investments Tangible Assets

Investments by Country

CHF millions	2021	2020
Switzerland	2.4	2.6
Austria	15.1	11.3
Czech Republic	2.0	2.0
Croatia	10.3	34.7
Slovakia	6.0	3.5
Ukraine	4.9	3.9
Italy	71.6	9.2
Republic of Moldova	5.9	4.4
Total	118.2	71.6

23. Off Balance Sheet Transactions

CHF millions	31.12.2021	31.12.2020
Letters of comfort	2.7	2.5
Guarantees	7.9	0.4
Off balance sheet leasing	2.4	0.5
Total	13.0	3.4

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	31.12.2021	31.12.2020
Maturity		
– 1 to 2 years	0.9	0.4
– 3 to 5 years	1.1	0.1
– > 5 years	0.4	–
Total	2.4	0.5

24. Pledged Assets

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

CHF millions	31.12.2021	31.12.2020
Accounts receivables	18.0	18.2
Inventories	7.3	8.7
Real estate	59.0	68.9
Total	84.3	95.8

25. Derivative Financial Instruments

As at 31 December 2021, Vetropack Holding Ltd has open currency swaps in the amount of EUR 7.000.000 (CHF 7.276.500) with a positive market value of CHF 14.700. No derivative financial instruments were held as at the reporting date in the previous year.

26. Transactions with Related Parties

CHF millions	31.12.2021	31.12.2020
Pension Funds		
Accounts receivables	–	–
Accounts payables	0.1	0.1
Interest expenses	–	–
Associated Companies		
Accounts receivables	–	–
Accounts payables	1.0	0.9
Capitalised services	–	–
Service income	–	–
Equity income	–	–
Glass cullet purchasing expenses	– 4.6	– 4.2
Maintenance and repairs expenses	–	– 0.3
Other service expenses	–	–
Equity valuation expenses	–	–
Other Closely Associated Persons		
Accounts receivables	–	–
Accounts payables	0.2	3.2
Investments in tangible assets	–	2.7
Distribution income	–	–
Service income	–	–
Packaging material expenses	– 0.4	– 0.3
Distribution expenses	–	–
Service expenses	– 0.1	– 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.

27. 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	2021	2020
Nominal value 31.12.	13.1	12.9
Utilisation waiver 31.12.	–	–
Other value adjustments 31.12.	–	–
Discounting effects 31.12.	– 0.6	– 0.6
Book value 31.12.	12.5	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 31.12.2021	11.7	–	50.9	–	62.6
Economic utilisation/liabilities 31.12.2020	–	–	–	– 11.8	– 11.8
Economic utilisation/liabilities 31.12.2021	–	–	–	– 10.3	– 10.3
Changes 2021	–	–	–	– 1.5	– 1.5
Contributions restricted to the period*	– 0.2	–	2.5	2.0	4.3
Pension expenses 2020	–	–	2.5	1.4	3.9
Pension expenses 2021	– 0.2	–	2.5	0.5	2.8

* 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	2021	2020
Key influential factors		
– Changes in employer's contribution reserves	– 0.2	–
– Changes in economic utilisation / liabilities	– 1.5	– 0.2
– Pension fund contributions	4.5	4.1
Total Pension Fund Expenses	2.8	3.9

28. 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 determined with a useful life of five years. A theoretical capitalisation of the goodwill would have the following impact on the consolidated financial statements:

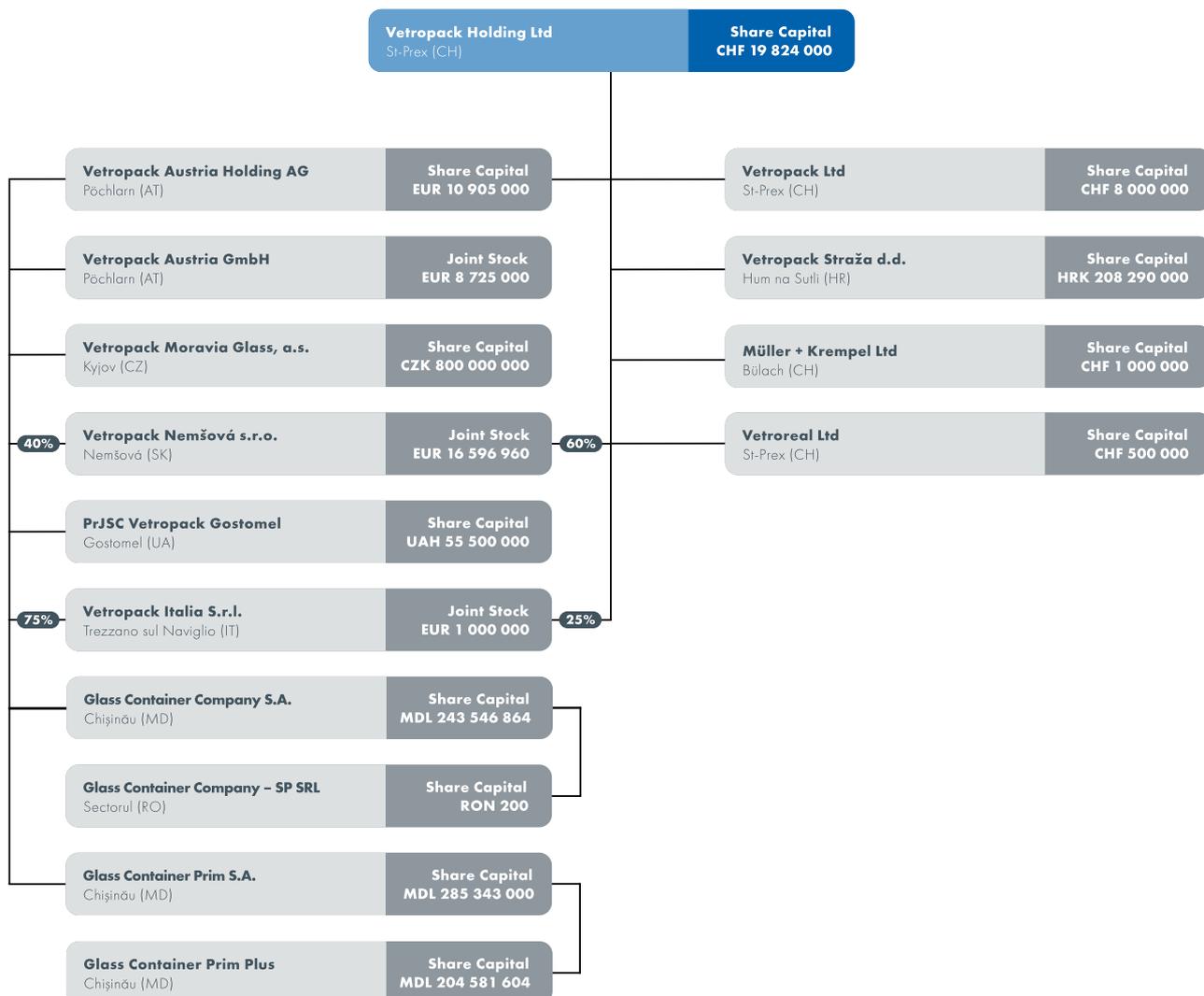
CHF millions	2021	2020
Theoretical goodwill		
Gross book value as at 01.01.	34.4	16.8
Addition from acquisition*	10.4	17.6
Gross book value as at 31.12.	44.8	34.4
Accumulated amortisation as at 01.01.	- 17.3	- 15.0
Amortisation	- 5.6	- 2.3
Accumulated amortisation as at 31.12.	- 22.9	- 17.3
Net book value as at 01.01.	17.1	1.8
Net book value as at 31.12.	21.9	17.1
Effect on Balance Sheet		
Shareholders' Equity according to Balance Sheet	774.5	763.6
Theoretical capitalisation of net book value of goodwill	21.9	17.1
Theoretical Shareholders' Equity incl. net book value of goodwill	796.4	780.7
Effect on Income Statement		
Consolidated Profit	63.8	81.2
Amortisation goodwill	- 5.6	- 2.3
Theoretical Consolidated Profit incl. amortization of goodwill	58.2	78.9

* 2020: adjusted for consistency with goodwill offset in equity

29. Events after the Balance Sheet Date

Because of the military escalation in the Ukraine war and to protect employees, the Vetropack Group stopped the glass factory in Gostomel near Kiev. The factory was severely damaged by military action. In 2021, Vetropack Gostomel contributed around 10 percent to Vetropack Group's sales and operating performance. Given the rapid and uncertain developments in Ukraine and their impact on the plant there, it is impossible to quantify the impact on the Group for the 2022 financial year at this time. Irrespective of this, the Group's ability to continue as a going concern is still given.

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
Republic of 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

* Capital shares and voting rights are identical

** The company Glass Container Prim – SP SRL was liquidated in the 2021 financial year.

There were no other changes in company participations compared with 31 December 2020.

K = Fully consolidated companies

E = Equity method

VPH = Vetropack Holding Ltd

VAH = Vetropack Austria Holding AG

VPA = Vetropack Austria GmbH

GCC = Glass Container Company SA

GCP = Glass Container Prim SA

As per 31 Dezember 2021

Report of the statutory auditor on the consolidated financial statements

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

Zurich, 9 March 2022

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 86 to 113/online version: marked with the label “audited information”), for the year ended 31 December 2021.

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 2021 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" amounts to MCHF 593.4 as of 31 December 2021 (Prior Year: MCHF 573.5) and therefore represents approximately 57% 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 can 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 useful 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 86, Valuation Principles on page 93 as well as Note Nr. 5 on page 97 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)

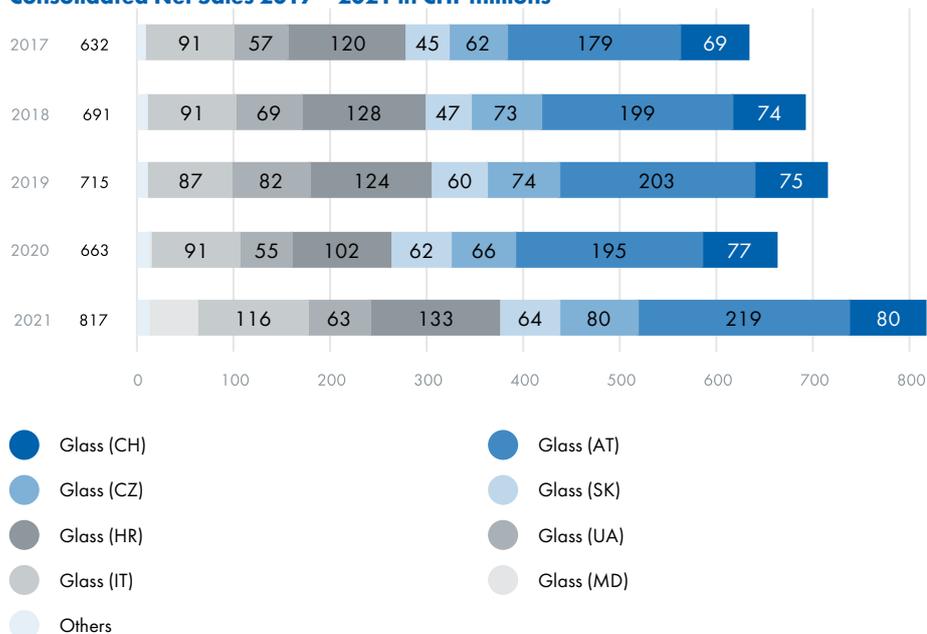
Marc Hegetschweiler
Licensed audit expert

Five Year Overview

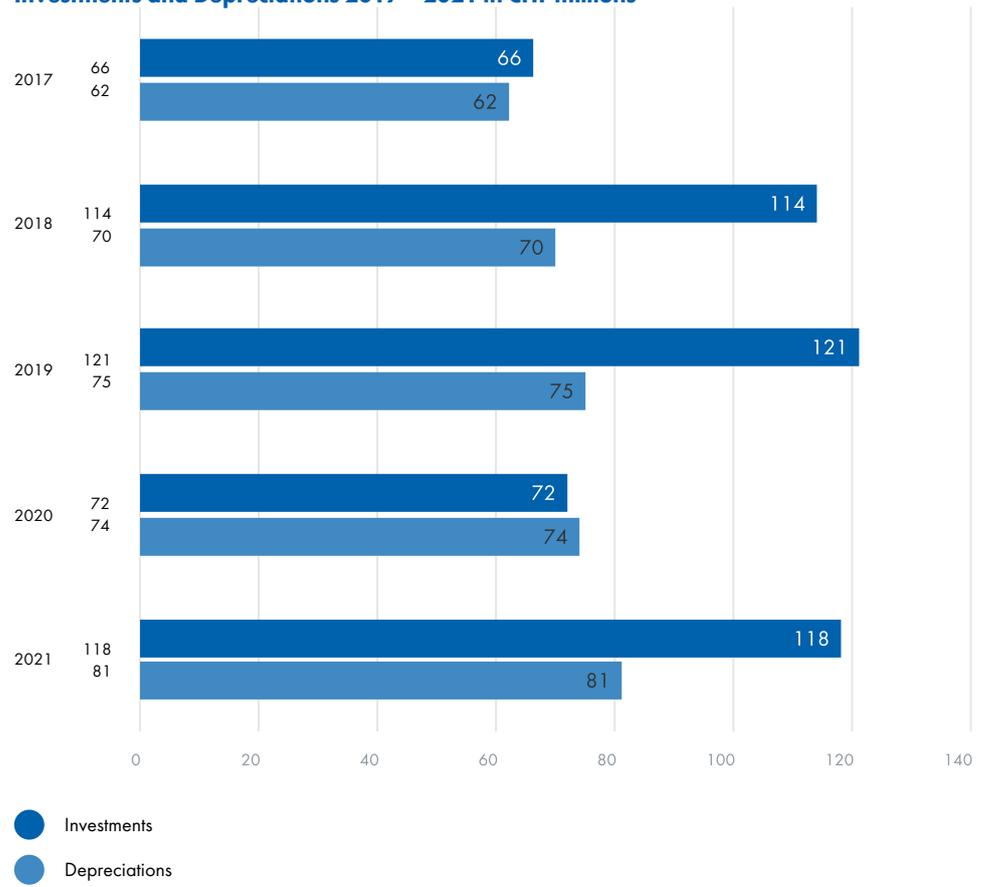
		2021	2020	2019	2018	2017
Consolidated Income Statement						
Net sales from goods and services	CHF millions	816.5	662.6	714.9	690.7	631.5
Change net sales from previous year	%	23.2	- 7.3	3.5	9.4	5.0
Employees	number	3 896	3 882	3 366	3 291	3 257
Net sales per employee	TCHF	210	195	212	210	194
Operating cash flow before change of net working capital	CHF millions	154.1	141.2	153.3	135.7	126.3
Cash flow as % of net sales	%	18.9	21.3	21.4	19.6	20.0
Depreciation/Impairments on tangible assets*	CHF millions	82.2	74.3	75.7	70.5	62.5
Income taxes	CHF millions	12.1	8.5	14.2	14.0	15.1
Net profit	CHF millions	63.8	81.2	72.4	58.1	57.0
Consolidated Balance Sheet as per 31.12.						
Investments in tangible assets	CHF millions	118.2	71.6	121.1	114.2	65.5
Total assets	CHF millions	1 047.8	991.5	949.2	947.4	932.2
Short-term assets	CHF millions	432.3	395.3	365.0	399.6	407.9
Long-term assets	CHF millions	615.5	596.2	584.2	547.8	524.3
Liabilities	CHF millions	273.3	227.9	200.8	235.8	243.9
Shareholders' equity	CHF millions	774.5	763.6	748.4	711.6	688.3
Equity ratio	%	73.9	77.0	78.7	75.1	73.8

* including depreciation on non-operating real estate and buildings

Consolidated Net Sales 2017 - 2021 in CHF millions



Investments and Depreciations 2017 – 2021 in CHF millions





**Financial Report
Vetropack Holding Ltd**

Financial Report

Vetropack Holding Ltd

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Balance Sheet

CHF millions	Note	31.12.2021	31.12.2020
ASSETS			
Short-term Assets			
Liquid funds		95.8	76.3
Accounts receivables from third parties		0.2	0.3
Accounts receivables from Group companies		7.6	4.3
Other short-term receivables from third parties		0.2	0.7
Other short-term receivables from Group companies		19.8	130.3
Accruals		0.9	0.3
Subtotal Short-term Assets		124.5	212.2
Long-term Assets			
Loans to Group companies		259.5	146.6
Participations	3	120.2	120.2
Tangible assets		0.3	0.1
Intangible assets		4.0	5.0
Subtotal Long-term Assets		384.0	271.9
Total Assets		508.5	484.1
LIABILITIES			
Liabilities			
– Accounts payables to third		2.4	2.0
– Accounts payables to Group companies		2.1	1.2
Accounts payables		4.5	3.2
Short-term interest-bearing financial debts		41.7	26.9
Other short-term liabilities	4	0.1	0.1
Deferrals and short-term provisions		2.5	3.3
Subtotal Short-term Liabilities		48.8	33.5
– Long-term financial debts to Group companies		3.0	3.0
– Long-term provisions		0.6	0.7
Subtotal Long-term Liabilities		3.6	3.7
Total Liabilities		52.4	37.2
Shareholders' Equity			
Share capital	5	19.8	19.8
Legal capital reserves/reserves from capital investments		0.3	0.3
Legal profit reserves		28.6	28.6
– Free reserves		354.4	334.4
Retained earnings brought forward from previous year		18.0	19.4
Annual profit		35.0	44.4
– Accumulated profits		53.0	63.8
Voluntary retained earnings		407.4	398.2
Subtotal Shareholders' Equity		456.1	446.9
Total Liabilities		508.5	484.1

Income Statement

CHF millions	Note	2021	2020
Dividend income		42.0	39.3
Income generated from licenses		12.0	9.2
Management fees		9.6	8.7
Other income		20.5	20.3
Total income		84.1	77.5
Personnel expenses		- 16.9	- 16.5
- Administrative expenses		- 16.1	- 13.7
- Promotional expenses		- 0.9	- 1.3
- various operating expenses		- 2.5	- 2.6
Other operating expenses		- 19.5	- 17.6
Depreciation of tangible assets		- 0.1	- 0.1
Depreciation of intangible assets		- 1.8	- 2.5
Operating Result (EBIT)		45.8	40.8
Interest expenses		-	- 0.1
Currency exchange losses		- 16.8	- 1.8
Total financial expenses		- 16.8	- 1.9
Interest income		3.9	4.9
Currency exchange gains		2.1	1.4
Total financial income		6.0	6.3
Ordinary Result		35.0	45.2
Income relating to other periods		-	0.2
Annual Profit Before Taxes		35.0	45.4
Income taxes		-	- 1.0
Annual Profit		35.0	44.4

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. Range of Full-Time Positions Averaged Across the Year

As in the previous year, the company employed between 50 and 250 people in the year under review.

3. 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 (2020: CHF 0.0 million).

4. Other Short-Term Liabilities

Liabilities to pension funds amounted to CHF 0.1 million on the reporting date (2020: CHF 0.1 million).

5. Share Capital

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

6. Derivative Financial Instruments

As at 31 December 2021, Vetropack Holding Ltd has open currency swaps in the amount of EUR 7.000.000 (CHF 7.276.500) with a positive market value of CHF 14.700. No derivative financial instruments were held as at the reporting date in the previous year.

7. Total Amount of Securities Provided for Third-Party Liabilities

Guarantees of CHF 2.7 million exist in favour of Vetropack Ltd, St-Prex (2020: CHF 2.5 million) and in favour of Vetropack Italia S.r.l., Trezzano, of EUR 7.3 million (CHF 7.6 million). As at 31.12.2020 there were no outstanding guarantees in favour of Vetropack Italia S.r.l.

8. 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.

9. 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.

10. Off Balance Sheet Transactions

As of 31 December 2021 there were unrecognized leasing obligations in the amount of CHF 0.2 million (2020: CHF 0.03 million). CHF 0.1 million are due within 1 to 2 years and CHF 0.1 million are due within 3 to 5 years.

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

The table below lists the numbers of shares per member of the BoD and MB as of 31 December 2021. Shares held by closely associated persons are included in the total for the respective individual.

Voting Rights	Registered Shares	Registered Shares	Registered Shares	Registered Shares
	A 2021	B 2021	A 2020	B 2020
Claude R. Cornaz*	48 260	–	48 260	–
Richard Fritschi*	1 000	–	1 000	–
Sönke Bandixen*	2 000	–	2 000	–
Pascal Cornaz*	50 000	–	50 000	–
Rudolf Fischer*	500	–	500	–
Urs Kaufmann*	2 450	–	2 450	–
Jean-Philippe Rochat*	500	–	500	–
Total	104 710	–	104 710	–
Johann Reiter**	750	–	750	–
David Zak**	–	–	–	–
Nuno Cunha**	–	–	–	–
Johann Eggerth**	–	–	–	–
Stephen Rayment** (since 1.12.2021)	–	–	–	–
Guido Stebner** (since 1.1.2021)	–	–	–	–
Evan Williams**	–	–	–	–
Günter Lubitz (until 30.9.2020)	–	–	7 000	–
Total	750	–	7 750	–

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

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

List of Major Shareholders with Holdings > 3%

	31.12.2021	31.12.2020
Shareholder group Cornaz according to latest SIX publication	71.6%	76.1%

In 2020 the definition of major shareholders has been adjusted from 5% voting rights to 3%.

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	2021	2020
At disposal of the AGA		
Retained earnings	18.0	19.4
Annual profit	35.0	44.4
Total profit	53.0	63.8
Total at the disposal of the AGA	53.0	63.8
Board of Directors' Proposal		
Total profit	53.0	63.8
Allocation profit	- 10.0	- 20.0
Dividend payment	- 25.8	- 25.8
Retained earnings	17.2	18.0

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 28 April 2022 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, 9 March 2022

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 121 to 126/online version: marked with the label "audited information"), for the year ended 31 December 2021.

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 2021 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)

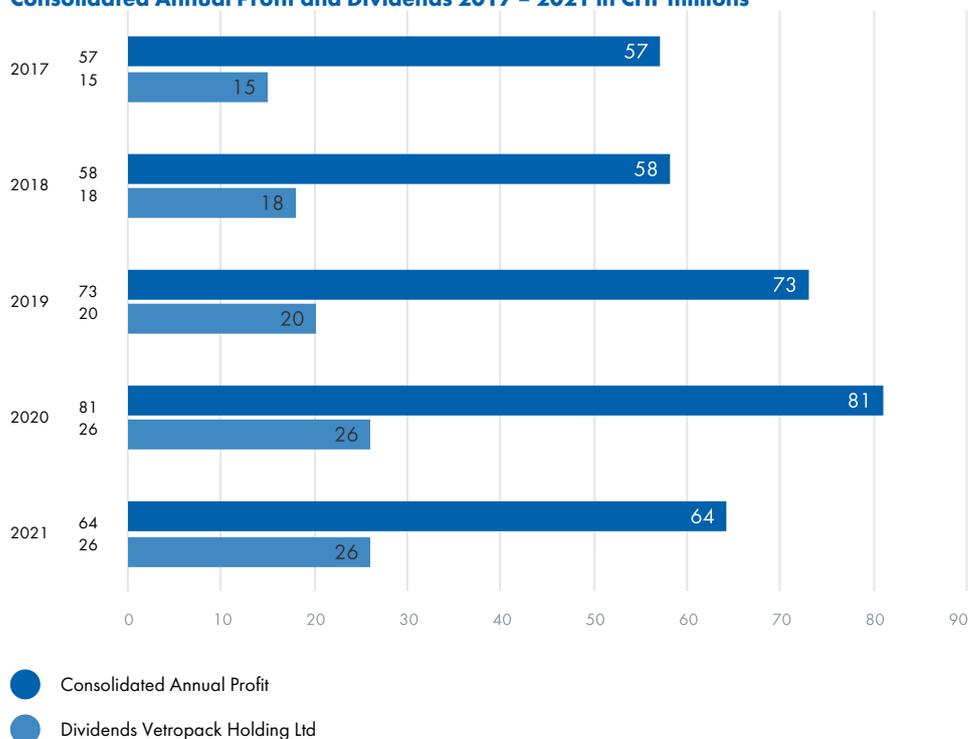
Marc Hegetschweiler
Licensed audit expert

Five Year Overview

	2021	2020	2019	2018	2017
Income Statement and Balance Sheet (CHF millions)					
Total income	84.1	77.5	61.8	55.3	43.5
Annual profit	35.0	44.4	33.4	47.3	47.1
Total assets	508.5	484.1	457.6	430.6	410.0
Participations	120.2	120.2	116.5	116.5	108.7
Share capital	19.8	19.8	19.8	19.8	19.8
Shareholders' equity	456.1	446.9	428.1	414.6	385.2
Share details (CHF)					
Share prices					
– Registered share A high	64.90	65.10	62.40	49.80	43.50
– Registered share A low	53.00	39.60	38.00	34.80	34.20
Earnings per share					
	3.22	4.10	182.61	146.50	143.90
Dividends					
– Registered share A	*1.30	1.30	65.00	50.00	45.00
– Registered share B	*0.26	0.26	13.00	10.00	9.00
Distribution ratio in %	40.4	31.8	35.3	34.1	31.3

* Motion for the AGA on 20 April 2022

Consolidated Annual Profit and Dividends 2017 – 2021 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%

	31.12.2021			31.12.2020		
	No. of Registered Shares A	No. of Registered Shares B	Voting Rights in %	No. of Registered Shares A	No. of Registered Shares B	Voting Rights in %
Shareholder group Cornaz according to latest SIX publication	1 264 610	30 250 000	71.6	3 245 710	30 250 000	76.1

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 (FinMIA). No disclosure reports in terms of Art. 120 FinMIA were submitted to the company in the reporting year. Reports were made to SIX on 4 May 2021 and 13 September in accordance with Art. 121 of the FinMIA.

Detailed information on reports in accordance with Art. 120 ff Financial Market Infrastructure 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 2021, the BoD exercised its duty of oversight and supervision by accepting written and oral reports from the MB at five ordinary meetings, most of which lasted the entire day, and subsequently discussing them and taking decisions on any motions put forward. 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 2021 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 seventeen meetings with the CEO in 2021 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 2021
Sönke Bandixen, Richard Fritschi, Claude R. Cornaz, Jean-Philippe Rochat, Rudolf Fischer, Pascal Cornaz, Urs Kaufmann

BoD Members

	Position	Nationality	Appointed	Elected till
Claude R. Cornaz *	Chairman, executive	CH	1998	April 2022
	Vice-Chairman, non-executive			
Richard Fritschi *		CH	2005	April 2022
Sönke Bandixen	Member, non-executive	CH	2012	April 2022
Pascal Cornaz	Member, non-executive	CH	2009	April 2022
Rudolf W. Fischer *	Member, non-executive	CH	2000	April 2022
Urs Kaufmann	Member, non-executive	CH	2017	April 2022
Jean-Philippe Rochat	Member, non-executive	CH	2006	April 2022

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

Richard Fritschi (1960, Oberrieden ZH)

Dipl. Controller SIB, Zürich, Switzerland



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

Governing Mandates

President of Cornaz AG-Holding, Oberrieden, Switzerland / President of Bibus Holding AG, Fehraltorf, Switzerland / Member of Fromm Holding AG, Cham, Switzerland

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

Pascal Cornaz (1971, Les Paccots FR)

Dipl. Purchaser, Switzerland



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

Rudolf W. Fischer (1952, Bergdietikon AG)

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



- 1982–1991 Various management positions in HR and Trade Marketing, Jacobs Suchard, Switzerland and Belgium
- 1991–1994 CEO of Jockey (Switzerland), Uster, Switzerland part of the Austrian Huber Tricot Group (1991 & 1992), and Hanro AG, Liestal (1993 & 1994), Switzerland
- 1994–1995 Partner Björn Johansson Associates, Executive Search, Zürich, Switzerland
- 1996–2011 Schindler Management AG, Ebikon, Switzerland, Group Management Member, responsible for HR and Training
- 2012–8/2016 Schindler Holding Ltd, Hergiswil, Switzerland, Member of the Board of Directors, Member of the Supervisory and Nomination Committee (full-time), Member of the Compensation Committee
- 9/2016–3/2021 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
- 1994–997 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, from 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, Lawyer



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 / Member of Sagrave Holding S.A., 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	CHRO	PT	1.9.2018
Johann Eggerth	Managing Director Division Switzerland/Austria	AT	1.3.2018
Stephen Rayment	CSCO	GB	1.12.2021
Guido Stebner	CTO	DE	1.1.2021
Evan Williams	CCO	GB	1.6.2019

As of 1 January 2021, Dr. Guido Stebner succeeded Günter Lubitz as Head of Engineering and Production as CTO,

The Management Board with expanded to include the newly created position of Chief Supply Chain Officer, CSCO. This meant that the Board finished the reporting year with seven members rather than six. The Board of Directors appointed Stephen Rayment as the new Chief Supply Chain Officer for the entire Group, with effect from 1 December 2021.

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

Governing Mandates

Member of the Board of Directors of the European Container Glass Federation (FEVE), Brussels, Belgium

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	CHRO, 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

Governing Mandates

Member of Board of Directors Joh. Pengg AG und Pengg Austria GmbH, Thörl, Austria

Stephen Rayment (1969)

HNC and BSc in Production Technology, Solent University, United Kingdom; degree in Environmental Science (ETC 2024), Open University, United Kingdom



1985–1995	Trainee and project engineer in various industry sectors
1995–1999	Various roles in production and supply chain, Pilkington Barnes-Hind, Southampton, United Kingdom
1999–2017	Various supply chain management roles at various companies within the Novartis Group, Zurich/Fribourg/Basel, Switzerland
2018–2021	Head of Global S&OP, SONG-WON Industrial Group, Frauenfeld, Switzerland
12/2021–present	CSCO, member of group management at Vetropack Group

Guido Stebner (1966)

Dr. Ing., RWTH Aachen, Dipl. Ing. Metallurgy, TU Clausthal, Germany



1991–1994	Trainee and project engineer in the R&D division, Thyssen Stahl AG
1994–2001	Managerial roles in production and R&D within the steel industry in Germany, France and Italy, various BUs within ThyssenKrupp AG
2002–2007	Production manager at foundry, ThyssenKrupp Nirosta GmbH, Krefeld
2008–2012	Project/Operations Director, ThyssenKrupp Stainless LLC, Calvert, Alabama, USA
2013–2016	Director/Vice President Operations, Outokumpu Stainless LLC, Calvert, Alabama, USA and member of the Management Board
2016–2018	COO at Swiss Steel AG, Emmenbrücke, Switzerland, member of the Management Board
2018–2020	COO at Deutsche Edelstahlwerke GmbH, Witten, Germany, member of the Management Board
January 2021–present	Chief Technology Officer, member of group management at Vetropack Group

Evan Williams (1967)

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



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
6/2019	CCO, MB 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 5% 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 0.6 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 2021, 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/>).

General blocking periods

According to Vetropack's internal policy, the following general blocking periods apply, within which it is prohibited to conduct direct or indirect stock exchange transactions with securities of Vetropack Holding Ltd:

From 1 January up to and including the trading day on which the year-end figures are published.

From 1 July up to and including the trading day on which the semi-annual figures are published.

The blocking periods apply to the members of the Board of Directors of Vetropack Holding Ltd and the Extended Group Management as well as relevant employees who have access to confidential information in connection with the preparation and communication of the annual financial statements and the semi-annual financial statements.

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 21 April 2021 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 three times in 2021, in March, July 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 April 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 2021. 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.

2021 BoD Remuneration

in CHF	BoD	Cash	Social Security Contributions	Total
		NCC		
Claude R. Cornaz, Chairman	315 800	10 000	100 286	426 086
Richard Fritschi, Vice-Chairman	90 000	10 000	7 516	107 516
Sönke Bandixen, Member	65 000	–	4 885	69 885
Pascal Cornaz, Member	65 000	–	4 885	69 885
Rudolf W. Fischer, Member	65 000	15 000	4 055	84 055
Urs Kaufmann, Member	65 000	–	4 885	69 885
Jean-Philippe Rochat, Member	65 000	–	4 885	69 885
Total	730 800	35 000	131 397	897 197

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

Management Board's (MB) Remuneration

Only cash benefits were paid to members of the MB in 2021. No shares, options, loans and credits, additional fees or remuneration of any other kind were disbursed to either members of the MB, former members of the MB or persons closely associated with them. There are also no outstanding credits or loans.

in CHF	Basic Salary	Bonus	Pension/ Social Security Contribu- tions	Non-cash Benefits*	Total
2021 MB Remuneration					
Total MB	2 148 091	756 526	757 763	43 105	3 705 485
Highest level of remuneration **	600 000	244 863	229 875	7 285	1 082 023
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

* Company car for personal use

** Johann Reiter, CEO

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 21 April 2021, 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 2021.

in CHF

Approved total remuneration for the BoD from the 2021 AGA until the 2022 AGA		910 000
Remuneration disbursed to the BoD in 2021	897 197	

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 2021. Please note the personnel changes, as stated in the paragraph "[Management Board's \(MB\) Remuneration](#)".

in CHF

		2021
Approved total remuneration for the Management Board for 2021		5 100 000
Remuneration disbursed to the Management Board in 2021		3 705 485

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, 9 March 2022

We have audited the remuneration report of Vetropack Holding Ltd for the year ended 31 December 2021. 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 153 to 158/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 2021 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 interim reports, as well as disclosures made at Annual General Assemblies. Other managers are also responsible for maintaining relationships with stakeholders. For example, the CSCO, the Head of Procurement and the CTO 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 magazine for employees, brochures and the customer magazine to communicate with internal and external stakeholders. It interacts daily with its customers and also conducts surveys every four years – most recently in 2019 – 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, we now receive 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 Procurement department works to improve and further develop the Group's multi-supplier strategy and, in doing so, reaches out to other departments if necessary and possible. 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. Suppliers have signed the Code of Conduct for Suppliers or have provided evidence that they have their own Code of Conduct that is at least equivalent to the former. Contracts involving relevant goods or services also contain explicit clauses on environmental protection, working conditions and on compliance with human rights. Vetropack also investigates its supply chain with regard to risks relating to conflict minerals so that these risks can be minimised. Requirements for complying with the regulations for handling conflict minerals are also included for selected suppliers.

For Vetropack, its Code of Conduct is not a mere requirement but a bilateral agreement. For example, a reporting process that allows suppliers to report incidents of non-compliance with the Code ("whistleblowing") was introduced in the year under review. Suppliers that perform well in relation to environmental and social concerns also receive access to particular incentives (such as supplier awards, a programme for preferred suppliers, access to invitations to tender).

[Code of Conduct for Suppliers](#)



[Vendor Self-Assessment](#)



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 primary and secondary raw materials to be very important. Vetropack also carries out regular evaluations of the optimal division between internal solutions and external partners for various works processes. For example, in the year under review the company started looking at whether it would be sensible to out-source mould repairs.

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 are ensured at all times.

Vetropack takes measures to ensure that all the glass containers it manufactures are 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. 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. All glass works, apart from the one in Italy and in the Republic of Moldova, 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 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

For Vetropack, financial stability and long-term growth take top priority. The company has established itself as a secure, reliable and fair partner for its key stakeholders. Due to its business activity and size, Vetropack is able, by adopting a prudent business policy, to make a contribution to the United Nations' Sustainable Development Goal No. 9 (Industry, Innovation and Infrastructure).

[Vetropack's Contribution to the United Nations' Sustainable Development Goals](#)



With regard to its financial prosperity, Vetropack views cash flow as an important key figure. An improved cash flow and higher income 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. Looking at the long-term average, annual investment comes to between 8% and 9% of revenue. Having slowed somewhat in response to significant uncertainty in the first year of the pandemic, investment hit a record high of CHF 130 million in the year under review. Investment should also be higher than average in 2022 to exploit the opportunities of the current market situation as much as possible.

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.

Firstly, Vetropack is investing in measures to increase production capacity by expanding and modernising furnaces and production lines and by improving efficiency, for example by investing in digitalisation.

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



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, Technology and Production 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 to be the main financial indicator, however, Vetropack also places great value on innovation to retain a leading position in the market. The company measures progress using the innovation rate (number of new glass containers divided by total units sold), amongst other indicators.

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 its employees on the 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. Employees in key positions are given guidelines for dealing with competitors and implementing anti-corruption guidelines. Decision-makers are additionally provided with extensive information on the company's Business Ethics Policy which focuses on fighting corruption, bribery and discrimination. Vetropack carries out regular inspections (in Accounting and Purchasing, for example) to minimise the risk of corruption and bribery and trains its employees to avoid anti-competitive actions. Vetropack has established a whistleblowing system where suspicions regarding anti-competitive behaviour can be reported. Violations can also be reported to the local Compliance Coordinator, the Management Board, 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. Vetropack carries out on-site audits of environmental and social risks at its suppliers. 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 agreed upon with every new supplier and a growing number of existing suppliers. Acceptance of the Code of Conduct for Suppliers is compulsory. Suppliers have signed the Code of Conduct for Suppliers or have provided evidence that they have their own Code of Conduct that is at least equivalent to the former. Contracts involving relevant goods or services also contain explicit clauses on environmental protection, working conditions and on compliance with human rights. Vetropack also reviews its supply chain with regard to risks relating to conflict minerals so that these risks can be minimised. Provisions are implemented for selected suppliers to ensure that they comply with the regulations for handling conflict minerals.

With regard to data privacy and data security, Vetropack follows the principles of the European General Data Protection Regulation and implements the updates required by law on an ongoing basis. In order to respond to the global increase in cyber attacks, Vetropack has continuously introduced technical measures to improve information security including secure solutions for suppliers. 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 85% of the employees exposed to corruption risks (previous year: 90%) 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 2021, 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 2021.

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 2021.

GRI 408 Child Labour

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

Both the Code of Conduct and Vetropack's Code of Conduct for Suppliers explicitly forbid child labour. Vetropack requires both its own employees and its suppliers to comply with these provisions, communicates them and provides training in them; it also offers employees and third parties the means of reporting incidents of non-compliance on an anonymous basis free of charge. Vetropack is not aware of any operations or suppliers at risk of incidents of child labour.

GRI 409 Forced or Compulsory Labour

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

Both the Code of Conduct and Vetropack's Code of Conduct for Suppliers explicitly forbid forced or compulsory labour. Vetropack requires both its own employees and its suppliers to comply with these provisions, communicates them and provides training in them; it also offers employees and third parties the means of reporting incidents of non-compliance on an anonymous basis free of charge.

Vetropack is not aware of any operations or suppliers at risk of incidents 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 period under review, 92% of Vetropack Group's employees (previous year: 97%) had received training in the relevant aspects of human rights. 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 services, and thus safeguard the company's long-term business success. Therefore, the topic area of "Drive Innovation" was defined as one of five strategic initiatives in Strategy 2030. To this end, Vetropack continually monitors developments relating to the circular economy, digitalisation, automation and the climate targets for 2050, as it does the changing 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: The new level of performance](#)



[Vetropack Story: Returnable glass bottles on the rise](#)



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 CTO, who focuses in particular on the development of process innovations in cooperation with suppliers as well.

In the world of digital innovation, the declared target for Vetropack is Industry 4.0. Industrial production is to be interlinked with modern information and communication technology. Intelligent, digitally networked systems provide the technical basis for this. Networking is expected to make it possible to optimise not only one production step but an entire value chain. The network is also expected to include all phases of a product's life cycle – from the idea for a product over its development, production, use and maintenance to its being recycled. The key element of this development is the introduction of a comprehensive management execution system (MES).

To be able to meet different types of innovation, responsibilities within the Engineering and Production department were clearly separated in the year under review. Since January 2022, one of the three organisational units has been the innovation centre, established in 2020, at the Pöchlarn site in Austria. The specialists based there are solely responsible for research and development of product and process-related innovations, while any possible integration in Vetropack glass works is handled separately. External partnerships, such as with educational establishments of university level and research establishments, are also part of this clearly defined area of responsibility. In addition to tempered glass mentioned previously, key areas for Vetropack's research include the furnace technologies of the future, where energy consumption and CO₂ emissions have to be significantly reduced, allowing the company to comply with future environmental requirements.

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



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. Vetropack's suppliers – and its customers – also play a vital role with regard to digitalisation. They are indeed the drivers but they are also needed as supporters for extensive digitalisation of the entire Vetropack value chain.

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,

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. In line with the "Leader in quality" motto, 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 continual improvement of quality, although continual improvement processes in the sense of "lean management" as defined by Six Sigma are well established at all plants, where they are actively supported by the respective workforces. For example, internal specialist groups at various facilities work on projects to improve occupational safety, environmental protection and quality assurance. Improving quality and thus product quality is the responsibility of the cross-sectoral "Technical Performance, Technology and Quality" specialist group as part of the "Leader in Quality" strategic focus.

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 "Leader in Quality" strategic direction 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 Information Technology. 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.

Management approach: Innovation strategy and portfolio, process innovation with suppliers →

Vetropack Story: New labelling machine at Kyjov plant →

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 periodically. The most recent customer survey was carried out in 2019, the next one is planned for 2023. 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. A new "Commercial Excellence" function was created in 2021, which led to the introduction of specific training and development measures for "Strategic Account Managers".

Trade fairs and other events are a key instrument for Vetropack to cultivate relationships with customers among other things. However, because of the – in some cases severe – limitations on travel and meeting other people that were still ongoing in the attempt to contain the Covid-19 pandemic, Vetropack has also developed virtual alternatives for cultivating its relationships with customers. These shall continue to be used in addition to face-to-face meetings and, as a result, strengthen Vetropack's customer orientation.

Performance Review: Production and products



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 had launched a new workflow tool in 2020 and subsequently implemented enhancements in the period under review.

In 2020, Vetropack developed a new indicator to measure the number of product innovations sold in the current year, 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 account for 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. To this end, it is important for Vetropack to offer a variety of people a suitable working environment. It will therefore measure and specifically monitor diversity more in future. The company therefore deliberately includes the United Nations' Sustainable Development Goal No. 5 ("Gender Equality") on its agenda.

[Vetropack's Contribution to the United Nations' Sustainable Development Goals](#)



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 "SAP 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 measures the level of employee satisfaction across the Group every two years, the next time will be in 2022. 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.

Disclosures

GRI 102 General Disclosures

102-8 Information on employees and other workers

Composition of the workforce (at year-end)	2021	in %	2020	in %
Number of employees in full-time equivalents (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 524		3 491	
Total number of employees (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 562		3 539	
Apprentices	42		39	
Interns	N/A		N/A	
Trainees	N/A		N/A	
Agency/contract/temporary workers	N/A		72	
Permanent employees by employment type				
Full time (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 474	98%	3 467	98%
Women	771		804	
Men	2 703		2 663	
Part time (excl. apprentices, interns, trainees, contract workers, temporary workers)	88	2%	72	2%
Women	65		22	
Men	23		21	
Total workforce by gender				
Number of employees (excl. apprentices, interns, trainees, contract workers, temporary workers)	3 562		3 539	
Women	838	24%	826	23%
Men	2 724	76%	2 713	77%
Apprentices, interns, trainees, contract workers, temporary workers	42		111	
Women	8	25%	28	25%
Men	34	75%	83	75%

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 2021.

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 through 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, as early as 2020. However, due to the coronavirus pandemic, the new offering cannot be introduced until 2022.

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 around 40% of the total workforce. Vetropack did not track the exact percentage in 2021. In 2022 a system to monitor this process is due to start.

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 our occupational safety policy. They are also taken into account and implemented in our strategy and in the design of our business processes. Occupational safety is managed on three levels: the Head of the Corporate Development and IMS (integrated management system) 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.

Vetropack currently complies with local requirements as far as the integration of disabled persons in work processes is concerned. In the medium-term, the company intends to develop a Group-wide approach to inclusion.

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



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. Vetropack's environmental commitment focuses on climate protection and consequently on the company making an active contribution to achieving the United Nations' Sustainable Development Goal No. 13 ("Climate Action").

As part of the new strategy, Vetropack formulated the objective of becoming an industry-wide leader with regard to environmentally friendly production. Under the "Clearly Sustainable" strategic direction, 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.

Since glass is a sustainable product compared with other packaging materials, Vetropack can also encourage sustainable consumption patterns with its environmental commitment in line with SDG 12 ("Responsible Consumption and Production").

[Vetropack's Contribution to the Sustainable Development Goals](#)



[Vetropack Story: Climate neutrality requires cooperation](#)



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).

When managing and procuring energy, Vetropack Group considers both strategic and economic factors as well as technical factors. In so doing, it depends on external consulting expertise and has been using a new energy management system for structured energy procurement since 2021. The aim is to manage energy comprehensively throughout Vetropack Group from planning through strategic procurement to controlling consumption and auditing.

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. Vetropack is implementing an energy management system at more and more sites for this purpose. In addition to plant-related energy reduction measures – which are linked to the relevant life cycles – alternative energy sources are becoming increasingly important. The company plans to convert to "green electricity" by 2025.

[Vetropack Story: Increasing efficiency and reducing costs](#)



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: Vetropack Improved Performance Glass entering a new phase](#)



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. Vetropack has therefore invested in a new used glass recycling plant, which will increase the recovery rate for old glass and at the same time ensures that the glass quality is not impaired. Thanks to this investment, the proportion of used glass can also be increased. Metals, paper and other residual materials from the recycling process can be separated by this means and be recovered even more efficiently.

In addition to improving the environmental footprint of Vetropack products, providing evidence of this and communicating it to customers is becoming ever more important. For large customers in particular, information about the environmental footprint of their glass packaging is increasingly important. 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 Waste

306-3 Waste generated

[Performance Review: Environment](#)



GRI 303 Water and Effluents

303-1 Interactions with water as a shared resource

In general, no water is consumed 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 The fact that water is only used and not consumed in the glass production process is clear from the minimal difference of around 92 000 m3 between the quantity of fresh water obtained by Vetropack in the year under review (total 1 319 963 m3) and the quantity of waste water (total 1 227 932 m3) (see disclosure 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



MATERIALITY
DISCLOSURES SERVICE

2022

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	
	Organisational Profile	
GRI 102-1	Name of the organisation	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 organisation	
GRI 102-8	Information on employees and other workers	
GRI 102-9	Supply chain	
GRI 102-10	Significant changes to the organisation 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	01.01.2021 - 31.12.2021
GRI 102-51	Date of most recent report	March 2021
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	Vetropack Holding Ltd, Corporate Communications, 8180 Bülach, Switzerland info@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
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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

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GRI 205:2016 Anti-Corruption

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

GRI 206:2016 Anti-Competitive Behaviour

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Stories

Calculating sustainability



Operating sustainably and improving our carbon footprint are more important than ever. Vetropack is committed to keeping the environmental impact of glass production to a bare minimum by conserving natural resources accordingly, and is also evaluating all parameters that impact energy consumption in order to optimise them on an ongoing basis.

Eco-balance calculations are highly important because they map out the entire life cycle of glass packaging. This is not just about the glass itself as a material: factors such as transport packaging and transit routes are also evaluated, in addition to the proportion of recycled material in the glass, energy consumption and weight. On the basis of the highly accurate eco-balance calculation model used by Vetropack in its development of individual pieces of glass packaging, it is possible to simulate the cradle-to-cradle model with a variety of variable parameters. Various scenarios which can be evaluated together with the customer on the basis of both environmental and commercial factors demonstrate all alternatives clearly, resulting in the best packaging solution for each case.

The eco-balancing service for packaging is highly valued by Vetropack customers and is being used ever more frequently, especially as it allows customers to combine their own specific data with the values relating to the glassmaking process, should they wish to do so. This creates a complete map of the value chain.



One such customer who has used this service by Vetropack is the Austrian mineral water producer Vöslauer. In this case, Vetropack's data about the primary and secondary materials used, incidental transport packaging, energy consumption during manufacturing and transport distances were combined with information about the lids, paper labels and boxes used, energy consumption during bottling and emissions from distances travelled and packaging used in transport. This was offset by a bonus for the bottle's reusability and high glass recycling quota in Austria.

The outcome was that a 0.5-litre returnable glass bottle for Vöslauer caused around 25 grams of CO₂ emissions per bottling. A total of approximately 12.7 grams can be attributed to the bottle's production at Vetropack. This value also includes any transport routes and packaging. 19.7 grams of CO₂ are produced on the part of the bottler, i.e. by the additionally required packaging materials such as boxes, lids or paper labels. The bottle's end-of-life bonus amounts to 7.2 grams which is deducted from the total sum.

Thanks to environmentally friendly production, continual improvement and constant optimisation of sustainable production processes, Vetropack is a pioneer within the industry. All processes and the infrastructures connected to them are regularly assessed and adjusted for potential savings and improvements to energy efficiency. Collaborating with customers not only enables a deeper understanding of the value chain but also the optimisation of all processes, emissions reductions and increased sustainability of our products.

Best Medium Workplaces™ 2021

The Vetropack Bülach site in Switzerland has been named as a Best Medium Workplace™. The award bears testament to the culture of trust between employees and managers and the fact that employees enjoy working for Vetropack.



Great Place to Work® has been collecting data for measuring workplace culture in organisations for more than 20 years. The Vetropack Bülach site in Switzerland was already named as a Great Place to Work® back in 2020. This award was attributable to the so-called Trust Index™, a specially designed anonymous survey spanning all employees up to management level, as well as the Culture Audit™ management survey.

Organisations looking to be certified amongst the Best Workplaces™ in Switzerland need to fulfil certain minimum requirements in their Culture Audit™. The Vetropack Bülach site in Switzerland, participating for the first time, ticked these boxes and achieved ninth place in the medium-sized companies category (50 to 249 employees). The list of best employers is published annually.

Mutual trust and empowerment

A business can be said to have an excellent workplace culture when employees trust their managers, are proud of their work and enjoy working with their colleagues. A Best Workplace™ understands how to foster an environment which helps employees hone their potential over the long term. This is primarily based on a high level of trust, which is achieved through the embodiment of values and leadership qualities. Every organisation can shape these aspects as they best see fit.

Empowerment means that the management trusts their employees without having to look over their shoulder at work. Best Workplaces™ know how to attract the best talents and put them to work whilst also boosting their skills and encouraging a sense of personal responsibility. A great work-life balance is also indispensable. This is achieved with the help of flexible working hours. Employees are only successful at work when the needs of both sides are met successfully.

Taking a people-centric approach

For Nuno Cunha, Chief HR Officer at Vetropack Holding Ltd, people are the top priority. "It's a joy to work in an environment where people help each other. Teamwork isn't just an empty buzzword here at Vetropack, it's reality. Vetropack is a family-run business, and that feeling of family really is tangible throughout the whole company."

Vetropack's corporate culture is constantly evolving. Nuno Cunha notes that the digitalisation megatrend is also a milestone for Vetropack. "We are investing in new systems and tools aimed at reducing the complexities and administrative burdens associated with our processes. We offer our employees internal training courses so they can understand and harness the possibilities that these changes offer."

"The prize is dedicated to all employees at the Bülach site and shall serve as an incentive for all other companies to be awarded this title."

Johann Reiter
CEO of Vetropack

Vetropack Improved Performance Glass entering a new phase

A focus on pressing ahead with innovation is part of Vetropack Group's Strategy 2030. The open innovation strategy focuses, among other things, on further developing VIP Glass technology from a pilot process into a fully industrialised process.



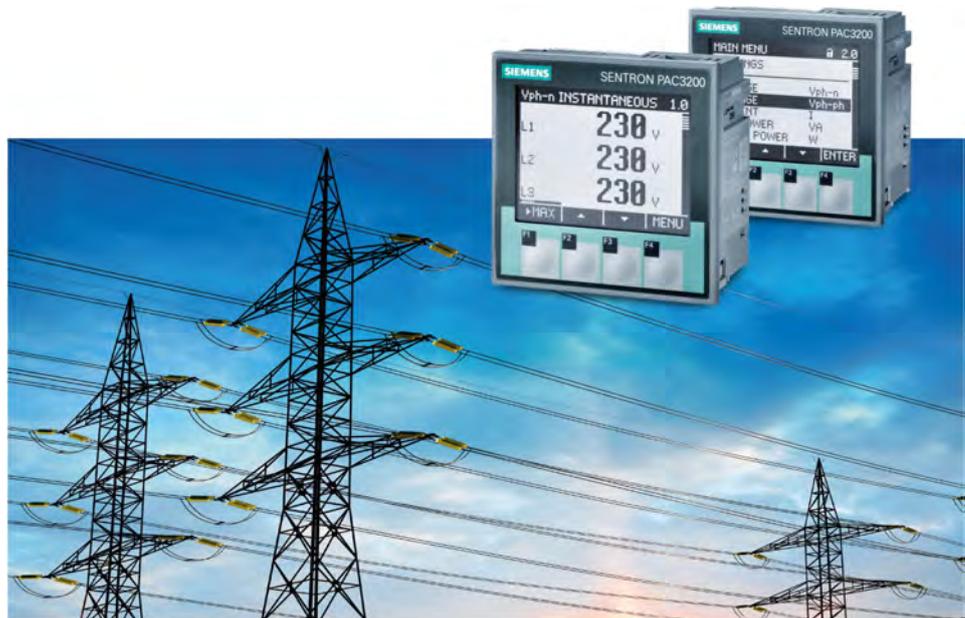
Vetropack Group's Innovation Centre, founded at the Austrian site in Pöchlarn, is the manifestation of the company's strategic drive for innovation. One of the reasons why this centre is located in Austria is that, with VIP Glass, the world's first multi-trip bottle made from lightweight glass was launched on the market. 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.

The previous focus was on establishing structured processes in the VIP Glass division, developing a powerful team, guaranteeing plant availability and ensuring delivery capability for the first pilot customer, Mohrenbrauerei brewery in Dornbirn. The customer is very happy with the VIP Glass bottles and acceptance is very high. In addition to the Croatian glassworks Vetropack Straža, another plant, Kremsmünster in Austria, succeeded in qualifying to produce crude bottles for hardening in the VIP Glass process. In Kremsmünster, some 500,000 bottles of very high quality were produced and hardened without any problems during the first production campaign for VIP Glass crude bottles.

A hot-end laser, which applies a data matrix code to the bottles, was also tested 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 are to be used as a blueprint for the entire Group.

Efficiency increases and cost savings

The Energy Manager Pro tool, which Siemens has further developed specifically for Vetropack, will make it possible to clearly record, harmonise and compare all of the energy flows for every Vetropack Group plant in the future.



Glassmaking is an energy-intensive process, with furnaces operating at a temperature of around 1,600°C. Kurt Hagenberger, Vetropack's Energy Lead Buyer, says that: "Energy consumption is a major cost factor for us. It's something that we obviously want to reduce – and an energy management system will allow us to do just that." Ulrich Ruberg, Head of Corporate Procurement, adds: "Pure energy management software has been around for quite a while, but we take an integrated approach. We want to be able to link market data, implement our procurement strategy and know what our costs are in real time – and we need a fully automated auditing system." There is currently only one piece of software that makes it possible to achieve all of these objectives – Energy Manager Pro, which Siemens has further developed specifically for Vetropack.

Meters feed into the database

At its most basic, Energy Manager Pro is a gigantic database. Its meters measure energy consumption and the readings are comprehensively analysed. As Kurt Hagenberger puts it: "In production, we use electricity, gas, compressed air or water meters. We then relate the readings to production volumes, among other things, which allows us to calculate a benchmark for effective energy consumption and costs." For his part, Ulrich Ruberg is convinced that, in a world that is growing ever more complex, the line departments need to band closer together to make the most of opportunities for optimisation: "Due to the increase in the amount of energy generated by renewables, for example, the cost of energy fluctuates throughout the day. Only tools such as Energy Manager Pro enable us to respond and, together with all line departments, to ensure optimisation. For the first time, we have concentrated all of our data in one tool," Ruberg says.

All plants connected by 2023

The tool was first implemented a year and a half ago, at the Straža plant in Croatia. "We're in the optimisation phase at the moment, and the tool is running smoothly", Kurt Hagenberger says. Energy Manager Pro was subsequently introduced by Vetropack Austria and will start being used at the glassworks based in the Czech Republic and Slovakia later this year. The tool will be rolled out to all plants by 2023.

But conclusions can already be drawn on its effects. In the words of Kurt Hagenberger: "The tool is making us more energy-efficient and actively supports our energy purchasing. The volatility of the markets means that it is of the utmost importance for us to have good online access to market data." Ulrich Ruberg adds that "the potential for optimisation exists wherever energy is consumed. Our focus is on obtaining an accurate analysis of energy consumption for our furnaces and other energy consumers downstream. Based on this analysis, we then run simulations of cost optimisation measures". The tool allows users not only to measure energy consumption for furnaces, but also to run simulations of cost reduction measures. Ruberg continues: "Once measures have been implemented to increase efficiency, the tool makes it very easy to track them in terms of effectiveness and ability to reduce costs. Energy Manager Pro is an indispensable tool for cost optimization and supports us in meeting our obligation to use energy resources efficiently."

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.”

Returnable glass bottles on the rise



Glass is equally suitable for single- and multi-use purposes, and a returnable glass bottle can be reused more than 40 times. The debate surrounding the environmental impact of packaging is leading to a rise in demand for this kind of glass bottle.

Vetropack strives to be as environmentally friendly as possible when manufacturing its products. The large amount of energy required in the glassmaking process poses a particular challenge – one that Vetropack is tackling by continuously modernising its manufacturing facilities. However, it is also systematically increasing the use of recycled glass and returnable containers in order to conserve natural resources as much as possible. The proportion of returnable glass bottles in circulation varies considerably between different European countries. Generally speaking, these reusable containers are predominately used in the catering industry and in specialist beverage retail, where the biggest returnable glass market is that of amber glass beer bottles. In catering however, whitebottles still reign supreme as they really help to showcase the colourful variety of beverages they hold. At home or in restaurants, people can use them to show off their refreshing thirst-quenchers in an attractive glass display on a beautifully laden table. In some countries, food retailers are also increasingly reverting to returnable bottles.

The main requirement of one-way and returnable glass containers is fundamentally the same: ensuring that the product reaches the consumer safely. Returnable glass packaging is subject to considerable strain due to the continuous refilling and washing it undergoes. However, Vetropack proved that this doesn't necessarily mean a heavier composition is needed when it launched the world's first returnable bottles made from lightweight glass on the Austrian market in 2019. This hardened glass packaging is called "Vetropack Improved Performance Glass", or VIP Glass for short.

The unique requirements of a returnable glass container have to be taken into account right from the design phase, as the two recently developed custom designs for the Austrian and Croatian markets demonstrate.

Small and mighty

Following the successful introduction of milk in one-way glass bottles in spring 2018, the Austrian dairy market leader Berglandmilch switched to refilling reusable glass containers at the beginning of 2020. This is the first time that milk has been available in returnable glass bottles at retailers throughout Austria in some 20 years. The range of milk products has been continually expanded in line with consumer demand.

We've all heard the saying "small but mighty", but Berglandmilch's Schäringer brand has decided that "small and mighty" is far more appropriate for its new half-litre returnable glass bottle, which is manufactured at Vetropack's Austrian plants and was recently launched with Austrian food retailers. This successful collaboration between Vetropack and Berglandmilch is helping to drive this environmentally friendly milk packaging solution forward.



Modern packaging solutions

Considerable reduction in used glass The Slovenian company Radenska produces natural mineral water and a range of other refreshment drinks. The products are made using water from high-quality sources. Radenska is committed to retaining these sources for future generations and achieving complete carbon neutrality at its production facilities by 2030.

The introduction of 0.25-litre returnable bottles in white and green glass has led to a substantial decrease in environmental pollution and reduced the company's demand for the necessary primary raw materials significantly. Radenska estimates that this will equate to 2,000 fewer tonnes of used glass over the next three years. Vetropack Straža manufactures the quarter-litre returnable bottles in white and green. The fact that protecting the environment is an issue close to Radenska's heart is reflected in the three engraved hearts on the shoulders of its bottle. The company sees the introduction of the 0.25-litre returnable bottles, which are predominately used in the catering industry, as an important step forward.

At the end of their life cycle, the bottles are sent for recycling, meaning that the glass remains part of the closed material cycle and will be used again.

The next level of performance



The new coloured-glass production facility at the Croatian Vetropack plant in Hum na Sutli has not only resulted in a significant increase in capacity, but also allows for better working conditions, higher productivity and lower energy consumption. This strengthens the competitiveness not only of Vetropack Straža, but also of the entire Group.



The first glass drop left the furnace on 8 February 2021. This marked the end of a very intensive period – and huge investment – for Vetropack Straža. Before the furnace repair, the plant had undergone numerous infrastructural works, which involved major changes to the layout of the plant and the site plan of the entire plant premises.

In September 2020, the last and most important phase of this challenging project began by discharging the glass melt from the old furnace. The construction works took 8.5 weeks, during which time over 200 external workers were on site at the plant every day. Despite the highly complex organisation of the work and the special coronavirus restrictions which this project needed to comply with, the works were completed on time and without incident. The main contractor working on the project was Horn.

The new furnace has a larger capacity and an additional fourth production line. With three furnaces and twelve lines in total, Vetropack Straža currently achieves a capacity of 960 tonnes of glass containers per day. Despite the increase in capacity of the new furnace, its energy consumption is significantly less than its predecessor, which confirms Vetropack's leading position in protecting the environment.

“A furnace repair is always a challenge. Due to the 2020 Covid-19 restrictions, the work was even more challenging than usual. Our colleagues in Hum na Sutli have done a fantastic job. Firing up the new furnace has elevated Croatia to the next level of performance. As a result of this investment project, the plant in Hum na Sutli will be able to produce roughly 1,000 tonnes of glass a day in future.”

Johann Reiter
CEO

New labelling machine at Kyjov plant



The new labelling ready for dispatch. Thanks to a unique number, the location of the pallet can be traced at any time. This investment is a further step in the automation strategy of the Vetropack Group.

Every pallet leaves the Vetropack Moravia Glass plant with a unique number (SCCC) printed on a label. These numbers allow our customers to identify the goods, and the concept greatly simplifies working with pallets.

The production of glass packaging is part of the process in the food industry, at the end of which the customer receives a product that meets strict safety criteria. That is why Vetropack Moravia Glass has implemented a precise identification system for its products. It is fully automated by robots that have been introduced for the application phase, where labels are adhered to the outside of the pallet film. This means the customer's requirements for an external label can be met, which enables the pallets to be handled seamlessly in automatic warehouses and eliminates possible problems, such as displaced or lost paper labels and transport stoppages in the warehouse.

Better quality thanks to automation

Speed, efficiency, accuracy and time and money savings are just some of the advantages of the robotic set-up in Kyjov. The station carries out printing and automatic marking, verifies labels and communicates with the line and overall system. The robot applies two identical labels to the front and side of the pallet with the possibility of placement at multiple levels using a robotic arm. The stations are operated by robots from Fanuc and are installed behind two foil devices; a backup desktop printer is also included in case of failure. Automation saves human resources, which we can now use more efficiently, for example in quality control.

The label contains the pallet number, information about product type, when it was manufactured and in which plant, there is also space for customer information. "During loading we scan pallets and record when and where it was shipped. This process is called traceability. Marking pallets with a unique 18-digit code (serial shipping container code (SCCC) in this way makes it possible to identify each pallet unit at all times if needed. We know where and when the pallet was shipped and, if necessary, we can also ensure its return from the market," explains Peter Pekara, Logistic Manager at Vetropack Moravia Glass and Vetropack Nemšova.

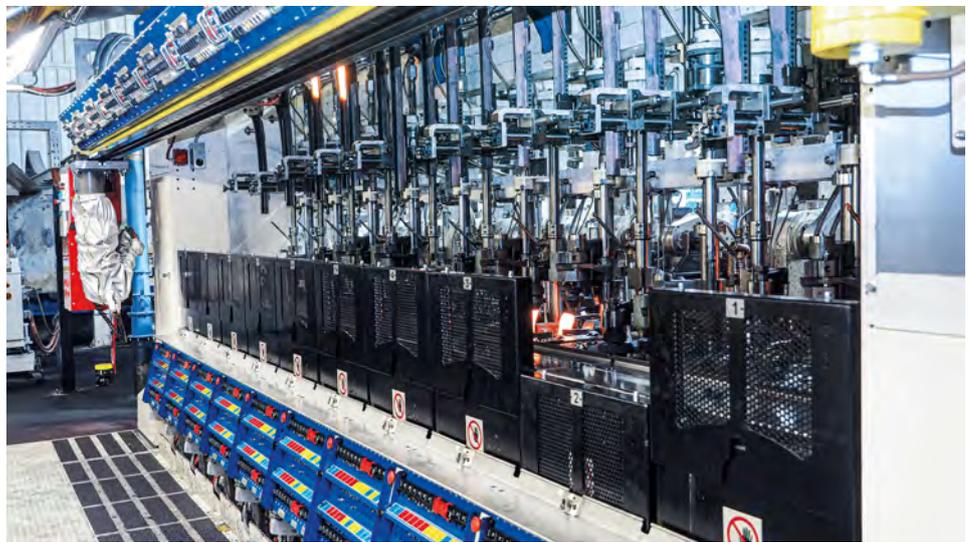


Automation is gaining traction throughout the Group

The labelling machine installed at the Kyjov plant is considered a pilot project for the Vetropack Group. In the first half of 2021, Vetropack Straža will follow and the labelling machine is also to be used at the new plant in Boffalora sopra Ticino in 2023.

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.



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 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 minimizes 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

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 using real-time 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.

Vetropack Straža organised a picnic



In a company with more than 600 people most of them never met or they communicate very rarely and stay professional in their communication. A company picnic is an excellent way to gather people out of their working places and make them get to know each other better. And, in this pandemic circumstances, outdoor event was a great way to associate safely.



In July 2021 Vetropack Straža organised a picnic on an estate in the middle of the forest. Main part of the picnic was a competition in cooking in the cauldron. Almost everyone participated in preparing the ingredients but only six teams cooked. Although they were preparing the same dish and had the same starting ingredients, each of the team had their one secret component which made the difference. And the best one won.

The one not cooking had an opportunity to make a walk through the forest and nearby fields. After a great lunch which was prepared at the competition, socialising continued with the local musicians until late into the night.

Having the employees meet and participate in different activities, may foster more collaboration between departments. As most of the participants said, they have never got to know more of the new colleagues at once or known them better as during the picnic.



Actively shaping the environment

Vetropack Moravia Glass has been sponsoring the “Little things around us” project for four years now. Ideas to improve or shape our environment are implemented here with financial support. This successful commitment is now supported by Vetropack Nemšová too.



Thirteen individuals or groups took part in the competition and submitted proposals relating to the environment, health, help for the elderly, and children’s and youth programmes. In spring 2020, the employees at the Slovakian plant choose the eight best projects. The evaluation committee met with the project creators afterwards. “We visited unusual places and listened to interesting stories. Making a decision was not easy, as all the projects were good and only small things set them apart. We focused on the project’s impact on the community and the environment,” explains Ľubica Gostíková, describing her work on the evaluation committee. The five winning projects were rewarded with a grant of EUR 500. Thanks to this grant, the projects ran successfully last year.

Small things make a big difference

The winning projects include three insect houses built by a group of scouts and nature lovers in the vicinity of Nemšová. A further project on the grounds of the J. Palu primary school in Nemšová is a board which provides information about the decomposition times for different types of waste, thus motivating the pupils to recycle. A pump track for children and young cyclists was built in Ľuborč. The Peregrín Civic Association was recognised for its social commitment and the Nemšová Primary Art School was given support to upgrade its school grounds. All the projects show how important our environment is to people and that they are keen to help enhance it even more.

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