

PIRLO TAKES RESPONSIBILITY

Sustainability Report 2013



IF ANYONE CAN - WE CAN!



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IF ANYONE CAN - WE CAN!





Corporate Management of the Pirlo Group
Rainer Carqueville and Julius Lüthi

IF ANYONE CAN - WE CAN!

This is the commitment with which we produce high-class packaging.

With the focus firmly on quality and innovation, our products are exported to over 20 countries. At the same time, as producers of packaging materials, we are conscious of both our own and our suppliers' product responsibility towards customers. To this end, we use our best endeavours to fulfil the expectations placed on us by our employees, the general public, the environment and humanity in general. We recognize our duty to develop sustainable business practices, make economical use of resources and make a positive contribution to society.

Our first report documents our standards whilst simultaneously serving as a basis for our optimization process. Security, trust, commitment and fairness are the core values of the Pirlo brand and always influenced our actions throughout our company's history of more than 100 years. Just like in the past 10 decades, we wish to and will adhere to these principles and uphold them as our values.

Take our word for it.

Two handwritten signatures in black ink. The first signature is 'Rainer Carqueville' and the second is 'Julius Lüthi'.

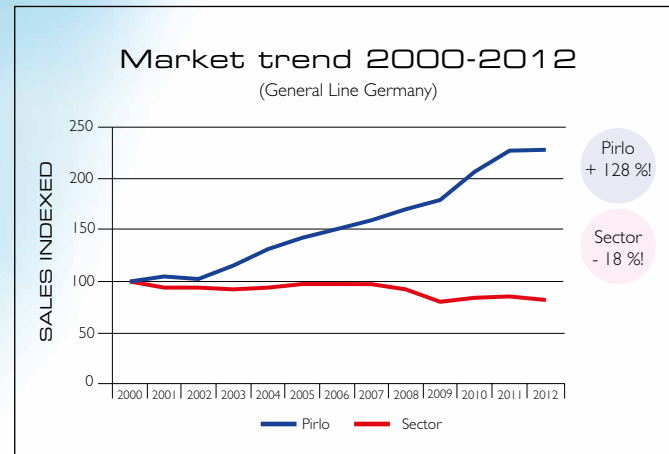
Kufstein, May 2013



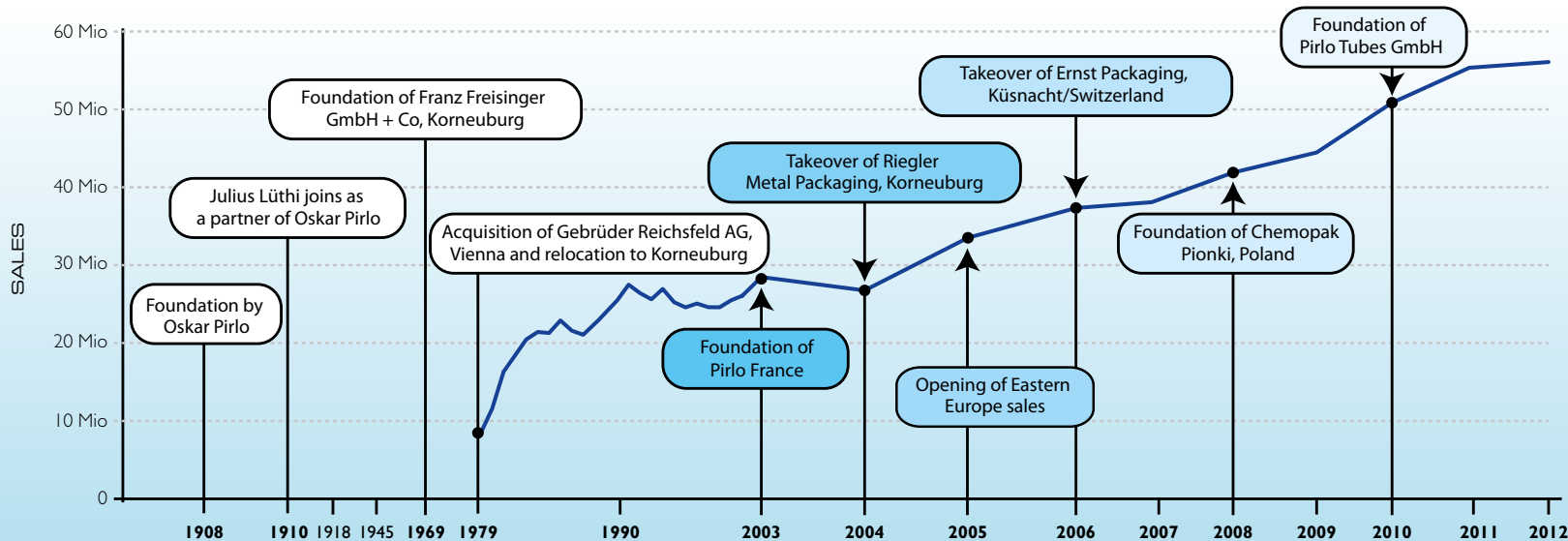


Pirlo's Core Brand Values

Our corporate policy is to be a stable and reliable partner for our customers, suppliers and employees as an economically and financially sound company. For years, we have aimed at moderate growth. This allowed Pirlo to increase sales in years of crisis and contrary to the general trend in the industry. This fact confirms that the forward-looking corporate philosophy of Pirlo based on security, trust and fairness has proven its worth. With a healthy capital base, Pirlo will also create a basis in the future for the implementation of its strategic goals.



PIRLO - A HEALTHY TRADITIONAL COMPANY



IF ANYONE CAN - WE CAN!

Stability and expansion were achieved over time firstly through organic growth and the acquisition of businesses operating in the same business segments and secondly by extending the sales organization. Through the foundation of Pirlo Tubes in 2010, the product portfolio was expanded to include digitally printable tubes made of plastic. The Pirlo Group therefore unites four production locations.



- owner-run for more than 100 years
- has existed for more than four generations
- has survived two world wars and financial crises
- there have always been two managing directors; the dual control principle is applied for all important decisions
- moderate, constant growth despite some downward trends in the industry
- above-average net capital base

INDEPENDENT . SELF-FINANCED

Sustainable business practices and actions are not new to us. But in recent years our knowledge and understanding of the interrelations between economic, ecological and social factors has increased. That is why we are considering the topic of sustainability in great depth with a new awareness and are explaining our insights, our previous achievements and our goals for the future to you in our first sustainability report. We aim to provide even better evidence of our activities on the basis of data in our next report.

PACKAGING

The packaging industry is responsible for dealing with criticism and for continually working towards an improvement in suitability, the economical use of resources and environmental impact.

But why is packaging fundamentally important?

- it protects the environment against hazardous contents
- it protects contents against external influences and preserves the formula
- it provides warnings and information about use and application
- it acts as an advertising medium to arouse customer interest

So good as a packaging material

Advantages of metal:

- metal is impermeable to light, air, liquids and pests
- metal is UV-resistant and does not age
- metal can withstand high temperatures and does not burn
- metal is less likely to break and is more shock-proof than other packaging



Metal packaging is also ideal for safely transporting hazardous goods.

It meets:

- UN and ADR/RID requirements
- the strictest quality standards in production – guaranteed by in-plant and third-party monitoring



Pirlo has the widest product range of round containers in the whole of Europe. The raw materials used consist of 96% tinplate and 4% aluminium. The product range extends from tins holding volumes from 9 ml to 5 litres, buckets and round cans/bottles in various sizes right through

to hobbocks with a nominal volume of 30 litres. Many of these are containers with a UN hazardous goods approval. In 2010, the product range was expanded to include digitally printable laminated tubes when Pirlo Tubes GmbH was founded.





Metal / Tinplate

With our social responsibility in mind, we refer below to the raw materials that are first and foremost used by us in the production of our packaging:

Our planet cannot rid itself of metal elements, they merely change their place and shape.

Products made of metal can reach the end of their life cycle but the material used for them cannot. It is recycled and reused. As such, metal is an everlasting material.

Due to the magnetic properties, it is possible to separate reusable materials around the globe and consequently also recycle pure materials, regardless of the respective collection system.

Materials can be recycled as often as required without compromising any of their advantages. This is reflected by the high recycling rates: In 2007, 69% of the steel packaging was recycled in Europe, amounting to 2.5 million tons in total. In Germany, 90.9% of the tinplate packaging was recycled in the same year.

Besides a 40% reduction in water consumption – when steel scrap is used instead of iron ore – 75% less energy is used and greenhouse gas emissions are reduced by 80%.

Source: Verband Metallverpackungen (Metal Packaging Association)





Plastics

- a whole host of ways to individually adjust the properties of plastics to suit the contents
 - UV stability
 - impermeable to oxygen
 - breaking and tensile strength
 - chemical resistance
- less use of raw materials through reduced wall thicknesses

- comparable heating value contributes to a reduction in the use of fossil fuels in energy-based utilization

We specifically use thin materials to manufacture tubes made of plastic composite materials. In comparison to extruded tubes available on the market, up to 50% less material is used.

For the presentation of an ABL (aluminium barrier laminate) tube with a wall thickness of only 0.175 mm, we received the Green Packaging Award in 2011.



OUR CUSTOMERS

In its product segment, the Pirlo Group is the largest producer in Austria and one of the top ten in Europe.

In Austria, we manufacture packaging materials in Kufstein/Tyrol and in Korneuburg/Lower Austria. We also maintain production facilities in Pionki/Poland.

Our packaging materials are supplied mainly to the chemical/technical industry, niches of the food and beverage industry and the cosmetic and pharmaceuticals industry.

Customers are our top priority:

- customer proximity due to decentralized sales organization
- direct, reliable contact at all levels
- short decision-making channels due to family-like structure and flat hierarchy
- rapid and flexible order processing and product development



AWARDS:

2008	Austrian State Award for Exemplary Packaging	CombiCan
	Nomination for Austrian State Award for Exemplary Packaging	Lever-lid composite can
	Austrian Commendation for Exemplary Packaging	Olive oil can
2009	Can of the Year Award - Gold	Olive oil can
	Can of the Year Award - Silver	"Beck's Cocoa" foil ring can
	Can of the Year Award - Bronze	DryCan
2010	Austrian State Award for Exemplary Packaging	SI-CAN plus
	Can of the Year Award - Bronze	SI-CAN plus
	Can of the Year Award - Commendation	Staedtler pencil tin
2011	Green Packaging Star Award	Revolutionary Laminate Tube
2012	Nomination for German Packaging Award	NEFT vodka barrel
	Nomination for Austrian State Award for Exemplary Packaging	Revolutionary Laminate Tube

Our aim is innovation leadership in the packaging market.

We constantly refine our packaging solutions and prepare new packaging concepts in close contact with our customers.

- containers made of a material mix of plastics and tinplate for application as packaging for aqueous contents.
- development of a new anti-drip plastic spout for our edible oil cans made of tinplate
- packaging solution with enhanced user convenience coupled with improved product and environmental protection



TUBES:

- digital printing techniques ensure excellent print quality
- 360° print
- mixture of non-standard colours in-house – complete Pantone colour spectrum can be covered
- multifaceted surface finishing possible due to many different painting (also soft touch) and laminating (e.g. hot melt or UV) techniques
- unmatched feel created through various options for painting, lamination ...

METAL PACKAGING:

- complete digital pre-press stage on the premises
- ultramodern paint mixing and printing techniques
- licence for the handling/storage of dangerous goods
- numerous patents and registered designs



In the area of tubes we have exploited the progress in technological change to enter the market. As the first producer to do so in Europe, we have put a digital printing machine into operation for the direct printing of tubular laminate. 360° print means that it is possible to print the entire tube body by applying innovative tube production technology and incorporating a blunt welding seam.

By taking up what is a new technology for us, we have impressively documented our ability to innovate and underscore our strategy to develop future markets.

We attach great importance to providing rapid and professional support to our customers if they have any questions or complaints.



360°
DIGITAL

We define quality management as the holistic approach of aligning and refining all business processes in terms of quality assurance, environmental protection and hygiene.

Through the close cooperation between our quality management and corporate management as well as competent quality assurance in the individual facilities, we are confident of meeting our own demand for continuous improvement.



Integrated management system for quality, environment and hygiene based on the 9001, 14001 and BRC/IoP standards.



Business relations

We are committed to fair business practices.

There is no chance for corruption and bribery at Pirlo. We specifically work on the basis of a code of conduct which is valid for all our employees and applies to all our business relations.

Our main business relations are located within the EU and regulated by strict legislation. To remain competitive in times of progressive globalization, we also work together with suppliers in China,

India and South America. In the quality agreement with our suppliers, we explicitly name our expectations, demand suitable proof and satisfy ourselves of compliance with our requirements on site and within our means of control.

In case of serious violations of legal or ethical principles (e.g. child labour) we terminate the business relations immediately.

Employee orientation

Our interactions are characterized by mutual respect and appreciation. Decades of service at the company contribute to an informal working atmosphere. We are considered a solid and reliable employer.

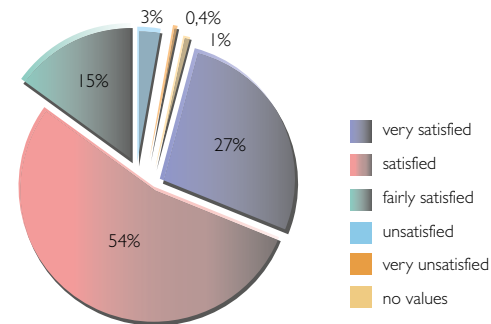
Particularly in the years of crisis we did not forget our values and contributed to stability in business and society with far-sightedness by maintaining the number of staff. Knowing how important it is to have and retain well-skilled staff ensured that, even in difficult times, employees continued to undergo training and qualified personnel was recruited.

The long-term, strategic orientation of the corporate structure has taught us that crises pass by and afterwards it is necessary to be ready and waiting in full strength to serve our customers.

We support, challenge and foster our employees.

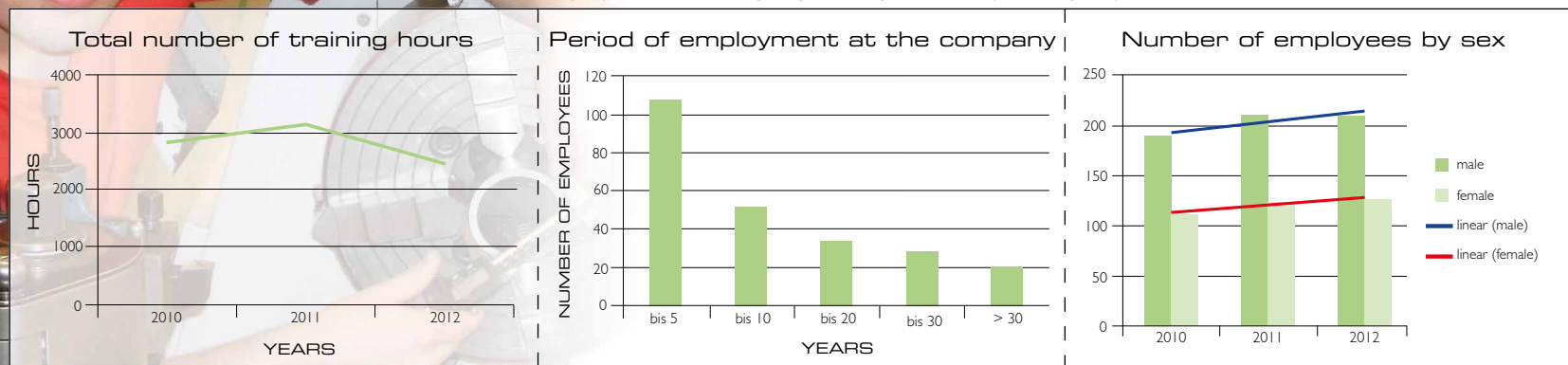
As it is becoming increasingly important to push ahead apprentice training due to the demographic change, we will create additional training positions in the area of tool-making and mechatronics in order to suitably counteract the lack of skilled workers.

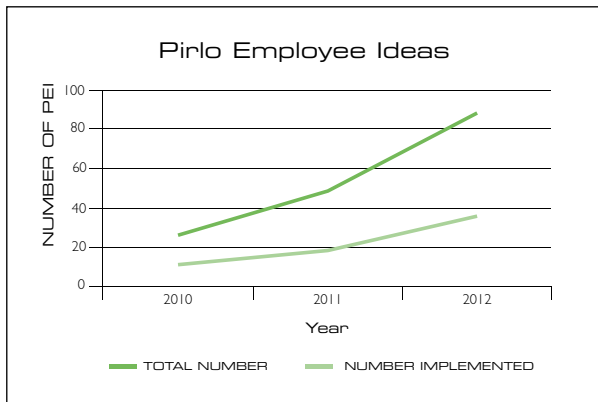
How satisfied are you with our company as an employer at present?



October 2012

As we have our own apprentice training we are able to offer our apprentices the best possible preparation for their tasks at our company. Through the specific support provided by trainers, we achieve a very high level of takeovers and completed apprenticeships. At present, 3% of our employees are undergoing training in the corporate group.





We see it as one of our strengths to directly involve employees.

An employee survey conducted at the end of 2012 with a response rate of over 90% reflects our employees' appreciation of this.

In addition, the "PEI" (Pirlo Employee Ideas) has been very well received.

This allows every individual, regardless of his function or qualification, to simply and easily contribute ideas and by doing so, actively shape the workplace.

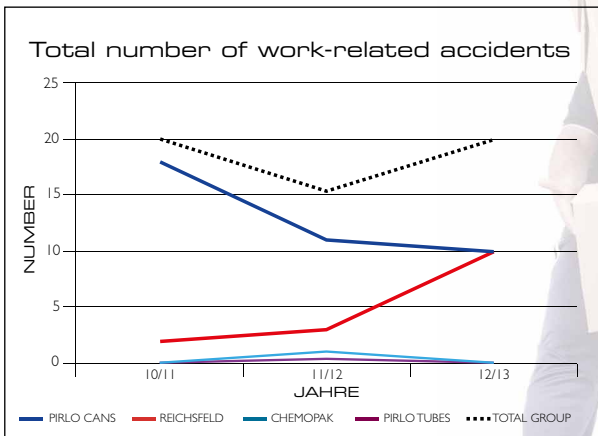


Together with our works council, we constructively make agreements in a spirit of trust which, besides taking account of the company's requirements, consider the concerns of the whole team and each individual employee in particular.

Integration jobs

We prefer to work with people who, although perhaps not so capable, want to work rather than with people who are very capable but don't want to work.





*total number of work-related accidents = minor accidents
(lost time of up to 3 days) + serious work-related accidents
(lost time > 3 days)*

Occupational safety

Safety at the workplace is a top priority. For us, it goes without saying that we meet all legal requirements and in addition, find specific company solutions. One health and safety expert, six health and safety advisors and two occupational physicians check compliance with all requirements during regular inspections based on legal provisions and in our own interests in order to prevent work-related accidents.

The sustained improvement of working capacity is a further goal in the area of occupational safety in order to prevent employees prematurely leaving for health-related reasons.

Preventive measures such as the ergonomic advice provided at the beginning of 2013 for all employees directly at their workstations are intended to keep our people fit and able to work on a long-term basis.





With the regular Pirlo Vital campaigns focusing on the topic of health, as many employees as possible are to be inspired to lead a healthy lifestyle.

Concertedly strengthening health, improving well-being and preventing work-related illnesses is the motto of workplace health promotion at Pirlo.

Work-life balance — Family-Friendly Business

We make every effort to accommodate our young mothers and families by offering flexible working hours and reasonable jobs. Our efforts were acknowledged in 2012 by receiving the Family-Friendly Business award from the province of Tyrol.

Under the motto: "Show your family your workplace", the Pirlo Family Day is being held again this year in a special setting on our business premises.

Social Fund

Employees who find themselves in difficulties can be helped quickly and easily through the Pirlo Social Fund set up in 2008, which is adequately funded by the employees and shareholders.

Show your family your workplace

Family Day



Regional and Social Involvement

As a packaging manufacturer, Pirlo is accepting social and political responsibility at both national and international level.

Due to our memberships and functions in bodies and federations of packaging manufacturers, recycling associations and research institutes as well as our broad international network, we can rapidly and adequately respond to new scientific findings and changes in the legal framework for the benefit of our customers and consumers and thus fulfil our responsibility as a producer in the long term.

From guaranteeing production safety through to protection against the migration risks entailed in chemical substances, we are committed to the practice-oriented introduction of new regulations and requirements.

In the interests of our customers, we are working on the sustainability of the cycle of placing packaging materials on the market through to their return.

Due to our involvement in various associations, we can shape and influence matters.



In this context, our involvement, broken down into areas, in the following associations and institutions is of importance:

Industry-specific associations

ARA AG, Vienna, Austria (Altstoff-Recycling-Austria AG) http://www.ara.at/	Seat on the supervisory board for the area of metal packaging
ETMA, Düsseldorf, Germany (European Tube Manufacturing Association) http://www.etma-online.org	Member in the working group for laminated tubes
Ferropack, Vienna, Austria	Member
KBS (Kreislaufsystem Blechverpackungen Deutschland) http://www.kbs-recycling.de/	Member
OFI, Vienna, Austria (Austrian research institute) http://www.ofi.at/	Member
ÖVI, Vienna, Austria (Austrian Packaging Institute) http://www.verpackungsinstitut.at/	Presidency
VMV, Düsseldorf, Germany (German Association of Metal Packaging) http://www.metallverpackungen.de	Member in working group for chemical/technical packaging

Political/business interest groups

Tiroler Industriellenvereinigung (Tyrolean Federation of Industries)	Member of the association
Chamber of Commerce Tyrol	Official function in the area of metal processing

Culture

Kulturverein Wunderlich Kufstein (Cultural association)	Sponsor
Musikkapelle Kufstein (Band)	Sponsor

Social/Regional commitment - Awards

Tiroler Integrationspreis 2008 (Tyrolean Integration Prize)
Familienfreundliches Unternehmen 2011/2012 (Family-Friendly Business)
Special Olympics Sponsor 2012
Feuerwehrfreundlicher Arbeitgeber 2011 (Fire Service-Friendly Employer)
Sponsor of Mountain Rescue, Fire Service, Red Cross, Water Rescue

CLIMATE CHANGE / CONSERVATION OF RESOURCES / ENVIRONMENTAL PROTECTION

Based on our environmental management certification which we have maintained since 2005, we ensure compliance with legal requirements and above all, conscientiously evaluate the impact of our business on the environment.

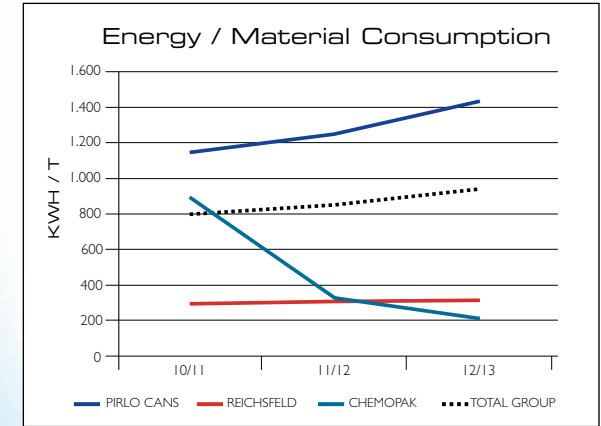
Depending on our product mix, we are permanently optimizing our use of materials and consumption of water and energy. We are also constantly endeavouring to avoid and reduce waste and substances that are harmful to the environment.

Overall, the measures below help us to keep our impact on the environment to a minimum.

We are also planning to introduce certified environmental management at our Polish location Chemopak by 2015.

Savings measures in the area of energy:

- more efficient use of the paint ovens by lowering the temperature of the firing chamber during changeover times
- improvement in the degree of efficiency of UV dryers and thus reducing the drying time required
- depending on the operation, the eco-thermal after-burning retrofit of the new painting facility achieves a savings potential of up to 30% compared to the previous thermal after-burning system
- the area of compressed air generation was equipped with a control system so that, depending on consumption, the compressor which has an optimized characteristic line is used



The rise in the relative energy consumption is based on a change in the product mix towards printed and painted containers.

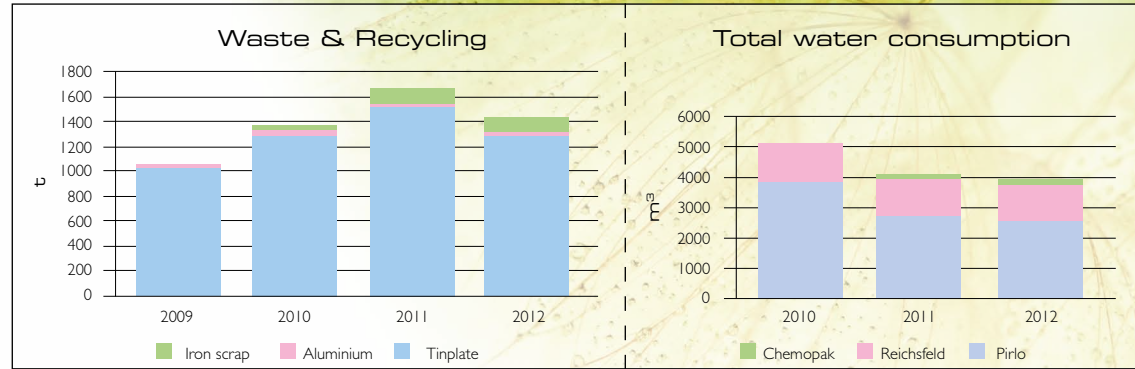
- consistent continuation of the replacement of lights with energy-saving lamps
- introduction of movement sensors for rarely used areas (lighting of storage areas)

Savings measures in the area of water:

- use of groundwater as cooling water which is subsequently fed back without any adverse effects
- installation of new WC facilities with modern flushing (Reichsfeld administrative area)

Savings measures in the area of heating:

- replacement of oil with gas in 2004 (no further dust exposure in the burner)



- due to the greater use made of exhaust heat (from the drying ovens) for our factory halls, reduction in the use of fossil fuels
- improved insulation in hall 2 (Reichsfeld)
- internal use of exhaust heat from compressors and rubber coating ovens (Reichsfeld)

Procedure applied to prepare this report

We took the specifications set out in DIN ISO 26000 and the regulations in the Global Reporting Initiative (GRI) as a basis when preparing this report.

Our report refers to the 2012 business year (February 2012 – January 2013). The last three years have been taken as a minimum to show trends in previous years. This is also in line with our commitment to take three years as the period reviewed.

In this report, we refer to the most important parameters and events which we are convinced, also after consulting with some stakeholders, are of special interest for the issue of sustainability and the reader.

The goals and programmes named show the issues which we will actively deal with in the coming years in order to live up to our own aim of conducting sustainable business practices.

Within the framework of our management system, our goals will be checked at least once a year in a management review to determine the degree of their implementation and their effectiveness.

For the sake of convenience, the masculine form is used to denote both sexes in this report.



ISSUES OF SOCIAL RESPONSIBILITY BASED ON DIN ISO 26000

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