



The Most Sustainable Package on Earth

OWENS-ILLINOIS, INC.
2014 SUSTAINABILITY REPORT



Contents

- 01 CEO Letter to Stakeholders
- 02 About O-I
- 04 Our Approach To Sustainability
- 10 Corporate Governance
- 16 Environment
- 26 Health and Safety
- 30 Innovation
- 34 Employees
- 44 Community Engagement
- 50 Awards
- 54 GRI Index

Letter to Stakeholders



We are excited to bring you O-I's first-ever sustainability report and our validation of glass as the preeminent sustainable packaging material. Although we have long worked toward minimizing our impact on the environment, this is the first time we have captured so much of our activity in a single document.

The last several years at O-I have been about improvement and change, and so is this report. We are transforming the company from a commodity bottle producer to a strategic and innovative business partner to our customers. With increased engagement comes increased transparency – especially in sustainability.

In the past, we rarely spoke out on the benefits of glass. Yet we believe that glass is the most sustainable package on earth – it is made of natural, readily available ingredients. It can be reused over and over and is 100 percent, infinitely recyclable. It has endured the test of time for millennia. The moment has come to make sure that the rest of the world understands glass' story, and our story. Our Glass Is Life™ movement launched us into the public arena as advocates for glass. In this report, we tell the glass story in more depth. O-I and glass go hand-in-hand as we are the industry leader and the only global company that produces glass containers exclusively.

In 2009, we established four aggressive sustainability goals, focusing on areas where we thought we could make the most impact. We also conducted a thorough and complete carbon footprint life cycle assessment (LCA) on glass. It was a means of validating our targeted areas. The materiality assessment we performed for this report was more extensive than our initial analyses, and it confirmed, again, that energy, cullet (recycled glass), carbon emissions and safety were the right areas of focus. It also raised our awareness of the need for more people-related goals.

Because energy comprises one-fifth of our cost bucket, we set a stretch goal of cutting energy in half by 2017. Using cullet in the production process reduces our need for virgin raw materials and energy, thereby lowering our carbon emissions. So we set a goal of increasing the percentage of cullet we use globally to 60 percent from the 34 percent average that existed at the time. Aided by our goals to decrease energy consumption and increase cullet use, we targeted an emissions reduction of 65 percent. And importantly, we set a safety goal – to achieve zero injuries in the workplace.

With oversight from a Sustainability Steering Team that I chair, we have truly made great progress. We have reduced energy by 12 percent; achieved 38 percent cullet usage; reduced carbon emissions by 14 percent; and reduced our total recordable incident rate in our plants by 33 percent.

Because the goals were so ambitious, we will not likely achieve them by 2017, but they have driven the spirit of innovation that we intended. We continue to focus our R&D efforts on issues pertaining to sustainability. Our research on melting technology is expected to bring step change in the industry, while other projects are bringing benefits today. For instance, we have installed several gas-oxy furnaces in place of traditional furnaces that needed to be rebuilt. The gas-oxy furnaces use less energy and recover waste heat more efficiently. We take advantage of that additional captured waste heat to pre-heat raw materials, generate electricity and even heat the floors in the plant.

The accomplishment of which I am most proud overall is the change in our safety culture. Our employees now take responsibility for their own safety, and we continue to improve month after month. We moved from lagging metrics to leading metrics for measurement, made safety a regular part of communication and conducted extensive training in the plants, with very positive results.

We have had to look for new ways to obtain cullet. The availability of cullet primarily depends on a country's waste collection infrastructure, which means we are hampered in many parts of the world by a lack of cullet that has been cleanly separated from other recyclables. To address this, we have formed joint ventures with cullet suppliers in several countries to help develop new streams of clean, usable cullet. We also work to educate government policymakers on the importance of recycling and glass collection.

Although we have reduced our carbon emissions, we chose not to pursue major initiatives in this area. We looked at a number of commercially available options to treat our carbon emissions differently, but we did not adopt them due to the high cost and uncertain returns. We are counting on progress in cullet use and energy reduction to drive the carbon emissions reduction.

Importantly, we have demonstrated that we can achieve the current 2017 goals in individual plants, and are working to replicate those achievements across all our plants. We will continue with the same goals for the near future, and we fully expect to add new goals in the next year that include people-oriented targets.

This report is only one chapter in our sustainability story. We have accomplished a lot, and we have more to do. Clearly, sustainability is the foundation of good business practice and key to our current and long-term strategy. Sustainability is as much a part of O-I's fabric as glass itself. We encourage you to learn more about O-I with this report, and we welcome your ideas and feedback.

Glass Is Life!

Al Stroucken
Chairman and CEO

About O-I

Owens-Illinois (O-I) is proud to be the maker of the world's most sustainable package – the glass container. We are the leading global manufacturer of glass bottles and jars – serving customers in beer, wine, spirits, food, non-alcoholic beverages, cosmetics and pharmaceuticals. We serve and partner with thousands of customers, many of whom produce the world's best-known food and beverage brands. In 2014, we manufactured nearly 40 billion glass containers.

Founded in 1903 in Ohio by Michael J. Owens, inventor of the automatic bottle-making machine, O-I operates 75 glass production plants in 21 countries, employing 21,000 people. Our global headquarters and much of our science, engineering and R&D teams are located in Perrysburg, Ohio. Owens' machine launched Owens Bottle Machine Company and today still serves as the foundation of the glass-making industry. We got our start through innovation, and we believe that innovation is paving our path to the future.



■ Footprint & Market Overview

O-I holds the leading position in nearly every glass market in which we operate. Glass' share of the packaging market is stable in many economies and growing in others. While the major food and beverage markets in mature economies remain stable, we are directing increasing attention to those markets experiencing significant growth. Craft beer is such a market. In the emerging economies of Latin America and Southeast Asia, glass plays a prominent and growing role. By using refillable glass containers, our customers can provide a wider variety of products to the growing middle class. In addition to having the smallest carbon footprint of all packages, the refillable bottle is the most economical, as it can be reused an average of 20 to 30 times.

Beyond the plants that we own and operate, we participate in joint ventures. In certain locales, such as in Malaysia, Vietnam and China, we pursue joint ventures to take advantage of local market knowledge. In other circumstances, notably in North America, we partner with customers to meet specific needs. In 2014, for instance, we launched a joint venture with Constellation Brands, Inc., to operate a glass plant that supplies bottles to its adjacent brewery in Nava, Mexico.

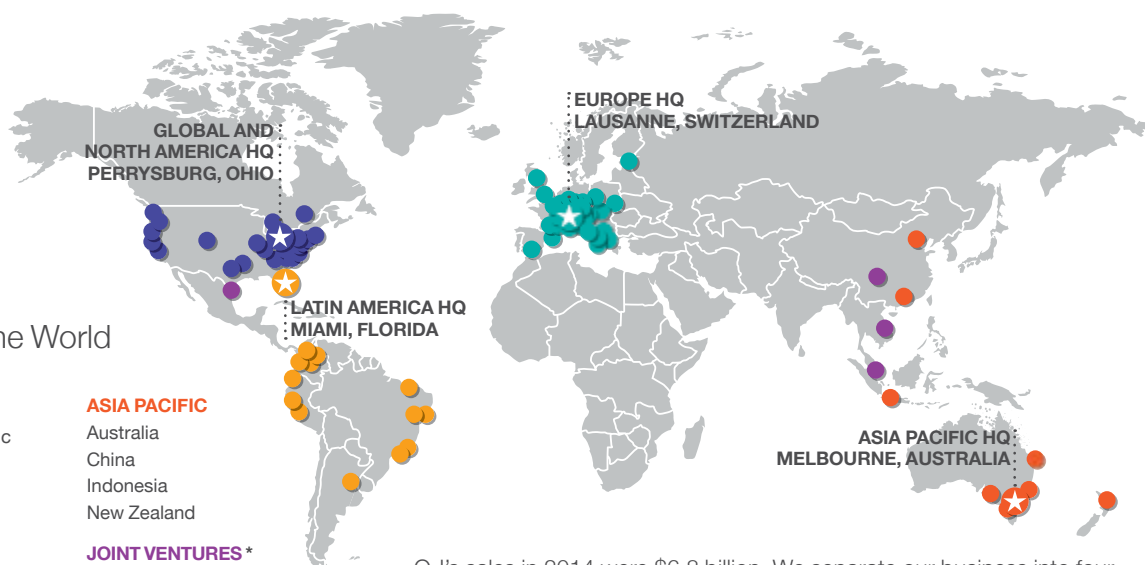
■ Our Ambition

Our ambition is to be the world's leading maker of brand-building glass containers, delivering unmatched quality, innovation and service to our customers; generating superior financial results for our investors; and providing a safe, motivating and engaging work environment for our employees.

To ensure that we retain our leadership position, the company focuses on delivering high value to our customers through operational excellence and by optimizing our global expertise and asset base. In recent years, we have worked successfully to reduce structural costs to better compete with less costly packaging options.

We are strong proponents of innovation and technology, and we invest in both to provide unique, brand-building solutions to our customers and to fuel consumers' desire for glass. Innovation extends beyond new products to new processes, new systems and new thinking. Our employees have earned more than 2,100 patents worldwide. And we remain steadfast in our commitment to develop our employees, enhance our financial flexibility, generate shareholder value and mitigate our impact on the environment.

The package matters. How we make it matters. Our people matter. And glass matters.



Our Locations Around the World

NORTH AMERICA

Canada
United States of America

LATIN AMERICA

Argentina
Brazil
Colombia
Ecuador
Peru

EUROPE

Czech Republic
Estonia
France
Germany
Hungary
Italy
Netherlands
Poland
Spain
United Kingdom

ASIA PACIFIC

Australia
China
Indonesia
New Zealand

JOINT VENTURES *

China
Malaysia
Mexico
Vietnam

* Not a comprehensive list. O-I participates in joint ventures in many countries.

Metrics for our joint venture plants are not included in the data in this report as those plants are not integrated into our manufacturing and operating systems.

O-I's sales in 2014 were \$6.8 billion. We separate our business into four major geographies – North America, Latin America, Europe and Asia Pacific. Approximately 41 percent of our business is in Europe, 30 percent in North America, 17 percent in Latin America and 12 percent in Asia Pacific. Of our 21,000 employees around the world, nearly 17,000 work in our plants.

To explore an interactive map of O-I's locations around the world, please visit <http://www.o-i.com/Contacts-and-Locations/>.

A detailed list of O-I plants can be found in our 2014 10-K.

Our Approach to Sustainability

As makers of glass, the world's most natural and sustainable package, O-I has incorporated sustainability into our business practices for more than a century. When we make glass, we use three abundant and readily available natural ingredients: sand, soda ash and limestone – and we use recycled glass – a lot of it. Once it's made, a glass container can be reused repeatedly. A glass container is also infinitely and 100 percent recyclable. At O-I, we love the fact that we make an environmentally-friendly product, and we are proud that we have long worked to decrease our use of fossil fuels and raw materials, even before the word sustainability entered corporate vernacular.



■ Our Commitment

Sustainability at O-I means many things: an honest and pure product; a company culture of respect and integrity; ensuring a workplace where employees are valued; engaging with our communities across the globe; and providing hundreds of millions of people worldwide with safe and healthy glass packaging. We believe that our effort and commitment to ongoing improvement in these areas are a crucial part of our responsibility as a company.

At O-I, we are focused on continuous sustainable development and improvement. We are proud to be the global leader in glass packaging, and we recognize our responsibility to our customers and consumers to provide high quality containers in an environmentally sound manner. We also recognize our responsibility to our 21,000 employees, their families and the communities where we operate.

■ Our Strategic Approach

O-I sees sustainability in the context of the triple bottom line: to benefit our **people**, our **planet** and our **profit**. Seven years ago, we created a dedicated sustainability function to drive our sustainability strategy and oversee specific programs and initiatives in our plants. The function tracks key sustainability-oriented metrics and measures ongoing progress toward our goals with a monthly dashboard shared widely throughout the company.

Our sustainability strategy centers on making both continuous and transformational improvements to lower energy use, reduce carbon emissions, increase the use of cullet in our production process and provide a safe working environment for our employees. We are also investing in technology and research and development to improve our glass-making processes, as well as partnering with our customers on innovative glass packaging solutions that generate greater value for our customers and shareholders. While sustainability can make great economic sense, we pursue initiatives based on their impact to the triple bottom line: people, planet and profit.

■ Our Supply Chain

Across all of our regions, O-I manages thousands of suppliers who provide a wide range of products and services for our operations. The company's major spend categories include raw materials, energy, logistics, packaging, maintenance and repairs, services and capital goods. Our procurement organization plays an important role in the strategic sourcing of cullet for the business, which is a key part of our sustainability story. We have a global procurement policy to which all procurement functions in the regions must adhere. The policy provides a framework around the engagement, selection and management of suppliers to ensure that best total cost is achieved.

All our suppliers are expected to adhere to O-I's Global Code of Business Conduct and Ethics (see pg. 13).



Upper: Quality assurance inspection.

Lower: Recycled glass (cullet) used in the production process.

■ Our Goals & Progress to Date

In 2007, we began formulating our sustainability strategy focused on the four areas where we believed we could make the most impact – energy, emissions, cullet usage and workplace safety. In that same year we initiated the research that would ultimately form our complete carbon footprint life cycle assessment (LCA). The purpose of the LCA that we launched was to understand the potential environmental impacts of our operations and validate that we were focusing on the right areas.

In contrast to the LCAs of many other packaging companies, our LCA was a **complete** life cycle assessment. It measured our carbon impact from beginning to end. We started at the point where raw materials were extracted from the earth, and continued to the end of the finished product's life – whether that is landfill operations, or our preferred path of reuse or recycle. This differs from LCAs that measure the carbon impact beginning at the factory gate instead of at raw material extraction.

The findings were clear: glass has a lower carbon footprint on average than comparable-sized aluminum and PET containers. Global in scope and encompassing every stage of the packaging life cycle, the assessment also confirmed that the four focus areas of our sustainability goals had the most significant impact on O-I's operations.

In 2009, two years after the LCA, we publicly announced ambitious 10-year sustainability goals, with a 2007 baseline in our four areas of focus. The concept: 10 year goals. Baseline 2007. Ambitious. Hard to reach. Realistic enough to inspire breakthrough thinking and actions. It worked.



Safety barriers help protect employees responsible for maintaining moulds in the production process.

Our sustainability goals:

Energy Reduction

Reduce energy consumption by

50%

Emissions Reduction

Reduce total CO₂ equivalent emissions by

65%

Cullet Usage

Increase usage of post-consumer cullet globally to

60%

Workplace Safety

Eliminate injuries in the workplace

Zero Injuries



Employee monitors gob production in O-I's Innovation Center.

These goals are purposely aggressive and ambitious. They were designed to inspire and motivate the company to make significant, transformative advancements in our operations – with the understanding that we would need substantial financial support to achieve all of them in such a short time frame.

Demonstrating Progress Toward Our Goals

In 2012, during the mid-point of our 10-year journey, we introduced new ways to illustrate the progress we had made. To achieve our sustainability goals across a manufacturing footprint as diverse and geographically dispersed as ours, we recognized we would first need to demonstrate improvements in each area on a facility-by-facility basis. We began tracking against demonstrated performance – a metric that would describe the performance of the plants that made the most progress against each goal over the calendar year, compared to our 2007 global baseline. By tracking the demonstrated progress at the plant level, we would focus on our individual wins and replicate those wins across our global footprint.

We also took steps to adjust the way we measure progress against the goals for energy, emissions and safety.

- Following our mid-year update in 2012, we began to measure our improvements relating to energy use and emissions reduction per unit packed, rather than total emissions – our original measure – because we felt measuring total emissions masked our progress when we started or stopped furnaces, acquired or divested facilities. This measure would also help provide visibility into areas such as lightweighting, where we use less glass and thus, fewer raw materials to make a container.

- Our safety goal remained zero injuries, but our metrics were modified to reflect our progress by measuring the total recordable incident rate (TRIR), the best measure to compare our performance to that of other global companies. Sufficient data on our TRIR performance was not available globally when we first set our safety goal. Consequently, we began tracking this data in 2010, making 2011 our new safety baseline.

In this, our first sustainability report, we strive to demonstrate our commitment to sustainability as a leader in our industry and to transparently communicate our progress, as well as our challenges, to our key stakeholders.

Although we still have a lot of work to do, we're pleased with the progress we have made. As of 2014, we have reduced energy use by 12 percent per container versus our goal of 50 percent. We have reduced emissions by 14 percent per container versus our goal of 65 percent. And although our global cullet percentage has increased only four percent to 38 percent against our goal of 60 percent, we have increasing numbers of plants operating in the higher ranges. Most impressively, our TRIR has decreased by more than 33 percent since our 2011 baseline, from 2.51 to 1.68 compared with our goal of zero workplace injuries.

	ENERGY REDUCTION (MJ/container packed) Cut energy consumption by 50% per container	EMISSIONS REDUCTION (kg CO ₂ e/container packed, Scope 1+2*) Reduce total CO ₂ equivalent emissions by 65% per container	CULLET USAGE (% post-consumer content) Increase usage of post-consumer cullet globally to 60%	WORKPLACE SAFETY Total Recordable Incident Rate (TRIR) Eliminate injuries in the workplace
2007 GLOBAL BASELINE	2.14	0.179	34	2.51 (2011 GLOBAL BASELINE FOR SAFETY)
2014 COMPANY DELIVERED	1.88	0.154	38	1.68
2014 PLANT DEMONSTRATED	0.83	0.045	80	0
2014 PLANTS DEMONSTRATED	Three plants operated at more than 50% less energy per container compared to our 2007 global baseline, with the highest plant operating at 61% less.	Two plants operated at more than 65% less carbon emissions per container compared to our 2007 global baseline, with the highest plant operating at 75% less.	Fifteen plants used more than 60% cullet in their operations, with the highest running at 80%.	Fifteen plants had zero recordable injuries.

* Scope 1 refers to the carbon emissions created directly in our factories.

Scope 2 refers to the carbon emissions created indirectly by the electricity we use from the electric grid.

■ About This Report

We used the GRI G4 framework core 'in accordance' level for this inaugural report. We adhered to GRI's Reporting Principles – stakeholder engagement, sustainability context, materiality and completeness – to define our report content and have self-assessed our performance against the GRI guidelines. The report covers our global operations, focusing on the glass container plants where we maintain operational control; we have not included our joint ventures. Our reporting cycle will be on a bi-annual calendar year basis. Unless otherwise stated, information given in this report covers calendar year 2014.

O-I has been unwavering in its support of the Food Packaging Forum's independent research and communications on packaging and its impact on human health. O-I's donations have enabled the FPF to engage with leading scientists, regulators, health advocates and the public in pursuit of improved global understanding of the important new science in this field.

– Dr. Jane Muncke, Director, Food Packaging Forum, a non-profit foundation based in Zurich, Switzerland



O-I's Glass Is Life™ movement celebrating the benefits of glass features prominently at the Brau trade show in Nuremberg, Germany.

■ Materiality Assessment & Stakeholder Engagement

O-I's stakeholder engagement efforts began with a materiality workshop in early 2014 in Europe. To understand the most significant aspects of our business to our stakeholders, we conducted internal, cross-functional and multiregional materiality workshops to create a materiality matrix reflecting the various inputs.

We worked with a sustainability consulting firm to complete the materiality assessment process for Europe, then replicated this process in other regions and consolidated findings into a global analysis for the company. A group of external stakeholders, including a major investor, several large and small customers and an environmental non-profit organization, provided input and validated the results of the assessment.

Through our regional leaders and our sales and marketing teams, who frequently work with our customers, we will continue to seek feedback on material issues in our constantly evolving business and operating environment. We are committed to continuous improvement and advancing more sustainable business practices that benefit our business, our industry and the environment in which we live and work.

For questions concerning this report, or information provided, please contact:

Andrew Sauber

Enterprise Sustainability Lead
Andrew.Sauber@o-i.com

Barbara Owens

Senior Communications Advisor
Barbara.Owens@o-i.com

The following areas emerged as the most important topics (as defined by GRI) to focus on in our inaugural sustainability report:

- | | | | |
|---|---|--|---|
| <ul style="list-style-type: none"> • Assessment
Number of operations reviewed according to the company's human rights policies • Anti-Corruption
Training on anti-corruption policies • Child Labor
Incidents of child labor identified and action taken • Customer Health and Safety
Product categories for which health and safety impacts are assessed • Compliance
Monetary value of fines for non-compliance | <ul style="list-style-type: none"> • Economic Performance
Revenue • Emissions
Scope 1+2 GHG emissions, intensity and reduction • Energy
Energy intensity and reduction • Freedom of Association and Collective Bargaining
Incidents of limited association and collective bargaining and action taken • Forced or Compulsory Labor
Incidents of forced or compulsory labor identified and action taken • Investment
Handling of human rights issues | <ul style="list-style-type: none"> • Labor/Management Relations
Minimum notice periods regarding operational changes • Market Presence
Ratios of entry level wages compared to local minimum wage • Materials
Amount of recycled material used • Non-Discrimination
Incidents of discrimination and action taken • Occupational Health and Safety
Total Recordable Incident Rate (TRIR) and Lost-Time Incident Rate (LTIR) | <ul style="list-style-type: none"> • Products and Services
Details on recyclability • Security Practices
Security personnel training in the company's human rights policies • Training and Education
Percentage of employees receiving regular performance and career development reviews • Transport
LCA and carbon footprint of transportation • Water
Water withdrawal by source |
|---|---|--|---|

Corporate Governance

For more than a century, O-I employees around the world have been part of an organization that prides itself on acting with honesty and integrity. Our governance and oversight structure, driven by leaders at all levels in the company, reinforces high standards of ethical conduct in everything we do.

O-I's highest governing body is our Board of Directors, led by our Chairman and Chief Executive Officer Al Stroucken. Our Directors have established an effective corporate governance model that includes the policies and processes needed to support our culture of integrity. The Board fosters the pursuit of our long-term strategic goals, while ensuring our governance agenda aligns with the interests of our stakeholders.



■ Governance for Sustainability & Corporate Responsibility

O-I's Sustainability Steering Team was formed in 2007 to broaden and deepen O-I's sustainability commitments within our operations. The team is led by our CEO, who regularly updates the Board of Directors on major sustainability projects and investments, as well as potential environment, health and safety risks in our operations. The team comprises senior-level leadership from key functional groups, including R&D and technology, engineering, finance, environment, health and safety, manufacturing and communications.

Every quarter, the group meets to discuss the status of active sustainability projects and industry-wide issues that could impact O-I. Our Chief Process Improvement Officer (CPIO) helps set the sustainability agenda and ensures that O-I explores sustainability initiatives outside the operational status quo of the company. Our CPIO is also tasked with acting as O-I's voice on sustainability in long-term strategic discussions – helping to consider the impact of our decisions on our people and planet, in addition to the potential impact on our financial and operational performance.

The Sustainability Steering Team meets to discuss strategic plans and policies for O-I's sustainability initiatives, review metrics and progress on major projects and to consider issues such as materiality and participation in programs like the Carbon Disclosure Project (CDP). The team also monitors global trends and political or economic change that may impact our operations. Outcomes of the quarterly meeting are shared broadly within the company – with O-I's regional sustainability committees, as well as teams from R&D, engineering, manufacturing and commercial. This helps integrate sustainability initiatives strategically into various work streams and functional areas.

O-I'S SUSTAINABILITY STEERING TEAM

Chairman and CEO
 Chief Process Improvement Officer
 Chief Technology Officer
 Senior Vice President and General Counsel
 Vice President,
 Operations and Engineering, North America
 Vice President,
 Acting CFO
 Global Vice President of Environment,
 Health and Safety
 Senior Communications Advisor
 Enterprise Sustainability Lead
 Regional Sustainability Committees
 R&D and Engineering Team Representatives



Members of the Sustainability Steering Team discuss the Villotta, Italy, project.

We designed our sustainability goals to drive breakthrough thinking. We've been pleased to see how teams have pulled together to deliver innovative initiatives that have allowed us to make significant progress against our sustainability goals, and in many cases, generated a higher return on investment than traditional capital projects.

– Ron White, Chief Process Improvement Officer

■ Partnerships & Memberships

O-I embraces the opportunity to collaborate with other companies and engage directly with policy makers and trade associations to influence sustainability public policy. We support and are active members of scores of industry, packaging, recycling and public policy organizations around the world. Through decades of activity and leadership in these organizations, we seek to advance our company's interests on various strategic issues and mitigate risks to our business and sustainability strategies.

Presently, we enjoy leadership roles in the U.S. glass industry association, Glass Packaging Institute (GPI) and the European Container Glass Federation (FEVE), as well as organizations that seek to advance environmental and recycling policies, advocate industry standards and educate on the benefits of glass. We also play a lead role in the Packaging Council of New Zealand (PCNZ), which assists its members in minimizing the environmental impact of packaging by championing cost effective, sustainable solutions.

We are members of the glass industry associations in virtually every country in which we do business. In some countries, we also participate in organizations that promote recycling and waste reduction. Some of the significant organizations to which we belong or support are listed below. A more comprehensive list of our associations can be found in the sustainability section of o-i.com.

North America

- **American Institute for Packaging and the Environment (AMERIPEN) and the Packaging Consortium (PAC/PAC NEXT)** advocate for industry standards, higher recycling rates and quality material availability for end-market use, as well as educate packaging professionals on the benefits of glass.
- **California Manufacturers and Technology Association (CMTA)** seeks to advance glass container-related manufacturing policies in California.
- **Container Recycling Institute (CRI)** advocates for industry standards, higher recycling rates and quality material availability for end-market use.

Latin America

- **ABIVIDRO (Associação Técnica Brasileira das Indústrias Automáticas de Vidro)**, also known as the Brazilian Technical Association of Glass Automatic Industries, seeks to promote and enhance the use of glass and the flow of information from all sectors of the supply chain.
- **CEMPRE (Compromisso Empresarial para a Reciclagem)**, also known as the Brazilian Business Commitment for Recycling, is a nonprofit association that promotes recycling through publications, technical assistance and seminars. O-I supports CEMPRE organizations in Brazil and Peru.



O-I helped found and has chaired the U.S.-Poland Business Council. The USPBC helps to promote business ties between Poland and the United States.

O-I brings leadership and vision on sustainability, recycling and broader environmental issues to the Glass Packaging Institute. Their expertise and thoughtful leadership is helping us build a successful future for the North American glass container industry.

– Lynn Bragg, President, Glass Packaging Institute

Europe

- **The European Organization for Packaging and the Environment (EUROPEN)** is recognized as “The Voice of the Industry for Packaging and the Environment” and is the only pan-European cross-sectoral industry body dedicated exclusively to resolving the environmental challenges facing the packaging supply chain in an active and cooperative manner.
- **Food Packaging Forum** is a nonprofit foundation that provides independent information on issues related to food contact materials and health, and it also aims to establish a stakeholder dialogue on health and food packaging.

Asia Pacific

- **Australian Packaging Covenant (APC)**, of which O-I is a founding member, works with industry partners to deliver improved product stewardship outcomes for packaging in areas like recycling, litter reduction and packaging minimization.
- **Sustainable Business Council (SBC)**, The Sustainable Business Council (SBC) is an executive-led group of companies that catalyzes the New Zealand business community to have a leading role in creating a sustainable future for business, society and the environment.

■ Ethics & Compliance

At O-I, we focus not only on the sustainability of the glass packaging we manufacture, but also on sustaining O-I's reputation. Our employees are guided by two key principles: 1) compliance with applicable laws and regulations, and 2) adherence to high standards of ethical conduct, including a commitment to total and unwavering integrity.

In addition to complying with laws and regulations in all of the countries in which we do business, each O-I employee must behave in an honest and ethical manner when conducting business on behalf of the company. Employees are expected to demonstrate respect and integrity in all of their actions.

O-I's Global Code of Business Conduct and Ethics is a guide that helps employees understand significant legal and ethical issues that may arise while performing their job responsibilities or while conducting O-I's business. The Code applies to all employees worldwide and to the Board of Directors when they are acting on behalf of O-I. It is available in all of O-I's 13 official languages.

Supplementing the Code are various policies on anti-corruption, non-discrimination and non-harassment. All are available on O-I's Intranet, "O-I Home." All salaried employees are required to complete annual online training modules on the Code of Conduct and the other policies. Our Chief Ethics and Compliance Officer oversees the process for communicating, training and enforcing our policies.

The Ethics and Compliance Office provides employees with the tools and guidance they need to do their jobs in a manner that is consistent with our high standards of ethical conduct. To supplement online training, our Chief Ethics and Compliance Officer provides in-person compliance training around the world, providing the opportunity for employees to ask questions and discuss relevant issues in an interactive forum. Various communications to employees, including management speeches, emails, policy spotlights, articles on the employee Intranet, videos and posters enhance and reinforce employee awareness of O-I's ethics and compliance program.



Ethics and compliance training in Germany.

As a company, we must rely on each of our employees to share in our tradition of compliance with laws and adherence to high ethical standards. Each employee's behavior helps define collectively who O-I is and what our reputation is in the marketplace.

– Al Stroucken, Chairman and CEO

Ethics and Compliance Helpline

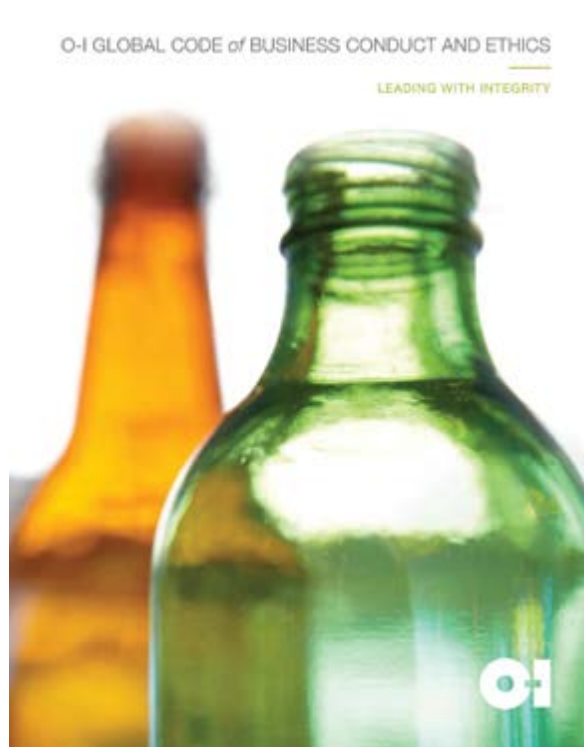
Employees who have questions about company policies or want to raise a concern about possible illegal or unethical conduct are encouraged to speak with their supervisor, human resources representative or a member of management. If an employee is not comfortable with these options, O-I's Ethics and Compliance Helpline is available. The Helpline is a confidential, multilingual reporting mechanism available 24/7 via the telephone or the Internet. It is staffed by an independent third party who provides regular written reports to the Chief Ethics and Compliance Officer and members of the company's ethics committee. Reports made to the Helpline may be made anonymously, subject to local laws. Reports are investigated in a timely, confidential and professional manner, without retaliation.

On average we receive about 170 calls to our Ethics Helpline each year. Every complaint to the Helpline is discussed by the ethics committee and investigated. Approximately one third of the complaints are found to have merit. Actions taken range from employee dismissal to reprimands to coaching and training. In 2014, three employees were terminated as a result of complaints raised through the Helpline, and two resigned. The Board of Directors is informed of Helpline activity at every board meeting. They review the complaints, the company's follow-up actions, and the time required to address each case.

Complaints fall into two major categories – accounting and financial, or human resource-related. In 2014, 92 percent of the complaints pertained to human resource issues, primarily employment concerns, general HR issues or inquiries. Of the 26 cases alleging harassment, 11 were found to have merit, and of the three cases alleging sexual harassment, two were found to have merit. There were no discrimination cases found to have merit.

In 2014 O-I had its Ethics and Compliance Program reviewed by an independent consulting firm, which determined that the company's programs and activities qualified as compliant with federal law. We are now taking steps to work toward a best-in-class Ethics and Compliance Program.

We are addressing the fact that complaints addressed to the HR department or employee supervisor are not included in Helpline statistics or monitoring. For instance, if an employee reports an issue to his/her manager and the manager addresses the issue in a way that satisfies the employee, that is captured in individual HR records, but is not tabulated centrally. As such, we know that the reports to the Helpline are only a component of all complaints. We intend to develop a system in the future to capture all ethics complaints in a central database.



Posters and brochures inform employees about O-I's commitment to an ethical workplace.

CREATING A MOVEMENT FOR GLASS – GLASS IS LIFE™



Examples of Glass Is Life social marketing and advertising.

O-I decided several years ago to transform itself from a commodity bottle producer to an industry leader, strategic business partner and innovator. Since 2011, the development and global reach of Glass Is Life positions glass as a modern choice and celebrates the reasons people choose glass.

Our award-winning Glass Is Life movement provokes a reassessment of both glass and O-I with customers and consumers. Featuring key customers, influencers, environmentalists and individuals who value glass packaging in their work and daily lives, the movement champions the benefits of glass and encourages people to choose and advocate for glass. Glass Is Life has been embraced by our employees worldwide, who view it as a source of pride and a rallying cry. The innovative nature of the movement – a manufacturing company stepping into a creative space – also appeals to potential recruits interested in working for a forward-thinking company with a strong sustainability profile.

Environment

Across our company, we are steadfastly committed to reducing our overall impact on the planet. We can do this through our products and our processes. And we can encourage consumers to choose glass packaging, which can be reused and recycled, to benefit the environment. It is no secret that environmental stewardship makes good business sense. Reducing our impact also lowers our costs.

We are fortunate to make a product that is environmentally sound. Glass is made of three abundant natural ingredients. Containers made of glass can be refilled, reused and endlessly recycled. It can be made lighter, a process we call lightweighting, which uses less glass per container, thereby requiring fewer raw materials per container. Plus, we use recycled glass in our manufacturing process – so we stop that material from going to a landfill.

We also try to minimize our environmental impact through changes to the processes we use. The more efficient our melting process, the less energy we need to melt the raw materials. Every 10 percent of recycled glass or cullet used in production leads to a 5 percent reduction in carbon emissions and a 3 percent reduction in energy use.



■ Material Reuse

The glass manufacturing process produces very little waste. In fact, glass can be made in a closed-loop cycle, meaning the end-of-life materials from glass can be used to remake the exact same product – over and over again. Additionally, using recycled glass in the manufacturing process requires fewer raw materials and less energy, both of which result in lower carbon emissions. By maximizing the amount of recycled glass we use in our production process, we reduce our environmental impact.

In 2009, we set a goal of using a global average of 60 percent post-consumer cullet in our manufacturing process by 2017. Cullet is the industry term for recycled glass, and post-consumer refers to glass that was once in the hands of consumers and is brought back through the recycling stream for reuse. Because we also use cullet that emanates from our production process (i.e., bottles that don't meet inspection standards), our cullet goal specifically refers to post-consumer recycled glass.

We created a global cullet goal of 60 percent from a 2007 baseline of 34 percent. Today, we are at 38 percent. Although we have made progress, there is room to advance. Collecting recycled glass from consumers by waste haulers is a complicated process, and its success is dependent on a variety of factors, many of which are outside our control.

To maximize the volume of recycled glass we obtain, there needs to be an infrastructure to collect the glass, which is often mixed with other recyclables and waste, and transport it to material recovery facilities (MRFs). There the glass must be separated from the other waste, cleaned and returned to our plants. In regions of the world where there are strong recycling infrastructures in place, such as in Europe, we are able to obtain and use far more recycled glass.

In the United States, for example, 10 states have bottle deposit programs. Consumers pay 5 or 10 cents per container when they purchase the product, and that money is refunded to them when they return the container. Nearly 80 percent of the cullet we use in our plants in the U.S. comes from those 10 states.

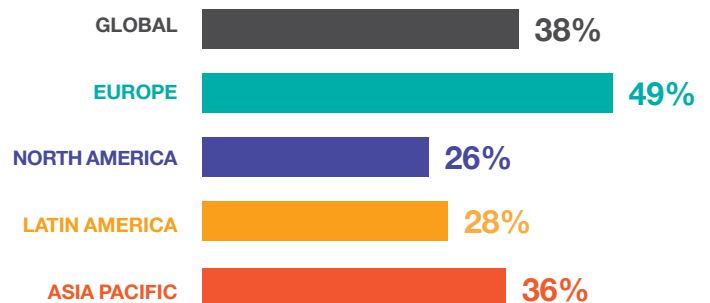
In 2014, we converted more than 4.7 million tonnes of post-consumer cullet into new glass containers worldwide. That is virtually the same amount we converted in 2013, which makes us the largest purchaser of post-consumer cullet in the world. But we want more. To achieve that, we are employing a multipronged approach that includes educating legislators, consumers and local community groups about the benefits of recycling glass, in addition to partnering with like-minded customers, nonprofits and material recovery facilities to collect more post-consumer cullet. We even sponsor food baskets for glass programs in some countries in Latin America (see story on pg. 48).



Cullet is gathered to create new bottles.

4.7 million
 metric tonnes of cullet
 purchased globally in 2014

Average Post-Consumer Content Used in Production



■ Partnering & Advocating for Increased Glass Recycling

The complexity of recycling infrastructures around the world encourages O-I to engage in advocacy, education and partnerships with regulatory officials, legislators, suppliers, customers and community groups to encourage more glass recycling.

Advocating for Recycling Laws and Policies

In New Zealand, O-I has taken a leadership role in increasing recycling. In 2011, we worked with city government officials in Dunedin and Wellington to establish glass-only, color-sorted curbside recycling. By educating consumers and creating channels that make it easier for them to recycle, we helped reduce the flow of glass into landfills and dramatically boosted the cleanliness and quantity of glass available for O-I New Zealand. As a result of this collaboration, O-I New Zealand increased the amount of post-consumer cullet used in production by 46 percent, from 81,000 to 118,000 tonnes, from 2010 to 2014.

In jurisdictions where glass recycling rates are low and it makes sense, O-I actively engages in legislative discussions promoting bottle deposit programs and stronger recycling infrastructures. Because of the strong bottle deposit program in Ontario, Canada, our plant in Brampton is able to use an average of 33 percent post-consumer cullet in glass production, which is higher than the average at our North American plants. Our Portland, Oregon, plant uses an average of 53 percent post-consumer cullet, the second highest in the region. That success is driven by a combination of the strong statewide deposit program and a joint venture recycled glass processing facility we opened in 2013 to ensure a steady supply of high-quality cullet.



Recycled glass processing facility in Portland, Oregon.

Partnering with Suppliers and Customers

In 2014, O-I Brazil teamed up with the local company Massfix to expand and improve the supply of recycled glass to O-I's plant in São Paulo, our largest in Brazil. Massfix collects, cleans and sorts cullet, which it then supplies to O-I. This includes processing the cullet collected through various glass collection programs at O-I Brazil. The partnership is expected to generate 11 percent more cullet for O-I in its first year, adding to the clear benefit of having clean cullet, which boosts productivity. If poorly separated or unclean cullet is used in a furnace, it can cause temperature fluctuations and gas emissions that then have to be managed, adding another level of complexity to the production process. Plans call to expand the partnership with Massfix to supply all O-I plants in Brazil by 2017.

Partnering with customers is another successful way to promote glass recycling. In 2013, O-I worked with Bacardi at the spirit maker's John Dewar & Sons' production site in Glasgow, Scotland, U.K., to collect discarded glass from its bottling facility and reprocess it into new bottles at O-I's Alloa plant. All cullet generated at the Dewar's bottling facility in Glasgow is collected and reprocessed by our waste management vendor and then sent to our Alloa plant to be produced into new glass bottles. The time between collecting the cullet and manufacturing a new bottle can be as little as three weeks.

The model we are using in Scotland is part of our overall efforts in Europe to actively engage in and promote a circular economy. A circular economy strives to produce zero waste by linking all of the players in a value chain to encourage optimal use of resources and reduced environmental impact. We are working closely with Carlsberg Group on one such project (see story on pg. 32).

Partnering and Advocating for Increased Glass Recycling

In Australia, to reduce the amount of excess green cullet and the amount of glass going to landfill, the O-I team worked to integrate more green cullet into the amber manufacturing process. When added to an amber batch, the green glass alters the amber color, resulting in what we refer to as a "redness ratio change." Color plays a large role in the shelf presence and marketing of a product, so it was important that our key customers were supportive of any change. By collaborating for more than a year with key customers, including large amber bottle purchasers SABMiller and Lion, we were able to change the Australian amber glass color specification to allow a higher level of green cullet to be used to make amber glass. By partnering with our customers on the new color spectrum we are able to use 5,000 to 10,000 more tonnes of green cullet in Sydney, Melbourne and Brisbane. Additionally, the project resulted in an increase of total recycled content of amber bottles.

O-I SUPPORTS THE USE OF REFILLABLES



The refillable bottle is the most sustainable type of glass container. Refillable glass bottles are particularly popular in Latin America, Europe and Canada, where they represent a significant portion of the market. More than six billion O-I refillable bottles are in circulation worldwide.

A refillable glass bottle can be used and refilled an average of 20-30 times before it is retired from circulation and recycled into new containers. The actual number of times it is reused depends in part on the visual condition of the bottle and the impact it has on the brand. Not only are beverages in refillable containers typically less expensive to purchase than standard one-way packages, they also are more sustainable, reducing waste to landfills, carbon emissions and energy consumption.

The environmental benefit of the refillables market is nothing less than staggering. While refillables comprise 7 percent of the roughly 40 billion containers O-I manufactured in 2014, the equivalent number of one-way containers required to meet demand would be 90 billion. To produce that many single-use bottles, O-I would need to operate nearly 170 factories, instead of the 75 we operated in 2014.

Engaging the Community

On a smaller scale, but with more of a personal impact, O-I also helps fund local programs that encourage community members to collect glass and return it to glass recovery centers. We are engaged with many such recovery initiatives in our plant communities (see the Glass for Food Baskets story on pg. 48). Some of our more robust community-oriented programs are found in our Latin American operations, where we partner with local organizations to address community needs.

We have also engaged multiple stakeholders to find solutions to critical environmental issues. To solve a significant garbage accumulation problem on the Galápagos Islands – one of the world's most important ecosystems, O-I Ecuador partnered with the Galápagos Islands' Environmental Government Agency and brewery Cervecería Nacional, an SABMiller subsidiary. The partnership collects glass bottles from the islands and processes them into cullet that can be used to make new products in the local operations. Nearly 350 tonnes of glass are diverted from the island's landfills every year. O-I has similar public-private partnerships in other areas of the world.

O-I New Zealand are active members of the Sustainable Business Council. They support our advocacy on key issues such as product stewardship and carbon management. They demonstrate leadership amongst members in resource efficiency, product stewardship and environmentally responsible design.

**– Penny Nelson, Executive Director,
Sustainable Business Council**

■ Energy & Emissions Efficiency

We rely on a consistent, continuous energy supply to fuel our furnaces and keep our operations running. Consequently, our energy use comprises a significant part of our environmental footprint. Energy accounts for 10 to 25 percent of total manufacturing costs, which makes it one of our largest cost components. As we pursue strategies to reduce our environmental impact, we consider the potential impact on both our energy usage and carbon footprint together, as they are fundamentally intertwined.

In 2009, we set goals to cut energy use per container by 50 percent and to reduce carbon emissions by 65 percent by 2017. We knew these were aggressive goals, but we also believed – and still believe – that having them spurs the imagination in ways that “easily” obtainable goals do not. Energy and emissions are our largest challenges, which is why we set the highest ambitions in these areas to inspire significant progress across our organization. To date, we have achieved a 12 percent reduction in energy and a 14 percent reduction in emissions. We are proud of our progress, but know that there is still more to do.

Carbon Emissions Globally and by Region

	SCOPE 1 (METRIC TONNES CO ₂ e)	SCOPE 2 (METRIC TONNES CO ₂ e)
GLOBAL	4,529,000	1,600,000
EUROPE	1,922,000	625,000
NORTH AMERICA	1,345,000	620,000
LATIN AMERICA	707,000	71,000
ASIA PACIFIC	554,000	284,000

Scope 1 refers to the carbon emissions created directly in our factories.

Scope 2 refers to the carbon emissions created indirectly by the electricity we use from the electric grid.

MOST ENERGY EFFICIENT FURNACE WITH ENERGY RECOVERY



Inside a furnace under construction.

In 2014, we installed a gas-oxy furnace at our plant in Järvakandi, Estonia. And we began construction of what will ultimately be our lowest energy furnace ever in Villotta, Italy. A traditional furnace is heated using natural gas and the oxygen present in air. The new furnace uses natural gas and purified oxygen to heat the furnace. This requires less energy and significantly reduces emissions because there is practically no nitrogen present. In fact, there is a 90 percent reduction in nitrous oxides, or NOx.

What's more, we will be implementing a proprietary heat recovery system to pre-heat incoming raw materials, which helps melt the materials faster in the furnace. Energy left over from the pre-heater is then sent to an Organic Rankine Cycle (ORC) generator that produces electricity. Because the generator itself also radiates heat, the cooling loop from that system is run through a series of pipes in the floor of the plant to provide heat to the building during the winter months – a process similar to home radiant heating systems. This also reduces demand on the plant's cooling systems.

The concept of this gas-oxy system is to turn outputs into inputs and extract as much benefit as possible from the energy we use. This type of approach is transforming our company and industry. Once both gas-oxy systems in the Villotta plant are complete and the full system is brought online, the plant is expected to use 10 percent less energy than our current best-in-class operation. And we are not stopping there. We are taking furnace technology to the next level and know there are more possibilities for improvement to be found.

To demonstrate that our goals are achievable and to measure our marked progress, we have approached energy and carbon reduction on an individual plant basis (see table on pg. 7). We first wanted to demonstrate that we can cut energy consumption by 50 percent per container and reduce carbon emissions by 65 percent per container in a single plant over the course of an entire calendar year. And we were successful in doing so. Our efforts are now directed toward replicating these successes across our footprint to deliver this performance across all levels of the company. Due to variations in the availability of natural gas and the ways electricity is provided in different countries, we cannot expect every plant to achieve the same results. But we can – and do – expect every plant to decrease its energy use and reduce its carbon emissions.

Alongside our investment in more efficient furnace systems, we are pursuing other opportunities to reduce energy use and improve the sources of the energy we do use with the help of renewables. We actively explore ideas from outside our organization – including other industries – to determine the potential value to O-I. From installing LED lighting in our offices and factories to heat recovery in our manufacturing facilities, we are committed to pursuing energy efficiency in both big and small ways.

Highlights of our current initiatives include:

- Installing LED lighting in our offices and factories to reduce energy and maintenance costs, at the same time increasing the quality of light supplied
- Installing frequency inverters on large electric motors to reduce energy use and increase service life
- Managing compressed air systems to eliminate leaks, use only where needed and deliver at the minimum pressure required
- Investigating renewable energy such as wind and solar, in addition to co-generation
- Investigating modifications to the composition of our raw materials to reduce emissions and melt glass more efficiently
- Tapping the emerging field of carbon utilization to convert CO₂ into usable products
- Piloting ISO 50001 certifications

EXPANDING LED LIGHTING USE

In July 2014, we finished installing LED lighting and motion sensors at our global headquarters building in Perrysburg, Ohio. We replaced all of the lights inside the building and in the surrounding parking lots, and we installed motion sensors to idle internal lights in the evening. This LED lighting retrofit is expected to reduce electricity consumption by more than 200 MWh each year – the equivalent of what 20 U.S. homes would consume annually – and to provide a service life of 10 to 20 years.

In December 2014, after the success of the LED lighting installation at the global headquarters building, O-I's Brampton, Ontario, plant converted all of the lights in the warehouse to LED with motion sensors so that the lights only turn on when someone is in the area. The project is expected to reduce energy consumption by more than 800 MWh each year – the equivalent of what 80 U.S. homes would consume annually.

We know that retrofits like these can be scaled across our global operations. To incorporate more energy-efficient lighting solutions across our facilities, we are now validating the current pilots and will look to replicate those results across our global footprint after the pilots are complete. Once adopted companywide, LED lights and other light sensors could reduce our electricity use by approximately 100,000 MWh per year, saving millions of dollars in energy and maintenance costs in our operations.

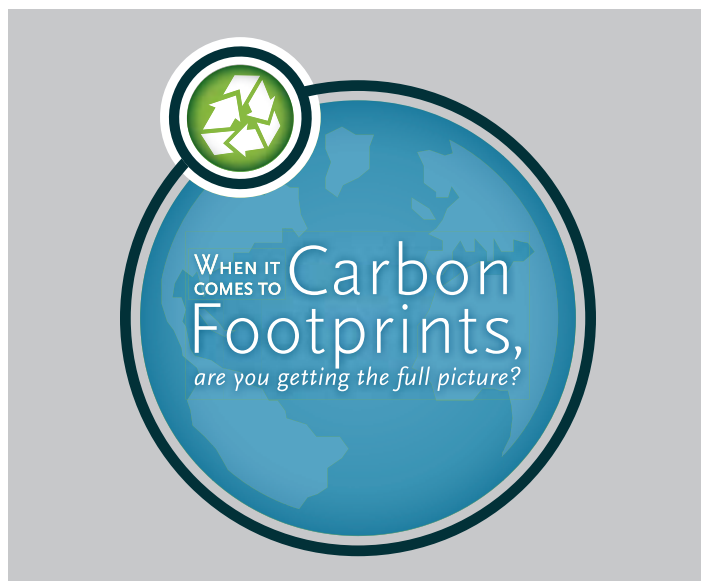


O-I's Leadership in Energy and Environmental Design (L.E.E.D.) certified headquarters building in Perrysburg, Ohio.

■ Our Complete Life Cycle Assessment (LCA)

To facilitate process improvements in energy and carbon emissions, we conducted a Carbon Footprint Life Cycle Assessment (LCA) in 2009 that analyzed the environmental impact of a glass container from the extraction of raw materials to the container's end-of-life. This complete analysis helped us identify areas in our value chain where we have the most significant impact and where we can exercise the most control: energy and carbon emissions.

Our LCA enabled us to identify the phases in our production process where we consume the most energy and generate the most carbon emissions. Clearly furnace operation is the largest area of impact, which is why our research and development teams are primarily focused on projects aimed at making furnace operation more efficient.



RESULTS FROM OUR COMPLETE LIFE CYCLE ASSESSMENT

In 2009, we added transparency to the sustainability discussion by sharing the methods and results of our Carbon Footprint Life Cycle Assessment (LCA). The study generated the first complete picture of a glass bottle's carbon footprint – from raw material extraction to end-of-life management – across all of our operating regions.

We found that refillable glass bottles are by far the container with the smallest carbon footprint. Because a refillable container can be used an average of 20-30 times, its per-container carbon footprint is much less than that of a single use container, even when considering transporting and washing the container in between uses. Despite a heavier weight, even single-use glass containers generate carbon emissions competitive with or better than alternative packaging materials.

This holistic review of glass containers' environmental impacts was the first to look at the entire life cycle. Most other LCAs have examined the carbon impact of production and disposal but failed to account for extraction of the raw materials, as our study did. We started with the Earth and ended with the Earth.

The validation and verification steps of O-I's LCA were completed by AMR Research – a leading research company that provides services in product life cycle management, Eco-Nomics – a sustainable enterprise consulting firm with ties to the U.S. Environmental Protection Agency, and IVAM – a Dutch sustainability consulting firm. Our LCA summary can be found on o-i.com under "Sustainability."



Raw material extraction & processing

Extraction and then processing of raw materials, including recycled glass (cullet). Cullet reduces the raw materials required to make new glass containers.



Raw material transport

Transportation of raw materials and cullet to the manufacturing facility.



Production process

Production plus combustion of fuels and energy for melting and forming glass containers.



Transport of finished goods

Transportation of finished containers to the end user.



End-of-life management

Refilling, recycling or disposal of glass packaging.



Complete Carbon Footprint

■ Transportation

It is a myth that the environmental profile of glass is worse than other packaging materials because it is heavier to transport. In reality, transportation accounts for less than 5 percent of a packaging material's total carbon footprint.

Transportation is
<5% of total
carbon footprint

Glass container production is by and large a local industry. The vast majority of our customers and suppliers are within 300 miles of our production plants. Sand is our most significant raw material, and virtually all of our sand is supplied locally. Still, we always look for ways to minimize the distance our products are shipped. And it makes economic and environmental sense to do so. In ideal situations, our plant is right next door to the bottling facility. This is the case with our partnerships with Nestlé Waters in France and with Constellation Brands in Mexico.

Nestlé Waters

In 2011, we acquired the VDL Company, a single-furnace glass container plant in Vergèze, France. The Vergèze plant is located very near the Nestlé Waters' Perrier bottling facility and has a long-standing supply relationship with Nestlé Waters. Bottles are moved from the production plant on a conveyor to the bottling plant. O-I is the leading supplier of glass bottles for the Perrier brand, as well as Nestlé Waters' other water brands worldwide.

Constellation Brands

In December 2014, we created a joint venture with our customer, Constellation Brands, Inc. (CBI), to operate a plant that is adjacent to CBI's brewery in Nava, Mexico. The brewery brews several popular Mexican beer brands for export to the U.S., including Corona, Modelo and Pacifico. The pallets of empty glass containers move from the high density storage facility to the brewery via an overhead conveyor that crosses the road to the brewery. The high density storage facility and the conveyor are controlled robotically.



Upper: One of O-I New Zealand's delivery trucks.

Lower: One of O-I Brazil's delivery trucks.

■ Waste Reduction

Over our more than 100-year history, reducing waste has become part of our culture, not just for the environmental benefits, but because it makes sense economically. In the production process, we generate glass waste - a glass container that does not meet our stringent quality specifications. This waste is sent back to the furnace in a closed-loop fashion, so we are able to reuse all glass waste generated internally.

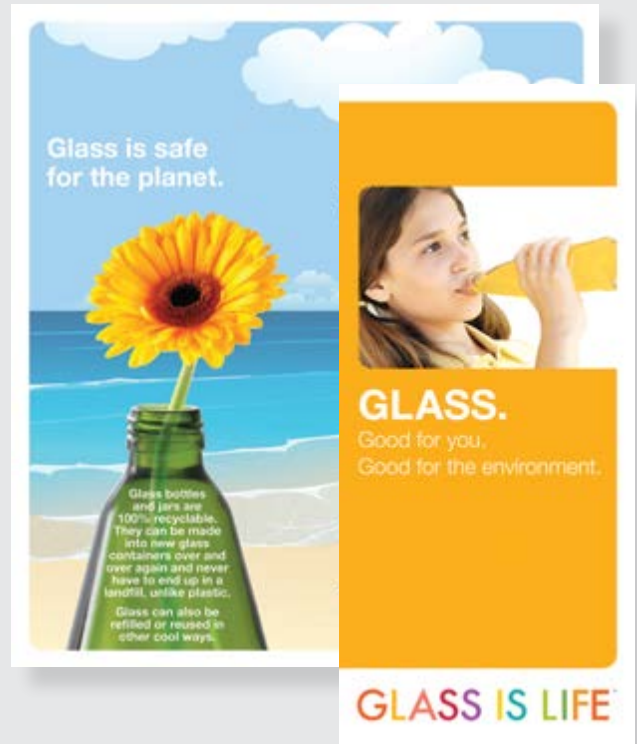
Outside of glass waste, we generate a very small amount of other waste from our plants. By reusing our own glass and using recycled glass generated by the public, we help keep discarded glass out of landfills.

When we can't avoid waste, we strive to reuse. For instance, we use pallets to store and ship our products, and we ask customers, when feasible, to return the pallets and the tier sheets used in stacking for reuse. Likewise, the oil used in the maintenance of our machinery is typically collected and sent out to be reused or refined into other oils. At times, the processed oil finds its way back to us and is used to fuel our furnaces in a truly wonderful example of the circular economy.

When we cannot reuse, we try to recycle. From light bulbs and plastic straps to cardboard and mould equipment at the end of its useful life, our plants have established processes to send the items to be recycled, diverting our waste from landfills. For other items that cannot be recycled, we examine possible uses to find them new life. For instance, the brick from a retired furnace is often sent for use in constructing roads or used to make other types of brick.

To encourage reuse and recycling in all our plants around the world, our Environment, Health and Safety teams regularly share best practices for waste reduction. We recognize the importance of waste reduction and are evaluating establishing a specific goal in this area once we determine where we can make the most impact.

RECYCLING AWARENESS STARTS WITH KIDS



We believe that one of the most effective ways to increase awareness of recycling is through education. To support an outreach to Toledo-area schools, we created informational materials on glass and recycling geared toward children. The publications are available for all plants to use in their communities.



Cullet is held in large bins at the Schiedam plant in the Netherlands.

■ Water Conservation

Water is an important part of the glass-making process, although we use very little of it in our plants. Water is mainly used in the manufacturing process to cool the high-temperature furnaces, to deliver protective coatings to the glass bottles and to ensure the molten glass does not stick to the chutes through which it is conveyed.

Process water is circulated through our plants in primarily closed and semi closed-loop systems. Most of the process water O-I brings into our facilities is returned to the environment naturally through evaporation, as well as ground and surface water replenishment. Because we use so little water, we have focused our sustainability efforts on other issues, such as energy and carbon emissions. Even so, we are committed to improving our water tracking systems and to continually reduce our water demand globally.

200-2,000

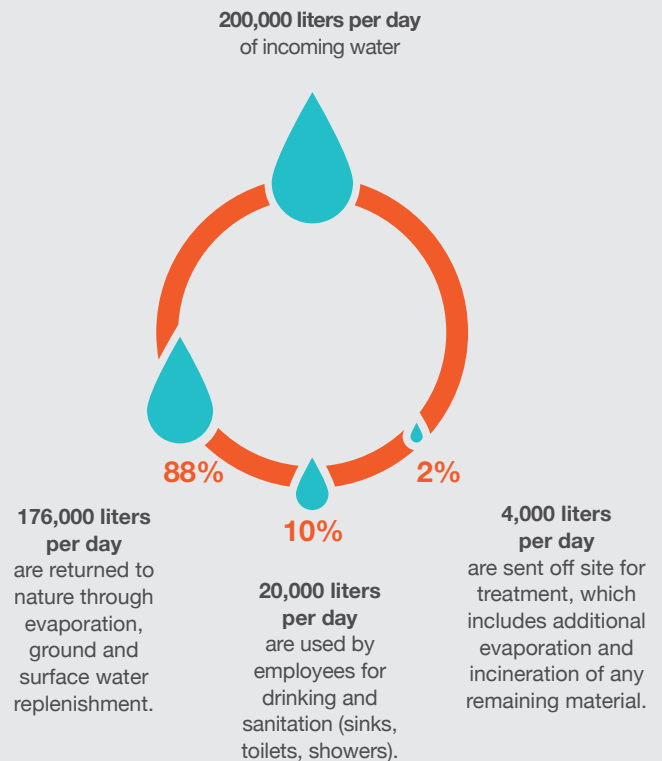
liters of water per tonne of glass

Our water management process varies from plant to plant because of asset maintenance requirements, in addition to local climatic conditions that determine how significant water use is. In the past, the lack of reliable or available water resources forced us to develop processes that reused water to the greatest extent possible. These processes still stand today and help us reduce our reliance on the watershed.

Our water comes from three primary sources:

- 1) municipal/city systems
- 2) wells
- 3) surface (rain, pond, river, lake)

WATER USE AT A TYPICAL PLANT



WATER CONSUMPTION FOR A TYPICAL 355 ML / 190 GRAM BOTTLE



38 - 380
milliliters
water used

The amount of water we use to produce a container can often fit inside that container. Few packaging materials can say the same.

Health & Safety



At O-I, health and safety are critical components of our sustainability commitment and values that apply to all employees, contractors and visitors in our facilities. In 2009, we set a goal of achieving zero injuries in the workplace by 2017. Setting this aspirational goal was the start of many programs aimed at increasing safety and safety awareness.

Beginning that year, and to this day, our CEO reports on safety progress at the beginning of every major communication he has with employees – a practice replicated by leaders throughout the company. We believe that employees deserve to go home at the end of their day in the same condition in which they arrived. Each employee has the right and responsibility to a workplace that is safe.

Nothing is more important than safety. Not profit. Not productivity.

■ Creating a Culture Focused on Health & Safety

O-I is on a journey to improve health and safety and ensure compliance with environment, health and safety regulations around the world. In recent years, we've transitioned from correcting workplace hazards and optimizing processes, to helping prevent incidents from happening in the first place. We have moved our focus from lagging metrics to leading metrics – such as Near Miss Reporting and Environment, Health and Safety (EHS) Walks & Talks – which help identify and mitigate potential issues before an incident occurs. Since implementing these programs, we have observed significant improvements in our safety performance, heightened employee awareness of workplace hazards and generated a marked shift in O-I's culture that engages every employee in EHS management.

We continue to track lagging metrics as a means of gauging progress over time. Over the last three years, we have reduced our rate of total recordable incidents by 33 percent. The Total Recordable Incident Rate (TRIR), a lagging metric, is the number of recordable incidents per 200,000 hours worked.

We have begun to change the safety culture at O-I and made every employee – whether in a plant or an office – aware of his or her responsibility to work safely. With the correct front-line leadership tools and training, both of which contribute to establishing trust, we can ensure that our employees go home in the same condition in which they came to work.

– Jim Joyce, Global Vice President, Environment, Health and Safety

O-I's goal is to affect the proper behavior and create a work environment based on cooperation, trust and continuous improvement. Every employee is encouraged to become actively involved in O-I's EHS process and initiatives, helping to create a safer workplace for all. Failure to adhere to the policies, rules and protocols can result in disciplinary action.

To ensure that every employee in every plant is aware of safety expectations and protocols, we have at least one person in each plant who is a trained member of the EHS team. The EHS leader works closely with plant managers to enhance safety measures and protocols, complete periodic facility audits and ensure compliance with all rules and regulations. The leader is also responsible for ensuring adherence to all processes, raising awareness of environment and safety issues and promoting the company's EHS policies and principles. The most important aspects of EHS are captured in O-I's six Golden Rules, which were rolled out in 2013 (see pg. 29).

Health and safety training is conducted in a number of ways at O-I, depending on the responsibilities of the impacted employees. Plant employees are required to attend in-person health and safety training before they begin work, and they are obligated to complete refresher courses on a regular basis.

Those working in manufacturing roles receive additional training through regional health and safety workshops, which focus on O-I's comprehensive Life Saving Protocols – a global initiative started in 2014 to standardize health and safety training around critical elements, such as lifting and supporting loads and management of hazardous materials. These are supplemental to the education and training programs provided to employees by the company through their health care benefits.

All employees and visitors in the plants are required to wear personal protective equipment, depending on the tasks they perform. In most cases, this requires a uniform, helmet or hat, ear and eye protection, safety shoes and gloves. We conduct regular audiometric testing of plant employees to help identify and prevent hearing loss.

■ Our Environment, Health & Safety Programs

In 2013, we revitalized our emphasis on our Health and Safety Near Miss Reporting Process, which encourages employees to identify and report potentially unsafe conditions and actions (e.g. a vehicle left unattended with a key in the ignition or an open electrical cabinet) without fear of disciplinary action. This approach proactively addresses issues before they become serious.

To further strengthen safety awareness, we introduced EHS Walks & Talks, which were first used in Asia Pacific in 2013. During EHS Walks & Talks, employees at all levels of the company initiate impromptu safety discussions in a specific work area or department. As part of these discussions, employees can raise concerns and help resolve issues. EHS Walks & Talks are being introduced in all regions and have encouraged open dialogue about EHS initiatives and helped reinforce leadership, ownership and accountability at all levels of the organization. Since the program's inception in 2013, thousands of Walks & Talks have been conducted. By encouraging every employee to participate in improving O-I's safety performance and broadly communicating the results monthly, we have experienced a dramatic cultural shift in our approach to safety.

Building on the success of the Health and Safety Near Miss program, we launched the Environmental Near Miss Reporting Process in 2014, encouraging employees to also identify and report environmental risks (e.g. possible improper waste or chemical storage). As a result, approximately 4,500 near misses were recorded in the first nine months of the program.

These programs have not only helped keep environment, health and safety at the forefront of our operations, they have also helped reduce fines. In 2014, we paid fines of approximately \$115,000 in North America. That is a significant reduction over 2013, when we paid \$1.92 million in fines that resolved issues dating back several years. Approximately one fourth of the 2013 fines pertained to discharge violations at one of our plants in California, and \$1.45 million related to a settlement we reached with the U.S. Environmental Protection Agency to resolve alleged Clean Air Act violations at other plants. As part of the EPA settlement, O-I agreed to install pollution control equipment at those facilities. The pollution control equipment cost about \$30 million and has since been purchased and installed.

Our reporting programs have also received positive recognition from external stakeholders. O-I Europe's Near Miss Training Program recently qualified as a finalist in the European 2015 Energy and Environment Awards, which recognize organizations that demonstrate total commitment to overall health, safety and environmental responsibility.

INNOVATION IN SAFETY, ENVIRONMENT AND PRODUCTION



Automatic blank lubrication of a mould.

Sustainability is often described in terms of people, planet and profit. Sometimes, a wonderful thing happens and a technology touches all three simultaneously. A true win-win-win effort. A great example of that in O-I is ABL, or automatic blank lubrication.

The blank moulds (which we refer to as blanks) need to be lubricated during the container forming process. Otherwise, molten glass can stick to the metal. This lubrication is done with a very thin layer of carbon that allows the molten glass to flow freely inside the blanks.

Because this carbon can be deposited automatically and in a very consistent manner with ABL, the benefits are numerous. ABL keeps operators' hands away from the moving parts of the forming machine. It applies a small and even coating to the blanks, creating a more consistent process, thereby reducing the risk of quality defects. Additionally, the disruption to the process is so minimal from the small amount applied, that no containers are rejected during the lubrication process. This reduces waste, saves energy and results in increased production.

Safety Risks & Challenges

In 2009, we set a safety goal of achieving zero injuries in the workplace by 2017. To track our performance against other global companies and to reflect our progress against this safety goal, we decided in 2012 to use our TRIR (Total Recordable Incident Rate) metric.

We measure our progress against our goal of zero injuries by closely monitoring both our TRIR and our Lost-Time Injury Rate (LTIR), the number of lost-time injuries per 200,000 hours worked. O-I tracks and evaluates regional plant performance each month to gain insight from those injuries that have already occurred and to develop proactive strategies that prevent future injuries from happening.

Safety Performance Globally and by Region

	TRIR	LTIR	FATALITIES
GLOBAL	1.68	0.37	0
EUROPE	0.79	0.29	0
NORTH AMERICA	3.05	0.28	0
LATIN AMERICA	1.53	0.68	0
ASIA PACIFIC	1.41	0.18	0

Consumer & Product Safety

Because our product serves as the container for food and beverages that are ultimately consumed by millions of people every day, the safety of our product is of critical importance. We do all that we can to ensure that our products meet the highest quality and safety standards for the consumer.

Glass is known and celebrated for protecting the purity and quality of the products it contains. It acts as a natural barrier against bacteria and is impermeable to oxygen, preserving taste and keeping food and beverages fresh and full of their natural vitamins, minerals and other health benefits. Glass is highly inert, protects the food and drink it holds, can be reused and infinitely recycled. Glass can also provide protection from UV rays, which can degrade food and drinks.

Long before regulatory agencies imposed global food safety standards, O-I used rigorous processes to supply containers that did not compromise the integrity of the products contained inside. Every bottle we produce passes through sophisticated inspection equipment. Glass containers also qualify as Generally Recognized As Safe (GRAS) in the United States under sections 201(s) and 409 of the Federal Food, Drug and Cosmetic Act, meaning that it has been adequately shown to be safe under the conditions of its intended use. The GRAS recognition remains unique in the food packaging space as glass is the only material with this rating.

Our rigor around product safety prepared us to meet the emerging requirements of the Global Food Safety Initiative (GFSI), a global organization that approves auditing standards to enhance food safety. O-I representatives have worked with GFSI to develop industry-wide standard protocols and requirements for making food-safe packaging. Thus far, 25 O-I facilities have received certification by GFSI as we believe this achievement is critical in continuing to illustrate our pursuit of excellence.

O-I'S GOLDEN RULES

Our focus on environment, health and safety is holistic – we think of these disciplines together, and we rolled out Golden Rules related to them in 2013. They outline the expected conduct of every employee with respect to environmental compliance, industrial health and occupational safety. Many employees carry Golden Rules cards in their pockets, wallets or with their employee ID badge. They serve as a reminder of the key things we can do to improve our lives as employees and the impact we have on the environment.

1

Always follow, and encourage others to follow, all **EHS procedures**, directives, warnings, signs and training requirements.

2

Always use all required **Personal Protective Equipment (PPE)** applicable to a given task.

3

Never work under the influence of alcohol or drugs. This applies to employees, contractors and visitors.

4

Report all injuries, near misses, and environmental or property damage, accurately, completely and in a timely manner.

5

Follow O-I's life saving practices/protocols. This applies to employees, contractors and visitors.

6

Always operate equipment with the required safety and environmental controls in place.

Innovation



Innovation has played a significant role throughout O-I's 111-year history. From the first automated bottle making machine to inspection equipment to bottles with enhanced UV protection, we have frequently led the glass making industry. Today, innovation has many faces and has taken a prominent role in process and product technology, business practices, marketing campaigns and customer partnerships.

We believe that innovation and technology are competitive differentiators in the packaging field and absolutely essential to the long-term sustainability of our company. We believe that we can achieve more through a wide range of partnerships, from connecting our R&D teams with academia, to engaging in recycling and other environmental partnerships with our customers and suppliers.

By investing in R&D, technology and innovation, we can identify new ways to melt and form glass; we can reduce our environmental footprint; we can help our customers differentiate their brands; and we can build advocacy amongst consumers to demand glass packaging.

Sustainability at O-I has proven to be an important driver of innovation. In trying to achieve aggressive sustainability goals, we have developed creative concepts and tapped resources we might not have otherwise considered, helping to advance our customer offerings.

■ Our Approach to Innovation

In the past three to five years we have committed substantial resources to innovation and to R&D. We have expanded our R&D team with a broad range of disciplines, including glass furnace and forming scientists, physicists, chemists, electrical engineers, mechanical engineers and project managers. Investing in innovation and technology is a key part of our business strategy.

Our approach to innovation concentrates on our processes and our products, both in multifaceted ways. Process innovation refers to changing the production process to make it more efficient, more streamlined, more environmentally friendly or less costly. It is supported by a commitment to continuous improvement, which is a defining characteristic of our company. While much of our process innovation involves incremental change, we believe that fundamentally changing the way we melt and form glass will lead to step change in the industry. Product innovation ranges from new designs driven by customer demand to products with completely new functionality.

We are excited by the capabilities the Innovation Center is providing. By significantly changing the way glass is made, we can deliver even more innovative and brand-building products for our customers, increase the efficiency of our operations and further enhance the sustainability of glass.

**– Ludovic Valette, Ph.D., Global Vice President,
Research and Development**

■ Innovation Center Enables Speed & Flexibility

To provide for the step change we are seeking, we are investing \$35 million in our innovation capabilities, which includes the \$25 million state-of-the-art O-I Innovation Center we recently built at our global headquarters. This 24,000-square-foot combination R&D and pilot plant facility provides a unique venue for R&D and product innovation teams to work together with their commercial counterparts, as well as manufacturing and engineering experts, to accelerate the design-to-delivery process for our customers. In recognition of the great value the Innovation Center has brought the company since it began operation in the fall of 2013, we expanded the facility in 2014 with new capabilities.

The Innovation Center is equipped with a 20-metric-tonne gas-oxy furnace (which substitutes oxygen for air in the combustion process, reducing fuel consumption and emissions), two production lines and inspection equipment. Capable of producing and inspecting a wide range of containers, the Innovation Center has proven particularly valuable in incubating new test products or processes before they are ready for full-scale deployment.

On one production line, samples of new products are made. This allows for incremental change using an iterative process, significantly reducing the time needed to produce the bottle correctly and avoiding disruption to our primary manufacturing plants. The other production line is dedicated to R&D of new technologies and processes for melting and forming glass.



The rapid speed of incubating new ideas in the Innovation Center helps us provide solutions to meet customer needs and take advantage of market opportunities. In 2014, the Innovation Center team produced more than 40 concept bottles for customers and for internal development purposes.

■ Process Innovation Contributes to Sustainability

Establishing bold sustainability goals in 2009 caused us to stretch our imaginations and consider new process changes and ideas. Glass has been made using the same process for decades, but we knew that there were improvements to be made in light of recent advances in technology. So we began thinking differently and considered practices in other industries that we could adapt. We have used a broadly accepted stage-gate process to advance ideas that look promising and halt those that are not viable.

Our R&D and innovation work is focused on reducing energy use, emissions, waste, and taking costs out of the manufacturing process. This includes developing step changes in glass melting practices, which has the potential to significantly reduce the company's capital and operating expenditures. Innovation work also involves modifying forming practices, which can yield a more uniform glass thickness under a high manufacturing rate, while decreasing the weight of each container. This "lightweighting" process, which minimizes the amount of glass used for each container, requires less raw material per container, resulting in lower CO₂ emissions.

O-I JOINS CARLSBERG CIRCULAR COMMUNITY

In 2014, O-I Europe joined forces with Carlsberg Group – one of the largest brewery groups in the world – to launch the Carlsberg Circular Community (CCC), a sustainability initiative that invites suppliers to help Carlsberg develop packaging solutions for the future.

Carlsberg challenges suppliers to develop sustainable packaging using the Cradle-to-Cradle® design framework. This scientific approach to improve social, environmental and economic benefits of products identifies improvement potential in glass packaging to make the overall product more sustainable.

Carlsberg seeks to launch three Cradle-to-Cradle® certified packaging products by 2016. The first will be the Kronenbourg 1664 25cl bottle manufactured at O-I's plant in Gironcourt, France. Due to the exigent nature of this certification, O-I has been fully involved in collecting all relevant data needed, including energy, water, renewable energy and social aspects of the workforce in Gironcourt.

The CCC expects to generate other benefits through new partnerships and closer collaboration throughout the value chain. This increased connection to our customers helps O-I foster innovations that are a win-win for our company and our customers.

Through the Carlsberg Circular Community, of which O-I is a founding partner, we want to optimize our packaging by applying the Cradle-to-Cradle® design framework. By doing so, we want to create products that can be upcycled, meaning that a material will have the same or higher value in its next life. We are thrilled to partner with O-I, and look forward to cooperating even more in the future on the creation of sustainable solutions.

– Simon Boas, Director, Corporate Communications and CSR at Carlsberg Group

■ Commitment to Product Innovation

Product innovation centers on developing differentiated and functional technologies that satisfy unmet market needs and deliver an improved consumer experience. Some of our most effective product innovations stem from collaboration with our customers to address specific packaging or branding growth opportunities. In 2014, we launched more than 550 new products in collaboration with our customers.



Helix screw cork bottle, created in partnership with cork manufacturer Amorim.

Helix

Our Helix screw cork bottle emerged from a four-year partnership with Amorim, the world's largest manufacturer of cork stoppers and a global leader in wine packaging. The new 'twist to open' concept combines an ergonomically designed cork stopper and a glass bottle with an internal thread finish in the neck. This creates a high-performing and sophisticated wine packaging solution. Helix combines all the benefits of cork and glass – quality, sustainability and premium image – with user-friendly, resealable convenience. It can be employed quickly and easily by wineries with only a minor adjustment to existing filling lines. Helix bottles are now on the shelves in several European countries and have earned many packaging awards and accolades from around the world.

Covet™

Five years ago, O-I created a specialty business aimed at customers with a slightly more entrepreneurial orientation. Our Covet business serves as a frontier for product and process innovation. In addition to providing customers with unique and memorable designs, Covet offers a highly flexible, low risk production environment. This allows customers to test courageous ideas and concepts in smaller volumes before moving to broader commercialization. Expressions of Covet include the Yaguara cachaça bottle and the American Honey bottle for Campari.

Versa™

O-I offers customers innovative solutions through several branded platforms. Our Versa platform focuses on eliminating issues in food packaging that irritate consumers, such as dried sauce on the rim of a jar that has been stored.

VersaFlow™: The VersaFlow carafe, first launched in 2012, has a unique spout that smoothly pours sauces and dressings. By significantly reducing dripping, the product decreases food waste and delivers a cleaner packaging option.

VersaFlip™: Building on the success of VersaFlow, O-I launched the VersaFlip, a jar with a wider mouth and tip points for easy access, specifically made for salsa and dips. The angle allows consumers to dip foods with more ease and less of a mess.

Vortex™

Our Vortex platform offers customers enhanced performance in refreshment – enriching the experience the consumer has when drinking from the bottle. Our Vortex internal embossing innovation has found a place on retail shelves around the world, with Miller Lite in the United States; with Tui and Wahoo in Australia; and with Sporade in Peru.

Vera™

Our Vera platform provides new levels of protection for our customers' products. Factors such as UV rays, counterfeiting and tampering are all areas of focus for Vera. Special glass colors like red and black are part of this platform because they provide enhanced ultraviolet protection.

When major innovation happens in the glass container industry, it takes time for customers to integrate the innovation into their product lines. Often production changes are required, and sometimes there are regulatory approvals needed. The commercialization of black glass exemplified this dynamic. Black glass was first launched in 2010, but it wasn't until 2014 that we began producing noteworthy quantities of black glass for customers.

In addition to our product platforms, we conduct ongoing roadmapping exercises to identify and anticipate customer and market trends. We also contemplate areas where we think we may be able to have an impact, such as reducing food waste. And we have expanded our capabilities to service our customers. We now offer a suite of design and brand development services. Our PHNX Brands™ team collaborates with our customers' brand and marketing managers to solve problems, create new concepts and sometimes pave a future path.

We believe that by combining our customer and consumer insights, design and manufacturing expertise and passion for the work we do, we can create greater value for our business, our customers and the glass packaging industry.



O-I HELPS BEECH-NUT® TRANSFORM THE BABY FOOD CATEGORY

In the spring of 2014, O-I customer Beech-Nut launched a new baby food line. Positioned as "real food for babies," Beech-Nut set out to transform the baby food category. O-I's new product development and marketing teams collaborated with Beech-Nut from conception to commercialization, redesigning the jar to complement the totally new recipe, production and overall branding.

The baby food jar had barely changed in the 50 years since it was first introduced. The O-I design team came up with the new honeypot shape, improving functionality, as well as placement on retail shelves and at home. The honeypot shape maximizes the color and texture of the food and conveys a unique, premium appearance, helping the jar stand out on retail shelves. The tapered sides angle the label toward the consumer, increasing the brand visibility. The wider bottom gives parents more room to move the spoon around and reach all of the food inside. And finally, the new shape offers improved stackability at retail outlets and at home in the pantry.

Employees



O-I employees share a passion for creating pure, iconic and sustainable glass containers. As a company, we provide a safe, inclusive, motivating and collaborative work environment that encourages employees to bring their best to work every day.

We are committed to developing our employees in a culture of respect and integrity. For decades we have provided good, stable jobs to thousands of employees around the world. In addition to good wages, we provide employees with a suite of benefits – including health care, retirement and other country-specific amenities.

Our employees around the world embody a diverse set of nationalities, languages, customs and lifestyles. While we have grown, in part, by acquisition, we have welcomed many cultures into our family, and we remain one O-I. If you ask O-I employees to describe our company culture, you will get varied responses in different parts of the world. When we recently asked employees to describe our culture, certain words transcended all geographies: passion, excellence, challenge, innovation, integrity and respect.

Through our all-employee survey, which is administered every two to three years, we learn what is working and what is not, and we act accordingly. In recent years we have worked to address areas where we continue to have gaps – recognition programs, personalized career plans and on-the-job training.

Although we do not have a global human resources information system at O-I, which means we cannot track some data on a global scale, we have a lot of good stories to share. We bring you some of them in the following pages.

■ Career Longevity at O-I

O-I is honored to employ many long-time employees, including some who have dedicated decades of energy and commitment to providing quality products and services to our customers. Almost 60 percent of O-I's employees have been with the company for more than 10 years. These employees demonstrate the passion and purpose that characterize our workplace, and they frequently serve as mentors and role models for others.



Upper: Helen Marie and John J. McMackin, former vice chairman of O-I.

Middle: Shaun McMackin and his daughter, Erin, in Perrysburg, Ohio.

Lower: Marcin, Marek and Wes Mastek. Marcin and Marek are based in Jaroslaw, Poland, while Wes is in Perrysburg.

MULTI-GENERATIONAL FAMILIES AT O-I

Among our long-service employees are families who have given generations of service to O-I and are deeply connected to the company. The achievements and successful careers of our long-service employees are a testament to the myriad opportunities for growth, advancement and career satisfaction at O-I.

McMackin Family

Three generations of the McMackin family have worked for O-I. John J. McMackin joined Brockway Glass in 1950 as an electrical engineer, and he advanced through the company, ultimately becoming chairman. When O-I acquired Brockway Glass in 1988, he was named vice chairman of O-I.

John's youngest son, Shaun, started with Brockway Glass during his college years as a summer employee in 1978. After graduating, Shaun took a position in the Muskogee, Oklahoma, plant. He went on to hold a number of management and leadership roles in North America and globally, including global vice president of quality. Today, Shaun is vice president of operations and engineering, North America. His brother, John Jr., the oldest son of John Sr., serves on the O-I Board of Directors.

Shaun's youngest daughter, Erin, became the third McMackin to wear the O-I logo when she started as an intern in the corporate communications group in 2014. Later that year, Erin joined the company as a corporate communications specialist.

Mastek Family

The Mastek family has a strong history with O-I and the Jaroslaw, Poland, plant in particular. Brothers Zbigniew and Edward Mastek were the first of three generations to join O-I. Edward worked as a shift supervisor in the batch house, and Zbigniew was a driver in the procurement department.

Zbigniew's sons, Marek and Witold, became the second set of Mastek brothers to join O-I. Witold (Wes) started in Jaroslaw, spent time in Perrysburg, Ohio, then Bussigny, Switzerland, and he is now back in Perrysburg as a project manager in the research and development department. Marek began his career in the furnace department, worked for a time in information technology, and is now a planning leader for North East Europe. He has also served in the logistics department and supported SAP implementation.

Marek's son, Marcin, was recruited to the Jaroslaw plant as an engineer. He is currently a process improvement manager in the Jaroslaw plant, as well as a Lean Six Sigma Master Black Belt.

■ The Power of Our Employees

Our 75 plants operate around the clock, seven days a week, and employ three quarters of our 21,000 employees. We are proud that many employees spend their entire working careers with our company and that many encourage family and friends to work with us, as well. Even though we are an industry with strong historical roots, young people are attracted to work with us because we make a highly sustainable product. And because glass making is a local business, O-I is often the largest employer in small communities, giving us an important and prominent role.

We recognize that skilled employees are often the differentiator in our industry, especially as we transform from a commodity business to a strategic partner for our customers. We need highly skilled people to make our highly sustainable products. And we have them – in our plants, in our offices, on the road. Making glass is not easy. Innovation is not easy. Technology helps. Good equipment helps. But in the end, glass making is a delicate combination of science and art. The company relies on our people to marry these aspects – equipment, technology, customer needs, innovation and expertise – to make high quality containers. It is clear that our success, historically and in the future, depends on the strength and dedication of our teams.

Standard Entry Level Wage by Gender Compared To Local Minimum Wage

	LOWEST RATIO OF ENTRY LEVEL WAGE VS MINIMUM WAGE FOR MALES IN THE REGION	LOWEST RATIO OF ENTRY LEVEL WAGE VS MINIMUM WAGE FOR FEMALES IN THE REGION
EUROPE	128%	150%
NORTH AMERICA	158%	158%
LATIN AMERICA	100%	100%
ASIA PACIFIC	100%	100%

Compensation and Benefits

O-I compensates our employees in accordance with federal and regional regulations. For the vast majority of positions at O-I, we exceed average wage requirements for the job and the region. We also offer competitive benefits that serve to attract and retain talent. O-I's company culture is centered on respect, integrity and quality, and how we compensate our employees and recognize their performance are key aspects of our overall offering.

O-I offers our employees comprehensive benefits tailored to their region and country of residence. Not all benefits are offered in every country, however, major benefits can include:

- Health care assistance, including medical, vision, dental, life and disability insurance
- Retirement savings plans
- Voluntary benefits programs, such as weight loss, smoking cessation and healthy lifestyle promotion
- Paid time off (sick days, maternity leave) and company holidays
- Educational reimbursement
- Adoption assistance
- Employee assistance programs (counseling, crisis hotline)
- Flexible work schedules (on a limited basis)
- Benefits coverage for same-gender spouses
- Holiday pay
- Vehicle subsidies

Number of Employees by Gender, Employment Type and Region

	TOTAL # OF EMPLOYEES	TOTAL # OF MALE EMPLOYEES	TOTAL # OF FEMALE EMPLOYEES	TOTAL # OF FULL-TIME EMPLOYEES	TOTAL # OF PART-TIME EMPLOYEES	TOTAL # OF SALARIED EMPLOYEES	TOTAL # OF HOURLY EMPLOYEES
CORPORATE	671	489	182	651	20	671	0
EUROPE	7,721	6,957	764	7,430	291	1,413	6,308
NORTH AMERICA	4,933	3,865	1,068	4,921	12	960	3,973
LATIN AMERICA	4,994	4,323	671	4,994	0	999	3,995
ASIA PACIFIC	2,766	2,140	626	2,750	16	637	2,129
TOTAL	21,085	17,774	3,311	20,746	339	4,680	16,405

Health and Wellness

At O-I, we place great importance on the health and well-being of our employees. To support them, we offer several programs and initiatives aimed at inspiring healthy, sustainable lifestyles – at home and at work.

Health and wellness programs are localized among O-I operations worldwide, but all programs are geared toward helping employees reach their full potential and growth. For instance, programs available to employees in North America include:

- A wellness program called Perform that helps employees maintain, improve and manage their health through preventive screenings, telephone coaching and worksite education
- Internet-based tools such as Castlight, which help employees find the best medical services at the lowest cost, and the AIM Specialty Health™ program, which works with employees to communicate pertinent information to their physicians in real-time
- No-cost immunizations and health-screening assessments
- Discounted fitness club memberships
- 24/7 on-call medical support and telephone access to a Mayo Clinic nurse
- No-cost, confidential online and telephone employee assistance programs, which can guide employees through difficult personal circumstances or problems

Diversity and Inclusion

O-I recognizes the benefits of cultivating an inclusive culture and strengthening diversity in our global workforce. As a worldwide market leader, O-I relies on the contributions of diverse employees, including individuals who understand the cultures in the countries and jurisdictions in which we do business. We recognize that people who bring different perspectives or have different backgrounds than other employees can bring valuable insights that positively impact our business.

O-I has a great deal of cultural diversity throughout the company. We have policies in all regions that provide for equal opportunity employment, and in all of our operations, the vast majority of employees are local to the country in which they work. However, we fall behind in gender and minority diversity. We do not have accurate numbers on the percentage of minorities in our work force, but we are diligently working to improve our employee data tracking system. Regardless of their location across the globe, minorities are protected from discrimination at O-I.

Only 16 percent of our global workforce is female, and approximately 27 percent of employees in our corporate office are female. In North America and Asia Pacific, 22-23 percent of employees are women, and in Europe



All employees are required to wear personal protective equipment in the factory.

and Latin America, 10-13 percent are women. The low percentage of women can be attributed, in part, to the heavy manufacturing nature of our business – the majority of the jobs in our plants are more attractive to men. We have made progress in strengthening the percentage of women in middle management and leadership levels, although there is room for improvement. Twenty percent of directors across the company are women, which is aligned with the percentage of our female population overall. Female representation at the higher levels of management is lower. There are no women on our global leadership team, and 9 percent of our vice presidents are women. Two members of our 12-person board of directors are female.

We have introduced a couple of women's programs in the last year at our global headquarters to raise the profile of women in the organization, develop leadership skills, provide a networking forum and promote career advancement. A pilot program, the Women's Development Initiative, launched very recently. It is working with 20 female O-I employees who have demonstrated leadership capabilities in their current positions and who are viewed as likely candidates for advancement. The women come from a cross section of functions and represent all four regions, as well as headquarters. In December 2014, the corporate finance function launched its Women in Finance Network (WiFi). The group seeks to provide women at all levels of the finance function the opportunity to learn and form a community for career growth and advancement at O-I. WiFi intends to include women from other functions in its second phase of development.

Employee Recruitment & Development

Recruiting and retaining the top talent in the industry is a strategic necessity at O-I. To meet this objective and attract highly skilled leaders at all levels, we provide competitive wages and benefits, as well as a stimulating, safe and productive workplace. In our regional and global headquarters, we actively partner with colleges and universities for recruiting purposes. We participate in career fairs, make presentations on campus and invite students to visit our operations. At our global headquarters, we have relationships with several local universities and provide internship opportunities in finance and engineering.

Employee development at O-I is based on two global platforms that help assess and develop talent, manage performance and cultivate leadership. These platforms identify sets of capabilities and behaviors that are desirable for different levels of employees. These behaviors can be used as benchmarks and opportunities for development.

Leading@O-I

Our leadership competency model, Leading@O-I, outlines the behaviors and performance standards required for every employee by level of responsibility. These standards reflect well-documented research used by many global companies to assess talent in the hiring and promotion processes. Within this model, we divide O-I's employee base into five major levels of responsibility: individual contributor, front-line leader, mid-level leader, senior or business unit leader and senior executive leader.

While leadership responsibilities increase with each level, we believe that leadership is needed at every level of the company. We believe using this model effectively increases employee engagement and strengthens our competitive advantage in the marketplace.



A member of the global product innovation team uses computer technology to design a new bottle.

Let's Talk@O-I

Our performance management platform, Let's Talk@O-I, was created to provide employees and managers with the opportunity to meet at least three times a year to review an employee's goals and expectations, as well as to discuss how the employee is positioned to accomplish those goals over the year.

We evaluate our employees against six critical leadership competencies: Financial Acumen; Innovation; Results Orientation; Building Relationships; Engage and Inspire; and Courage. We also seek to ensure that an employee's objectives for the year are tied to the company's strategic objectives.

Our goal is to have 100 percent of O-I's salaried employees receiving regular performance and career development reviews. As managers become more comfortable with these platforms, their use is increasing, and we are now approaching full compliance.

Percentage of Employees Receiving Regular Performance and Career Development Reviews, by Gender and by Employee Category

	TOTAL % RECEIVING REVIEWS	% OF MALES RECEIVING REVIEWS	% OF FEMALES RECEIVING REVIEWS	% OF SALARIED EMPLOYEES RECEIVING REVIEWS	% OF HOURLY EMPLOYEES RECEIVING REVIEWS
CORPORATE	98%	98%	97%	98%	N/A*
EUROPE	65%	63%	77%	91%	59%
NORTH AMERICA	20%	18%	26%	100%	N/A**
LATIN AMERICA	20%	17%	42%	100%	N/A**
ASIA PACIFIC	29%	33%	24%	100%	N/A***

* There are no hourly employees.

** Hourly employees are not reviewed as per union contract. As a result, the percentage of employees receiving reviews appears to be low.

*** Australian plants will be implementing twice annual reviews in 2015 for hourly employees.

The Global Leadership Program allows us to understand where the talent lies, and it gives these employees visibility to the decision makers in the organization. It doesn't matter if that person has been with the company three years or 13 years. It's their individual capabilities, talent, drive and willingness to assume responsibility to help bring the company to a new level of performance that matters.

– Al Stroucken, Chairman & CEO

GLOBAL LEADERSHIP PROGRAM PREPARES HIGH PERFORMING EMPLOYEES FOR LEADERSHIP ROLES

Participants in O-I's Global Leadership Program (GLP), which was first launched in 2010 and has now graduated three classes of 20 individuals, range from plant managers to sales and marketing directors to engineers. And while they hail from all corners of the O-I world, each was chosen by senior management to participate in the GLP because he or she demonstrated strong leadership potential.

The program is intended to accelerate the development of key leaders in preparation for the business challenges of tomorrow. Over the course of 18 months, participants attend five one-week sessions, one in each of O-I's geographical regions, to broaden and deepen business acumen, to learn more about markets, customers and operations and to understand how each links with O-I's business strategy. The program also places a strong focus on self-reflection and talent development. Cross regional and cross functional teams work together on an action learning project throughout the course of the program, designed to target real business challenges.

Giancarlo Currarino, vice president and chief technology officer at O-I, and a member of the company's global senior leadership team, participated in the first cohort of the program. "The GLP provided me with great exposure to the senior leaders, a broader view of the company's strategic direction, and ultimately allowed me to be a more effective functional leader," said Giancarlo. "The program gave me time to reflect on my leadership style, mission and intent. After the program, it was clear to me that what I wanted to do was define direction, drive change, try new things and defend what is right for the company."

Viivika Rimmel, country group executive for O-I Europe's North East region, also participated in the first cohort of the GLP. At the time a manager of O-I's food and non-alcoholic beverage business in Europe, Viivika quickly rose to be marketing director in Europe, before being named country group executive in 2013.



The third cohort of the GLP with members of the global leadership team.

"The Global Leadership Program was a transformative experience," said Viivika. "In addition to enhancing my skills, it brought personal growth that has helped many managers like myself become more effective – and as a result, acquire more leadership responsibilities in the company. It has also created a strong global leadership wall to lean on for advice and support. This is key for the sustainable growth of glass and the future success of O-I."

"One of the things we are most proud of is the extensive involvement of our entire leadership team with the program," said Paul Jarrell, chief administrative officer for O-I with responsibility for human resources. "This program gives us a great platform to interact with leaders from around the company in varied environments and coach them through different challenges. And we have made a concerted effort to ensure that we have both gender and geographic diversity in each cohort."

■ Training & Education

We provide many types of training at O-I. All employees are trained on critical policies and employment expectations when they join the company. Salaried employees are also required to participate in online training throughout their careers. Such training pertains to ethics policies, compliance, IT security, diversity awareness and leadership. Salaried employees are also encouraged to participate in conferences and classes to further develop their functional skills.

Plant employees are given comprehensive operational training when they join O-I. Training methodologies vary from plant to plant, as do ongoing education opportunities. However, all plant employees must participate in regular safety, technical and quality training.

In 2014, the company launched a global initiative aimed at strengthening the company's manufacturing base. Training is a significant part of the program, which seeks to share best practices on fundamental aspects of plant operations. Teams in each region are working on this program, which requires training modules to be developed and delivered on certain non-negotiable practices in the plants.

A culture of continuous improvement is prevalent throughout O-I. This stems from the widespread adoption of Lean Six Sigma (LSS) training throughout the organization, dating back to 2007. We trained large parts of the organization on the LSS methodology. Centered on continuous improvement, LSS delivers both financial and productivity improvements through detailed and in-depth project analysis following a set of core principles: Define, Measure, Analyze, Improve and Control (DMAIC). We currently have 27 certified Master Black Belts, who are highly trained individuals capable of teaching others how to use the methodology. Continuous improvement is now the way we work at O-I, and it is completely integrated into the culture of the company.

In 2015, we will launch a new training called Leadership Fundamentals. The program will focus on self-leadership, people leadership, thought leadership and results leadership. We also have conducted a unique manufacturing management development program throughout O-I's long history, and we will conduct this program again in 2015 and 2016.

Lean Six Sigma Certified Belts

	MASTER BLACK BELT	BLACK BELT	KAIZEN LEADER	GREEN BELT
EUROPE	9	91	1	561
NORTH AMERICA & CORPORATE	10	39	3	395
LATIN AMERICA	3	37	0	230
ASIA PACIFIC	5	23	9	173



Upper: Distillers attending the World Distillers Conference in Alloa, Scotland, receive safety instructions prior to entering the plant.

Lower: Employees in São Paulo, Brazil, examine near miss safety data.

Apprenticeships and Internships

We offer internships and apprenticeships in many of our plants and operations around the world. While the programs vary from country to country, many have been in existence for decades and serve as a platform to attract top talent. In fact, a number of our senior level executives, especially in Latin America, first came to O-I through apprentice or trainee programs, including the company's chief operating officer, Andres Lopez.

Most of our Latin American operations have apprentice and internship programs. Many are governed by local laws. Some of the programs are geared toward high school students, others to university students. In Brazil, for instance, we have two programs designed to bring high school graduates into the workforce. In Colombia, we work with a number of major universities, including EAFIT University in Medellin, La Sabana University in Bogotá and the School of Engineering of Antioquia in Medellin, to identify potential interns and to present O-I as an attractive employer. Our plant in Ecuador has a small program with local universities, and while our plants in Peru do not have a formal program, they hire trainees and interns.

In O-I Europe, we hire approximately 250 apprentices, trainees and interns every year in our plants and offices. We have programs in Germany, Italy, Spain, Czech Republic, France, Switzerland and Poland in which we work with local labor offices, universities and high schools to identify potential trainees. We are committed to being an employer of choice for young trainees and interns, with tutoring and training programs focused on developing core skills and competencies. We view these programs as an excellent way to observe talent before entering into a long-term employment relationship.

As in Latin America, some apprentice programs in O-I Europe are governed by labor laws. In all cases, interns and trainees follow a standard orientation program in which they interact with various leaders and are provided information on the business and their specific responsibilities. Safety training is part of all orientations, and is, of course, extensive in the plants.

Plant trainees are assigned mentors or tutors, usually the department lead, who are responsible for all technical training. The plant HR manager oversees trainees to ensure that expectations are being met and appropriate training is provided. Trainees are also informed of all applicable labor laws.

In the United States, there are apprenticeship programs in all plants. The programs are covered by Federal labor law and apply to various areas of plant operations, from mould makers to maintenance.

There are several trainee development programs at global headquarters. An example is the Financial Leadership Development Program, which prepares participants for advanced roles within finance and other areas of the business. The program is based on a rotation that involves stints in internal audit, as a plant accountant and in a corporate role. Candidates are chosen from a talented pool of graduates with specific skills and a record of achievement. Approximately 8 to 10 people participate in the program at any one time.

The manufacturing department at global headquarters reestablished a co-op program two years ago with tremendous success. Co-op students learn how to test and measure quality in the quality assurance lab. They also visit our plants to see the manufacturing process first-hand. Of the seven co-ops who started in the last two years, four graduated and were hired into the Manufacturing Management Development Program and have since been promoted. The other three will graduate in 2015.

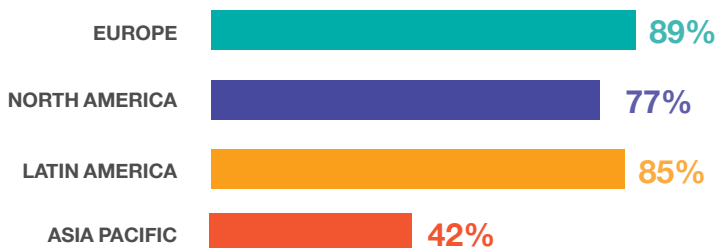
O-I Asia Pacific is running graduate and apprentice programs to help develop future leaders. The program for college graduates, which began in 2014, currently has 10 participants in Australia, Indonesia and New Zealand. The graduates all have engineering backgrounds and were selected from local universities and technical colleges. The program consists of on-the-job learning, job rotations and external learning opportunities.

O-I New Zealand has had an apprentice program for more than 15 years. The four-year program currently has 12 apprentices, who receive on-the-job and classroom training that covers all aspects of glass making. The program also includes a New Zealand Qualifications Authority qualification in either mechanical engineering or glass manufacturing. The classroom training is held onsite at the plant's training center, which has fully operational forming machines. The apprentices rotate through various positions within the plant to ensure they learn all aspects of glass manufacturing.

■ Labor/Management Relations

The majority of O-I's employees are covered by collective bargaining agreements in accordance with varying regional and national labor laws. We strive to maintain good relationships with our unions. When major changes are being planned that will affect their members, union representatives are included in the discussions and in the communication plans, and we operate in accordance with their required timelines. For instance, when significant changes are expected to be implemented within our operations, we adhere to local laws and provide notice to employees and their elected representatives 1-36 weeks in advance, depending on the region, country and employment category. Typically we give 2-12 weeks' notice even if not required by agreement. While we respect the role that unions play in representing the interests of and communicating with their membership, we believe it is our responsibility and in the best interest of our employees for us to communicate directly with all employees, regardless of membership status.

Percentage of Employees Covered by Collective Bargaining Agreements



- Nearly 77 percent of North American employees are hourly workers covered by collective bargaining agreements.
- Approximately 85 percent of employees in Latin America are unionized, although according to the labor legislation in each country, all employees are covered by collective bargaining agreements.
- The majority of the hourly workers in Australia and New Zealand also are covered by collective bargaining agreements, and the collective bargaining agreements in Australia and New Zealand have varying terms and expiration dates.
- In Europe, the vast majority of our employees are covered by national employment law, which preserves bargaining and employment rights.

Non-Discrimination

O-I is an Equal Employment Opportunity Employer and maintains a workplace free of discrimination. O-I prohibits discrimination against employees and applicants for employment on the basis of race, color, gender, sexual orientation, national origin, disability, age, religion, veteran or military status, or any other classification protected by law. We respect the freedom of individual employees to join, or refrain from joining, legally authorized associations or organizations.

Managers in the company are given training to help provide a work environment free of discrimination. Employees who feel they are being harassed, treated disrespectfully or discriminated against are given multiple venues to report the incident. They may contact their manager, human resources, a member of management, the Legal Department or the Ethics and Compliance Office. If employees are uncomfortable with these approaches, they may access the company's Ethics and Compliance Helpline (see pg. 14). All O-I employees have a personal responsibility to model behaviors that contribute to a work environment that is free from harassment or discrimination.

Human Rights

O-I complies with the employment laws in every country in which we operate. We do not use child labor or forced labor. All O-I employees, especially managers, are expected to be diligent in looking for indications that unethical or illegal conduct is being considered or has occurred. They are expected to take appropriate action to address any situations that seem to be in conflict with the law, O-I's Global Code of Business Conduct and Ethics or O-I's policies.

We employ security personnel at our plants and offices. The majority are third party contractors. In a small number of countries where the safety of our people may be threatened outside the confines of O-I operations, armed security personnel are used. Other than those exceptions, our security personnel, whether third party or directly employed, do not carry weapons and are trained not to use force. Their purpose is to monitor situations and notify the proper authorities if necessary.

■ Responsible & Ethical Procurement

With 75 production locations around the globe, we place great importance on the relationships we maintain with our strategic suppliers. Our global supply chain includes a variety of local, regional and global suppliers, who provide a wide range of products and services. Our total procurement spend is approximately \$4 billion per year, with major categories including raw materials, energy, logistics, packaging, maintenance, services and capital equipment.

O-I has a center-led procurement function, with strong regional collaboration. We have standardized core global procurement practices that enable consistency throughout our operations worldwide. We use a rigorous strategic sourcing methodology across our major spend categories to evaluate, select and manage strategic supplier relationships. We seek out opportunities to be innovative with our strategic suppliers, and to identify, evaluate and implement advancements in technology.

In addition to having economic benefits, much of what we strive to achieve advances our sustainability – by reducing consumption, extending the life of the products used in the manufacturing process and decreasing waste.

An example of all of these practices coming together is demonstrated by the collaboration with our suppliers to optimize our specifications for shrink film, used to secure pallets of finished product. By reducing the thickness of the film, we have successfully decreased the amount of material required and also reduced the waste stream.

We closely manage the cleaning, inspection and maintenance of returnable packaging such as pallets and tier sheets. Once these items no longer meet our performance specifications, we actively recycle them. In some cases, we are finding after-markets to keep these items out of the waste stream.

Procuring cullet is a critical and strategic part of our business. We play an important role by developing and executing on cullet sourcing strategies – working with suppliers to improve the yield of glass from post-consumer collection streams using improved technology. We also seek new sources of non-container cullet and are participating in partnerships with glass recycling businesses to obtain more cullet.



Procurement partners with manufacturing and engineering to ensure that the plants may operate at maximum efficiency through the timely delivery of materials and equipment.

Over the last two years O-I has executed long-term contracts with global oxygen suppliers to supply oxygen to five O-I-designed gas-oxy furnaces. These furnaces will use gas-oxy technology that will significantly reduce emissions, as well as the amount of energy required to produce glass.

We apply O-I's high standards of ethical conduct and compliance with applicable laws in our procurement practices. We expect our suppliers to conduct themselves according to those standards. We periodically conduct a Supplier Sustainability Survey to gain visibility into the sustainability programs of our core suppliers, and ensure alignment with key portions of O-I's Global Code of Business Conduct and Ethics that pertain to compliance with laws and regulations.

The procurement function works closely with our Chief Ethics and Compliance Officer and our suppliers to ensure that programs such as Conflict Minerals are embedded into our practices worldwide.

Community Engagement

O-I recognizes and values the importance of giving back and is dedicated to making a positive impact in the communities where we live and work around the world. This commitment radiates through the nonprofit organizations that we support on a company level, as well as through our individual employees who actively support local nonprofits, both financially and through volunteerism. We are proud to make a difference in the lives of others.

At O-I, we encourage our employees to volunteer with organizations in their local communities and to support causes they are passionate about. Our Charities Foundation, which is based in the U.S., supports nonprofits that are active in the areas of education, arts and culture, sustainability and those that meet basic local needs. Employees at our global headquarters are encouraged to take advantage of the 16 hours of paid volunteer time allotted each year, and O-I matches financial donations of all salaried employees in North America. Our North American employees logged approximately 1,900 hours of community service in 2014, which does not take into account the countless hours many of our employees have devoted to local fundraising opportunities and board participation.

The community engagement efforts of our employees serve as a testament to the sound character, values and spirit of generosity upheld by our global workforce. Our relationships with our communities are critical to us, and we are proud of the philanthropic endeavors and achievements of our 21,000 employees.



■ Donations & Charitable Giving

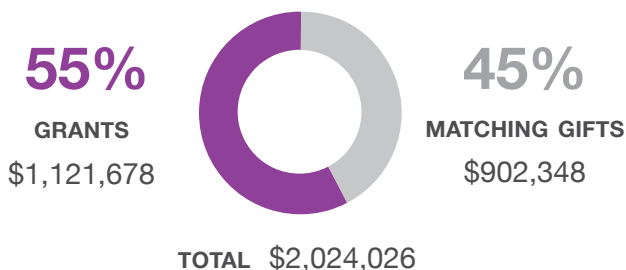
In addition to providing stable, well-paying jobs for families in more than 20 countries, we also believe it is our responsibility to support organizations in our communities that serve the disadvantaged and help promote education and the arts. At our global headquarters, we have a Charities Foundation that is funded through the company's operations. The fund was created in 1937 and contributes \$1-3 million per year to deserving organizations such as the Ohio Foundation of Independent Colleges, which O-I has supported for more than 50 years.

Our operations outside of North America support their communities in a variety of ways – financially, out of operations funds and through volunteerism. For instance, in Australia, all of our plants contribute to local initiatives in which our employees are actively involved. Our plant in Adelaide supported a local school by donating AU\$10,000 in 2014 to build a new playground. The same year at the Brisbane and Melbourne plants, we provided financial support for a local hospital and women's center and donated AU\$6,000 to a children's cancer fund.



Employee painting park bench during United Way Days of Caring in Toledo.

O-I Charities Foundation (2014)



EMPLOYEE VOLUNTEER SPOTLIGHT



Jennifer Vancil, Senior Specialist, Government and Community Affairs, and Al Stroucken, Chairman and CEO, accept a Pillar Award from United Way on behalf of O-I.

I, like many O-I employees, believe to be part of a community, you need to invest your time and energy into that community. In addition to my role for O-I, I serve on several community-related boards, coordinate a monthly meal for a local homeless shelter and volunteer for a local furniture ministry. This program allows women and families displaced through domestic violence or other hardship to choose used furniture and household items they need to begin a new life. It is a practical way for people who no longer need certain furniture or housewares to 'recycle' them to someone who truly needs them.

– Jennifer Vancil, Senior Specialist,
Government and Community Affairs

■ O-I's Partnership with United Way

O-I is a strong supporter of United Way, a global nonprofit with 1,800 community-based organizations that seek to help individuals and families achieve their potential through education, income stability and healthy lives. At our global headquarters in Ohio, O-I has been among the largest contributors to the local United Way campaign for many years and has received numerous awards from the organization. In 2014, the company received United Way's Top Year Round Engagement Award.

O-I's core values and philanthropic aspirations align strongly with United Way's global mission and its efforts to mobilize local communities. We are proud to have helped United Way grow in Latin America through the help of our leaders and employees, first in Brazil, and then in Peru.

O-I's Global HQ and U.S. United Way Annual Drive

Since 1937, our Perrysburg, Ohio-based employees, as well as many retirees, have participated in the annual United Way of Greater Toledo fundraising campaign. Under the strong leadership and commitment of CEO Al Stroucken, a volunteer employee team leads the company's fund drive, which regularly generates hundreds of thousands of dollars in donations – all of which the company matches. A friendly competition between buildings on campus spurs employees' creativity in motivating colleagues to contribute to the campaign. In 2014, 684 employees and 81 retirees contributed to the campaign. Together, with the dollars matched by the company, O-I contributed more than \$940,000 to United Way.

O-I Brazil and United Way Brazil

In 2011, Andres Lopez, then president of O-I Latin America, made a commitment to support the development of United Way in Brazil (UWB). O-I Brazil created the O-I Volunteer Program in partnership with UWB in 2012, focusing on early childhood development and professional development for young adults within local communities. O-I employees are passionate about these opportunities, and many have shaped the lives of children, teenagers and young adults in positive ways through their involvement.

Andres Lopez and president of O-I Latin America Miguel Alvarez have played key leadership roles in UWB, and both became involved as board members in 2012. Andres then took on the chairman role in 2013, while Miguel served as vice chairman. With the help of many other leaders from O-I and other companies, they have helped United Way forge positive and transformative change in their local communities. They have also helped the organization expand to other countries in Latin America. A chapter in Ecuador is expected to begin soon.

We, as executives of O-I, can have a tremendous positive impact in the communities around us, and taking on the challenge is a very rewarding experience.

– Andres Lopez, O-I Chief Operating Officer



O-I Volunteer Program partners with United Way Brazil.

O-I has made major strides in early childhood education and development through UWB's Grow Up Learning program. The program trains teachers, parents and volunteers on early childhood development and promotes education and recreational activities for young children. In 2013, the program trained five school directors, five academic coordinators and 65 educators. As a result, every participating day care center improved its academic stature, with educators beginning to shape their curricula and activities using guidelines and best practices developed by the Grow Up Learning program. Through the help of O-I Brazil employees and volunteers, one day care center was renovated in 2013 to meet both local children's and educators' needs, and another was renovated at the end of 2014.

We launched the O-I Volunteer Program with 41 participants in late 2012, and by the end of 2013, we had 238 volunteers contributing financially and participating in recreational or restructuring activities. The experience showed me that being a volunteer requires a willingness to offer what you do best to others.

– Miguel Alvarez, President of O-I Latin America

O-I's achievements with youth development and preparation for the labor market through UWB's Skills for Life program also have generated measurable benefits. Thirty O-I volunteers in 2013 worked with 24 young adults to help them learn professional best practices, as well as valuable skills and tools for personal development. Assisted by O-I employees, young adults learned and honed skills in leadership, negotiation and financial planning.

O-I Brazil and UWB also offer O-I employees the opportunity to become "social investors" through donations that O-I Brazil matches for the UWB Common Fund, which sponsors the Grow Up Learning program. Monetary contributions have more than doubled over the past three years (2012 – 2014) to \$35,000 a year, up from \$15,000. O-I is very proud of the achievements and involvement of our employees with UWB, and we seek to support them as they continue to make a positive impact on their local communities.

O-I Peru and United Way Peru

O-I Peru was the second O-I operation to support United Way's expansion in Latin America. While O-I donations have benefited more than 30,000 children in Peru since 2011, O-I Peru employees wanted to do more. Employees volunteered with local schools and provided approximately 300 educational packs to improve reading and writing skills among children between three and five years old. Employees collected warm clothing and blankets, which were distributed to disadvantaged communities experiencing extreme cold, particularly in the highlands. Employees' generous donations also increased in 2013, which resulted in a 43 percent increase over the previous year.



Employees and their families in Peru paint a wall at a local school.

Individual Facility Community Engagement & Giving Impact

O-I locations have developed and facilitated several local community engagement efforts. We are proud of these philanthropic endeavors and our employees' generosity. Here are a few ways our offices around the world are giving back in their local communities:

UNITED STATES: BIKE TO THE BAY



Each year, O-I employees support the National Multiple Sclerosis Society's Bike to the Bay event, in which bicycle riders, volunteers and supporters from communities around O-I's Perrysburg, Ohio, headquarters raise awareness and funds to fight the debilitating disease. Since serving as a corporate supporter of the event in 2004, O-I and its riders have raised more than \$90,000 for the Society's Northwest Ohio chapter. Assisted by O-I's Matching Gifts Program, employees raised \$20,301 in 2014, a record for the company's eight-year involvement with the event.

BRAZIL: GLASS FOR FOOD BASKETS



In April 2000, O-I Brazil launched a glass recycling program in which O-I Brazil collects recycled glass from local community members in exchange for food. The program has proven widely successful in Mangueira in Rio de Janeiro. More than 200 metric tonnes of recycled glass are collected each month, on average, benefiting an estimated 1,600 families. In 2014, more than 3,000 metric tonnes were collected, translating into more than 30,000 food baskets.

Another glass recycling program in São Paulo – the Solidary Glass Project with cooperative Nova Esperança – is smaller but successful, collecting about eight metric tonnes of recycled glass each month. Through this project, we provide baskets of food for community members in exchange for glass for recycling. The cooperative is now collecting recyclables beyond glass, further helping those in need.

NEW ZEALAND: ENVIRONMENTAL FUND STUDY GRANT



O-I New Zealand has allocated \$25,000 in grants to 15 schools across the country. The grants encourage schools to implement sustainability projects to develop students' skills in identifying, investigating and finding solutions to environmental issues.

As an example of the opportunities made possible through the grant, Wairakei Primary School received \$5,000 to decommission a vacant swimming pool and utilise the space to create an aquaponic organic food garden.

ECUADOR: MILK BOTTLES DONATION



O-I supports Hogar de Cristo Foundation, an organization in Ecuador that aims to change the social conditions of poor and disadvantaged communities. O-I works with the Foundation's nutrition program that provides soy milk to children in danger of malnutrition in Guayaquil.

In 2014, we donated approximately 400,000 milk bottles to Hogar de Cristo, allowing them to serve 1,740 students daily, an increase of 500 children per day over the prior year.

EUROPE: PLANT OPEN DAYS



In 2014, we held Open Days, or public events at our plants and operations in Czech Republic, Hungary, the Netherlands, Poland (pictured above) and the U.K. At these events, members of the community are invited to the plant to tour the operations and learn more about our company, our commitment to sustainability and the products we make. These events are typically scheduled in conjunction with European initiatives, such as Waste Reduction Week and Sustainable Companies Day.

COLOMBIA: OVIDRIO RECYCLING OUTREACH PROGRAM



Since 2008, O-I Peldar has helped educate Colombians on the importance of recycling. We do this by sponsoring Ovidrio, an outreach program featuring a green kangaroo that visits local stores, schools and fairs to deliver recycling bins, educate children and encourage the community to recycle glass products.

Each year, O-I Peldar explores ways to expand its outreach, and in 2014, Ovidrio was invited by the Colombian company Familia S.A. to participate in an educational initiative called Papel Planeta. Through this initiative, Ovidrio visited five new cities and educated approximately 384,000 community members. To date, Ovidrio has educated more than one million people on the importance of glass recycling.

■ Commercial Awards

In recent years, we have received increasing numbers of packaging design awards in countries around the world. While there are too many to list, we highlight here some of our recent stars.

Brazil

- World Packaging Organization (WPO) – World Star Awards
- ABRE Award – Gold – Alcoholic Beverages Packaging
- ABRE Award – Gold – Open election for professionals in the packaging industry
- Embalagem Marca Award – Great Cases of Packaging
- Embanews Magazine – Gold – Marketing Category
- Embanews Magazine – Gold – Design Category

Colombia

- Beverage World Magazine – Global Packaging Design Awards

We are pleased when our customers recognize our quality and commitment through their supplier awards

Colombia

- Award for Innovation and Development to O-I Peldar – Best Supplier of Bavaria SABMiller
- Recognition of Bavaria for the active participation of O-I Peldar in the Green Footprint Medellin Wave II Program

Australia

- Most improved quality supplier – Lion Nathan – O-I Sydney

New Zealand

- Supplier of the Year Award – Lion Nathan

United States

- Supplier of the Year Award – Beam Suntory



Poster featuring some of our award-winning designs.

■ Environmental Awards

United Kingdom

- Environment and Energy Awards – Finalist – Commitment to Environmental Sustainability
- Investors In People Awards – Gold – Success in Employee Training and Development
- Scottish Green Apple Awards – Gold – Sustainable Product Development with Edrington

Australia

- Green Ribbon Awards (The Ministry for Environment Awards) Finalist – Large Business Leadership
- Sustainability Advantage Gold Member in Sydney (under program in office of Environment and Heritage)

New Zealand

- Packaging Council of New Zealand Environmental Awards – Excellence in Packaging Award – Product Stewardship
- Packaging Council of New Zealand Environmental Awards – Supreme Award – Contribution to Environmental Excellence
- Packaging Council of New Zealand Environmental Awards – Individual Award presented to employee Penny Garland for championing environmental issues and driving change



O-I and Edrington won Gold in the Scottish Green Apple Awards in 2012 for the two companies' creation of the lightest-ever embossed glass bottle for a premium Scotch whisky.

■ Recognizing Great Work

O-I – Europe Award Program Celebrates Employee Contributions

More than 450 teams took part in O-I Europe's annual employee award competition. Employees submit projects they have worked on that help advance the company's strategic market leadership, people engagement and cost leadership objectives. A dedicated web site served as the hub of the initiative – providing forms and information for participants, information about the projects submitted, and importantly, the locations of the teams. Showing how many projects were submitted from each plant spurred on all of the European plants into a healthy competition.

A jury in each plant voted and submitted its top two teams to a regional competition at each of the five Country Groups. A panel at the country group level rated all of the teams and selected their two best to move into the Grand Finale round, for a total of 10 teams. Three other projects joined the final competition – two from European regional headquarters and the "Employee Choice" team – the one that received the most votes online.

At the Grand Finale celebration event held in Malta, each team presented their accomplishment to about 100 global and European leaders, who then voted for the best team. The winner: a team from the plant in Bari, Italy, that introduced a process to better recover scrap from the hot end of the manufacturing line.

Of the 13 finalist projects, 5 pertained directly to sustainability, and of the 451 submitted, more than half served to strengthen the sustainability profile of the company.



2014 EU AWARDS

TAKE PRIDE IN YOUR ACHIEVEMENTS

2014 CALL FOR ENTRIES

The O-I European Awards recognize those employees and teams whose projects have made a difference in reaching European Strategic Priorities:

MARKET LEADERSHIP <ul style="list-style-type: none"> Segment Strategies Market Development Quality Sustainability Innovation Customer Partnership 	PEOPLE ENGAGEMENT <ul style="list-style-type: none"> Your Voice Initiative Market-oriented Organization Environment, Health and Safety Employee capability development Leadership, Communication and Rewards 	COST LEADERSHIP <ul style="list-style-type: none"> Cost Management COGS Operational Excellence Procurement Initiatives Asset Optimization
--	--	---

– The 2014 Awards are open for registration NOW. Every team can submit a project
 – Registration forms can be obtained from your HR manager (or you can register on www.o-i2014euawards.com) and must be returned by **Wednesday October 1st**
 – Projects must have been completed in 2013 or 2014
 – Award ceremony will take place in November

www.o-i2014euawards.com **O-I: GLASS IS LIFE™**



The final award presentations took place at the annual European leadership meeting, which was held in Malta.



Representatives from the winning "Employee Choice" team from the Barcelona, Spain, plant with senior leaders.



Senior leaders present samples of the first glass container produced on the R&D line to a team member.

Innovation Center Celebrates Significant Milestone

There are two production lines in O-I's Innovation Center. One is dedicated to running concepts and samples for customers and internal projects, and one is confidential, reserved for research and development purposes. So when the first glass container was produced on the confidential line, it was a cause for celebration. The confidential line was developed to proof new glass formulas, new forming processes, and test new technologies and forming equipment.

The team of employees who contributed to the successful project were recognized by Giancarlo Currarino, chief technology officer, and Ludovic Valette, vice president of research and development, at a celebration in May. The more than three dozen team members received a sample of the first flint bottle produced on the line.

Recognizing Manufacturing Excellence

As part of a global initiative to improve manufacturing performance, manufacturing excellence awards are given to plants each quarter that achieve certain high standards. Awards are given in two categories – those who improve the most and those who achieve a best-in-class metric. In 2014, seven plants and 40 production lines were recognized for achieving the highest level of productivity. Eight plants scored at the top of the job change index, pertaining to how quickly and efficiently the plant can change from running one type or color of bottle to another. Winners received certificates to post at their plants and a letter from the CEO.

GREAT SAFETY AND GREAT QUALITY GO HAND IN HAND



There is a strong relationship between a plant's safety performance and the quality of the containers it manufactures. Both are important to O-I employees and O-I customers. Every year we recognize the plants that uphold these safety and quality pillars. To do so they must have no lost time injuries over the course of the year, and they must ship no critical defects to customers. In 2014, 10 plants, representing every geographic region, achieved this accolade for all of their production lines. The plants receive letters from the CEO and large banners and posters to show off their accomplishment to all plant visitors.

Upper: Employees from the plant in Lurin, Peru, celebrate their safety and quality award banner.

Lower: The banner plants received in 2014 in recognition of top safety and quality performance.

■ GRI Index

INDICATOR	DESCRIPTION	LOCATION - SECTION, PAGE
Section 1: General Standard Disclosures		
STRATEGY AND ANALYSIS		
G4-1	Statement from the most senior decision-maker of the organization	CEO Letter, pg. 1
ORGANIZATIONAL PROFILE		
G4-3	Name of the organization	About O-I, pg. 2
G4-4	Primary brands, products, and/or services	About O-I, pg. 2
G4-5	Location of organization's headquarters	About O-I, pg. 2
G4-6	Number of countries where the organization operates	About O-I, pg. 2
G4-7	Nature of ownership and legal form	About O-I, pg. 3
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	About O-I, pg. 2 and 3
G4-9	Scale of the organization	About O-I, pg. 2 and 3 & 2014 10-K
G4-10	Workforce and gender	Employees, pg. 36
G4-11	Percentage of total employees covered by collective bargaining agreements	Employees, pg. 42
G4-12	Organization's supply chain	Approach to Sustainability, pg. 5 Employees, pg. 43
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	2014 10-K
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Health and Safety, pg. 27
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Health and Safety, pg. 27 and 28
G4-16	Memberships of associations and national or international advocacy organizations in which the organization participates	Governance, pg. 12
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Entities included in the organization's consolidated financial statements or equivalent documents	About O-I, pg. 3 Approach to Sustainability, pg. 8
G4-18	Process for defining the report content and the Aspect Boundaries	Approach to Sustainability, pg. 8 and 9
G4-19	All the material Aspects identified in the process for defining report content	Approach to Sustainability, pg. 9

G4-20	Aspect Boundary within the organization	Approach to Sustainability, pg. 8
G4-21	Aspect Boundary outside the organization	Approach to Sustainability, pg. 8
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	N/A, this is our first sustainability report
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	N/A, this is our first sustainability report
STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by the organization	Approach to Sustainability, pg. 9
G4-25	Basis for identification and selection of stakeholders with whom to engage	Approach to Sustainability, pg. 9
G4-26	Organization's approach to stakeholder engagement	Approach to Sustainability, pg. 9
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	Approach to Sustainability, pg. 9
REPORT PROFILE		
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Approach to Sustainability, pg. 8
G4-29	Date of most recent previous report (if any)	Approach to Sustainability, pg. 8
G4-30	Reporting cycle (such as annual, biennial)	Approach to Sustainability, pg. 8
G4-31	Provide the contact point for questions regarding the report or its contents	Approach to Sustainability, pg. 9
G4-32	GRI option and GRI Content Index	GRI Index, pg. 54-57
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	Approach to Sustainability, pg. 9
GOVERNANCE		
G4-34	Governance structure of the organization, including committees of the highest governance body	Governance, pg. 11
REPORT PROFILE		
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Governance, pg. 13 and 14

GRI Index

Section 2: Specific Standard Disclosures

ECONOMIC PERFORMANCE		
G4-EC1	Direct economic value generated and distributed (EVG&D) on an accruals basis	About O-I, pg. 3 Employees, pg. 36 and 37 Community Engagement, pg. 44 2014 10-K
MARKET PRESENCE		
G4-EC5	Ratio of the entry level wage by gender at significant locations of operation to the minimum wage	Employees, pg. 36
MATERIALS		
G4-EN2	Percentage of recycled input materials used to manufacture the organization's primary products and services	Environment, pg. 17-19
ENERGY		
G4-EN3	Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives	Approach to Sustainability, pg. 7 Environment, pg. 20 and 21
WATER		
G4-EN8	Total volume of water withdrawn	Environment, pg. 25
EMISSIONS		
G4-EN15	Direct (Scope 1) GHG emissions in metric tonnes of CO ₂ equivalent and the gases included in the calculation	Approach to Sustainability, pg. 7 Environment, pg. 20
PRODUCTS AND SERVICES		
G4-EN28	Percentage of reclaimed products and their packaging materials for each product category	Environment, pg. 17
TRANSPORT		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations	Environment, pg. 23
LABOR/MANAGEMENT RELATIONS		
G4-LA4	Minimum number of weeks' notice typically provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them	Employees, pg. 42
OCCUPATIONAL HEALTH & SAFETY		
G4-LA6	Types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities, for the total workforce	Health and Safety, pg. 29

TRAINING AND EDUCATION		
G4-LA11	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period	Employees, pg. 38
INVESTMENT		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Employees, pg. 43
NON-DISCRIMINATION		
G4-HR3	Total number of incidents of discrimination during the reporting period	Governance, pg. 14 Employees, pg. 42
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
G4-HR4	Operations and suppliers in which employee rights to exercise freedom of association or collective bargaining may be violated or at significant risk	Employees, pg. 42
CHILD LABOR		
G4-HR5	Operations and suppliers considered to have significant risk for incidents of child labor or young workers exposed to hazardous work	Employees, pg. 42 and 43
FORCED OR COMPULSORY LABOR		
G4-HR6	Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of type of operation or countries/geographical areas	Employees, pg. 42 and 43
SECURITY PRACTICES		
G4-HR7	Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security	Employees, pg. 42
ASSESSMENT		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments	Employees, pg. 42
ANTICORRUPTION		
G4-SO4	Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to	Governance, pg. 13
CUSTOMER HEALTH AND SAFETY		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Health and Safety, pg. 29
COMPLIANCE		
G4-PR9	Total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Health and Safety, pg. 28



2014 Sustainability Report

www.o-i.com