Verallia

Société anonyme (public limited company) with the capital of 416,662,128.22 euros

Registered office : 31 Place des Corolles, Tour Carpe Diem, Esplanade Nord, 92400 Courbevoie, France

RCS Nanterre 812 163 913

UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

The French version of the Universal Registration Document was approved by the French Financial Markets Authority (*Autorité des marchés financiers - AMF*) on 29 April 2021, as the competent authority under Regulation (EU) 2017/1129.

The AMF approves this document after verifying that the information contained in it is complete, consistent and comprehensible. The Universal Registration Document has the following approval number: R. 21-014

Such approval should not be considered as a favorable opinion on the issuer covered by the Universal Registration Document.

The Universal Registration Document may be used for the purpose of offering to the public financial securities or for the admission of financial securities to trading on a regulated market if it is supplemented by a securities note and, where appropriate, a summary and its amendment(s). In such event, the securities note, the summary and the amendment(s) made to the Universal Registration Document since its approval are approved separately, in accordance with article 10, paragraph 3, 2nd indent of Regulation (EU) 2017/1129.

It is valid until 29 April 2022 and, during that period and at the latest at the same time as the securities note, and under the conditions of Articles 10 and 23 of Regulation (EU) 2017/1129, must be completed by an amendment to the Universal Registration Document in the event of significant new developments or material errors or inaccuracies.

Copies of this Universal Registration Document are available free of charge from Verallia, 31 place des Corolles, Carpe Diem Tower, Esplanade Nord, 92400 Courbevoie, France and on the websites of Verallia (www.verallia.com) and the French Financial Markets Authority (www.amf-france.org).

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GENERAL COMMENTS

Verallia S.A., a French public limited company (société anonyme), with share capital of €416,662,128.22, registered at 31 Place des Corolles, Tour Carpe Diem, Esplanade Nord, 92400 Courbevoie, France, under the identification number 812 163 913 (Nanterre Trade and Companies Register) is referred to as the "Company" in this Universal Registration Document. The term "the Group" used herein, unless otherwise stated, refers to the Company, its subsidiaries and its direct and indirect equity interests.

"Apollo" refers to certain investment funds advised by Apollo Global Management Inc. and/or its subsidiaries.

This Universal Registration Document contains information on the outlook and growth vectors for the Group. This information is sometimes identified by the use of the future tense, the conditional mood and forward-looking terms, such as "consider", "plan", "think", "have the objective", "expect", "intend", "should", "aim", "estimate", "believe", "wish", "could" or, as applicable, the negative form of these terms or any other variant or similar terminology. This information is not historical data and must not be interpreted as guarantees that the facts and data set forth will occur. This information is based on data, assumptions and estimates that the Group believes are reasonable. They may change or be modified because of uncertainties related, for example, to the economic (in particular due to the consequences of the Covid-19 pandemic), financial, competitive or regulatory environment. Moreover, the occurrence of certain risks described in Chapter 3 "Risk Factors" of this Universal Registration Document could have an impact on the activities, financial position and the results of the Group and its ability to achieve its objectives.

Investors are invited to carefully consider the risk factors described in Chapter 3 "Risk Factors" of this Universal Registration Document. The realization of all or some of these risks could have a significant unfavorable impact on the Group, its activity, its financial position, its results or its outlook. Moreover, other risks not yet identified or not considered material by the Group could have the same adverse impact.

This Universal Registration Document contains information about the Group's markets and its competitive positions, including information on the size and growth outlook of these markets and the Group's market share. In addition to the estimates made by the Group, the items on which the Group's declarations are based come from studies and statistics of third-party organizations (see Section 1.3 "Information from third parties, expert's reports and declarations of interest" in this Universal Registration Document) and from professional organizations or even from data published by competitors, suppliers and customers of the Group. Some information contained in this Universal Registration Document is publicly available information that the Company believes is reliable, but that has not yet been verified by an independent expert. The Company cannot guarantee that a third party using different methods to collect, analyze or calculate the data on the business segments would obtain the same results. The Company makes no commitment and no guarantee as to the accuracy of this information. It is possible that this information is incorrect or is no longer up to date. The Group makes no commitment to publish updates of this information except in the context of any legal or regulatory obligation to which it is subject.

Certain calculated data (including data expressed in thousands or millions) and percentages presented in this Universal Registration Document have been rounded. In that case it is possible that the total *presented in this Universal Registration Document may present insignificant differences with the totals that would have been obtained by adding the exact values (not rounded) of these calculated data.*

In this Universal Registration Document, except where otherwise indicated, a reference to the Southern and Western European market or the Latin American market, as applicable, should be understood as a reference to the corresponding operational segment, i.e., the operating segment of, respectively, (i) Southern and Western Europe, consisting of the production sites located in France, Italy, Spain and Portugal, and (ii) Latin America, composed of the production sites located in Brazil, Argentina and Chile. References to the Northern and Eastern Europe market include Germany, Russia and Ukraine, excluding Poland.

A glossary providing the definitions of the main technical terms and financial aggregates used herein appears at the end of this Universal Registration Document.

1. PERSONS RESPONSIBLE, INFORMATION FROM THIRD PARTIES AND EXPERT REPORTS

1.1 Person responsible for the Universal Registration Document

Michel Giannuzzi, Chairman and Chief Executive Officer of the Company

1.2 Declaration by the person responsible for the Universal Registration Document

"I declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission that might affect its scope.

I certify, to my knowledge, that the accounts are drawn up in accordance with the applicable accounting standards and give a faithful picture of the assets, financial position and results of the company and of all the companies included in the consolidation, and that the information included in this Universal Registration Document that falls within the management report of the board of directors listed in the concordance table in Annex IV of this Universal Registration Document presents a faithful picture of the evolution of the business, the results and financial position of the Company and all the companies included in the consolidation and a description of the main risks and uncertainties they face."

Courbevoie, 29 April 2021

Michel Giannuzzi,
Chairman and Chief Executive Officer

1.3 Third-party information, experts' reports and declarations of interest

This Universal Registration Document contains information about the Group's markets and its positioning in these markets, including information on the size of these markets, the competitive environment and dynamics, and the outlook for growth in these markets. In addition to the estimates made by the Group, the elements on which the Group has based its statements herein come primarily from a market study conducted in connection with the Company's initial public offering by Advancy at the Company's request, and from studies and statistics published by independent third parties and professional organizations and from data published by the Group's competitors, suppliers and customers.

To the Company's knowledge, the information taken from third-party sources has been faithfully reproduced in this Universal Registration Document, and no fact has been omitted that would make this information incorrect or misleading. The Company cannot, however, guarantee that a third party using different methods to collect, analyze or calculate the data on these markets would obtain the same results.

2. PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

PricewaterhouseCoopers Audit

Member of the Compagnie régionale des Commissaires aux comptes de Versailles
Represented by Itto El Hariri
63, rue de Villiers
92200 Neuilly-sur-Seine, France

Appointed by the General Shareholders' Meeting of the Company on 10 June 2020 for a term of six years, which is until the Ordinary General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2025.

BM&A

Member of the Compagnie régionale des Commissaires aux comptes de Paris
Represented by Gilles Rabier
11, rue de Laborde
75008 Paris, France

Appointed by decision of the sole shareholder on 24 July 2019 for a term of six years, which is until the Ordinary General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2024.

3. RISK FACTORS

Before proceeding with an investment in shares of the Company, investors are invited to examine all of the information contained in this Universal Registration Document, including the risk factors described below. At the date of this Universal Registration Document, these risks are those that the Company believes could have a material adverse effect on the Group, its business, financial position, results or outlook, and that are material to its investment decisions. The attention of investors is nonetheless drawn to the fact that the overview of risks presented in Section 3 of this Universal Registration Document is not exhaustive and that other risks, unknown or not considered herein at the date of this Universal Registration Document and that could have a material adverse effect on the Group, its business, financial position, results or outlook, may or could exist or arise.

This chapter presents the principal risks that could, at the date of this Universal Registration Document, impact the Group's business, financial position, reputation, results or outlook, particularly those identified when mapping the Group's major risks in order to assess their criticality (i.e. their severity and probability of occurrence), after taking into account the action plan put in place.

Within each of the risk categories, the risk factors that the Company considers to be the most material at the date of this Universal Registration Document are described first.

The following table ranks the risks in each of these categories according to their criticality and in descending order of importance. The risks are classed as "high", "medium" or "low", after taking into account the risk prevention and management measures put in place by the Group.

Risk category	Description of the risk	Degree of criticality
Risks related to the Group's external environment	Risks related to changes in the demand glass for packaging	High
	Risks related to competition from manufacturers of other types of packaging and the potential substitution of glass packaging by other materials	High
	Risks related to changes in energy costs	Low
	Risks related to changes in the price of raw materials	Low
Operational risks	Risks related to the balance between supply and demand and the adaptation of the manufacturing facilities	High
	Risks related to the operation of industrial sites	High
	Risks related to occupational health and safety	Medium
	Risks related to the implementation of the Group's operational excellence program	Medium
	Risks related to relations with certain suppliers and subcontractors	Medium
	Risks related to labor relations	Medium
	Risks related to the Group's international operations	Medium
	Risks related to IT systems	Medium
	Risks related to the occurrence of natural disasters	Low
	Risks related to defective products	Low
	Risks related to acquisitions and partnerships	Low
Financial risks	Risks related to the exchange rate	Medium
	Risks related to the Group's borrowings and liquidity risk	Low
	Risks related to substantial investments and their financing	Low
	Risks related to the control of the Company by its majority shareholder	Low
Legal risks	Risks related to environmental regulations, compliance and taxation	High
	Risks related to litigation and ongoing investigations, particularly in relation to occupational diseases	High
	Risks related to customs barriers	Low

3.1 Risks related to the business sector of the Group

3.1.1 Risks related to changes in demand for glass packaging

Description of the risk

The Group's business consists of producing glass packaging used for the packaging of liquid or solid food products for everyday or occasional consumption intended for private individuals.

Demand for glass packaging may be affected by factors such as changing consumption patterns, which in turn are influenced by changing lifestyles, food preferences, legislative or sociological developments, or public health and safety considerations. Consequently, the following could have an adverse effect on the Group's business: the Covid-19 pandemic (which has impacted consumption in affected areas in 2020 and certain Group's supplies and could continue in 2021); the long-term decline in wine consumption in mature markets (such as France); the ban in some European countries on glass containers in certain public places; measures taken to reduce alcohol consumption; the introduction of or increase in customs barriers and other trade restrictions by some countries. In addition, demand for glass packaging, currently driven in particular by the health benefits attached to glass, could be affected by competition from other types of packaging (see Section 3.1.2 "Risks related to competition from manufacturers of other types of packaging and the potential substitution of glass packaging by other materials").

Demand for glass packaging may also change due to the seasonal nature of some of the glass products sold by the Group's customers, or to weather and climate conditions, particularly in Europe. In practice, customers generally place their orders during the first half of the year, in order to anticipate the increase in demand for their products, such as beer and rosé wine, during the summer. Therefore, warm weather can boost demand for the products sold by drinks manufacturers, leading them to buy more glass packaging. The opposite is true if the summer is unseasonably cool.

In addition, weather and climate hazards can affect agricultural harvests, thus impacting the demand for glass packaging. Long-term climate changes observed globally in recent years and their consequences (such as intense heat waves, hail or the appearance of new insects in some areas) have had and could have a negative impact on agricultural yields in the future. For example, the wine industry has seen a fall in crop yields over the past few years. The same is true of fruit and vegetables, particularly in Spain, which was affected by droughts in 2018. Furthermore, bacteria can contaminate some fruit and vegetables, thus affecting agricultural, wine or olive yields. This was the case in France in 2019 (and Germany and southern Italy in 2018) following the spread of the *tomato brown rugose fruit virus* (TOBRFV), which renders the tomatoes unsellable.

Finally, the Group's business is generally sensitive to changes in the economic environment. Most of the Group's production is destined for Europe and Latin America (which are also the Group's manufacturing areas), as well as, indirectly, through its customers' exports, for Asia, a region where wine and spirits are consumed substantially, and the United States, any significant economic slowdown or recession in one of these geographical areas is likely to have a downward impact on the consumption of the Group's products and/or their selling price. Sensitivity to changes in the economic environment is more pronounced for occasional consumer products, particularly spirits and champagne, which generally command higher margins, than for everyday food products and/or essential food for daily consumption, for which the Group produces packaging, which are less affected by economic cycles than consumption as a whole. In addition, the effects of unfavorable economic conditions may have a greater impact on producing countries than on consuming countries (for example, exports of champagne and spirits by companies based in France).

The Covid-19 pandemic, which had a significant negative impact on the global economy, which contracted by (3.5)% in 2020 (of which (7.2) % for eurozone countries and (9.0) % for France[1]), affected the Group's business during the year ended 31 December 2020. The contraction in demand witnessed in 2020 mainly affected products exposed to the out-of-home consumption sector (hotels, cafés and restaurants), while there was strong demand for products that are primarily consumed at home. (see also Section 7.2 "Analysis of the results for the years ended 31 December 2020 and 2019" of this Universal Registration Document).

The Covid-19 pandemic is expected to continue to have a negative impact on the global economy in 2021, at least during the first half of 2021, limiting the operational visibility of the Group and its customers. (See also Section 11 "Profit forecasts or estimates" of this Universal Registration Document).

The consequences of all the events and circumstances described above could have a material adverse effect on the Group's business, financial position, results and outlook.

Risk management

– A diversified customer portfolio (as of 31 December 2020, the Group's top 10 customers accounted for 16.5% of consolidated revenue, while the most significant customer accounted for approximately 3.9% of consolidated revenue), combined with exposure to a wide range of end markets, enabling it to limit its dependence on a particular country, customer or segment of the glass packaging market.

– A product offering tailored to the constraints of the Group's customers and meeting high quality and safety standards.

– Relatively flexible and adaptable manufacturing facilities, with a view to quickly allocating and adjusting production to changes in demand.

3.1.2. Risks related to competition from manufacturers of other types of packaging and the potential substitution of glass packaging by other materials

Description of the risk

The Group, particularly in mature markets such as Western Europe, competes to varying degrees – depending on the markets concerned – with manufacturers of other types of packaging, which have gained market share over the decades at the expense of glass packaging. These are mainly manufacturers of aluminium cans in the beer and soft drinks market; rigid or flexible plastic packaging (pouches or cubitainers), including polyethylene terephthalate ("PET") packaging in the water and soft drinks market; aseptic carton packs in the juice and milk market; and "bag-in-box" (or cubitainers) in the wine market. Furthermore, glass packaging may compete with other forms of food packaging (draught beer, coffee capsules, individual dispensers, bulk etc.).

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[1]Source: IMF, World Economic Outlook database, January 2021

In France, for example, the Group's wine packaging business has been affected by the replacement of glass bottles with bag-in-box over the last decade – a trend that was increased in 2020 as a result of the pandemic (in 2020, the bag-in-box market share in the sales of the French retail distribution sector reached 44.1%, a 2.9 points increase) . This competition, combined with competition from the Group's direct competitors (see Section 3.2.1 *"Risks related to the balance between supply and demand and the adaptation of manufacturing facilities"* of this Universal Registration Document), has in the past, and could in the future, lead to excess capacity in some countries, thus lowering prices within the sector for varying lengths of time.

Glass is valued by customers for its full recyclability, health benefits and ability to preserve flavours (see Section 5.5 of this Universal Registration Document). However, this advantage could be eroded by technological advances and investments by manufacturers of non-glass packaging. Consequently, the Group cannot guarantee that consumer preference will not shift to other materials such as plastic, which is lighter than glass.

Some of the Group's customers have in the past opted for the use of non-glass packaging for their products, particularly in the market for certain food products and in certain beer segments, due to changes in lifestyles or for other reasons (including marketing), and may in the future opt to promote the use of such packaging by consumers in certain markets. A significant diversion of customer or consumer interest in glass packaging could lead to a significant decrease in sales and/or prices of glass packaging, which could have a material adverse effect on the Group's business, results, financial position and outlook.

Risk management

– Implementation of the necessary means to ensure that the products developed are suited to the growing complexity of production methods, changes in consumer preferences and legal and regulatory obligations, particularly in terms of safety (for example, in response to growing demand among Group customers for more lightweight packaging, mainly to reduce their logistics costs, the Group has developed the products in its ECOVA range).

– Support for the glass industry and its initiatives through its membership of the European Container Glass Federation (FEVE), the Glass Packaging Institute and the Friends of Glass community. In addition, the Group is actively involved in the Friends of Glass "Look Beyond The Label" campaign to promote the use of glass packaging, as well as in FEVE's efforts to facilitate the collection of used glass (target collection rate of 90% in Europe by 2030).

3.1.3. Risks related to changes in energy costs

Description of the risk

The Group's manufacturing activities are highly energy-intensive, particularly for natural gas, electricity and, to a lesser extent, fuel oil, as the furnaces used to produce glass must operate continuously at very high temperatures. For the year ended 31 December 2020, energy costs represented 18% of the Group's cost of sales. An increase in energy costs would therefore result in an increase in the manufacturing costs of glass packaging, as well as in transport costs (for sales and for purchases). Given the very nature of glass packaging and the materials necessary for its manufacture (sand and cullet), the cost of transport (for sale and purchase) represents a significant part of the final price of this packaging and is itself affected by the cost of fuel. The cost of energy decreased by 5.8% during the year ended 31 December 2020 (see Sections 7.1.2.2 *"Changes in raw material and en*ergy prices" and 7.2.2 "*Sales costs*" of this Universal Registration Document).

Most of the Group's sales contracts are concluded for a period of one year and can be renewed with the parties' agreement. These contracts do not include price adjustment clauses. The impact of the Group's production cost increases may therefore be delayed to varying degrees or passed on only partially, if at all. Moreover, and even for the limited part of sales covered by contracts with price revision clauses (generally multi-year contracts concluded with the Group's most significant customers), there often is a period of several months during which the Group's margins may be negatively affected in the event of an increase in energy costs, or positively affected in the event of a decrease in energy costs, due to the time lag between purchases of natural gas, electricity and fuel oil and sales to Group customers (see Section 7.1.2.2 *"Changes in raw materials and energy prices "* of this Universal Registration Document). For all of the above reasons, the Group cannot guarantee that it will be able to pass on all of these cost increases instantly and in full during these negotiations. Moreover, the above price revision clauses may also require the Group to reduce its sale prices in the event of a decrease in energy costs.

Apart from purchases of energy at a fixed price – which the Purchasing Department negotiates directly with suppliers if necessary – the Group hedges some of the risks linked to energy costs (see section below on "*Risk management*"). However, it cannot guarantee that these mechanisms and hedges, which themselves represent a cost for the Group, will fully cover the additional costs generated by future increases in natural gas, electricity or fuel oil prices; they mainly depend on the Group's underlying assumptions on cost changes. Finally, in the event of an unexpected fall in energy prices, particularly in the current context of a significant decrease in oil and gas prices, the hedges implemented by the Group against a potential rise in energy prices could represent a cost for the Group, by depriving it of the opportunity to take advantage of the lower prices.

Finally, some of the Group's subsidiaries, notably in Germany and Italy, receive energy cost subsidies from local authorities, mainly in the form of discounts on energy taxes applicable in the relevant countries (see Section 9.1.2 *"Regulations relating to the glass industry"* of this Universal Registration Document). These subsidies could be called into question, in particular due to the application of European rules on state aid.

All of the above situations could have an adverse effect on the Group's business, results, financial position and outlook.

Risk management

– Hedging policy for energy costs and multi-year sales contracts defined and implemented by the Group Purchasing Department, in consultation with the Group's Finance Department and the Group's Treasury and Financing Department, and in accordance with the guidelines set by the Company's Board of Directors.

– In the multi-year sales contracts that the Group has with some of its most significant customers: price revision clauses, taking into account in particular changes in energy costs and inflation, which may make it possible to pass on some of the increases (but also decreases) in energy costs to sales prices.

– Aim of the hedging strategy: to limit significant year-on-year cost increases, while at the same time allowing the Group to capture market opportunities when prices are low. Parameters of the hedging strategy defined according to market conditions, for a 3-year period, with a target coverage rate of eligible volumes at the end of year N of 100% for year N+1, 50% for year N+2 and 25% for year N+3. These parameters are then validated at energy committee meetings attended by the Chairman and Chief Executive Officer, the Chief Financial Officer and the Group Purchasing Director.

– The Group's commercial policy in effect since 2018: to negotiate sales price increases with its customers (for contracts without price adjustment clauses which covers most of the sales contracts entered into by the Group)– when placing orders or renewing contracts annually, as the case may be – at the end of the year, according to anticipated changes in production costs and based, where applicable, on the prices negotiated with its suppliers for the coming year or the parameters of derivative instruments put in place (in the case of energy purchases, for example). This gives it visibility on the impact of changes in production costs in the coming year and enables it to pass this on as effectively as possible to its sales prices. This policy enables the Group to generate a positive spread[2] on its sales (see Section 7.2.9 *"Adjusted EBITDA"* of this Universal Registration Document). The Group's energy price hedges set up in the form of derivative instruments as of 31 December 2020 are described in the section on "*Financial instruments*" in the notes to the consolidated financial statements.

– Sustained efforts to reduce the energy and environmental impact of the Group's production process, particularly in terms of energy and water consumption, CO2 emissions, and participation in the "Furnace of the Future" initiative led by major players in the glass industry to develop a hybrid furnace 80% powered by electricity.

3.1.4. Risks related to changes in the price of raw materials

Description of the risk

The Group's manufacturing processes also use raw materials for the manufacture of glass. These raw materials include glass sand, limestone, natural and synthetic soda ash, and cullet (recycled glass). During the year ended 31 December 2020, purchases of raw materials represented 29% of the Group's total purchases. At the date of this Universal Registration Document, the Group has not entered into any hedges on raw materials.

In recent years, the market for cullet has experienced an imbalance between supply and demand, which has contributed to a significant price increase. However, the price of cullet – which accounted for around half of the Group's raw material purchases in the year ended 31 December 2020 – varies widely from one region to another. This is mainly because of regulatory, organizational and financial disparities concerning the collection and recycling of used glass, as well as cullet supply centers being far away from production plants. Lastly, if the Group were unable to obtain sufficient supplies of cullet, or if cullet prices were to significantly increase, a higher proportion of soda ash would be required for the

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[2]The spread represents the difference between (i) the increase in selling prices and the mix applied by the Group after passing on the increase in its production costs, and (ii) the increase in its production costs. The spread is positive when the increase in selling prices applied by the Group is greater than the increase in its production costs. The increase in production costs is recorded by the Group at constant production volumes and before industrial variances and the impact of the Performance Action Plan (PAP).

Group's glass production, which would increase energy costs as the melting temperature of soda ash is higher than that of cullet.

Since most of the Group's sales contracts lack price revision clauses, the impact of the Group's production cost increases may be delayed to varying degrees or passed on only partially, if at all. As a result, any significant increase in the price of raw materials used by the Group to make glass or cullet could have an adverse effect on the Group's business, results, financial position and outlook. During the year ended 31 December 2020, the cost of raw materials rose by 1.6% (see Section 7.2.2 " *Sales costs*" of this Universal Registration Document).

Risk management

– Negotiation with the Group's suppliers of price structures best suited to the expected changes in the cost of raw materials in the short and medium term, assisted by its Purchasing Department.

– Increase in the cost of raw materials passed on directly or indirectly to the Group's sales prices, in particular through price revision clauses included in some of the multi-year contracts concluded with several of its most significant customer or, in most cases, through commercial negotiations with customers when placing orders or renewing contracts annually.

– With regard to cullet, development of numerous initiatives by the Group to optimize its use by improving the collection of household glass, as well as by improving the quality of cullet during treatment or by increasing its use in glass production (some of the Group's furnaces use up to 95% cullet).

– Cullet treatment facilities, with the introduction of new treatment solutions in order to be able to recycle most of the cullet at the Group's disposal in its furnaces (see the section below on managing the risks associated with relations with certain suppliers and subcontractors).

– Parallel diversification of external sources of supply of treated cullet to mitigate price increases for the portion of cullet not covered by Verallia's facilities (owned directly or through a partnership).

3.2. Operational risks

3.2.1 Risks related to the balance between supply and demand and the adaptation of the manufacturing facilities

Description of the risk

The Group's business in its regional markets depends on the balance between glass packaging production capacity on the one hand and the volume of demand for such packaging on the other. This relationship between production capacity and volume of demand is particularly relevant for the Group at the regional level, as the cost of transporting glass packaging often renders it difficult to transfer excess capacity from one market to another when the markets involved are distant.

The addition of new production capacity in a given market, against a background of strong competition between container glass producers, can result in an imbalance between a sudden increase in supply and a more gradual increase in demand. Such an imbalance may also be caused by a sudden drop in demand, due in particular to unforeseeable events such as the Covid-19 pandemic, which affected the volumes of bottles of still and sparkling wine sold in 2020, or an increase in demand that is below the Group's or its competitors' forecasts. Coupled with the essentially regional nature of the Group's markets, the occurrence of such events may result in downward pressure on prices in the market in question until demand adjusts to supply.

On the other hand, some events can result in a rapid and significant increase in demand for packaging. However, the Group's industrial organization (non-stop work over five shifts, 365 days a year) limits the ability to immediately adapt supply to more volatile demand. This lack of flexibility is increased by the cost of capacity investments and the time these take to be implemented (the time to start-up a new furnace is around 18 to 24 months). For example, the 2017, 2018 and 2019 financial years saw available capacity squeezed in Spain and Italy, markets where there had been strong growth, which led to demand exceeding supply. To meet demand, in 2019 the Group began to build a new furnace in Azuqueca in Spain and another in Villa Poma in Italy. Both furnaces started up in the first quarter 2021, the start-up originally planned for 2020 having been postponed due to the Covid-19 pandemic. The temporary inability to meet a sudden increase in demand for glass packaging could cause some of the Group's customers to turn to the Group's glass container competitors, or substitute other types of packaging for their products from the Group's competitors. It could even result in new conditions that could favor the export of competing products by competitors located in border areas.

Lastly, the Group may have to resize, upwards or downwards, its industrial facilities in certain regions in order to adapt to these significant changes in supply or demand. These fluctuations could lead the Group to temporarily or permanently shut down certain furnaces or plants, which could entail significant costs.

The above events could have a material adverse effect on its business, financial position, results and outlook.

Risk management

- Introduction of competitive intelligence with continuous monitoring of changes in production capacity in the Group's direct and indirect markets, based on available public information and announcements made by the Group's competitors.
- Internal network (sales and management) heedful of changes in demand and any event that could lead to overcapacity in the Group's markets.
- During the development of the Group's business plans and budget: management of the Group's internal capacity; analysis of changes in demand and markets; regular updates of production capacity developments and forecasts.
- Ability to shut down temporarily and definitely some lines in response to demand and implementation of action plans to improve flexibility (line switched to the production of jars rather than bottles).
- In France, continuation and strengthening of efforts to boost the competitiveness of manufacturing facilities through the non-rebuild of one furnace with a view to adapt production capacity to the volume decrease on the French market.

3.2.2. Risks related to the operation of industrial sites

Description of the risk

The Group's manufacturing processes involve working molten materials at very high temperatures, using heavy machinery and equipment. These production processes entail risks such as industrial accidents, molten glass spillage and explosions, fires, potential problems for nearby conurbations and environmental hazards such as accidental releases of polluting or hazardous substances (e.g. carbon dioxide, nitrogen oxide or sulfur oxide), including in fumes, dust or water cooling systems. Such events may cause unforeseen interruptions to the Group's business, the total or partial destruction of its facilities, environmental pollution or even personal injury or the death of employees of the Group and/or of subcontractors and local residents as a result of human error, equipment failure, defects or malicious acts, terrorism, natural or exceptional events such as the Covid-19 pandemic or force majeure.

Those risks are aggravated for sites exposed to an increased risk of natural disasters (in particular droughts, fires, flooding or earthquake).

Such events, particularly if they concerned sites operated by the Group near urban areas (such as in Chalon-sur-Saône, France), could expose the Group to legal proceedings brought against it by potential victims for damages and/or result in penalties.

In addition, the Group's operations and results depend on its ability to optimize the use of its manufacturing facilities in order to achieve the optimal production level. The Group's production processes feature high fixed production costs and continuous production requiring its furnaces to be maintained at high temperatures 24 hours a day.

Prolonged interruptions of supplies of energy (for example: gas, electricity, fuel) or materials necessary for the supply of furnaces (for example: sand, soda ash, cullet) can lead to the deterioration, or even the loss of the production tool.

Some of the geographical zones in which the Group operates, such as Latin America, Ukraine and Russia, are subject to frequent energy shortages (notably electricity), which could lead to the shutdown of furnaces and thus a temporary halt in production. The Group's industrial sites use large amounts of water to cool their facilities and the Group is therefore also exposed to the risk of water shortages in certain regions where there may be situations of increased water stress, such as in particular the production sites in Vicsa, Seville and Montblanc in Spain, and Rosario in Chile.

Since the start of the lockdown due to the Covid-19 pandemic, the Group has been forced to limit production at some of its European sites due to local travel restrictions, lockdown measures or employee requests for right to withdraw. Generally, due to the circulation restriction measures related to the sanitary crisis, the Group's employees could no longer have access to the production sites.

Any interruption in the production process could lead to a loss of revenue for the Group, even though it continues to incur fixed costs, and prevent the Group from fulfilling orders and/or cause it to lose customers, resulting in contractual penalties in some cases. The Group could also face significant delays regarding the works of its furnace rebuilding or unscheduled investments such as furnace repair that become necessary following the occurrence of incidents, liability claims and a significant increase in the cost of its insurance policies. As a result of the Covid-19 pandemic, for example, the Group decided to postpone until 2021 the start-up of the new furnaces in Azuqueca in Spain and Villa Poma in Italy, originally planned for 2020.

Such interruptions or accidents are likely to result in a loss of revenue and thus have a material adverse effect on the Group's business, reputation, financial position, results and outlook.

Risk management

– Three major pillars of the Group's industrial risk management policy: (i) prevention, (ii) protection and (iii) anticipation. To support this approach, an organization specializing in loss prevention engineering audits the Group's plants each year, helps to identify risks and makes recommendations to mitigate the risks or protect the facilities. These recommendations are analyzed and implemented, in order of priority, within the framework of multi-annual action plans.

– Implementation of business continuity plans at each of the Group's key sites to anticipate vulnerabilities and avoid prolonged interruptions to the supply of energy or materials needed to run machinery and equipment, in view of the risks of natural disaster and other major incident risks. Each business continuity plan defines different actions to be implemented in the event of an incident, which helps to reduce the consequences of such events.

– Permanent commitment to develop and use safe industrial processes, promoting a "zero accident" culture and protecting the health and safety of its employees by implementing Environment, Hygiene, Health and Safety procedures, taking into account the main issues around industrial processes.

3.2.3. Risks related to occupational health and safety

Description of the risk

Human resources are one of the pillars of the Group's business. Regulations in the field of labour law, including occupational health and safety and the use of temporary workers, particularly affect its business. Although the Group makes significant efforts to ensure compliance with these regulations and to ensure that temporary employees have an equivalent level of training, qualification and reliability compared to its own employees, it cannot guarantee the absence of potential deficiencies in these areas. Any failure by the Group, its employees (notably its temporary employees) or its subcontractors to comply with these obligations could result in significant fines, claims against the Group and the company that employs such persons related to the violation of these provisions or the loss of authorizations and qualifications. In addition, these regulations are subject to regular changes and the constraints imposed may be reinforced; adapting the Group's organization to comply with such regulations could generate significant costs.

The Group is also exposed to the risk of accidents involving its employees or subcontractors at their workplace (particularly industrial sites) or while travelling. Despite the attention paid to safety and working conditions, the Group cannot exclude the occurrence or increase, in frequency and severity, of work-related accidents and illnesses.

In particular, the Group's glass business means that its employees work in an environment requiring control of heat radiation and contact with hot parts in order to protect both employees and the installations, which in the past led to the use of asbestos at some Group production sites (see Section

3.4.2 "*Risks related to litigation and ongoing investigations, particularly in relation to occupational diseases*" of this Universal Registration Document).

Furthermore, new technologies, as well as the implementation of new procedures (for example sanitary protocol as a result of the Covid-19 pandemic and similar events), services, tools and machines could affect the working conditions of the Group's employees. Finally, in the context of the Covid-19 pandemic notably affecting regions where the Group has production facilities, the occurrence of one or more cases of Covid-19 affecting the Group's employees or subcontractors could force the Group to limit or even stop production at the sites where the employees or subcontractors concerned work, which could have an adverse impact on the Group's activities.

Risk management

- Permanent commitment of the Group to develop and use safe industrial processes, promote a zero accident culture and protect the health and safety of its employees.
- Implementation of Health, Safety and Hygiene procedures that take into account the main issues related to industrial processes, such as, for example, workstation ergonomics, the reduction of potential exposure to dust and legionella, exposure to noise and heat, and chemical risk management (e.g. carbon dioxide, nitrogen oxide and sulphur oxide emissions). Exposure to chemicals is checked periodically at each site and monitored at Group level.
- Regular checks (in the form of audits of our plants) organised by the Operations Department to ensure the effective implementation of our Health, Safety and Hygiene standards, which are reviewed and reinforced as often as necessary.
- Training of subcontractors in the specific risks and in Verallia's tools, especially during furnace rebuild. Special arrangements exist for furnace rebuild, with safety welcome desks and the appointment of local representatives, often plant personnel, who can pass on safety information. Lastly, the risk analysis of work carried out by our subcontractors is validated by the Environment, Health and Safety manager of the site or the project manager.

3.2.4. Risks related to the implementation of the operational excellence program of the Group

Description of the risk

As part of its industrial strategy, the Group has implemented an operational excellence program for the last several years (see Section 5.3.2 of this Universal Registration Document), which has been significantly strengthened with the deployment of the Verallia Industrial Management (VIM) 2.0 initiative, applied since the beginning of 2018, which focuses on security, quality, industrial performance, reduction of production costs, (in particular due to the implementation of the Performance Action Plan (PAP) to improve industrial performance), and team management. This program has helped the Group to improve its adjusted EBITDA, notably through a significant decrease in cash production costs[3], amounting to €47 million for the year ended 31 December 2020, with an impact net of industrial variances of €35 million (see Section 7.2.9 "*Adjusted EBITDA*" of the Universal Registration

[3] Production costs at like-for-like volumes and unit prices, excluding selling, general and administrative expenses, transport costs, depreciation and amortization and provisions for claims. Industrial variances: change in cash production costs, at constant volume and constant prices minus savings generated by Performance Action Plan

Document). The Group intends to continue to implement this plan in support of its development strategy and the achievement of its mid-term objectives set out in Chapter 10 of this Universal Registration Document.

The Group may not be able to implement this plan within the timeframe and in accordance with the terms initially planned, or may not derive the benefits initially expected from it.

Moreover, if the Group were unable to achieve certain of the objectives set under this plan, it could encounter difficulties in maintaining its competitive position and effectively managing its production costs. The occurrence of any of the events described above could have an adverse effect on the Group's business, financial position, results and outlook.

Risk management

– Implementation of a robust management system based on monthly dashboards by region and plant, reviewed each month by the Group's Operations Director and the Chairman and Chief Executive Officer, and a two-day quarterly review by region, carried out by the Group VIM Director.

– Reinforcement of change management at each plant and implementation of training for stakeholders, with strong support from the Group.

– Two annual sessions (during the planning and budgeting phases) to select cost reduction projects for each plant, as well as the recent introduction of a new metric to measure the ability of plants to launch regular Performance Action Plan (PAP) projects.

– Stringent monitoring of the progress of action plans (adjusted as often as necessary to achieve the minimum annual cost reduction target), carried out by the Operations Department and the Finance Department.

3.2.5. Risks related to relations with certain suppliers and subcontractors

Description of the risk

The Group uses many suppliers of raw materials and components. The Group's top 10 suppliers accounted for approximately 17% of the Group's supplies for the year ended 31 December 2020. However, for certain very specific supplies, the Group may rely on a limited number of suppliers. This is the case in particular for the supply of soda ash, in a sector where production is highly concentrated, and for sand supplies.

A failure of one or more significant suppliers or an exclusive supplier, including as a result of labour unrest, unexpected stock shortages, quality defects, export restrictions or sanctions and, more generally, any disruption in supply could therefore affect the Group's production capacity or result in additional costs.

In addition, the Group may, for a limited number of services and products provided to its customers (such as logistics or storage services), use subcontractors acting in the Group's name and on its behalf. The Group remains liable for the services performed by these subcontractors. In the context of these subcontracting activities, the Group is exposed to the risk that these subcontractors may not perform their work satisfactorily, in accordance with applicable regulations, or within the time limits set. In addition, in France, the Group's subcontractors are generally small companies, which may generate an important part of their revenue from the Group. Due to the legislative provisions governing the termination of contracts in France when one of the parties is in a situation of economic dependence, the Group could face difficulties in terminating a subcontracting agreement with a defaulting subcontractor, or could be required to pay a compensation.

Lastly, the Group cannot guarantee that its suppliers and subcontractors comply with local labour laws and environmental and ethical standards in the course of their activities. If it turns out that these suppliers and subcontractors have not complied with local labour laws or environmental or ethical standards, the Group's reputation and results could be adversely affected. In addition, the replacement of a supplier or subcontractor as a result of such events could force the Group to bear additional costs and disruptions or interruptions in production.

The occurrence of one or more of these risks could therefore have an adverse effect on the Group's reputation, business, financial position, results, assets and outlook.

Risk management

– Search for more than one supplier where possible, diversification of their geographical origin and choice of suppliers offering the most innovative products.

– Initiatives carried out by the Group to identify new suppliers each year, particularly to avoid any dependence on suppliers, or even to develop the insourcing of certain critical raw materials. For example, with regard to the supply of cullet, the Group operates eight cullet processing centers, including two located in France, operated through Everglass; three located in Italy, including two operated through Ecoglass and one operated in a partnership with Vetreco; one located in Germany and two in Spain, one of which is operated through a partnership with Calcin Iberico.

– Close scrutiny by the Group to ensure that its suppliers and subcontractors comply with applicable labour laws, social protection laws and social and environmental standards. The Group has drawn up a charter on employee rights, health and safety, and environmental and ethical standards, which its suppliers must sign and which they must adhere to.

– Implementation of procedures for identifying cases of single-source suppliers, managed by region and at the central level; preparation of the appropriate action plans; quarterly monitoring of the progress of action plans; analysis of the financial situation of critical suppliers at least once a year.

– Implementation of a specific ESG (Environment, Social, Governance) procedure effective in the majority of the Group's host countries. The Group has introduced a procedure for identifying environmental, social, human rights, ethics and responsible purchasing risks based on risk mapping, with supplier assessments, on-site audits and management of the associated corrective action plan.

– Pooling of supplier creation at the regional level and rationalization of the global supplier base managed by the Group so as to strengthen supplier monitoring and control.

3.2.6. Risks related to labour relations

Description of the risk

The Group's operations may be disrupted by labour disputes such as strikes, walkouts, industrial action or other social unrest, which could also have a material adverse effect on the Group's operations, profits and image. A substantial number of hours are typically lost to strikes every year in France. In 2020, for example, Verallia France had numerous strikes following the announcement of the government's pension reform plan and its transformation plan which was approved by the Regional Department of Business, Competition, Consumer Affairs, Work and Employment (DIRECCTE) on 12 November 2020.

In the various countries where its plants are located, the Group, in accordance with its principles of action and its concern for social dialogue, is a party to numerous collective agreements stemming from negotiations with the social partners, some of which are concluded for a fixed period and are therefore subject to periodic renegotiation. These negotiations have caused and could continue to cause labour tension or strikes when the parties involved have difficulty agreeing on mutually acceptable terms and conditions. Social negotiations, and in particular the negotiations of the above-mentioned collective agreements or periodic wage negotiations, are likely to increase operating costs due to the resulting payment of higher salaries or benefits in kind or in cash, which could have an adverse effect on the Group's business, results, financial position and outlook.

Risk management

- Maintaining a permanent and constructive social dialogue with interested stakeholders (at Verallia France, for example: creation of local works councils with monthly meetings; creation of a central works council with at least two meetings a year; two meetings of the Economic Committee; one meeting of the Health, Safety and Working Conditions Committee). A monitoring center for social dialogue has also been set up with the participation of the various representative trade unions.
- Creation of a European Works Council.
- Negotiation of collective agreements protecting the rights of stakeholders and complying with the applicable legislation in the Group's host countries.
- In France, training of managers (plant managers and plant HR personnel) in the management of labour relations.

3.2.7. Risks related to the Group's international operations

As of 31 December 2020, the Group operated 32 production sites (with a total of 57 operating furnaces) and 3 decoration sites in 11 countries in which it has a manufacturing footprint.

The Group generated 14.5% of its consolidated revenue for the year ended 31 December 2020 in Eastern Europe and Latin America, i.e. Russia, Ukraine, Brazil, Argentina and Chile.

In general, the Group's activities in these countries involve higher risks than in Western European countries, including:

- volatility of gross domestic product (for example, Argentina recorded a 2.2% decline in its gross domestic product in 2019, after posting a decline of 2.5% in 2018, which itself followed growth of 2.7% in 2017; Argentina is estimated to have recorded a 10.4% decline in its gross domestic product in 2020[4];
- a relatively unstable economic situation (inflation rates are frequently higher and fluctuating, such as in Argentina (which is facing hyperinflation (see Section 3.3.1 "*Risks related to exchange rates*" of this Universal Registration Document) and Brazil and social and political instability;
- increased risks relating to corruption and business ethics;
- weaknesses of health systems which renders them vulnerable in case of a crisis such as the Covid-19 pandemic;
- changes in regulations, which can be significant, particularly tax regulations, or their imperfect application, and complex tax regimes, such as in Brazil, Russia or Ukraine;
- difficulties in obtaining enforcement of contracts or court decisions (notably in Russia and Ukraine) or difficulties in recovery or in obtaining enforcement of, or complying with, vague or ambiguous legal provisions;
- nationalisation or expropriation of private property (expropriation without sufficient compensation to rebuild the plant or equipment identically);
- exposure to various legal regimes, including those relating to intellectual property and collective proceedings;
- customs duties, protectionist measures and licensing obligations for imports and exports;
- difficulties in recruiting or retaining employees;
- non-compliance with the Group's risk management procedures due to the Group's decentralised structure;
- significant fluctuations in interest and exchange rates (such as the devaluation of the Argentine peso and hyperinflation in Argentina (see Note 2.5 "*Transactions in foreign currencies*" to the Group's consolidated financial statements for the year ended 31 December 2020) or the recent depreciation of the Chilean peso;
- exchange controls and other adverse interventions or restrictions imposed by governments, such as, for example, in Argentina (including limitations on the payment of dividends or other payments from foreign subsidiaries, withholding taxes or any other taxation based on payments or investments made by foreign subsidiaries and any other restrictions imposed by foreign governments);
- the risk of war, which materialised in Ukraine with the Crimean crisis (including the risk that employees in these countries could be mobilised);

[4]Source: World Bank, IMF.

- frequent public unrest (such as the context of current social tensions in Chile) and corrupt practices;
- risks of sanctions in certain countries (notably Russia and Ukraine), which may in particular target the Group's customers or suppliers, or the risk of a conflict between sanctions measures taken by different countries or between applicable local regulations more generally, placing the Group in a situation where compliance by the Group with a sanction measure taken by a given country leads to the violation of a sanction measure taken by another country;
- acts of terrorism.

Although the Group's activities in the above-mentioned regions are not concentrated in a single country, the occurrence of adverse events or circumstances in one or more of the countries in which the Group operates could have an adverse effect on the Group's business, financial position, results and outlook.

Risk management

– Creation of a Group and regional risk committee.

– Regular monitoring of the effective implementation of the Group's key management procedures.

– Quarterly letters of affirmation signed by regional directors.

– Stringent local monitoring of changes in the geopolitical and economic environment in countries where the Group operates.

– Introduction of a compliance policy and compulsory in-house training in ethics and compliance in countries where the Group operates.

– Compulsory training in embargo and sanction procedures for all the stakeholders involved.

– Coordination of an insurance program to cover all the risks of subsidiaries locally, with master policies providing cover for Difference In Conditions and Difference In Limits. (*Difference In Conditions - Difference In Limits*).

3.2.8. Risks related to IT systems

Description of the risk

The Group relies on its information systems to run its business (including to manage its furnaces, monitor its supplies, orders and product invoicing, communicate with its customers, manage its personnel and provide the necessary information to its various operational managers for decision-making). The management of its activity is thus increasingly dependent on information systems (infrastructure, networks and software applications). Despite a policy of strengthening and continuously monitoring the resilience and security of its information systems, a major failure or interruption resulting from an incident (such as a power outage or fire), computer virus, computer attack or other cause could have a negative impact on the conduct of the Group's business.

In addition, the Group outsources certain elements of its information systems and certain activities in order to optimize the management of its resources and improve the efficiency and security of its IT infrastructure. The Group relies on the quality of work and the expertise of its service providers in this area and, despite the care taken in selecting these providers, is therefore exposed to the risk that they may fail to fulfil their obligations.

Finally, the Group grants access rights to certain parts of its information systems to a significant number of its employees as well as to third parties, such as external service providers (IT service providers and consultants, in particular). Accordingly, the Group is exposed to the risk that users might be able to access data or functionalities that they were not supposed to access, which could lead, for example, to the disclosure of sensitive data or the manipulation of the Group's operational or financial data.

The occurrence of such events could have an adverse effect on the Group's business, financial position, results and outlook.

Risk management

– Global IT security policy reviewed in 2018, with an annual strategy review based on five pillars: stringent use of the latest technology (constant system updates, improved security for workstations and servers, including security at industrial sites, strong authentication for remote access, privileged user accounts and backup plan), secure access and application rights, detection for immediate response to threats, user awareness and governance based on best practices.

– Various actions carried out or under way to strengthen the security of IT infrastructures and hardware, particularly with regard to treasury and industrial systems, which, in turn, help limit the risk of internal fraud and external intrusion.

– Introduction of centralized monitoring enabling detection, analysis and rapid response (*Security Operation Center*).

– Several annual actions to raise employee awareness of cyber risk, and in particular *(phishing)* and (*ransomware)*.

– Attack simulation *(redteam*) to test our entire strategy and processes (resilience, detection, reaction, compliance with basic procedures, awareness etc.).

– Implementation of a cyber risk insurance policy.

– Disaster recovery plan that relies on a regularly tested backup, recovery and versioning policy for user (PC) and application (server) data, based on technological diversification and an architecture that reduces the risk of exposure to a systemic incident.

3.2.9. Risks related to the occurrence of natural disasters

Description of the risk

The Group's industrial facilities are exposed to risks related to the occurrence of natural disasters such as fires, floods, hurricanes and earthquakes (or other climatic events). In 2019, in Italy, in the Savone region, one of the Group's external storage warehouses was flooded and products were damaged; in addition, a warehouse collapsed at the Bad Wurzach site in Germany, following heavy snowfall and rain. Furthermore, some production sites are located in Chile and Argentina, where earthquake risk is elevated. In addition, the Essen production site in Germany and the Group sites in the Italian Po river valley are located in flood zones.

These climatic events may require the Group to set up additional means of protection on sites in high-risk areas, engaging additional costs. Moreover, the insurance market, due to the extent of the damage that may be caused by such events, is likely to increase the cost and/or limit, or even refuse to maintain coverage arranged by the Group for natural disasters and in particular for earthquakes due to the Group's exposure in Argentina and Chile. Thus, when the Group renewed its damage policy in 2019 for 2020 and 2021, it could only maintain its 2019 earthquake coverage in 2020 and 2021 for these two countries by accepting a sharp increase in premiums and an increase in deductible for this risk.

The occurrence of a natural disaster could result in the destruction of all or part of the Group's facilities and, in turn, various costs and constraints linked to repairs or associated temporary mitigating measures, personal injury or the death of employees and local residents, and interrupt production indefinitely. The ability to fulfil customer orders could be interrupted, particularly in the aforementioned countries, such as Argentina and Chile, where the Group has only one production site, which limits alternative solutions from another Group production site. Furthermore, such events could involve the Group in legal proceedings brought against it by potential victims for damages and/or result in penalties being imposed.

The above events could have an adverse effect on the Group's business, financial position, results and outlook.

Risk management

- Implementation of a global PDBI insurance program with reputable and financially sound insurance companies.
- The coverage arranged takes into account the major risks that the Group's manufacturing facilities could be exposed to, and in particular the damage and operating losses caused by natural disasters.
- Implementation of a risk mitigation and business continuity plan for each site (for example, in Italy, Argentina and Chile, the business continuity plan for plants is regularly tested and strengthened whenever necessary).

3.2.10. Risks related to defective products

Description of the risk

For products that do not comply with its standards, in particular due to accidental or deliberate contamination of raw materials, failure of production equipment or human error, the Group could be forced to incur substantial costs in order to carry out the necessary corrective action, such as suspending production or issuing product recalls, while suffering damage to its image or that of its brands. The Group could then be required to compensate its customers and/or other companies along the distribution chain and/or end consumers for any damage, which could include personal injury (if, for example, the Group's packaging fails to withstand the pressure from carbonated beverages), even in the absence of any negligence or fault on the part of the Group. This could also result in negative publicity, harm the Group's reputation and cause it to lose market share. Such events could have an adverse effect on the Group's business, reputation, results, financial position and outlook.

Risk management

– Ensuring that all our plants comply with strict food safety regulations (Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002) through ISO 22000, FSSC 22000 or BRC certification covering these requirements.

– Drive for continuous improvement in terms of Quality Control and Manufacturing Process Control.

– Removal from the production line of any packaging that does not comply with the Group's quality standards. Installation of testing equipment, which the Group regularly invests in, to check the quality of packaging throughout the production process at each of its production sites. The wide range of technical equipment used (video cameras, inductive and mechanical sensors, light beams etc.) means that the size of the packaging, its ability to withstand stresses and its appearance can all be checked.

– Implementation of traceability procedures so that packaging can be tracked from receipt of the raw materials through to processing, production and distribution and shipping. The aim is to be able to isolate part of the production process in the event of reported issues affecting packaging quality.

– Insurance policy taken out by the Group to cover any harmful consequences caused by products supplied by the Group.

3.2.11 Risks related to acquisitions and partnerships

Description of the risk

The Group may consider value-creating acquisitions in order to generate additional revenue growth.

However, the estimated profits from future or completed acquisitions may not materialise within the time or to the extent expected, for the following reasons:

- the integration of new companies could result in substantial costs, as well as delays or other financial and operational difficulties.

- the assumptions made in the business plans of the acquired companies could prove to be incorrect, particularly in terms of synergies and performance;
- the completion of acquisitions in a new country and/or in a country that is not the Group's home country could involve increased risks; and
- the acquisition of new companies could generate unforeseen legal constraints, such as liabilities that are more significant than those assessed during the due diligence phase of acquisition.

In addition, as part of its activities, the Group has entered into and may enter into a number of strategic partnerships and joint ventures with local companies, as is the case in Argentina through the Group's Rayen Cura subsidiary, in which it holds 60% of the shares, alongside the diversified Chilean group Cristalerias Chile. As part of the corresponding partnership or joint venture agreements, the Group may be required, for the purpose of taking certain decisions, to seek the agreement of its partners, whose interests may not be aligned with its own.

In addition, if one of the Group's partners were to face financial hardship, change its strategy, wish to terminate a strategic partnership or, more generally, if there is disagreement on the terms of the partnership (as was the case for the IVN joint venture, established by the Group in Brazil (see Sections 7.1.2.7. "*Acquisitions, disposals and changes in scope*" and 18.5 "*Legal and arbitration proceedings*" of this Universal Registration Document), this could, for example, affect the Group's ability to implement its strategy, force it to cease operations under sub-optimal conditions and expose it to the risk of litigation, particularly with its partner, and consequently have an adverse effect on its business, financial position, results and outlook.

Risk management

- Definition of a strict acquisition and partnership policy in terms of strategic relevance and valuation.
- Thorough legal and financial due diligence on targets.
- In the event of consolidation, implementation of a governance mechanism to protect the Group's interests and adoption of the Group's key procedures by the newly consolidated entity.

3.3. Financial risks

3.3.1. Risks related to exchange rates

Description of the risk

A part of the Group's assets, liabilities, income and expenses are denominated in currencies other than the euro. The preparation of the Group's financial statements (denominated in euros) requires the conversion of these assets, liabilities, income and expenses into euros at the then-applicable exchange rates. Consequently, changes in exchange rates against the euro affect the amount of the relevant line items in the Group's financial statements even if their value remains unchanged in their original currency (foreign exchange translation risk).

Beyond this conversion risk, the Group's results are not significantly affected by changes in exchange rates, since, as a general rule, the Group's costs and revenues are denominated in the same currency. This is due to the regional or local nature of the Group's markets.

However, some subsidiaries located in Eastern European countries that export products in the currency of the importing country may be exposed to exchange rate fluctuations; the same applies to subsidiaries located in Latin American countries that purchase raw materials and energy or make investments in US dollars and euros (foreign exchange transaction risk). In the normal course of business, the Group may also be exposed to foreign exchange risk on certain financial liabilities denominated in a currency other than the functional currency of certain subsidiaries.

The main currencies of the Group's exposure to transnational foreign exchange risk are the Brazilian real, Argentine peso and Russian ruble, of which the impact on equity is described in Note 20.2.2 "*Foreign exchange risk*" to the Group's consolidated financial statements for the year ended 31 December 2020.

Moreover, following the sharp increase in the cumulative inflation rate over several years in Argentina, such that it is considered to be a hyperinflationary economy, the Group was required to apply IAS 29 *Financial Reporting in Hyperinflationary Economies* to its activities in Argentina as from 1 January 2018. Applying this standard requires the revaluation of non-monetary assets and liabilities, equity and profit and loss to reflect changes in purchasing power in local currency. These revaluations may lead to a gain or loss on the net monetary position included in net financial income. In addition, this standard requires the subsidiary's income statement to be converted at the closing rate rather than the average rate for the period. The net impact on revenue of hyperinflation in Argentina is disclosed in Note 7.1.2.4 « *Fluctuations in exchange rates* » "Hyper-inflation" to the Group's consolidated financial statements for the year ended 31 December 2020.

Risk management

– Exchange rate movements are regularly monitored and assessed by the Group.

– Operational subsidiaries invoice (and are invoiced) in their functional currency wherever possible.

– The Group builds its production sites close to its customers wherever possible.

– In order to hedge transactional currency risk, the subsidiaries involved enter into currency hedging derivatives either with Verallia Packaging, which concludes – in its own name but on behalf of the subsidiaries – these transactions, or, failing that, with their local banks. The aim of the hedging policy is to align the key features of the hedging instrument with those of the underlying if possible in order to minimise potential sources of ineffectiveness and the impact on related income.

3.3.2. Risks related to the Group's borrowings and liquidity risk

Description of the risk

As of 31 December 2020, the Group's total gross debt amounted to €1754.8 million (see Section 8.2.2 "*Financial liabilities*" of this Universal Registration Document).

The Group's debt could have negative consequences, including:

- requiring the Group to devote a significant portion of its cash flows from operating activities to debt service and repayment, reducing the Group's ability to use available cash flows to finance organic growth, investments and other general corporate purposes;
- increasing the Group's vulnerability to business slowdown or economic conditions;
- placing the Group in a less favourable position compared to competitors that have less debt;
- limiting the Group's flexibility to plan or react to changes in its activities and its sector;
- limiting the Group's ability to make investments for growth;
- limiting the Group's ability to sell assets on satisfactory market terms;
- limiting the Group's ability to carry out its external growth policy;
- limiting the ability of the Group and its subsidiaries to borrow additional funds or raise capital in the future, and increasing the costs of such additional financing; and
- limiting the Group's ability to reward its shareholders (payment of dividends).

In addition, the Group's ability to meet its obligations, pay interest on its borrowings or refinance or repay its borrowings under the terms and conditions provided for therein will depend on its future operating performance and may be affected by several factors (including economic conditions, debt market conditions, regulatory developments etc.), some of which are independent of the Group.

The Group is also exposed to the risk of interest rate fluctuations insofar as an important portion of its debt bears interest at a variable rate equal to EURIBOR plus a margin. In addition to potential fluctuations in EURIBOR, margins applicable under the Senior Facilities Agreement, which constitutes a significant proportion of the Group's debt, increase according to the total net debt to pro forma consolidated EBITDA ratio as defined in the Senior Facilities Agreement (pro forma consolidated EBITDA corresponds to adjusted EBITDA as defined in this Universal Registration Document) (see Section 8.2.2.1 *"Senior Facilities Agreement"* of this Universal Registration Document). As of 31 December 2020, the Group's outstanding variable rate debt, after taking into account derivative instruments, amounted to €272.6 million and the Group's outstanding fixed rate debt amounted to €1482.2 million, including accrued interest.

The sensitivity, as at 31 December 2020, of pre-tax income to the impact of changes in the interest rate applicable to the Group's borrowing costs is presented in Note 20.2.1 *"Interest rate risk"* of the Group's consolidated financial statements for the year ended 31 December 2020.

Furthermore, the Senior Facilities Agreement requires the Group to comply with specific covenants, particularly financial covenants and a specific ratio (see Section 8 *"Liquidity and capital resources"* of this Universal Registration Document).

The restrictions contained in the Senior Facilities Agreement could affect the Group's ability to carry out its operations and limit its ability to react to market conditions or to seize business opportunities that may arise. In addition, the Group's ability to comply with these covenants could be affected by events beyond its control, such as economic, financial and industrial conditions. A breach by the Group of its commitments or restrictions could constitute an event of default under the terms of the Senior Facilities Agreement.

In the event of default which is neither remedied nor waived, the creditors concerned may terminate their commitment and/or require that all outstanding amounts become immediately due. This could activate cross-default clauses on other contracts of the Group. Such events could have a material adverse effect on the Group, and even lead to its bankruptcy or liquidation.

In the context of a crisis, the Group may not be able to obtain the financing or refinancing necessary to implement its investment plan or to obtain such financing or refinancing on acceptable terms.

The contractual expiry dates of the Group's financial liabilities, including interest payments, are presented in Note 20.1 *"Liquidity risk"* of the Group's consolidated financial statements for the year ended 31 December 2020.

In addition to financial debt, as of 31 December 2020, the Group's financial liabilities include €367.5 million in trade payables and €271.8 million in other current liabilities (including amounts due under fuel and gas swaps).

The occurrence of one of the risks described above could have an adverse effect on the Group's business, operating results and financial position.

Risk management

– Management of interest rate risk by the Group's Treasury and Financing Department, which has implemented, in accordance with the guidelines set by the Company's Board of Directors, a policy to guarantee the financial cost of the Group's global medium-term debt against the risk of interest rate fluctuations;

– Implementation by some Group subsidiaries of hedging derivatives with Verallia Packaging, which has entered into interest rate hedging transactions for this purpose, in its name and on its behalf but also for the benefit of these subsidiaries.

– Interest rate swaps set up in 2018 for a nominal amount of €1,500 million with a maturity in August 2022 (in October 2019, following the Refinancing, the Group proceeded to unwind €250 million of interest rate swaps) to hedge exposure to the risk of a rise in EURIBOR. After hedging, the interest rate risk is under control.

– Aim of the interest rate hedging policy: to align the main features of the hedging instrument with those of the underlying whenever possible in order to minimise potential sources of ineffectiveness and the impact on related income.

– Group's overall exposure to liquidity risk managed by the Group's Treasury and Financing Department. Subsidiaries generally contract their short- or long-term financial debt with Verallia Packaging. The Group's policy aims to ensure the sustainability of its financing and, in line with this objective, to optimise its financial cost. Long-term debt therefore systematically represents a high percentage of overall debt.

3.3.3 Risks related to substantial investments and their financing

Description of the risk

In order to maintain the operational excellence of its industrial facilities, the Group makes significant recurring investments, representing approximately €200 million per year in recent years, including expenses related to the construction of new equipment and the reconstruction and maintenance of its existing facilities. The Group intends to continue to pursue a disciplined investment policy, aimed at limiting recurring investments to approximately 8% of the Group's consolidated revenue (excluding the capitalization of the right of use related to the application of IFRS 16 and ignoring its "strategic" investments to reduce CO2 emissions and build new furnaces).

The Group must generally rebuild six to seven furnaces each year on average. For example, during the year ended 31 December 2020, the Group invested €65 million to rebuild six furnaces. The Group also completed the construction of a new furnace in Chile (in connection with the stoppage of the site's old furnace) which started in February 2020. It has also begun construction of a new furnace at Azuqueca in Spain and Villa Poma in Italy, which have come into operation in the first quarter of 2021. The Group has decided to build a second furnace in the site of Jacutinga in Brazil, with its opening scheduled for late 2022 (€60 million planned investment). Lastly, as part of its strategic investments, the Group intends to invest significant amounts over the next few years to reduce its CO2 emissions (see Section 5.7 "*Investments*" of this Universal Registration Document).

The Group may be unable to finance such expenditures if it does not generate enough cash from operations or if its available credit lines are insufficient. The Group's ability to generate cash flows depends in particular on demand for the Group's products, the cost of energy and raw materials, and the Group's success in developing and manufacturing new products.

If the Group were unable to meet its investment needs for any reason, it could find itself unable to maintain and develop its production capacity, which could have an adverse effect on its business, results, financial position, non-financial position (CO2 emissions) and outlook.

Risk management

See the paragraph above "Risks related to the Group's borrowings and liquidity risk" – "Risk management". In addition, stringent and ongoing management of results (including profitability, cash and savings plan) to ensure cash generation in relation to day-to-day operations (Investment Committee).

3.4. Legal risks

3.4.1. Risks related to environmental regulations, compliance and taxation

Description of the risk

The Group's activities are subject to various regulations (including the stock market regulation since the Company's initial public offering), notably regarding the conformity of the products sold with the regulations that apply to them and with industrial, health, safety and environmental standards and in terms of compliance. The Group is also subject to complex and evolving tax legislation in the various countries in which it operates.

Environmental regulations

These regulations concern pollution prevention, treatment of industrial releases of all kinds (including gases and wastes), control of industrial sites and their operating conditions, their possible remediation (in particular soil), the treatment of packaging waste, noise pollution, production, storage, handling, transport and treatment of hazardous waste, dust and fumes, and, more generally, public health and food safety (see Chapter 9 *"Legislative and regulatory environment"* of this Universal Registration Document).

A modification or strengthening of the regulatory provisions applicable to the Group's activities, a tightening of their application, a conflict between the laws and regulations adopted by different countries and/or a change in their interpretation by the competent authorities, such as with respect to environmental liability laws based on the "polluter pays" principle and resulting from European Directive 2004/35/EC, could result in additional costs or investments that could be significant (see Chapter 9 of this Universal Registration Document).

New regulations such as those related to recycling or deposit containers could give rise to additional costs or logistical constraints for certain Group customers, who could in turn decide to scale back or stop their use of glass packaging. Regulatory changes could also affect the Group's prices, margins, capital expenditure, and operations, especially if these regulations lead to significant or structural changes in the food packaging market that could affect the Group's share of the glass market, production volumes, or production costs.

For example, due to growing concerns about the impact of carbon dioxide emissions (or other greenhouse gases) on climate change, some environmental regulations to reduce carbon dioxide emissions, relating in particular to CO2 emissions allowances, have been, and will continue to be, adopted (see Chapter 9 "*Legislative and regulatory environment*" of this Universal Registration Document.) With regard to the expected deficits under phase III (2013-2020) and in view of the start of phase IV (2021-2030), the Group believes that, despite the efforts it could make to reduce its CO2 emissions, it will be obliged to continue its policy of purchasing allowances on the market, for significant amounts, which could increase its operating costs. This situation could also force the Group to switch to designing and building furnaces with low carbon dioxide emissions, which would require significant investment in the sites concerned and could lead to an increase in its capital expenditure.

The Group's activities also require numerous permits and authorisations in various fields, including those relating to the environment, safety and public health, such as operating permits, wastewater discharge permits, water abstraction permits and authorisations for the transportation and disposal of regulated waste, which are subject to renewal, modification, suspension and possible revocation by administrative and governmental authorities. In the current context of sanitary crisis related to the Covid-19 pandemic and in light of confinement measures implemented by public authorities in some of the countries where the Group operates, the time for obtaining these authorisations by administrative and governmental authorities might be significantly longer, which could have an impact on the granting of operating authorisations, or even delay the start-up of furnaces being built or rebuilt. In addition, in some countries, and although it is not the case as of the date of this Universal Registration Document, the Group could be required by administrative and governmental authorities to close its production sites, for example pursuant to lockdown measures which would apply to the Group's activities.

Thus, a change in legislation or the position of the authorities responsible for issuing operating permits, particularly in Ukraine and Italy as of the date of this Universal Registration Document, could force the Group to meet significantly lower limits on nitrogen oxide emissions than those currently applicable to its production sites. These new limits could in particular apply, depending on the country, to existing facilities, newly built furnaces or furnace rebuilds with a capacity increase. The application to the relevant sites of a much lower limit on nitrogen oxide emissions than the one currently in force could mean having to install an electrostatic precipitator at a significant unit cost in order to comply with the new limit.

Environmental concerns may lead governments and EU institutions to introduce other legislation (see Chapter 9 of this Universal Registration Document) which could be binding on the Group (e.g. the limit of 100 ppm of heavy metals per bottle applicable in the European Union, required by Directive 94/62/EC on packaging and packaging waste, as amended; as an exception, bottles made from recycled glass may contain more than 100 ppm of heavy metals, except those decorated with enamels containing even the tiniest amount of heavy metals), and limit its ability to manufacture packaging or oblige it to make significant investments in order to comply. In addition, the Group cannot control its customers' final exports and cannot therefore exclude the possibility that bottles it has produced at production sites located in the European Union from recycled glass and containing more than 100 ppm per bottle, as permitted under the above-mentioned exemption, will be used for the packaging of products sold in certain States of the United States in breach of applicable local regulations, which could expose it to financial penalties.

The Group is also subject to regulations on soil remediation, exposing it to potential environmental liabilities. Cases of soil contamination have been detected at some of the Group's production sites in the past. Remediation obligations may be imposed on the owners, operators or past or present users of contaminated sites, including sites belonging to third parties where waste may have been sent, without seeking fault or non-compliance with the law in respect of the activities causing such contamination. In Brazil, for example, the closure of the Canoas site in 2012 required remediation works to be carried out at the request of the local authority; those works were ongoing as of the date of this Universal Registration Document. The Group cannot exclude to be liable for such costs in the future, due to the identification of additional environmental impacts or additional obligations. In particular, in 2019, the Group left the Agua Branca production site located in the Sao Paulo metropolitan area of Brazil. Although the Group has taken the necessary steps to assign responsibility for the remediation to the site owner and Verallia has been cleared of causing contamination at the site, it cannot be ruled out that a remediation obligation will not be imposed on it in the event that soil contamination is detected upon closure of the site or in the future. The Group may also be required, under European directive 2010/75/EU on industrial emissions, as amended (the "IED Directive"), or under other laws and regulations, to conduct soil and groundwater assessments at some of its sites, which may reveal previously unknown contamination.

Compliance

Inappropriate or unlawful conduct on the part of Group employees, Group managers and/or external third parties acting for and on behalf of the Group presents both a legal risk and a reputational risk.

The Group operates in countries with a higher risk of corruption, such as Brazil, Argentina, Chile, Russia and Ukraine, particularly when dealing punctually with agents or consultants in those countries.

In view of its market and geographical coverage, the Group is also exposed to competition-related risks such as non-compliance with competition law.

Any suspected or confirmed case of corruption, any breach of or non-compliance with competition law, any conduct contrary to applicable laws and regulations, and more generally, any unethical behaviour that the Group's employees and/or business partners reportedly engage in could expose the Group to the risk of prosecution and potential sanctions (including fines). This could damage its reputation, results and business prospects and lead to a loss of confidence among investors and customers.

Taxation

Because of its international operations, the Group is subject to transfer pricing rules, which can be particularly complex and open to different interpretations. The Group is also subject to rules limiting the deductibility of interest in France. Changes in tax legislation or its interpretation by the relevant authorities could have a material adverse effect on the Group's tax position, its effective tax rate or the amount of taxes and other levies to which it is subject and its reporting obligations.

If the Group failed to comply with applicable regulations, it would be exposed to financial and/or criminal penalties, or even temporary or permanent closure of the sites concerned. This could have a material adverse effect on the Group's results, business, financial position and outlook and damage its reputation.

Risk management

Environmental regulations

– Significant and recurring investments in the renovation of the Group's industrial equipment (e.g. furnaces), the compliance and safety of production equipment and installations and productivity improvements.

– ISO 14001 and OHSAS 18001 certification for all Group glass production sites and ISO 22 000 certification for 29 glass production sites (see Section 5.9.2 *"Production*" of this Universal Registration Document), which ensure that a system exists for managing the impacts on the Group's business.

– Improvements to the energy efficiency of production sites and reduction in their CO2 emissions to bring the Group's manufacturing facilities into line with tighter emissions regulations (see Chapter 9 "*Legislative and regulatory environment*" of this Universal Registration Document). For example, the Group's technical teams have designed a system of baffles which restrict the amount of cold air entering furnaces, generating energy savings of around 2%. These baffles are now installed during each furnace renovation.

– The Group's new target of a 27.5% reduction in CO2 emissions (scope 1 and scope 2) in absolute terms by 2030, relative to 2019 levels (see the Extra-Financial Performance Statement in Annex II to this Universal Registration Document).

– Initiatives based on the principles of the circular economy allow the energy used to be recovered by extracting heat from furnaces, primarily for the purpose of heating buildings (e.g. at the Wirges and Neuburg sites in Germany).

– Insertion of a contractual clause to protect Verallia in the event of its products being exported to the United States, should they be found not to comply with local laws, particularly on the heavy metal content of our bottles.

– Implementation of a dynamic hedging policy based on future purchases of fixed price allowances in which the parameters are defined for a three-year period, with a target coverage rate at the end of year N of 100% for year N+1, 75% for year N+2 and 50% for year N+3. The aim is to limit the Group's exposure to the risk of an increase in the cost of CO2 allowances, which the Group will have to purchase over the next few years (see Chapter 9 "Legislative and regulatory environment" of this Universal Registration Document).

Compliance

– Introduction of a code of ethics, an anti-bribery and anti-trading in influence policy, an antitrust policy, an agents and intermediaries policy, a gifts and invitation policy and rules applicable within non-profit organisations.

– Introduction of a training programme (antitrust training for all managers and training on the French Sapin Law on transparency, anti-corruption and economic modernisation, both classroom-based and via e-learning).

– Anonymous whistleblowing system available to employees and third parties.

– A compliance section on the intranet, in teams and on the Verallia website.

– One compliance officer per legal entity.

– Inclusion of non-compliance risks in internal audit controls and work programmes.

– Evaluation of specific Group partners (such as customers, suppliers and agents) according to the internal criticality assessment carried out in accordance with the Group's established methodology.

– Arrangement of fraud insurance coverage.

Taxation

– Absence of a legal entity in the eight countries registered on the EU's "tax haven blacklist" and the 32 countries on its "tax haven grey list".

– Implementation of a transfer pricing policy.

– Implementation of a legal watch by the local tax correspondents.

3.4.2. Risks related to litigation and ongoing investigations, particularly in relation to occupational diseases

Description of the risk

During their ordinary course of business, the Group's companies could be involved in legal, administrative, criminal, or arbitration proceedings, especially claims relating to civil liability, competition, intellectual property, tax or industry, environment and discrimination.

The Group is exposed in particular to claims for occupational diseases.

In effect, the Group's glass-making operations require its employees to keep under control hot elements and thermal radiation in order to protect their own safety and to preserve plant equipment. In the past, the glass industry – like many industries using high-temperature processes – used asbestos-containing materials, primarily protective equipment, until technological advancements made it possible for the asbestos to be replaced by other materials. Due to the age of some of the Group's sites, construction may have used fibrocement. When modernizing or repairing these buildings, the cost of these repairs is increased due to the constraints associated with the removal of these types of materials.

The Group has received compensation claims for occupational diseases resulting from exposure to asbestos at Group sites, especially in France under the "employer's inexcusable misconduct" clause. Such compensation would be in addition to the coverage provided by the different social security systems in the countries where the Group operates. Moreover, the Group's social security contributions could rise considerably due to the higher costs faced by these systems. In addition, the Group is also facing claims by its employees and former employees for compensation for potential anxiety caused by alleged exposure to harmful or toxic substances which may carry a high risk of developing a serious medical condition, on the grounds of statutory law and a breach of the employer's safety obligation (see Section 18.5 "*Judicial and arbitration procedure*s" of this Universal Registration Document).

In addition, workplace-related claims (apart from those related to asbestos) have been filed against the Group in the past and more could be filed in the future. This is the case in particular for requests relating to the noise environment generated by forming machines (such as claims that have been filed in Brazil), the use of glass sand in the composition of glass and products likely to contain heavy metals or solvents for decoration activities or exposure to fumes. Claims could also be filed against the Group for occupational diseases resulting from substances found at certain Group production sites; such claims could relate to asbestos-related illnesses (as mentioned above), silicosis, or legionellosis. The Group is also exposed to an increase in claims for recognition of diseases related to musculoskeletal disorders (MSDs) resulting from certain repetitive operations or procedures.

The most significant ongoing disputes or for which the Group has received notifications are described in Section 18.5 "*Judicial and arbitration procedures*" of this Universal Registration Document. In some of these proceedings, significant monetary claims have been made or may be made against one or more Group companies. The corresponding provisions, if any, that the Group might have to recognise could prove insufficient (see Note 18.1 "*Provisions and contingent liabilitie*s" to the Group's consolidated financial statements for the year ended 31 December 2020, contained in Section 18.1.1 of this Universal Registration Document).

New proceedings, stemming from existing proceedings or otherwise, related to risks already identified by the Group or to new risks, could be initiated against a Group entity. These procedures, if they were to have an unfavourable outcome, could damage the Group's reputation and have a material adverse effect on the Group's business, financial position, results and outlook.

Risk management

– Verallia is carrying out a plan to remove asbestos from its installations in each country. The plan will continue to be rolled out, representing on average 4% of the Group's investments over the next eight years. The target of removing all asbestos has been achieved in some countries, such as Italy in 2020.

– Group Health and Safety Policy aimed at improving working conditions.

3.4.3. Risks related to customs barriers

Description of the risk

Although exports of the Group's products represent a limited portion of its revenue, a growing proportion of its customers, particularly wine and spirits producers in France, Italy and Spain, derive a significant portion of their revenue from their exports. The volume of exports has been impacted by the Covid-19 pandemic, but also by the added cost of exports mainly due to the applicable customs tariffs. Therefore, the closing of borders due to the pandemic, or the increase in customs barriers and other trade restrictions by certain countries could cause a slowdown in world trade in general, and in particular a decrease in export volumes. This could have an adverse effect on the business of the Group's customers, particularly if their products were to be targeted by such measures, resulting in a decrease in their orders with the Group. For example, in 2019 the US government increased tariffs on products from certain sectors and countries, particularly still wine from France and Spain, which triggered retaliatory increases in tariffs by the affected countries on imports from the United States. On 30 December 2020, a decision was taken to extend the scope of the tax introduced in 2019. Therefore, from 12 January 2021, this tax will extend to all still wines, including bulk wines, as well as wine-based spirits such as premium cognac (sparkling wines and champagne are still excluded). However, the expected impact on Verallia's business according to internal estimation, remains limited in percentage terms (in the low single digits), even with the prospect of a future rate increase or an extension to sparkling wines.

Following the trade and/or customs agreement with the United Kingdom governing its exit from the European Union on 31 January 2020, no quota or tax has been introduced for the wine and spirits sector, which would potentially apply to exports of the Group's customers to the United Kingdom. Only a future amendment to this agreement might lead to an increase in customs barriers. This could result in greater use of non-glass packaging for which the applicable customs tariffs would be lower, notably due to the reduced weight of the goods, potentially causing a fall in demand for glass packaging. If the aforementioned risks were to materialise, this could have an adverse effect on the Group's business, financial position, results and outlook.

Risk management

– Natural diversification of the Group's locations, reducing its exposure in customs barriers. This potentially benefits the countries not affected and partially offsets the negative impact on others. In 2020, for example, Italian wines were not targeted by the increase in customs duties imposed by the United States, particularly on French and Spanish wines. As a result, the activity of our Italian customers helped us maintain volumes when our French and Spanish customers were affected.

– With regard to Brexit, the absence of a base in the United Kingdom (and a limited volume of sales to this destination) limits the Group's exposure to any impact that Brexit might have (which is difficult to quantify at present) on the volumes exported by our customers to the UK.

– Implementation of a regular monitoring of the negotiation process and action plan preparation.

3.5. Insurance and risk management

3.5.1. Insurance policy

The Group's insurance policy is coordinated by the Group's Legal Department, with the support of the operational departments.

The Industrial Department is responsible for defining industrial risk management policy. In coordination with the Industrial Department, each Group company provides the Legal Department with the information required to identify and qualify risks that are insured or insurable by the Group and implements the useful means to ensure business continuity in the event of a disaster. On this basis, the Legal Department, with the assistance of brokers, negotiates annually with the major insurance carriers to set up the most appropriate coverage for these risks.

The Group's main policies, underwritten by internationally renowned insurance companies, include civil liability insurance and property damage and subsequent business interruption insurance. Group policies are supplemented, for risks not covered by them, on a case-by-case basis, by policies taken out locally for a subsidiary or site in question.

The implementation of insurance policies is based on the determination of the level of coverage necessary to deal with the reasonably estimated occurrence of liability, damage or other risks. This assessment takes into account the evaluations made by insurers as policyholders of the risks and with respect to damage to property, the findings of the annual audits carried out by the lead contractor's engineering services of the Group's programs. The underwriting criteria take into account the supply of the insurance market, which excludes certain risks, or imposes specific limits, for example, in the event of natural events such as floods, storms, earthquakes and tsunamis. These events could have a significant uninsured financial impact, both for the cost of reconstruction and for lost production, in the case of extreme scenarios.

Due to the tightening of market conditions and the increase in the deductibles of its damage programme, the Group has chosen for its damage 2020 programme a risk transfer to the insurance market through a reinsurance captive established in Luxembourg. This intervenes in excess of the deductible for the amount of €2 million per loss, with a limit of €3 million in aggregate per year for all the Group entities.

The joint subsidiaries in which the Group is a minority and holds non-controlling interests are outside the scope of the above programmes. Insurance is contracted separately.

3.5.2. Risk management policy

3.5.2.1 Objectives, organization, mechanism

Objectives

Risk management is closely monitored by the Group's management, which closely involves the internal control and internal audit functions.

- The main mission of risk management is to identify, assess and prioritise risks and to assist the Group's management in choosing the most appropriate risk management strategy and, in order to limit significant residual risks, define and monitor related action plans.

- The main objective of internal control is to enable the Group to achieve its objectives by defining and implementing appropriate internal controls to address the risks identified in the conduct of the Group's business.
- The main mission of internal audit is to ensure the effectiveness of internal control systems and to provide recommendations for improvement where necessary.

Organizational framework

At Group level

– The identification and treatment of the Group's major risks is monitored by a specific organization reporting directly to the Finance Department and under the supervision of the Group Risk Committee, thus enabling the Group to identify and mitigate the risks it could face. The Major Risks Department reports regularly to the Audit Committee.

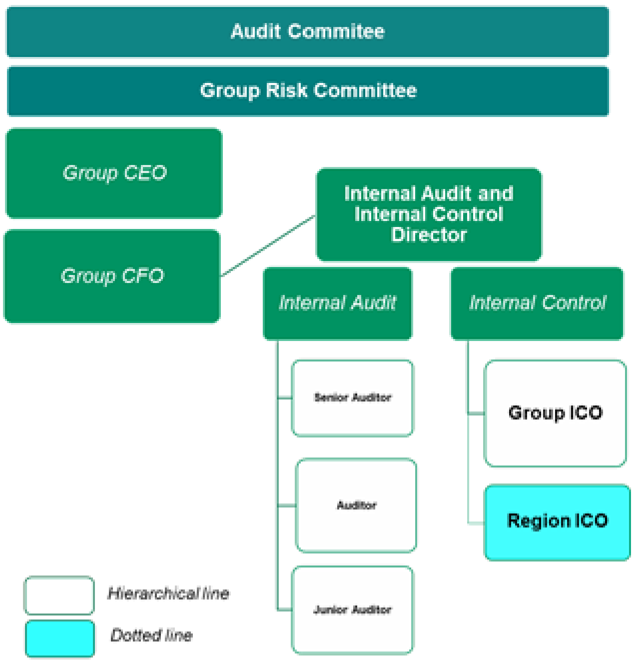
– The Internal Audit and Control Department, which reports directly to the Chief Financial Officer and functionally to the Chairman and Chief Executive Officer of the Group, is responsible for (i) developing an audit program that takes into account the mapping of major risks, and (ii) monitoring risk management in close collaboration with the Group Risk Committee. The Internal Audit and Control Department reports regularly to the Audit Committee. It plays a central role in establishing an internal control system at the Group level that defines the appropriate controls to be put in place to address the Group's identified risks. This system defines the framework within which subsidiaries exercise their responsibilities in terms of risk management and internal control. It also coordinates the operation of the entire internal control system.

At the legal entity level

– Risk management and internal control are the responsibility of the operational departments of each of the Group's entities, under the functional control of the Internal Audit and Control Department. Within each of these entities, the person responsible for risk management (generally the chief financial officer, or a person under his or her hierarchical or functional responsibility) is in charge of verifying the proper application of prevention procedures and has the possibility of implementing new procedures, which, after review by the Internal Audit and Control Department, can be applied to the whole Group.

Organisation of major risks

Organisation of the Audit and Internal Control Department



Governance

– Since January 2019, a Group Risk Committee has met to monitor internal control, risk management and audit action plans. Risk committees also meet regularly at the regional level.

Audit Committee

- **Participants**: Members of the Audit Committee, the Group Chairman and Chief Executive Officer, the Chief Financial Officer, the Head of Major Risks, the Head of Internal Audit and Internal Control
- 5 meetings per year (1 or 2 of which focus on the treatment of major risks and internal control)

Executive Committee

- **Participants**: Group Chairman and Chief Executive Officer, Chief Financial Officer, General Counsel, Human Resources Director, Chief Operating Officer, Regional Chief Executive Officers
- 11 meetings per year (2 or 3 of which focus on the treatment of major risks and internal control)

Group Risk Committee

- **Participants**: Group Chairman and Chief Executive Officer, Chief Financial Officer, General Counsel, Human Resources Director, Head of Internal Audit and Internal Control and Head of Major Risks, plus the Chief Operating Officer since October 2020
- Meetings with each Regional Risk Committee
- 3 meetings per year

Regional Risk Committee

- **Participants**: the Chief Operating Officer, General Counsel, Human Resources Director and Chief Financial Officer of the region concerned.
- Regular meetings

Risk management and internal control system

The Group's overall risk management and internal control system is applied at different levels (sites, functional departments, subsidiaries, regions) and is based on several elements, including:

– management of industrial risks;

– management of other operational risks;

– mapping of the Group's major risks;

– mapping of the Group's corruption risks;

– monitoring the Group's internal control system; Internal control also runs an annual campaign for the self-assessment of its internal control systems by each Group entity and monitors the associated action plans. Following the Covid-19 crisis, the 2020 self-assessment campaign was cancelled;

– the compliance monitoring system;

– internal audit, which, as an independent audit role, evaluates the effectiveness and functioning of the main processes of the audited companies, in coordination with other risk management systems, and reports to the Group Risk Committee and the Audit Committee. As a result of the Covid-19 crisis, the 2020 audit plan had to be modified to take into account the constraints linked to the various health measures implemented by countries. Some on-site audits were replaced by remote audits;

With regard to internal control and risk management, at the date of this Universal Registration Document, the Group follows the main recommendations proposed by the AMF's reference framework and application guides as updated in July 2010, and the recommendations of the working group's report on the audit committee, also published in July 2010.

3.5.2.2 Operational risk management

Risk management refers to the measures implemented by the Group to identify, analyse and control the risks to which it is exposed. The risk management system is regularly monitored by the management of the Group's operating entities. The chief executive officers of the regions and the functional managers of Verallia report major risks to the Group Risk Committee and other operational risks to the Internal Audit and Control Department during the audit preparation phase.

As part of its major risk management procedure, the Group draws up a mapping of the main risks. The process of developing and reviewing the mapping of major risks, which was introduced in 2016 and reviewed in 2018 and 2020, makes it possible to identify the major risks to which the Group is exposed and to assess, for each of them, their potential impact, taking into account their criticality (i.e. their severity and probability of occurrence) and the action plan put in place, and in particular the persons responsible within the Group for monitoring and associated controls.

This mapping of major risks was updated in early 2020 and enables the Group to define and monitor the various specific action plans implemented to control the identified risks. In accordance with the procedure and depending on the actual progress of each action plan, year-end adjustments are made on a case-by-case basis to the assessment of major risks. The internal action and policy plans implemented by the entities or departments concerned to manage the risks identified by the Group are described within each of the risks presented in sections 3.1 to 3.4 above.

In 2016, a specific corruption risk map was produced, the first major step in the rollout of a comprehensive anti-corruption program in accordance with Law No. 2016-1691 of 9 December 2016 on transparency, anti-corruption and economic modernization. Verallia periodically assesses its corruption risk in the light of its existing policies and controls, and on the basis of an internal questionnaire sent out to subsidiaries in 2017.

In 2018, Verallia officially mapped the Group's corruption risk on the basis of the questionnaire created with the help of an external service provider. The questionnaire was sent out to subsidiaries again in 2019.

In 2020, Verallia decided to work with an external service provider to update its map of the potential risks of corruption and trading in influence. The method involved identifying, analyzing and prioritizing the risks of Verallia's exposure to external solicitations for corruption purposes, particularly in view of the business segments and regions in which Verallia operates. The update was intended to:

– Provide a better overview of the corruption risks identified by Verallia;
– Adjust the risk rating method using a new version of the questionnaire sent to subsidiaries (for example, switching from gross risks to net risks in accordance with the recommendations of the *Agence Française Anti-Corruption* (French Anti-Corruption Agency) and compiling all the qualitative and quantitative information enabling this analysis). The survey was also accompanied by various interviews. The map did not reveal any new risks, but improved the granularity of the data and was more specific.

4. INFORMATION ON THE COMPANY AND THE GROUP

4.1 Company name

At the date of this Universal Registration Document, the Company's name is "Verallia".

4.2 Registration location and number

The Company is registered with the Nanterre Trade and Companies Register (RCS Nanterre) under number 812 163 913.

LEI: 5299007YZU978DE0ZY32

4.3 Date of incorporation and term of the Company

The Company is incorporated for a period of 99 years starting from its registration on 23 June 2015, unless it is dissolved early or extended on the joint decision of its shareholders in accordance with the law and articles of association.

The corporate year begins on 1 January and closes on 31 December of each year.

4.4 Headquarters, legal form and governing laws

The Company's registered office is located at 31 Place des Corolles, Tour Carpe Diem, Esplanade Nord, 92400 Courbevoie, France. The telephone number of the registered office is +33 1 71 13 11 00.

At the date of this Universal Registration Document, the Company is a French public limited company *(société anonyme)*.

The address of the Company's website is: www.verallia.com. The information provided on the Company's website is not part of this Universal Registration Document

5. OVERVIEW OF THE GROUP'S ACTIVITIES[5]

5.1 Overview

The Group is the third largest producer in the world and the leading European producer[6] (based on revenue) of glass packaging for beverages and food. In terms of volumes sold, it is the second largest producer in Latin America[7]. The Group offers innovative, customised and environmentally friendly solutions to more than 10,000[8] customers worldwide.

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[5] Unless otherwise stated, market information in this Chapter 5, including size and growth prospects, is principally from third-party sources presented in Section 1.3 "Third-party information, experts' reports and declarations of interest" of this Universal Registration Document.

[6] On the basis of the revenue earned in 2020 by market players in Europe (as defined by these players), as extracted from publicly available information (annual reports and press releases in particular) and on the basis of Company estimates.

[7] Based on volumes sold in 2020 in Argentina, Brazil and Chile.

[8] Customers who placed at least one order during the 2018–2020 period.

During the year ended 31 December 2020, the Group reported consolidated revenue of €2,535.9 million and consolidated adjusted EBITDA[9] of €625.7 million.

The Group's business lines are organised into three operating segments:

– *Southern and Western Europe*, comprising production plants located in France, Italy, Spain and Portugal. Southern and Western Europe accounted for 69% of consolidated revenue and 67% of the Group's adjusted EBITDA for the year ended 31 December 2020. The Group's operations in Southern and Western Europe are mainly oriented towards bottles for still and sparkling wines and packaging for spirits, which are export-driven market segments;

– *Northern and Eastern Europe*, comprising production plants located in Germany, Russia, Ukraine and Poland. Northern and Eastern Europe accounted for 22% of consolidated revenue and 20% of the Group's adjusted EBITDA for the year ended 31 December 2020. The Group's operations in Northern and Eastern Europe are mainly oriented towards bottles for beer, particularly in Germany, and jars and bottles for food, mostly for local markets;

– *Latin America*, comprising production plants located in Brazil, Argentina and Chile. Latin America accounted for 9% of consolidated revenue and 13% of the Group's adjusted EBITDA for the year ended 31 December 2020. The Group's operations in Latin America are mainly oriented towards bottles for still wines, an export-driven market segment, as well as bottles for beer, in Brazil.

The Group's "*Glo-Ca*l" business model is built on the strength of its international network - illustrated by an industrial presence in 11 countries, with 32 glass production sites combining 57 operating furnaces, 3 decoration plants, 5 technical centres, 13 product development centres and 8 cullet processing centres as of 31 December 2020 (including two in joint venture) - combined with proximity relationships maintained with its customers by nearly 10,000 employees, including a significant sales force of close to 300 employees.

The Group's strong global presence enables it to meet the needs of its international customers, such as leading multinational companies, by implementing a global commercial approach, while ensuring that all countries in which it conducts business can benefit from its innovation capacities and leading technical expertise. Furthermore, the Group's international organisation enables it to set up the best industrial and commercial practices at Group level, which it then strives to share consistently across its different sites, and also provides the means to develop a global purchasing policy and obtain the best conditions for its procurement operations.

In addition, thanks to the Group's locally-situated production sites, designed according to a decentralised organisation based on local entities with a large capacity to act independently, the Group

[9] Adjusted EBITDA corresponds to operating profit adjusted for certain expenses and/or income of a non-recurring nature or likely to distort the interpretation of the Group's performance, such as depreciation and amortisation, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plans, disposal effects, closing and carve-out expenses, and other items. Adjusted EBITDA is not a standardised accounting measure meeting a single, generally accepted definition. It should not be considered as a substitute for operating profit, net income or cash flows from operating activities, or a substitute of liquidity. Other issuers may calculate adjusted EBITDA differently from the definition used by the Group. A reconciliation of adjusted EBITDA to operating profit found in the IFRS consolidated financial statements is presented in Section 7.1.4 of this Universal Registration Document.

has commercial and industrial flexibility that allows it to adapt to the needs of its customers according to local specificities. Furthermore, in order to establish long term relationships with its customers, the Group relies on strong sales team of close to 300 employees, based locally, and is able to propose co-development offerings to its customers while implementing flexible production facilities, adapted to the needs of its customers. Moreover, the Group tailors its offering to the specific features of each regional or local market by proposing a large portfolio of differentiated products according to the geographic area or country. Lastly, this densely woven geographic presence allows the Group to offer its customers premium-quality service while reducing delivery deadlines, transport costs, customs duties and working capital requirements.

5.2 The Group's strengths and competitive advantages

5.2.1. Glass packaging, a market supported by favourable global trends and benefiting from attractive dynamics in the Group's end markets

Global trends favouring the use of glass

The glass packaging market is driven by favorable trends, mainly fuelled by the growing use of glass by consumers.

The glass packaging market is currently fuelled by the trend toward alternative materials, for plastic in particular, and the choice for glass, illustrated by growing consumer preference for glass because of its environmental qualities, its ability to be fully recycled and its inert properties (no risk of migration of chemical products, such as Bisphenol-A, which is a health hazard), and its capacity to protect flavors. According to a study conducted for the FEVE in 2020 by the Friends of Glass organization, more than half of European consumers indicated to have increased their consumption of glass packaging in the last three years (2016-19) and 91% of them recommended glass as the best packaging material to their family or friends (11% more than in 2016).

Glass is the preferred choice for upmarket products because of its inherent premium image, particularly for sparkling wines, spirits (nearly 100% penetration[10] in 2018), and still wines (around 75% penetration[15] in 2018), products in respect of which the Group has a strong presence. Glass is also used to package beer, but to a lesser extent (around 65% penetration[15] in 2018).

A European market that has been significantly consolidated and benefits from a dynamic offer and favorable demand

The European glass packaging market has been significantly consolidated in the last 20 years. The first five market players, including the Group, represented around 70% of market shares in Europe in 2020[11].

Furthermore, the Group considers that the overall production capacity utilization ratio on the glass packaging market during the year ended 31 December 2020 has remained relatively high in the geographic areas where it carries out its business operations, but diminished compared to 2019 because

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[10]The penetration rates presented correspond to the portion represented by glass (in terms of volumes for a sample of five European countries, namely France, Italy, Spain, Portugal and Germany) as packaging material for food and beverages, compared to other packaging materials (mainly plastic, cardboard, bag-in-box and metal cans).

[11] Based on revenue generated in 2020 by market players in the EU 28 countries and in Switzerland, Ukraine, Turkey and Russia, as extracted from publicly available information (annual reports and press releases in particular).

of the drop of domestic demand in Europe related to the impact of the Covid-19 pandemic. In Southern and Western Europe and Northern and Eastern Europe[12], the Group estimates that the internal demand for glass packaging has increase more than the production capacities in the period of 2015–2019, but dropped in 2020 while the production capacities stabilised.

A market characterised by strong technical, logistical and capital constraints

The glass packaging production business requires command of complex technologies and know-how as well as the investment of significant amounts of capital.

The Group's business operations require command of industrial processes with a strong technical component to guarantee the safety, quality and durability of products for consumers, as well as the use of qualified labour and a first-class procurement policy. Furthermore, the geographical proximity with customers is a key factor in the glass production business, due to the significant impact of transportation costs, the need to be responsive in terms of services and the Group's and its customers' determination to reduce the carbon footprint of their activities.

In order to maintain a high level of technical expertise, the Group uses qualified and experienced labour (furnace operators, a highly technical sector, have on average 20 years of experience) and has put in place significant employee training plans, such as talent development programs, online training and the creation of glass manufacturing schools. The Group also relies on the density of its industrial footprint, the local establishment of its production sites and its first-class logistics processes to maintain geographic proximity with its customers.

The glass production business requires the investment of significant amounts of capital. In particular, the cost of building an entire plant and one furnace (and its associated facilities, such as mixing equipment, a distribution canal, feeders, blowing machines, annealing lehrs and inspection and palletisation equipment) represents approximately €100 million for one site with an annual production capacity of around 100,000 tonnes, according to Group estimates. Furthermore, the commissioning of a new production site is relatively long, generally taking two years for production to begin after the start of construction. Lastly, plants have to be operated around the clock and at a high capacity level to ensure the profitability of invested capital, requiring precise planning of production capacities.

Profitability is also linked to the achievement of significant minimum volumes, taking into account the substantial fixed costs base and the high initial investment level inherent in the glass production sector. Achieving these minimum production volumes requires having an established customer base and a strong local presence.

The Group believes that these characteristics of the glass production sector are a source of significant competitive advantage, due to the Group's size, density and the strong local presence of its industrial facilities, combined with its cutting-edge technical expertise derived from its extensive sector-based experience.

Positioning at the heart of a circular economy

The Group's activities are carried out in the context of a circular economy approach, in which glass, which can be infinitely recycled without any alteration regardless of the number of times it is recycled,

[12] Excluding Poland.

is a natural component, with recycled bottles and jars being transformed into new packaging. In this context, cullet (made up of glass from selective sorting) is a key link in the circular chain (see the Extra-Financial Performance Statement appended in Annex II to this Universal Registration Document).

5.2.2 A differentiated positioning with a strong value proposal for the Group's customers

A solid competitive positioning in the main geographic areas of the global glass packaging market

The Group is the third largest producer globally and the leading European producer[13] (based on revenue) of glass packaging for beverages and food products in 2020. In particular, the Group considers itself to be a co-leader in Europe in the markets for still wines and sparkling wines and spirits, a market that is particularly driven by exports. The Group also enjoys a strong positioning in the markets for non-alcoholic beverages and food products.

Additionally, in terms of volumes sold, the Group is the second largest producer in Latin America (9% of the Group's consolidated revenue for the year ended 31 December 2020), with a leadership position in the market for still wines and sparkling wines, the largest market in Latin America and mainly driven by exports of Chilean and Argentine wines. The beer bottles market in Brazil is a high-growth market, fuelled by the growth in demand for beer, and by a growing trend towards the use of single-use bottles.

A mix of attractive end markets

The end markets addressed by the Group are diversified, broken down between bottles for still wine (35% of the Group's revenue for the year ended 31 December 2020), bottles for sparkling wine (11% of the Group's revenue for the year ended 31 December 2020), containers for spirits (11% of the Group's revenue for the year ended 31 December 2020), bottles for beer (13% of the Group's revenue for the year ended 31 December 2020), jars and bottles for the food market (18% of the Group's revenue[14] for the year ended 31 December 2020) and bottles for soft drinks (12% of the Group's revenue for the year ended 31 December 2020).

The Group considers that it is the world co-leader (in terms of revenue) in the markets for still wines and sparkling wines and is particularly present in the market for spirits, which have numerous competitive advantages, which represented 57% of its revenue in the year ended 31 December 2020.

The markets for still wines and sparkling wines are characterised by a fragmented customer base, composed of a large number of local and regional wine producers, thus reducing the Group's dependency on a single customer or a small number of significant customers. On the other hand, the beer market is highly consolidated, in particular in the United States, where the Group is not present. Sales of bottles for beer, representing a significant portion of the revenues generated by certain major players in the glass packaging market, only accounted for 13% of the Group's revenue for the year ended 31 December 2020.

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[13] On the basis of the revenue earned in 2020 by market players in Europe (as defined by these players), as extracted from publicly available information (annual reports and press releases in particular) and on the basis of Company estimates.

[14] Based on revenue generated solely from the sale of jars and bottles, accounting for 98% of the Group's consolidated revenue for the year ended 31 December 2020.

Strong presence on premium products

A significant portion of the Group's revenue (57% for the year ended 31 December 2020) comes from the sale of bottles for still wines, bottles for sparkling wines and containers for spirits.

The Group has a particularly strong presence in countries that produce premium wines and spirits, such as France, Italy, Spain and Portugal.

The Group has developed strong exposure to premium products by relying firstly on its dense industrial base, which enables it to forge long-term relationships with locally established producers of champagne and cognac, and secondly, by offering a range of differentiated products, including under its Selective Line brand, which allows it to provide customised packaging solutions for premium products in particular. The Group's customer base includes leading premium brands.

Premium products are characterised in particular by lower sensitivity to price fluctuations compared to other more standardised products, as the personalisation and high quality of these products are strong factors in the purchasing decisions of this customer segment, for whom the cost of glass packaging, even for premium products, remains marginal compared to the total cost of the final product.

A large range of products and flexible production facilities to address a significant and diversified customer base

Packaging is a major component of the marketing strategy for agrifood and beverage producing industries, which comprise the Group's customers, which it accompanies throughout the glass packaging creation process.

To meet the needs of its customers, the Group designs and manufactures a large range of products covering the entire spectrum of the glass packaging end market for beverages and food, with each product able to be proposed in a range of colours, shapes, sizes and styles.

The Group also stands out for its proven capacity to improve its standard products, for stronger customisation. In 2020, 95% of the revenue earned by the Group in Southern Europe and Western Europe and in Northern and Eastern Europe (excluding Ukraine and Russia) was generated by the sale of 59% of items in its product range. The sale of 41% of the remaining items represented 5% of revenue for the same period. The margin earned on the sale of the 41% of items representing 5% of revenue is on average 10 percentage points higher than the margin earned on the sale of 59% of the remaining items.

In order to propose differentiated products, the Group mainly draws on its decoration activities, run by its Saga Décor and Société Charentaise de Décor subsidiaries in France and Verallia Polska in Poland. These subsidiaries specialise in bottle finishing and using glass decoration techniques such as satin-finishing, lacquering, screen-printing, decal transfers or hot marking.

The Group's innovation capacities as well as its technical know-how permitted it in 2020 to win awards such as the Packaging Oscar of Emballages Magazine for the Manon rosé bottle for the Ravoire et Fils company in France and, in Spain, the international ARCA 2020 prize for a drink packaging design for the bottle designed for Font Major (Grupo Damm). In 2019, the Group was recognised at the A'Design Award and Italian Packaging Oscar of the Italian Institute of Packaging (Quality Design category) for the Estathé glass bottle (the Ferrero iced tea, which is one of this group's flagship products in Italy). In 2018, the Group won the first prize in Design at the Pink Rosé Festival 2018 for the still wine bottle of

Roseline Prestige and the design prize at the 2018 edition of Inspirational Packaging Awards for the bottle designed for the MG gin.

The Group has developed a range of high value-added services to address as best as possible marketing expectations, the economic needs of its customers and the growing trend for upmarket, customised products observed in the glass packaging market.

This is why the Group offers a joint-development service in which it develops unique models with its customers (speciality products) through 13 product development centres located in each country where the Group has operations. Thanks to their technical know-how, these centres are able to improve on customer proposals to ensure that the bottle or jar designs envisaged by customers are industrially feasible.

Furthermore, in order to respond to the growing demand for upmarket glass bottles from its most demanding international customers in still and sparkling wines, spirits, beers and mineral water, the Group has developed the Selective Line, which became a registered trademark in 2008 and offers an up-market catalogue of models.

The Group also has a range of eco-designed products, ECOVA, to address the desire of some of its customers to propose image-enhancing products, which are attractive to consumers while guaranteeing reduced environmental impact for each container over its lifetime.

More recently, the Group launched a series of digital applications for its customers to accompany them in the context of joint development activities (see Section 5.6.1.2 *"Services - "Digital applications"* of this Universal Registration Document).

Lastly, each year, the Group organises design competitions in several countries. Known as the *"Verallia Design Awards",* these competitions bring together hundreds of participants from the best design and packaging schools, invited to propose projects for bottles and jars as a way of encouraging future thinking about uses of glass packaging and creating a portfolio of innovative and ready-to-be-developed designs that can be proposed to customers (see Section 5.6.1.2 *"Services - Joint-development"* of this Universal Registration Document).

Furthermore, the Group applies significant industrial resources to offer its customers products that meet the highest market standards for quality. In this way, the Group endeavours to constantly improve the quality of its products thanks to cutting-edge quality control systems, a comprehensive employee training program and a very rigorous control of production processes. The Group's historic presence in the glass packaging market and the quality and reliability of its products underpin its status as a glass packaging producer with recognised expertise.

The Group's robust historic presence on the glass packaging market has also enabled it to forge strong and long-term relationships with its more than 10,000 customers[15], including both locally based small-sized companies (such as regional wine producers or local breweries) and leading multinationals (such as Pernod Ricard, LVMH, Heineken, Andros and Nestlé). In order to develop long-term relationships and retain the loyalty of its customers, the Group depends on its strong local presence, and on the strength of its sales force of close to 300 people.

[15] Customers who placed at least one order during the 2018–2020 period.

The Group's customer base is not very concentrated, with its top ten customers representing less than 17% of consolidated revenue and the Group's most significant customer representing approximately 4% of consolidated revenue for the year ended 31 December 2020. The concentration of customers varies depending on the markets concerned.

The customer base for still and sparkling wine bottles, the Group's largest end market in terms of revenue (46% of the Group's revenuefor the year ended 31 December 2020), is very fragmented and locally based. In order to forge long-term relationships with wine producers, the Group relies on its strong local presence in the wine-growing regions and its capacity to offer products and services that are tailored to the needs of its customers.

Customers for beer bottles, bottles for soft drinks and containers for spirits (respectively 13%, 12% and 11% of the Group's revenue for each of these market segments for the year ended 31 December 2020) are more concentrated and are mainly represented by a limited number of leading world-class players, with a certain number of local players on the spirits market. The concentration of customers for jars and bottles for the food market (18% of the Group's revenue[16] for the year ended 31 December 2020) is moderate, with a certain number of local players existing alongside a limited number of leading global players.

5.2.3 Operational excellence initiatives to support enhanced profitability

The implementation of a program to improve industrial performance to support robust financial performance

The Group deploys significant efforts to maintain a high level of operational excellence, relying in particular on cutting-edge industrial facilities and a solid organization for its procurement in each geographic area and country. The Group also benefits from the support of an integrated network of industrial experts capable of assisting the Group's management and operational teams on all of its investments and projects.

The Group's industrial policy is based in particular on regular audits of production sites and constant modernization and adaptation of its industrial facilities in order to meet the needs of the Group's customers and evolving regulations in each of the countries where it operates.

The Group also continuously implements measures to improve the operational efficiency of its production sites. In the context of its industrial strategy, the Group has been implementing an operational excellence program over the past few years, which has been significantly enhanced since the beginning of the 2018 financial year with the deployment of the Verallia Industrial Management (VIM) 2.0 initiative, focused on safety, quality, industrial performance and reducing manufacturing costs, thanks in particular to an industrial performance improvement plan (Performance Action Plan (PAP)) and the management of teams.

For example, under the program, more than 500 projects managed by 250 managers at the production site level are being deployed by the Group, with the goal of systematically reducing cash production

[16] Based on revenue generated solely from the sale of jars and bottles, accounting for 98% of the Group's consolidated revenue for the year ended 31 December 2020.

costs[17] by 2% per year. The Group applies costs optimization measures inspired by World Class Manufacturing to all its production sites, which are based mainly on cost deployment[18], and has developed more generally an in-depth industrial methodology based on root cause analysis[19] with its employees and within its sites, in order to optimize its costs while improving the quality of its products. The Group also implements stock management optimization measures or measures aimed at improving the flexibility of its production lines, including weekly production plans and monthly industrial and commercial plans. Furthermore, the Group continuously improves its logistics processes to ensure on-time delivery to its customers. Lastly, the Group conducts in-depth comparative analyses on its production sites in order to align its industrial processes with industry best practices.

The performance action plan implemented by the Group has led to an increase of its production capacities and improved the effectiveness of its production sites, while improving product quality, all for a relatively limited level of investment. This had a positive impact on the Group's results over the 2017–2020 period, with a full impact on 2018, 2019 and 2020. As such, the Group has increased its production capacities[20] over the last three years while improving the yield of its production sites and has significantly reduced the rate of blocked pallets[21] and the rate of customer claims. In a context of diminishing demand in Europe in 2020, arising from the impact of the health crisis, where the growth of its production capacities was not a priority challenge, the Group pursued the implementation of these initiatives and reduced its cash[22] production costs by 47 million euros for the year ended 31 December 2020, with an impact, net of industrial gaps, of 35.5 million euros on the adjusted EBITDA of the Group in 2020.

In addition to improving the Group's industrial and financial performance, the rollout of the Group's operational excellence goal is also reflected through its sustainable development policy (see the Extra-Financial Performance Statement appended in Annex II to this Universal Registration Document).

Investments that have supported the development of a dense and flexible industrial base and leading technical expertise

The Group develops, produces and sells a large range of products, designed to address the specific needs of the local markets in which it operates. The performance of the Group's production sites and

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[17] Production costs excluding commercial, general and administrative costs, transport costs, depreciation and amortisation and provisions for claims.

[18] World Class Manufacturing is based on 10 pillars, one of the most fundamental of which is cost deployment. This consists of associating a cost with the various issues identified and taking specific action to reduce them.

[19] This method involves addressing the causes of a problem, rather than treating its immediate symptoms.

[20] Measured by the ratio of saleable glass tonnage to tonne of pulled glass. One packed glass tonnage corresponds to one tonne of pulled glass measured straight out of the furnace and taking into account production losses linked in particular to shutdowns of the furnace or other equipment for maintenance or quality issues.

[21] The rate of blocked pallets represent the rate of jars and bottles affected by a quality defect that was not detected during the quality inspections set up throughout the production process, but detected at the end of the production process and before delivery to the customer.

[22] Production costs excluding commercial, general and administrative costs, transport costs, depreciation and amortisation and provisions for claims.

their capacity to adapt to different markets are essential in light of the high investment costs required by the production of glass packaging. To attain this objective, the Group has developed an operational model known as “Glo-Cal”, based on the combination of the strength of its international network (illustrated by an industrial presence in 11 countries, with 32 glass production sites combining 57 operating furnaces, 3 decoration plants, 5 technical centres, 13 product development centres and 8 cullet processing centres (two in joint-ventures) as of 31 December 2020) combined with proximity relationships maintained with its customers by nearly 10,000 employees, including a significant sales force of close to 300 employees.

The development of a flexible, interconnected and standardised industrial base enables the Group to optimise its production and logistics costs and to temporarily transfer production from one site to another, within the same geographic area, in case of repair of furnaces or other equipment or a one-off increase in demand at the local level.

In order to maintain leading industrial facilities, the Group carries out significant investments, based on strict outlay criteria. Thus, during the year ended 31 December 2020, the Group incurred investment expenses[23] totalling €250.5 million.

Most of the Group’s Capex is made up of so-called recurring investments, the main ones being the furnace renovation and IS machines heavy maintenance operations. The Group’s recurring investments amounted to €203.4 million for the year ended 31 December 2020. The Group’s investment strategy in recent years has been more particularly focused on standardising and streamlining its industrial facilities, as well as on research and development programs mainly aimed at spurring the innovation of the production process and reducing the environmental impact (reduction of carbon dioxide emissions in particular) of the Group’s business operations.

The Group regularly carries out repairs on its furnaces in order to maintain efficient and fully operational industrial facilities, thus maximising the use of its production capacities. A complete reconstruction of a furnace is generally required after a production period of a dozen of years, for an amount of around €10 to €15 million in general.

Repairing and rebuilding furnaces can also be the opportunity for the Group to make changes in the equipment to improve productivity. For example, the Company invested, during the year ended 31 December 2020, €14 million to rebuild one of the furnaces at the Cognac site (France), €13 million to rebuild one of the two furnaces at the Wirges site (Germany) and €10 million for the renovation of a second furnace of the Burgos site (after a significant investment in 2019) and the modernisation of production lines at each of these sites. The Company also announced that in 2021 it would invest significant amounts in similar projects for furnace reconstruction and modernisation of installations, in particular in Lagnieu (France) for more than €20 million and Figueira da Foz (Portugal) for approximately €20 million.

In addition to its recurring investments, in the year ended 31 December 2020 the Group also made a certain number of strategic investments in the amount of €47.1 million, mainly regarding the construction of two new furnaces, one in Spain (Azuqueca) and another in Italy (Villa Poma), which

[23] The Group’s capital expenditure (“Capex”) represents purchases of property, plant and equipment and intangible assets required to (i) maintain the value of an asset and/or adapt to market demands and to environmental, health and safety constraints (known as “recurring Capex”) or (ii) increase the Group’s capacities. It excludes the purchase of securities.

opened in the first quarter of 2021 in order to increase the Group's production capacities in response to the increase in demand on the corresponding local markets.

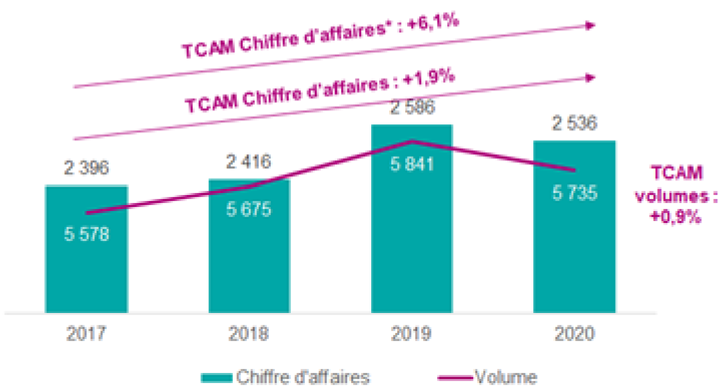
For a more detailed presentation of the Group's investments, see Section 5.7 *"Capital expenditure"* of this Universal Registration Document. It must be noted that as of 2021, the Group will classify the majority of investment it intends to carry out as part of its CO_2 emissions reduction plan as strategic investments. These investments should total approximately €220 million over the period 2019–2030, €180 million of which classified as strategic investments.

5.2.4 An attractive and resilient financial profile generating continuous growth of the Group's profitability and cash flow

The Group believes that it has demonstrated its capacity to grow its business consistently, while significantly improving its margins and profitability.

The 2016–2020 period was marked by a significant improvement in the Group's financial performance. This performance, which was particularly pronounced from 2017 onwards, was driven by: (i) the growth in sales volumes; (ii) a pricing policy that allowed it to absorb the increase in production costs and generate, from 2018 onwards, a positive spread[24] on its sales; (iii) the significant improvement in the Group's operational efficiency, chiefly as a result of the implementation of the Performance Action Plan (PAP) as part of the rollout of the Verallia Industrial Management (VIM) 2.0 initiative. This improvement, particularly sustained in 2018 and 2019, continued in 2020, in a less marked way in the context of the health crisis related to Covid-19 and of degradation of exchange rates. The Group has thus posted an organic growth of 2.1% (0.8% excluding Argentina) and an improvement of its margin by 88 bps in 2020 despite the drop of demand in many of its main markets, demonstrating the resilience and the pertinence of its economic model.

Change in 2017–2020 consolidated revenue (in EUR million) and sales volumes (in kT)

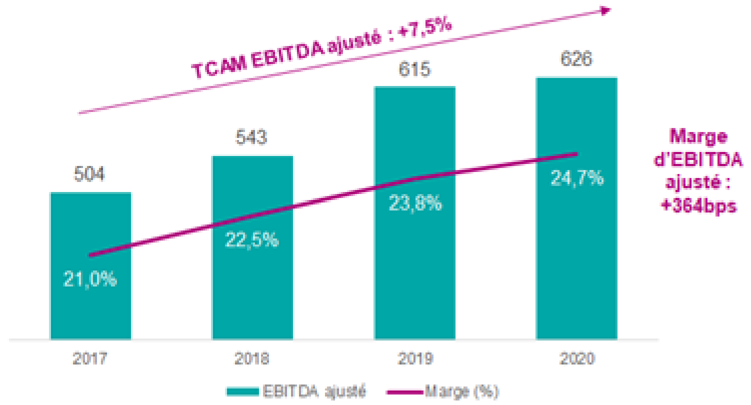


* CAGR sales volume at the constant exchange rate (excluding the impact of hyperinflation in Argentina - IAS 29) (see Section 7.1.2.4 of this Universal Registration Document).

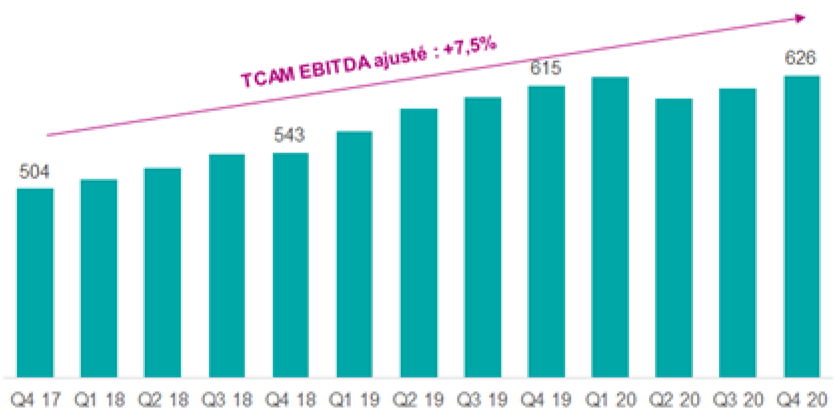
[24] The spread represents the difference between (i) the increase in selling prices and the mix applied by the Group after passing on the increase in its production costs, and (ii) the increase in its production costs. The spread is positive when the increase in sales prices applied by the Group is greater than the increase in its production costs. The increase in production costs is recorded by the Group at constant production volumes and before production gap and the impact of the Performance Action Plan (PAP).

The Group's adjusted EBITDA also recorded steady growth, with a CAGR of 7.5% over the 2017–2020 period, representing a 364 basis point improvement in the adjusted EBITDA margin[25].

Change in 2017–2020 adjusted EBITDA (in EUR million)



Change in adjusted EBITDA for the last 12 months over the 2017–2020 period (in EUR million)[26]



Furthermore, the Group's Capex level, combined with financial and operational discipline focused on the profitability of projects and a reduction in working capital requirement (see Section 8.4.3 of this Universal Registration Document), allowed it to generate solid cash flows and to significantly increase its cash flow and cash conversion[27] over the 2017–2020 period. Thanks to this generation of cash flow,

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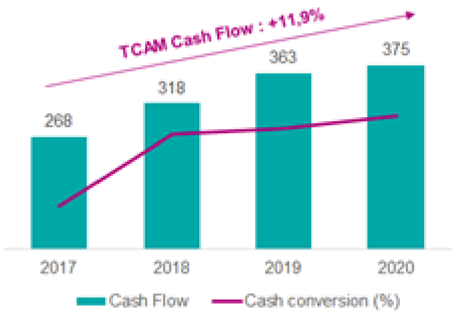
[25] The adjusted EBITDA margin corresponds to the amount of adjusted EBITDA relative to revenue.

[26] Including the positive impact of IFRS 16 on adjusted EBITDA as of 1 January 2019.

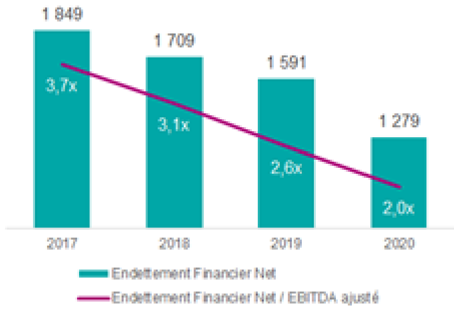
[27] Cash conversion is defined as the ratio between cash flows and adjusted EBITDA. Cash flows correspond to adjusted EBITDA minus Capex. A reconciliation of adjusted EBITDA and cash conversion to the Group's accounting aggregates is presented in Section 7.1.4 of this Universal Registration Document.

the Group has recorded a steady reduction in its net financial debt and its ratio of net financial debt to adjusted EBITDA.

Cash flows and cash conversion (in EUR million and as a % of adjusted EBITDA)



Ratio of net external financial debt to adjusted EBITDA (in EUR million)[28]



The Group's steady generation of cash flow has permitted an active capital allocation strategy. The Group therefore intends to use its disposable cash as follows: (i) repayment of financial debt, (ii) strategic projects such as the construction of new production facilities (greenfield projects), new furnaces for its existing sites (brownfield projects), projects related to its CO_2 emissions reduction plan or value-creating external growth transactions and (iii) shareholder return transactions, mainly through dividend pay-outs.

5.2.5 An experienced management team with solid industrial experience

The Group's development is led by a management team organized around Michel Giannuzzi, Chief Executive Officer of the Company, who has a solid industrial background gained from his previous position as Chairman of the Management Board of Tarkett from 2007 to 2017, where he successfully completed its IPO on the regulated market of Euronext Paris in 2013. He was previously in charge of various profit centres in the automotive market with parts makers Valeo and Michelin. Many of the members of the Group's management team also have extensive backgrounds in the glass packaging and automotive production sector.

The Group has a decentralized organization, ideal for ensuring quick-response times and close relationship with its customers. The CEOs of each of the three geographic areas are independent and free to implement the Group's strategy as they see fit. Furthermore, a large number of the Group's key activities, such as marketing, sales and production, are carried out and managed locally, under the supervision of the Group's central divisions. The Group's international customer base is monitored by experienced country managers who work closely with the local sales and marketing directors of the customer's other countries.

[28] Net debt contracted with third parties.

5.3 Strategy

5.3.1. The Purpose of the Group

In October 2020, the Verallia Group announced its purpose: “Re-imagine glass to build a sustainable future”.

This purpose, elaborated in close cooperation with all internal and external stakeholders of Verallia throughout the year, summarizes the ambition of Verallia in the society and fully integrates in the long-term strategy of the Group.

In December 2019, the Verallia team launched a reflection on the Company’s purpose with all its stakeholders, employees, clients, suppliers, shareholders and representatives of local authorities. As result of this collective work involving more than 1,500 people, both rich and demanding, the Group’s purpose has been formulated as: ‘‘Re-imagine glass to build a sustainable future’’. This purpose is both authentic and ambitious: authentic, because it is in line with the Group’s business, history and values; ambitious, because it places the circular economy and the contribution of Verallia toward a carbon-neutral system in the heart of the Group’s strategy and its actions.

Reinforcing Verallia’s commitment to society

The Verallia’s purpose is guided by the conviction that glass can be the most sustainable packaging material. The consumption modes and the waste generated daily constitute an unprecedented challenge for our societies and packaging is its major component. Moreover, the climate emergency requires mobilizing all actors to better protect natural resources and accelerate the transition to carbon neutrality. Verallia proposes that these challenges be tackled in a reliable and inclusive work environment.

Mobilizing the stakeholders around shared ambitions

Verallia wants to cooperate with all its stakeholders around three major areas of work:

– Accelerating innovation in the value chain: Verallia undertakes to integrate increasingly innovative solutions to reduce carbon emissions from the design to transport of products and, in so doing, help the Group’s clients reduce their environmental impact.

– Making reuse a winning solution for the planet and glass packaging: Verallia wants to promote and sustain the reuse of glass packaging in local loops in order to meet the increasing expectations of its clients and consumers in this area.

– Mobilising for more recycled glass: Verallia wants to cooperate with its partners to strengthen the recycling systems across all of its markets.

In a world in transition to a carbon-neutral society, Verallia wants to play a leadership role in the transformation of the packaging sector. By going above and beyond, the Group will strengthen the circular and green aspect of glass packaging. By accelerating its cooperation with its partners in these three working areas, and by jointly defining an action plan around common objectives, Verallia can re-imagine glass.

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The full text of Verallia's purpose:

At Verallia, our purpose is to re-imagine glass for a sustainable future. The impacts of everyday consumption and waste pose an unprecedented challenge for the world and packaging is where this is most acute. As one of the leading glass packaging manufacturers in the world, Verallia has a major role to play in accelerating the transition to sustainable packaging.

We want to redefine how glass is produced, recycled and reused, to make it the world's most sustainable packaging material. Recycling and reuse are already built into our business model, but to make glass fully sustainable we need to do more and act beyond our business to strengthen recycling systems and encourage reuse. That's how we will help to make the circular economy a reality.

The world is on a journey towards a carbon neutral system, so we need to find ways to contribute. That's why we are innovating to significantly improve our performance on CO2 emissions right across our business - from the energy consumption in our furnaces, to the use of raw materials and cullet, and the design and transport of our products

At Verallia, we are experts at designing, producing and recycling glass. We provide healthy, attractive and sustainable packaging solutions to more than 10,000 businesses around the world -from the local family-run producers to the large multinational household brands. Across the world, we manufacture and recycle locally, very closely to our customers, which means that we are well placed to solving their challenges, every single day.

Excellent service means working ever more closely with our customers to create the solutions that help them reduce their environmental impact and meet evolving consumer expectations. Openness about the progress we are making and the challenges we are facing must be the foundation we build on. And for our people to continue to rise to new challenges, Verallia has to be a safe and inclusive place to work.

The change needed is systemic, and we only ever hold part of the answers. Progress will be made by defining clear targets and working in common cause with our suppliers, peers, and other partners across the value chain to find new sustainable solutions for all. This is how we aim to raise the bar for the packaging industry and set out on this exciting journey to re-imagine glass.

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In December 2020, Verallia became a member of the network of the Ellen MacArthur Foundation, founded in 2010, whose mission is to accelerate the transition to a circular economy.

To do this, the Ellen MacArthur Foundation works with and inspires companies, universities, decision-makers and institutions in order to mobilise large-scale system solutions at the global level.

The collaboration with the Ellen MacArthur Foundation will also permit Verallia to accelerate the progress and achievements in the three priority domains that the Group set, in line with its purpose "re-imagine glass to build a sustainable future":

– Accelerating innovation in our glass value chain.

– Making reuse a winning solution for the planet and glass packaging.

– Always mobilising for more recycled glass.

For the Group, becoming a member of the Ellen MacArthur Foundation is a real opportunity to work with leading thinkers and, even more closely, in cooperation with other organisations of the network through its value chain, in order to conduct the transition towards a circular economy for glass and "re-imagine glass to build a sustainable future".

5.3.2. The Group's strategy

The Group intends to assert itself as the preferred glass packaging supplier of the food and beverage production sectors, by relying on cutting-edge industrial performance and solid financial performance while ensuring the development of the diversity and talent of its teams and by actively contributing to the preservation of the environment and development of the community.

To back this ambition, the Group has built its strategy on the four main pillars below:

5.3.2.1 Continuing disciplined growth

The Group intends to continue the growth of its activities while improving its customer satisfaction rate, in order to enhance customer loyalty and generate recurring income, and continue to improve the efficiency of its logistics processes. Improving logistics, reliability and delivery lead times is a major objective for the Group, which has invested significantly in tools for managing its product portfolio. Furthermore, the Group seeks to improve identification of its customers' needs that may not have been addressed; the Group therefore plans to develop its customer experience continuous improvement program, based on the NPS (Net Promoter Score) indicator to track the recommendation intentions of customers, which is currently being rolled out in the Group.

The Group also intends to continue its disciplined pricing policy in order to at least offset the impact of growing production costs, in particular the cost of energy, and thus maintain its margins. The Group also seeks to roll out a pricing policy based on the added value of its products and reflecting the specific nature of the different segments of its customer base, targeting lower margin activities in particular. The Group has also set a target of increasing the margin generated on its products by relying on software with an AI-based price optimization model and will further optimize its product portfolio.

To generate additional growth of its revenue, the Group also plans to make value-creating acquisitions.

5.3.2.2 Continuing the deployment of the Group's operational excellence program

In the context of its industrial strategy, the Group has been implementing an operational excellence program over the past few years, which has been significantly enhanced since the beginning of the 2018 financial year with the deployment of the Verallia Industrial Management (VIM) 2.0 initiative, focused on safety, quality, industrial performance and reducing manufacturing costs, thanks in particular to an industrial performance improvement plan (Performance Action Plan (PAP)) and the management of teams. The Group seeks to speed up the deployment of this program in order to continue increasing its margins.

First of all, the Group intends to continue the Verallia Industrial Management (VIM) 2.0 initiative, by focusing more particularly on the elimination of unsafe practices in order to reach "zero accidents" and improving working conditions in order to position the Group's work environment as one of the safest in the sector. In connection with VIM 2.0, the Group intends to further improve its industrial methodology based on root cause analysis in order to increase the number of issues solved and by getting more managers and all its employees involved. Lastly, the Group will continue to implement measures to improve the daily management of its production sites, with the standardization of management processes at the plant level and the implementation of a Shop Floor Management method[29].

In addition, the Group continues its efforts to improve the quality of its products, improving the ratio of products that are compliant on the first attempt (through increased responsiveness of production teams in the decision-making process).

Furthermore, the Group intends to continue improving the Overall Equipment Effectiveness (OEE) of its sites, by better identifying capacity problems and potentially under-utilised furnaces, and seeks to increase the output of its IS machines in order to improve its yields.

The Group also continues to implement selective action plans as part of its industrial performance action plan (PAP), by intensifying in particular its comparative analysis efforts for its 32 glass production sites and by systematically implementing a cost deployment method across all of its production sites, with the goal of systematically reducing cash production costs[30] by 2% a year. To this end, more than 500 projects involving approximately 250 managers are being deployed and regular reviews have been implemented to ensure that goals are achieved.

Furthermore, the Group continues to implement projects launched at the end of 2018 aimed at improving the performance of its logistics chain, in order to improve the delivery rate to customers within fixed deadlines, and intends to strengthen the steps taken to cut storage and transport costs.

Finally, the Group continues to strictly manage its working capital requirements, by reducing excess stocks, as it was observed in 2020, through improvement of the logistics chain, with the goal of reducing the turnover rate of finished goods, and intends to improve the management of moulds and spare parts, with the goal of reducing the inventory value of moulds and spare parts.

5.3.2.3 Continuing a strict investment policy for the Group's future sustainable development

The Group intends to optimise the allocation of its capital expenditure, by pursuing a disciplined investment policy aimed at maintaining recurring investments at around 8% of consolidated revenue (excluding capitalisation of the right to use an asset as required by the application of IFRS 16), to maintain the operational excellence of its production facilities and a solid return on invested capital.

The Group continues its research and development programs focused on innovation in industrial processes and on its sustainable development strategy. The Group thus intends to build on its strong industrial expertise and innovation capacity in order to reduce carbon dioxide emissions and energy consumption (see the Extra-Financial Performance Statement appended in Annex II to this Universal Registration Document).

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[29] Lean management method specific to production workshops, that involves the development of overall workshop management, including with respect to inventory, equipment, operations, manufacturing and treatment, and based on direct cooperation between employees and managers in order to resolve issues directly on-site and continuously improve the production process.

[30] Production costs excluding commercial, general and administrative costs, transport costs, depreciation and amortisation and provisions for claims.

The Group also intends to rely on the development of Industry 4.0, and in particular on data analytics and artificial intelligence. Accordingly, through its research and development activities, the Group is considering an IA-based software that will be ultimately applied to the entire production process and will specifically enable the optimization of furnace combustion settings at the glass fusion stage, the optimization of the settings of IS machines when transitioning to the "hot end" sector, and the improvement of control processes, including through improved use of information supplied by the control machines that detect defects. In September 2020, the Group won the Trophée Intelligence Artificielle et Entreprise awarded by the RH&M Group and intended to highlight the transformative role of artificial intelligence in organisations.

5.3.2.4 Developing a strong entrepreneurial culture

The glass production sector requires permanent commitment and advanced technical skills. That is why the Group's human resources are essential for its development and the pursuit of profitable growth. The Group considers the safety of its employees as a key priority, and is committed to supporting them in their professional development in order to develop a strong entrepreneurial culture.

To back this ambition, the Group intends to further strengthen the application of its values inside the group, including (i) customer care, (ii) respect for individuals, laws and the environment, (iii) empowerment and accountability and (iv) teamwork.

The Group also strives to encourage its teams to take responsibility, take quick action and be responsive, including by helping production site managers to become genuine managers, and by developing communication within the teams through cross-functional workshops, established to reflect specific goals and based on advanced comparative analyses.

The Group also intends to continue is training efforts by specifically relying on the sharing of its teams' know-how and by training them in project management in particular. Lastly, the Group may use external talent in order to further enhance its know-how and the diversity of its teams.

A dynamic policy of employee share-ownership is a strategic initiative to support the Group's profitable growth by connecting all employees with the Group's development. In this respect, as a result of plans launched by the Group between 2016 and 2020, more than 3,000 employees have become shareholders of the Company through FCPE Verallia (see Section 15.5 "*Employee share ownership*" in this Universal Registration Document) and, as such, hold 3.2% of the capital of Verallia. In addition, the Group should launch a capital increase in the next coming months for employees who are members of a Group corporate savings plan. The Company thus plans to actively continue its employee share-ownership development policy, with the goal of increasing the equity stake of the Group's employees in its share capital by around 5% by 2025.

5.4 History of the Company

The Group began its glass packaging or "hollow glass" business operations in 1827, with the opening of its first plant in Vauxrot (Verreries à Bouteilles du Nord).

Starting from 1918, the Group's hollow glass production business was run by Compagnie de Saint-Gobain until 1972 when the bottles and jars business segment was transferred to Saint-Gobain Emballage, which became the holding company of Saint-Gobain group's various hollow glass, or packaging glass, production operations. *Key dates*

1827	The Group's first plant opens in Vauxrot.
1918	Compagnie de Saint-Gobain acquires its first equity interest in Verreries à Bouteilles du Nord.
1972	Compagnie de Saint-Gobain transfers its glass bottle and jar making business to Saint-Gobain Emballage.
1987	The Group acquires Vidreira do Mondego's production facilities at Figueira da Foz, Portugal.
1989	Acquisition of a controlling interest in Vetri in Italy.
1991	Acquisition of a controlling interest in Oberland Glas AG in Germany.
1995	Acquisition of a controlling interest in Ball Foster Glass in the United States.
1998	Acquisition of a controlling interest in Rayen Cura (60% joint venture) in Argentina. Acquisition of Verrerie d'Albi in France.
2005	Acquisition of a controlling interest in Zorya, a Ukrainian company, and Verallia Polska (formerly Euroverlux), a Polish hollow glass decoration company. Acquisition of a controlling interest in KMS, a Russian company based in Kavminstelko.
2006	Acquisition of a controlling interest in BO Glass Containers SA in Chile.
2007	Disposal of all equity holdings in Saint-Gobain Desjonquères and its subsidiaries ("Bottling" business line).
2008	Acquisition of Kamyshinsky (KSZ), a Russian company.
2009	The Group sets up an Indian subsidiary, Accuramech Industrial Engineering, which acquired a business specialised in the sourcing and inspection of IS machine parts.
2010	Adoption of the Verallia trademark.
2011	Acquisition of Alver, a glass manufacturer in Algeria.
2014	Disposal of Verallia North America (formerly Ball Foster Glass) – refocus on Europe and Latin America.
2015	Acquisition of Verallia by Apollo (90%) and Bpifrance (10%) from Compagnie Saint-Gobain and of certain of its subsidiaries.
2018	Disposal of Alver in Algeria. Disposal of the minority interest in the Brazilian joint-venture Indústria Vidreira do Nordeste (IVN). Acquisition in the Canary Islands by Vidrieras Canarias of Recicladora de Vidrio de Canarias, a company specialised in glass recycling.
2019	Creation of a joint subsidiary specialised in glass recycling in Spain. Known as Calcin Iberico, it is owned by Verallia Spain (49% of the share capital and voting rights) and TM Alcudia Reciclatges SL (51% of the share capital and voting rights). Initial public offering of the Company on the regulated market of Euronext Paris. Admission of the Company to the SBF 120 index.

2020	Launching of the Group's purpose: "Re-imagine glass to build a sustainable future". Creation of a captive reinsurance company, Cap Verallia, in Luxembourg.

5.5 Presentation of markets and competitive position[31]

5.5.1 Presentation of the glass packaging market

The Group operates in the glass packaging market for beverages and food products where it is, in terms of revenue, the third largest producer in the world and the leading producer in Europe[32]. In terms of volumes sold, it is the second largest producer in Latin America[33].

5.5.1.1 Market trends

This paragraph describes the general trends of the glass packaging market and trends for each end market.

The Group estimates that the impact of the Covid-19 pandemic on the general economic context, which is, as of the date of this universal registration document, difficult to assess, could affect some of the trends and growth outlook related to certain end markets, although the fundamental trends of the glass packaging market, mainly related to the inherent features of glass, should not be significantly affected. The Group thus estimates, on the basis of information available as of the date of this universal registration document, that the markets for still and sparkling wines and spirits in particular, which are markets supported by exports, should be affected by the consequences of this sanitary crisis.

(a) General trends in the glass packaging market

The glass packaging market benefits from favourable trends, mainly fuelled by the increasing appreciation of glass by consumers.

The glass packaging market is currently fuelled by the trend toward alternative materials, for plastic in particular, and the choice for glass, illustrated by growing consumer preference for glass because of its environmental qualities, its ability to be fully recycled and its inert properties (no risk of migration of chemical products, such as Bisphenol-A, which is a health hazard), and its capacity to protect flavors.

Finally, glass is the preferred choice for upmarket products because of its inherent premium image, particularly for sparkling wines, spirits and still wines, products in which the Group has a strong presence. Glass is also used to package beer, but to a lesser extent.

After many years of sustained growth, the European market of glass packaging experienced a more delicate year in 2020, marked by the Covid-19 pandemic, closures of cafés, bars and restaurants in

[31] The market information in this Section 5.5, including size and growth prospects, is principally derived from the third-party sources presented in Section 1.3 "*Third-Party Information, Statement of Experts and Declarations of Interest*" of this Universal Registration Document.

[32] On the basis of the revenue earned in 2020 by market players in Europe (as defined by these players), as extracted from publicly available information (annual reports and press releases in particular) and on the basis of Company estimates.

[33] Based on volumes sold in 2020 in Argentina, Brazil and Chile.

many countries and commercial conflicts between the United States and various European countries, which resulted in increased taxation of certain wines and spirits, namely French and Spanish, shipped to the United States.

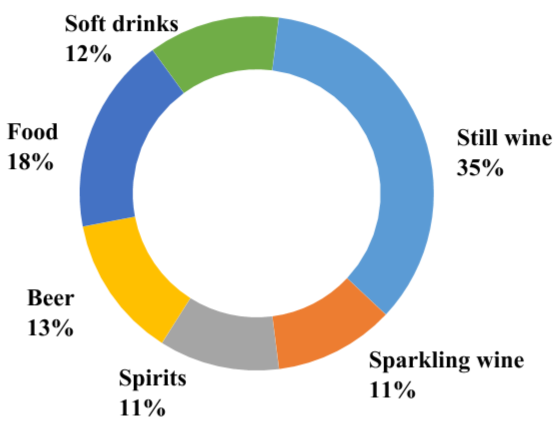
After a difficult second quarter, the resumption of exports of our clients in the summer of 2020 to certain markets, such as China, sustained the Group's activity in the second quarter despite a still uncertain economic backdrop. While the premium products (wines and spirits in particular) exposed to the hotel and catering[34] channel obviously experienced a more difficult year, the segments driven by domestic consumption, such as jars and bottles for food products, had a sustained demand.

The Group has thus demonstrated the pertinence of its positioning and of its economic model by posting an organic growth of 2.1% (0.8% excluding Argentina) in 2020 thanks to the diversification of its end markets and of its geographic presence, with the growth of segments sustained by the domestic consumption and good resilience of several premium segments. The continuous growth of the Group's business operations in Latin America also contributed to its good overall performance, despite the unfavourable movement of exchange rates (Brazilian real in particular).

(b) Trends by end market

The Group addresses a wide variety of end markets, ranging from bottles for still and sparkling wines to bottles for spirits, bottles for beer, and jars and bottles for food and soft drinks. The Group's revenue[35] for the year ended 31 December 2020 was as follows:

Distribution of revenue by end market
Financial year ended 31 December 2020



[34] Hotels, cafés and restaurants.

[35] Based on revenue generated solely from the sale of jars and bottles, accounting for 98% of the Group's consolidated revenue for the year ended 31 December 2020.

Still and sparkling wines

The market for bottles for still and sparkling wines is the Group's largest market, which represented 46% of its consolidated revenue for the year ended 31 December 2020. It is influenced by consumer habits in traditional wine consuming countries, such as France, Spain and Italy, and by the consumption modes of new consumers, such as in the United States, the United Kingdom and emerging markets, primarily Brazil and China. These trends influence the exports from the historical producing countries such as France, Spain and Italy as well as from the producers of the "New Winemaking World", such as Argentina, Chile, Australia and South Africa. Structurally, the market for still and sparkling wines from the New Winemaking World is growing, whereas wine consumption is stagnating or even decreasing in the more "traditional" countries like France.

The bottle market for still and sparkling wines, which was impacted a few years ago by the economic crises, particularly for still wines and champagne in France and Spain, is primarily supported by exports.

The Group's business operations in the market of still wines and sparkling wines are more particularly exposed to the exports made by its winemaking customers. The three most significant countries for the Group in terms of revenue, namely France, Spain and Italy, are the main exporting countries of still wines and sparkling wines in the world. The business activities of the Group on these markets were affected in 2020 both by the Covid-19 pandemic and by the decrease of activity in the hotel and catering sector, but also by custom barriers imposed by the United States on certain countries exporting still and/or sparkling wines. However, the Group benefited from its diversified geographic presence: the countries not affected by these customs barriers, such as Italy, gained market share (still wines) to the detriment of those that were affected, and the Group's business activity was sustained by them and offset drops in volume in other markets, such as France.

Glass is the preferred material for packaging still wines and particularly for sparkling wines because of the product's image, wine-making processes, requirements for pressure resistance and its exceptional organoleptic qualities. The substitution of other packaging materials is also limited due to consumers' preference for glass and the image of quality associated with this packaging, the existence of glass bottling infrastructure and the existence of pressure resistance requirements for sparkling wines. The Group is nevertheless competing with alternative types of packaging, such as the "bag-in-box" in still wines, primarily for down-market wines, and brick pack containers, especially in certain geographic areas such as Argentina, Spain and Portugal, and, to a lesser extent, bottles made from polyethylene terephthalate ("**PET**"). In 2020, in particular in France, there was a notable increase in the bag-in-box format for still wines, in a difficult economic context and increased consumption at home.

Containers for spirits

Containers for spirits represented 11% of the Group's consolidated revenue for the year ended 31 December 2020.

Growth in the spirits market is primarily driven by exports intended primarily for the United States and Asia. Cognac, brandies and gin have found valuable export niches (in neat form and in cocktails). This market is characterised by a sharp increase in upscale packaging, similar to that seen in the perfume market. In terms of customers, the sector is highly consolidated, with the major global brands in spirits owned by a limited number of companies. In each region, numerous local spirit brands remain independent and active in the market.

At the global level, the market for spirits, which are non-essential products, suffered from the Covid-19 pandemic and temporary closures in the hotel and catering sector in 2020. However, the demand increased in various countries and regions, namely in China, after a difficult second quarter. Moreover, the consumption of premium spirits appears to undergo a structural growth in most regions of the glove, even though it could have been affected by certain measures adopted by public authorities in order to reduce the consumption of alcohol in Russia and in Ukraine.

The risk of substitution for packaging other than glass is relatively limited in the spirits segment, primarily because of producers' desire to use glass bottles (often customised) to maintain the image and recognition of their brands. However, certain containers (other than the litre, pocket flasks or miniatures) are packaged in PET, marginally and in low-end segments, and mostly in the United States.

Beers

Beer bottles represented 13% of the Group's consolidated revenue for the year ended 31 December 2020.

The highly concentrated beer market, considered a "mass market", is growing, particularly in emerging markets. Glass packaging is particularly favoured by certain brewers to provide up-market appeal, especially in developed countries, and to create value in a market that has historically had little differentiation.

However, certain customers may periodically or permanently substitute traditional glass packaging, which has a premium positioning, for other packaging such as metal cans. This change may be brought about for sales and marketing reasons, to control costs in view of the economic context, or due to changes in strategy. In the beer packaging market, glass remains the favoured packaging for brewers in the premium beer growth segment that seek to make their products stand out from the competition with an up-market image designed to highlight the distinctive taste of their beers. This is especially true for local or craft brewers. This market is facing competition from other modes of consumption, particularly the mini-barrel and draught beer. Plastic is more marginal, except for specific uses (during sports events, for example) and for large containers, particularly in the Russian and Ukrainian markets. In Latin America, the traditional deposit bottle for beer is progressively being replaced by single use packaging in metal or glass. This trend is expected to continue in the future, particularly in Brazil, and contributed strongly to supporting the demand for glass packaging in 2020.

Jars and bottles for food

Jars and bottles for food represented 18% of the Group's consolidated revenue for the year ended 31 December 2020.

The market for food jars and bottles consists of a very large number of niche markets, including traditional jams and yoghurts, baby food, certain types of sauces and jarred food and even soluble products that vary depending on the eating habits of each country. Overall, glass occupies relatively stable positions compared with other materials. The growth of this market primarily tracks the growth in household consumption. The intrinsic, technical qualities of glass, particularly the possibilities for sterilisation and high-temperature cooking, as well as the innovation potential it offers, allow differentiation of food products packaged in glass compared with products packaged in other materials.

In the food packaging market, substitution is mainly in jars and bottles for condiments, sauces and dairy products where consumers are more indifferent to the use of PET. However, the favourable positioning of glass for small containers, the unsuitability of plastic for certain techniques in the food industry (such as sterilisation and high-temperature cooking), and the development of niche markets where the use of glass is associated with the perceived qualities of the product or when it is the preferred medium for innovation (such as packaging for spreads), allow glass to maintain, and even increase, its market share in this market. On featured or premium segments, glass is often used as a substitute for other types of packaging. Since 2009, changes in consumer habits due the difficult economic context have had a variety of consequences for food packaging. Consolidation of the customer base in this market is moderate.

Globally, the business activity of the Group in the jars and bottles for food segment was particularly sustained in 2020, namely because of the growth of consumption of means at home in a context of confinement, added in this segment to a generally favourable trend for glass compared to other forms of packaging.

Bottles for soft drinks

Bottles for soft drinks represented 12% of the Group's consolidated revenue for the year ended 31 December 2020.

In this market, packaging in materials other than glass have already largely replaced glass packaging. Substitution may still exist in the fruit juice segments, where glass is nevertheless well positioned in small containers, particularly for restaurants and cafés and upmarket products. High value added niches have also developed in recent years, for which glass is particularly well positioned, such as table waters, energy drinks and certain sodas. The Group's business activity in this sector was uneven in 2020. The general trend of favouring glass more than offset the drop in activity in the hotel and catering sector, which has been traditionally significant for soft drinks.

5.5.1.2 *Competitive position and environment of the Group in the glass packaging market*

In terms of revenue, the Group is the third largest producer in the world and the leading producer in Europe[36] of glass packaging; and, in addition, in terms of volumes sold, it is the second largest producer in Latin America[37].

The Group's main competitors worldwide are global players with a global presence, such as Owens-Illinois, Ardagh, Vidrala, BA Vidro and Vetropack. The two most significant competitors of the Group in terms of revenue are Owens-Illinois and Ardagh.

The Group's markets are, for the most part, regional, primarily because of the costs to transport glass packaging, and the Group also competes with a number of regional glass packaging producers (see Section 5.5.2.2 "Group's competitive position and environment in the regional markets" in this Universal Registration Document). Moreover, the Group may face competition from actors conducting

[36] On the basis of the revenue earned in 2020 by market players in Europe (as defined by these players), as extracted from publicly available information (annual reports and press releases in particular) and on the basis of Company estimates.

[37] Based on volumes sold in 2020 in Argentina, Brazil and Chile.

periodic export operations, primarily when the domestic markets of these importers face overcapacity or when permitted by logistics costs or changes in exchange rates.

Due to the local nature of the markets, companies in this sector install their production sites near food and beverage production and packaging sites (such as in wine-making regions or near large brewers).

5.5.2 Description of the geographic markets

The Group conducts its activities in the following geographic markets, which make up its three operating segments: (i) Southern and Western Europe, consisting of the production sites located in France, Italy, Spain and Portugal, which represented 69% of the Group's consolidated revenue for the year ended 31 December 2020; (ii) Northern and Eastern Europe, consisting of the production sites located in Germany, Russia, Ukraine and Poland, which represented 22% of the Group's consolidated revenue for the year ended 31 December 2020; and (iii) Latin America, consisting of the production sites located in Brazil, Argentina and Chile, which represented 9% of the Group's consolidated revenue for the year ended 31 December 2020.

These geographic markets reflect the trends common to the entire glass packaging market described in Section 5.5.1.1 above, as well as their own specific trends.

5.5.2.1 *Trends by geographic market*

Southern and Western Europe

Southern and Western Europe accounted for 69% of the Group's consolidated revenue for the year ended 31 December 2020.

The main end markets in Southern and Western Europe in 2020 in terms of bottled volumes are still wine and sparkling wines bottles and containers for spirits.

In 2020, the bottled volumes of bottled wines (sparkling wines in particular) and spirits registered a net decrease related to the Covid-19 pandemic and closures in the hotel and catering sector. The exports of main European producer countries (France, Spain and Italy) we particularly affected by the increase of U.S. Customs barriers against French and Spanish productions. The increased market share of Italian producers, less affected by these measures, sustained the business activity of the Group in Italy and highlighted the pertinence of its geographic diversification. Certain segments, such as packaging for food, registered a sustained growth, but without fully compensating the contraction of volumes registered for sparkling wines and spirits.

Northern and Eastern Europe

Northern and Eastern Europe accounted for 22% of the Group's consolidated revenue for the year ended 31 December 2020.

Bottles for beer and jars and bottles for food are the largest end markets in Northern and Eastern Europe in 2020.

In 2020, the good performance of bottled volumes of beer bottles and especially jars and bottles for food, which represent a significant part of the Group's sales in the region, more than offset the contraction in business activity on other end markets.

Latin America

Latin American accounted for 9% of the Group's consolidated revenue for the year ended 31 December 2020.

Bottled beer is the largest end market in Latin America, particularly in Brazil. This end market is experiencing sustained growth that is set to intensify, driven in particular by craft and premium beers, as well as the development of single-use bottles in Brazil, even though the overall consumption of beer dropped in Brazil in 2020.

Bottles for still wines are the second largest end market in Latin America, particularly in Argentina and Chile, driven by exports, which continued their growth in 2020 in a context of uneven domestic consumption (an increase in Argentina, a slight drop in Chile).

5.5.2.2 *Competitive position and environment of the Group in the geographic markets*

Southern and Western Europe

In terms of volumes sold, the Group is the largest producer of glass packaging in Southern and Western Europe.

The Group's primary competitors in Southern and Western Europe are Owens-Illinois, primarily in France and Italy, Vidrala and BA Vidro, primarily in Spain in Portugal, and Zignago, established in northern Italy.

Northern and Eastern Europe

In terms of volumes sold, the Group is the second largest producer of glass packaging in Northern and Eastern Europe.

The Group's primary rivals in Northern and Eastern Europe are Ruscam, principally in Russia where the competitive environment is fragmented, Vetropack, mainly in Ukraine, and Ardagh, Wiegand-Glas and Owens-Illinois, primarily in Germany.

Latin America

In terms of volumes sold, the Group is the second largest producer of glass packaging in Latin America.

The Group's main competitors in Latin America are Cristal Chile and Cristoro, in Chile; Cattorini and Owens-Illinois in Argentina; and Owens-Illinois and VidroPorto in Brazil.

5.6 Description of the Group's main business lines

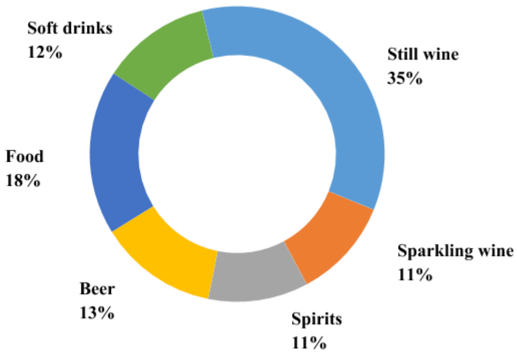
The Group is the third largest producer in the world and the leading European producer[38] (based on revenue) of glass packaging for beverages and food. In terms of volumes sold, it is the second largest

[38] On the basis of the revenue earned in 2020 by market players in Europe (as defined by these players), as extracted from publicly available information (annual reports and press releases in particular) and on the basis of Company estimates.

producer in Latin America[39]. The Group offers innovative, customized and environmentally friendly solutions to more than 10,000[40] customers worldwide.

In the year ended 31 December 2020, the Group produced more than 16 billion glass bottles and jars to meet the needs of a diversified customer base in the still wines, sparkling wines, spirits, food, beers and soft drinks markets and including both locally based small-sized companies such as regional wine producers or local breweries and leading multinationals such as Pernod Ricard, LVMH, Heineken, Andros and Nestlé.

Breakdown of revenue[41] by end market (year ended 31 December 2020)



Packaging is a major component of the marketing strategy for agrifood and beverage producing industries, which comprise the Group's customers, which it accompanies throughout the glass packaging creation process.

To meet the needs of its customers, the Group designs and manufactures a broad range of standard products tailored to both local and international markets. The Group stands out from the competition both by the scope of its offering, which encompasses a large variety of shades, finishing and containers, and through its capacity to upgrade its standard products for enhanced customization.

In addition to its glass packaging production business, the Group also offers its customers a range of extended services tailored to their marketing and economic needs.

Lastly, the Group's desire to propose diversified, customized and high-end products has led to the creation of a global upmarket brand known as the "Selective Line" with a dedicated marketing team. This line is designed to address the growing demand for upmarket glass bottles from Verallia's most demanding international customers in still and sparkling wines, spirits, beers and mineral water.

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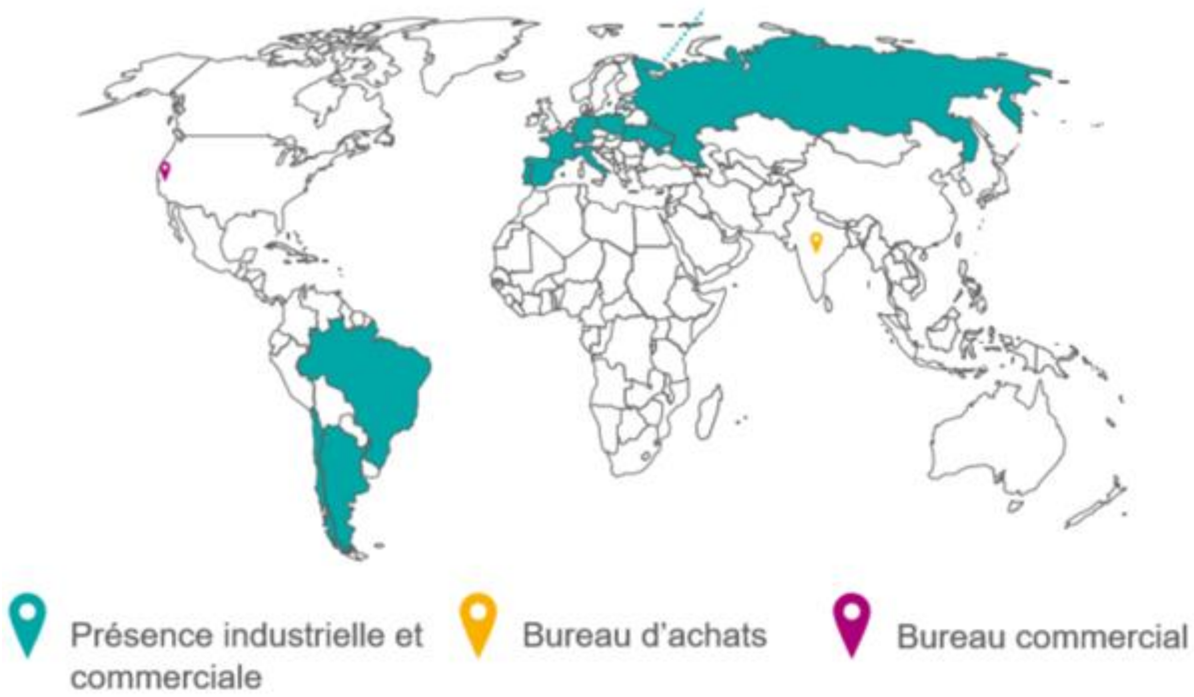
[39] Based on volumes sold in 2020 in Argentina, Brazil and Chile.

[40] Customers who placed at least one order during the 2018–2020 period.

[41] Based on revenue generated solely from the sale of jars and bottles, accounting for 98% of the Group's consolidated revenue for the year ended 31 December 2020.

The Group's "Glo-Cal" business model is built on the strength of its international network (illustrated by an industrial presence in 11 countries, with 32 glass production sites combining 57 operating furnaces, 8 cullet treatment centres (including two in joint venture), 3 decoration plants, 5 technical centres and 13 product development centres as of 31 December 2020) combined with proximity relationships maintained with its customers by nearly 10,000 employees, with a particularly significant sales force of close to 300 employees.

The Group's production facilities and sales presence



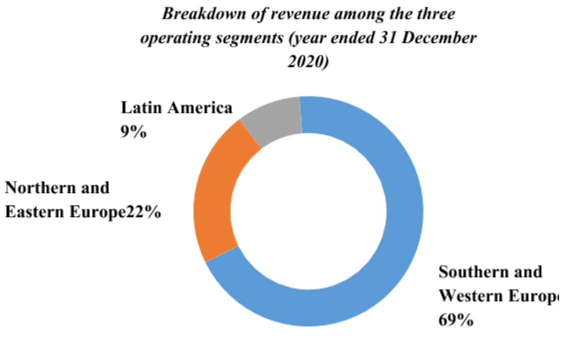
The Group's business lines are organized into three operating segments:

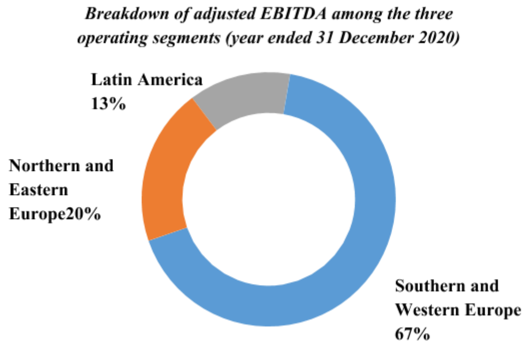
– Southern and Western Europe, comprising production plants located in France, Italy, Spain and Portugal. Southern and Western Europe accounted for 69% of consolidated revenue and 67% of the Group's adjusted EBITDA for the year ended 31 December 2020. The Group's operations in Southern and Western Europe are mainly oriented towards bottles for still and sparkling wines and packaging for spirits, which are export-driven market segments;

– Northern and Eastern Europe, comprising production plants located in Germany, Russia, Ukraine and Poland. Northern and Eastern Europe accounted for 22% of consolidated revenue and 20% of the Group's adjusted EBITDA for the year ended 31 December 2020. The Group's operations in Northern and Eastern Europe are mainly oriented towards bottles for beer, particularly in Germany, and jars and bottles for food, mostly for local markets;

– Latin America, comprising production plants located in Brazil, Argentina and Chile. Latin America accounted for 9% of consolidated revenue and 13% of the Group's adjusted EBITDA for the year ended 31 December 2020. The Group's operations in Latin America are mainly oriented towards bottles for still wines, an export-driven market segment, as well as bottles for beer, in Brazil.

The Group has developed a differentiated exposure to end markets, tailored to the relevant geographic areas. It adapts its offering to the specific local and regional features of the various markets to ensure the delivery of the best possible solution for the needs of its customers. Its flexible industrial facilities are adapted to these specific features also permit the temporary transfer of production from one site to another in case of repairs on a furnace or other equipment or the occasional spike in local demand.





5.6.1 The Group's products and services

5.6.1.1 The main products: bottles and jars

The Group proposes a diversified product offering including a range of both standard products and specialized products that are designed in collaboration with the Group's customers and tailored to their specific needs (joint development).

Bottles for still wines

In order to meet market demands, the Group proposes a wide range of bottles offering various shapes and sizes adapted to the different regional markets, in order to address two powerful market trends: the growing appeal of premium products and the development of rosé wine, for which differentiation is mainly based on the packaging used.

The Group proposes a broad range of shades that allows its customers to customize their products. In addition to the "green" bottles, generally considered as traditional shades, the Group has developed other shades adapted to its markets, such as the "tradiver" color, a luxury dark green shade with a filter that protects the organoleptic properties of wine. More recently, the Group developed a new ebony shade in Chile, France and Spain: almost black and with a high density, it protects the contents against the effects of light and gives products a touch of class and refinement, ideal for meeting upmarket demands.

In addition to its wide range of colors, the Group also offers a large selection of bottle sizes that differ according to the market, including 18.5 cl ("aviation" sized), 37.5 cl, 50 cl and 75 cl, each with varying finishes. Following market trends, the Group gives its customers the ability to provide consumers with packaging that keeps up to date with changes in consumption and lifestyle. For example, the Group increasingly offers standard bottles equipped with screw-on tops to its customers, particularly for exports, considering the growing demand from consumers worldwide for this type of finishing.

In France, Verallia is continuing its partnership with the Ravoire & Fils family business, producing the new version of the Manon wine bottle: a modernized, simple and clean line, highlighted by a belt and a very marked punt, enhanced as a whole by engraving. In 2020, the bottle won a packaging Oscar in the Glass section of the Transformation category, highlighting the technicality and the know-how of transformers or brands as well as their innovation capacity.

In Argentina, the ECOVA 1.125 cc bottle was renamed Burdeos Mayra in honor of the new queen of local harvest of 2020. This eco-designed Bordelaise is popular in Argentina with its low and rounded shoulders, giving a premium appearance to the product.

Bottles for sparkling wines

The Group offers a large range of standard products to bottle champagne, crémants, mousseux, cider and their foreign equivalents such as sekt (Germany), spumante (Italy), prosecco (Italy) and cava (Spain).
The Group produces packaging in varied sizes according to each market, ranging from very small bottles (18.7 cl) to large capacity bottles such as the Magnum (1.5 litres), Jeroboam (3 litres), Methuselah (6 litres) and even the Nebuchadnezzar (15 litres). The majority of the Group's production, however, focuses on the 75 cl bottle which, in the majority of markets in which the Group is present, is the standard size for these beverages.

Depending on models and markets, the Group offers a broad range of standard products in different shapes and shades, allowing its customers to differentiate their products.

In addition to its standard products, the Group offers specialized packaging designed in cooperation with the customer, including using embossment and/or decorating techniques to better meet their marketing needs.

Lastly, certain bottles for upmarket sparkling wines are developed by the Group in the context of its "Selective Line" brand (see Section 5.6.1.3 *"Selective Line*" of this Universal Registration Document).

With the Mumm Grand Cordon bottle, the Group achieved a technical feat and a real first in the world of champagne: red glass ribbon is embedded in the thickness of the bottle. This bottle received the Formes de Luxe Award in the "bottling" category and the Gold Pentaward in the "Luxury, upmarket wines and champagne" category.

Packaging for spirits

In this market, the Group offers a large range of standard products to its customers. However, the majority of sales are high value-added customized products, especially in terms of specific shapes and engravings.

The container sizes vary according to the market, between 3 cl and 4.5 liters, giving customers access to a wide range of products.

In addition to this diversified offer for different sized containers, the Group provides its customers, depending on the market, with several choices of shades (such as green, extra-white, cinnamon or ebony) and a large number of original shapes by drawing on its industrial expertise in light coloring, decoration and creation of new shapes, allowing customers to adapt the image of their products.

A large volume of containers for upmarket spirits are developed by the Group under its "Selective Line" brand (see Section 5.6.1.3 "*Selective Line*" of this Universal Registration Document).

In Brazil, the Group refreshed the design of the Gin Rocks bottle of the Fante group, improving its weight - 40 grams lighter - and its resistance and modernizing the bottle, a frieze and an engraving of the brand embossed on the neck.

Beer bottles

The Group produces a standard range of beer bottles in different sizes and shades.

The Group proposes a large choice of finishings and closing systems adapted to the different ways of drinking beer depending on the market and to better address the expectations of its customers.

Moreover, as with its other products and to complement its standard range of bottles, the Group shares its innovative and creative skills with its customers to jointly develop specific products, such as highly personalized designs for the increasingly popular micro-breweries all over the world.

To celebrate its 40th anniversary, the French brewery Castelain launched a limited edition printed by Saga Décor, a Group's company, using a drawing by a local artist. The round and thick body of the Steinie bottle, a standard for brewers, gives an image of authenticity to the product.

In Germany, Verallia manufactures a 33 cl returnable bottle with a retro look. More than 10 breweries such as Veltins, Krombacher or Bitburger are already using it.

Jars and bottles for the food market

The Group offers a wide range of standard jars and bottles for food, tailored to each market.

This range is highly diversified, especially in terms of shape, capacity and closing systems.

The Group is mainly present in the following markets:

– baby food;

– dairy products;

– solid food products;

– jam, honey and spreads;

– condiments, sauces and vinegars; and

– vegetables, meat, seafood and soup ("preserves").

For example, to support its customers in the snacks market, which continues to grow each year, the Group offers a range of heat-sealable jars, such as jars or small casserole containers in heat-sealable, sterilizable and pasteurisable glass, for prepared dishes, baby food or condiments, or heat-sealable glass jars with transparent caps for yoghurt, pudding cups and other soluble products, which were previously sealed with aluminum caps.

In this sector in particular, the Group complies with strict regulations in terms of food safety. Verallia therefore ensures that all of its teams comply with strict quality standards, such as Hazard Analysis Critical Control Point (HACCP - see Section 9.1.1.1) and/or ISO 22000. The Group also controls the quality of its products using visual, mechanical, video and light beam technology to check the corking, dimensions and glass thickness and appearance. Any container that does not comply with the Group's quality standards is automatically rejected and recycled.

For more than two years, the Research and Development teams at Verallia France have been working on the thermally sealed lid to open this Bonne Maman jar, combining aesthetics and practicality: white glass, an external engraving recalling the name of the brand, a high shape and rounded body for a better grip and "spoonability".

Bottles for soft drinks

The Group proposes a large standard range of bottles for soft drinks, such as syrups, fruit juice, lemonades, oils and mineral water.

The Group diversifies its offer with various colours, depending on models and markets, and

with various types of finishing, in order to meet specific needs of its clients.

Gobilab, in partnership with Verallia France, launched the "Gobi Indoor", the first glass water bottle 100% made in France. This eco-designed object is meant to replace disposable bottles and cups used in offices, sports and elsewhere

In association with Verallia, Sodastream launched the DUO bottle for its new machine distributed as a trial in Switzerland.
They managed to successfully pull off the feat of producing a reusable bottle compatible with carbonation with this extra-white bottle, manufactured at the Verallia site of Cognac.

In Spain, the Group manufactures for Font Major, a Damm group brand, a customised returnable water bottle with engraving on the body and on the bottom, with a screw-on tops facilitating consumption. The bottle received the Arca 2020 international bottle design prize.

For special occasions such as Christmas and New Year's Eve, anniversary editions and other events, the Group creates personalized ranges in collaboration with certain customers.

The Group also offers a standard range of glass packaging for oils, including round and square shapes and in different sizes and colors. Some of its products, in particular bottles for mineral water, are also designed under the Group's "Selective Line" brand (see Section 5.6.1.3 "Selective Line" of this Universal Registration Document).

5.6.1.2 Services

In addition to its core glass packaging production business, Verallia offers customers a range of high value-added services tailored to their marketing and economic needs.

Joint-development

In addition to its standard offering, the Group develops unique models, speciality products, with its customers. The Group has at least one product development centre in each country where it operates, with the expertise to ensure that a creative idea becomes an industrial reality. Thanks to their technical expertise, these 13 product development centres improve on customer proposals to ensure the industrial feasibility of the bottle or jar. Adjustments to the model are required to guarantee the best breakdown of the glass, its mechanical strength, its fitness for labelling, its stability on filling lines and the optimization of palletisation. These centres also design the drawings for the moulds that will be used to manufacture the bottle.

To successfully complete these glass projects, the development centres provide the Group's customers with advanced tools such as computer-aided design (CAD), 3D printers, physical-realistic computer-generated images and methods for calculating mechanical strength by finite element. In this way, the Group allows its customers to participate interactively, directly or remotely, in the development of their model, using 3D visualization, computer generated images or scale models, while ensuring optimization of the product's weight and mechanical performance.

More recently, the Group launched in Spain a service known as "Ideas by Verallia", which entails offering turnkey concepts to customers, thanks to the integration of a designer in the marketing team.

Finally, each year, the Group organizes design competitions in several countries, the "Verallia Design Awards", which bring together hundreds of participants from the best design and packaging schools. They are invited to propose projects for bottles and jars as a way of encouraging future thinking about uses of glass packaging and creating a portfolio of innovative and ready-to-be-developed designs that can be proposed to customers.

A number of these projects have been industrially produced for the Group's customers. Examples include the Serac bottle, winner of the 2016 French edition in the "Wines" category, designed by a student from Ecole Pivaut in Nantes and selected by Maison Du Sud – Jeanjean to market white and rosé wines under different brands in France and abroad.

Glass packaging decoration

The Group's glass decoration business is mainly carried out by its subsidiary Saga Décor and Société Charentaise de Décor, which are major players in glass bottle decoration in Southern and Western Europe, and through Verallia's Polish subsidiary Verallia Polska, a player in the Northern and Eastern European spirits market.

Saga Décor, Société Charentaise de Décor and Verallia Polska are specialised in bottle finishing. They use glass decoration techniques such as satin-finishing, lacquering, screen-printing, decal transfer and hot marking. The Group continuously improves its finishing techniques and production processes, in the context of the Group's research and development activities, in order to maintain the Group's competitive advantage in the glass bottle and jar decoration sector. For example, Saga Décor recently developed decoration techniques on filled bottles ("artefakt"). These techniques consist of combining decoration processes in "cold" firing (screen-printing, hot marking and lacquering) to create personalized bottles after storage in a cellar, particularly well adapted for a special vintage, a partnership or a special event, with no impact on the intrinsic quality of the wine. The Group adopts structural measures to minimize the impact of its decoration business on the environment, such as by using lead-free enamels.

The ECOVA products range

The Group offers a range of eco-designed products, ECOVA, allowing its customers to design image-enhancing products that are attractive to consumers while guaranteeing a reduction in the impact on the environment of each container over its lifetime: from the raw material stage through to the consumer (including selective waste sorting) and lastly through to the recycling phase (see the Extra-Financial Performance Statement appended in Annex II to this Universal Registration Document). The products in this range are aimed at the still and sparkling wine markets and the food market and are adapted in each country by the Group's local sales and marketing teams to meet the needs of the local market.

In Chile, Verallia developed an eco-designed speciality bottle for the premium line of Casillero del Diablo wines of the Concha y Toro wine grower, modelled on a Verallia bottle from the EGO line. Compared to the old bottle used by Concha y Toro, the weight has been reduced by 9% (675g compared to 745g). This permits saving 210 tonnes of glass per year and a reduction of the total lorry weight by 2.7 tonnes. However, the bottle maintains all the premium characteristics of its design, namely a very deep punt with an engraving of the devil.

Mobile bottling

The Group has 16 mobile bottling units in France, run by its subsidiary Thierry Bergeon Embouteillage, for the bottling of wines on the wine estate. Although this is not a significant business line compared to the Group's other business operations, it contributes to the Group's strategy to stay close and provide services to its customers, particularly winemakers based in the Bordeaux region among others.

Daily support for its customers

The Group strives to stay close to its customers and thus offers an extensive range of services to support them in their daily operations and in their development projects, such as digital apps, training programs and studies on specific topics.

Digital apps

- Virtual Glass

Initially developed in 2014 and proposed in 2019 in an enhanced version with hyper-realistic results, the "Virtual Glass" app seeks to allow the Group's customers to reduce the development time needed for new products by visualizing different models of bottles and jars, labelled and capped, full or empty.

- Virtual tours

This app, used at trade shows, training courses and shop floor events, offers virtual tours of plants and cullet sorting centres. It also offers a series of images showing the different stages in the glass production process and in household glass sorting.

- MyVerallia

This portal, rolled out in France, Spain and Germany, Italy, Brazil and Argentina and available on computers and tablets, offers the Group's customers access to catalogues where they can place and track their orders or use the Virtual Glass application. The Group's customers also have access to Verallia's news.

Glass School

Each year, the Group proposes several training cycles to its customers each year to increase their knowledge of the production process, to present the marketing trends and introduce them to the circular economy. In 2020, in view of the global health crisis of COVID-19, this training was provided electronically, namely in Ukraine, in order to maintain the training link with the clients of the Group who chose this option.

Studies and Conferences

In France, the Group helps its wine-growing clients and traders understand better the challenges of the wine market, ordering detailed studies permitting to analyse and understand consumers' perceptions of the wine and spirits markets. The results are shared at the "Vin & Sens" workshops. For example, in 2019 the Group presented two studies, one on the promotion of responsible wine practices among distributors and consumers, and the other on the impact of neuroscience in packaging. In Italy, the Group presented a study on Italian sparkling wines.

In 2020, the Group focused on the spirits market to better target the attitudes and the expectations of the French in terms of craft spirits in order to help new "French craft spirits" players in their positioning with their target public.

Thus, a first study, performed on a representative sample of young French population (20-35 years), highlighted the potential of development of French whisky.

The second study, performed in a laboratory setting using advanced methods based on neuroscience, demonstrated favorable thoughts and emotions triggered by whisky contained in the Arsène bottle – the new bottle with a rooster as a branding element, created this year by Verallia in partnership with micro-distillers.

5.6.1.3 "Selective Line"

To meet the growing demand for premium glass bottles from its most demanding international customers in still and sparkling wines, spirits, beers and mineral water, the Group developed a brand, known as "Selective Line". "Selective Line" is partly based on a dedicated marketing team at the Group level, and in the other part on a network of local marketing teams and leading technical experts, located in various glass production sites worldwide, and on two decoration units (Saga Décor and Société Charentaise de Décor in France and Verallia Polska in Poland) (see the Section 5.6.1.2 "*Service*s" -

"*Glass packaging decoration*" of this Universal Registration Document). "Selective Line" promotes the brand image of the Group.

"Selective Line" is present worldwide, in all the countries where the Group operates, and offers a range of complementary products and services to the Group's customers, such as the "Collection", a standard range of customizable bottles, or the "Carnet des Tendances" (Book of Trends) developed each year to help the Group's customers understand and anticipate premium packaging trends.

5.6.1.4 Procurement and assembly of components and spare parts

The Group's business operations include the procurement, assembly, quality control and sale (mostly to Group companies but also to third parties) of components and spare parts for industrial equipment used in the composition of glass packaging, through a site located in Pune, India, run by Accuramech. This activity represented a very limited share of the Group's business activity for the year ended 31 December 2020.

5.6.2 The Group's business operations in Southern and Western Europe

For the year ended 31 December 2020, the Group's activities in Southern and Western Europe generated revenue of €1,744.5 million[42] (69% of the Group's consolidated revenue) and adjusted EBITDA of €419.1 million (67% of the Group's consolidated adjusted EBITDA). The Group's total capital expenditure in Southern and Western Europe as of 31 December 2020 amounted to €175.2 million (10.0% of revenue[46] in this segment).

As of 31 December 2020, the Group had 5,184 employees in Southern and Western Europe and operated 20 production sites and 34 furnaces, as well as 7 cullet processing centres (including one in joint venture) and 2 decoration plants. In the year ended 31 December 2020, the volume of jars and bottles sold by the Group in Southern and Western Europe totaled 3,685 kT.

[42] Excluding inter-segment revenue.

Production facilities in Southern and Western Europe as of 31 December 2020

In Southern and Western Europe the Group is present in France, Spain, Portugal and Italy.

The largest geographical market for the Group in terms of revenue is France, which represented 42% of revenue generated by the Group in Southern and Western Europe in the year ended 31 December 2020.

The Group's business operations in Southern and Western Europe mainly involve bottles for still and sparkling wines and containers for spirits, products that have relatively high margins, and for which the Group is one of the market leaders.

The Group offers a broad range of products to the Southern and Western European markets tailored to the local needs of each country. Bottles for still and sparkling wines account for a significant portion of the Group's activities in France, Italy and Spain.

The Group's customer base in Southern and Western Europe in bottles for still wines is highly fragmented, mainly local and regional winegrowers, as well as leading wine merchants. Furthermore, the Group has many customers for sparkling wine bottles, including local or regional producers as well as a number of leading world-class players such as LVMH and Pernod Ricard, with certain prestigious brands, such as Dom Perignon and Ruinart for champagne.

In the food, spirits and beer market, the Group serves both international customers and local customers.

Lastly, the Group provides glass packaging to customers specialized in empty bottle retailing, which represents a limited portion of its revenue.

5.6.3 The Group's business operations in Northern and Eastern Europe

For the year ended 31 December 2020, the Group's activities in Northern and Eastern Europe generated revenue of €554.4 million[43] (22% of the Group's consolidated revenue) and adjusted EBITDA of €126.5 million (20% of the Group's consolidated adjusted EBITDA). The Group's total capital expenditure in Northern and Eastern Europe as of 31 December 2020 amounted to €54.2 million (9.8% of revenue[47] in this segment).

As of 31 December 2020, the Group had 3,122 employees in Northern and Eastern Europe and operated 7 production sites, 17 furnaces, one cullet processing center (in joint venture) and one decoration plant. In the year ended 31 December 2020, the volume of jars and bottles sold by the Group in Northern and Eastern Europe totaled 1,401 kT.

Production facilities in Northern and Eastern Europe as of 31 December 2020

[43] Excluding inter-segment revenue.

In Northern and Eastern Europe the Group is present in Germany, Russia, Ukraine and Poland. The largest geographical market for the Group in terms of revenue is Germany, where the Group operates through its subsidiary Verallia Deutschland AG, listed on the Frankfurt, Stuttgart and Munich stock exchanges and which represented 75% of revenue earned by the Group in Northern and Eastern Europe in the year ended 31 December 2020.

The most significant products in terms of revenue for the Group in Northern and Eastern Europe are bottles for beer, especially in Germany, and jars and bottles for the food market.

In the beer, food and spirits market, the Group serves both international customers and local customers.

The Group's customers for still and sparkling wines, mainly in Germany, include local or regional wine producers and leading merchants for still wines.

5.6.4 The Group's business operations in Latin America

For the year ended 31 December 2020, the Group's activities in Latin America generated revenue of €237.0 million[44] (9% of the Group's consolidated revenue) and adjusted EBITDA of €80.1 million (13% of the Group's consolidated adjusted EBITDA). The Group's total capital expenditure in Latin America as of 31 December 2020 amounted to €21.1 million (8.9% of revenue[48] in this segment).

As of 31 December 2020, the Group had 1,247 employees in Latin America and operated 5 production sites and 6 furnaces. In the year ended 31 December 2020, the volume of jars and bottles sold by the Group in Latin America totaled 655 kT. Considering the topographical and geographic constraints in this area, and in order to facilitate the logistics process, in particular the transportation of goods, the Group has optimized its industrial location by setting up its production sites close to those of its customers, especially in wine-growing areas.

Production facilities in Latin America as of 31 December 2020

[44] Excluding inter-segment revenue.

The Group has been present in Latin America since 1960, when it began operations in Brazil through its subsidiary Verallia Brazil. In Latin America, the Group is present in Brazil, Argentina and Chile. The largest geographical market for the Group in terms of revenue is Brazil. In terms of volumes, the Group is the second largest producer on the glass packaging market in Latin America, with a strong competitive positioning for bottles for still wines and bottles for sparkling wines.

The Group's operations in Latin America are mainly oriented towards bottles for still wines, an export-driven market segment, as well as bottles for beer, in Brazil. The Group prioritizes a strong industrial presence in wine-growing areas and a positioning tailored to local specific needs outside these areas, depending on the specific features of each country.

In the still wines, sparkling wines and food market, the Group serves both international customers and local customers.

5.7 Investments

5.7.1 The Group's main capital expenditure over the past three years

The Group's total capital expenditure amounted to €250.5 million for the year ended 31 December 2020, compared to €252.5 million for the year ended 31 December 2019 and €225.0 million for the year ended 31 December 2018. These capital expenditure comprised recurring capital expenditure and strategic capital expenditure as indicated in the table below:

(in € million)	**Year ended 31 December 2020**	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Recurring Capex	203.4	206.7	198.6
As a % of revenue	*8.0%*	*8.0%*	*8.2%*
Strategic Capex	47.1	45.8	26.4
Total Capex	**250.5**	**252.5**	**225.0**
As a % of revenue	***9.9%***	***9.8%***	***9.3%***

Recurring Capex

Recurring Capex mainly includes the purchase of property, plant and equipment and intangible fixed assets required to run the business under the same conditions as applied previously. It mainly includes furnace renovation and heavy maintenance of IS machines. Even if the Group's research and development work has allowed the useful lives of its furnaces to reach 10, 12, or even 14 years, they still need to be renovated periodically (since the molten glass in the furnaces wears down the refractory slabs).

The cost of completely renovating a furnace (excluding cost of its associated equipment) generally ranges from €10 million to €15 million, and furnaces typically need to be renovated after a dozen years of operation. In the case of furnaces with intensive use of cullet, partial repairs at a cost of around €5 to €10 million must be planned after six to eight years of operation.

The Group also performs major maintenance operations on 20 to 30 IS machines every year on average, representing a total amount of approximately €15 million per year.

The time required to renovate a furnace is generally around nine weeks and the downtime of a production line for the maintenance of an IS machine is three weeks on average.

Recurring capital expenditure also include projects to increase the Group's production capacity, comply with changes in applicable regulation, improve the flexibility of production facilities and the quality of products and reduce operating costs:

- Capacity capital expenditure include new commissioned lines, new sections added to a line and capacity increases included in furnace renovation. The Group may decide to take advantage of furnace renovation work to expand a furnace's size and therefore increase its production capacity according to expected demand.

- Legally required capital expenditure correspond to investments required to comply with changes in regulations applicable to the Group's business lines. They mainly concern investments made to comply with atmospheric emission standards or waste water quality. They do not include investments related to the implementation of the CO_2 emissions reduction plan, which are accounted for as strategic investments;

- Productivity/cost-cutting capital expenditure are linked to investments aimed at enhancing productivity, especially by increasing effectiveness or rates of production/reducing operating costs (for example reducing the consumption of energy or raw materials);

- Other capital expenditure mainly include non-industrial capital expenditure, such as IT and Research & Development capital expenditure.

Strategic Capex

Strategic Capex corresponds to acquisitions of strategic assets that significantly enhance the Group's capacity or its scope (for example, the acquisition of plants or similar facilities, greenfield or brownfield investments), including the building of additional new furnaces and, as of 2021, investments related to the implementation of the CO_2 emissions reduction plan.

According to the Group's estimates, the cost of building an entire plant with a single furnace (including the associated equipment, such as a mixing equipment, distribution canal, feeder lines, blowing machines, annealing lehrs and inspection and palletisation equipment) is typically around €100 million for annual production of around 100,000 tonnes, depending, in particular, on the number of installed lines, machine sizes, and utility and transportation connections (water, gas, electricity, roads, railways, etc.).

5.7.2 Main capital expenditure in progress or planned for the future

Main capital expenditure in progress

The main strategic investments pursued during the year ended 31 December 2020 concern the new furnaces under construction in Azuqueca and Villa Poma, for a cumulative amount of around €47 million in 2020. The construction of these furnaces is almost complete and they started operation in the first quarter of 2021.

Main future capital expenditure

As of the date of the present Registration Document, the main strategic investment of the Group concerns a "*brownfield*" investment on the Jacutinga site in Brazil, where the Group plans to build a second furnace (the first one began operating in 2019) to respond to the growth of local beer demand. The amount of this investment will be of the order of €60 million.

As part of the acceleration of its CSR strategy presented in January 2021, the Group intends also to invest significant amounts (approximately €220 million by 2030) to reduce its CO2 emissions. The majority of these investments (for about €180 million) will be treated as "strategic" investments by the Group (the rest representing purchase commitments accounted for according to the IFRS 16 standards).

5.7.3 Information on ownership interests

Information on ownership interests is contained in Note 3 of the Group's consolidated financial statements for the year ended 31 December 2020.

5.7.4 Environmental factors that may affect the use of the Group's property, plant and equipment

Information about environmental issues that may affect the use of the Group's property, plant and equipment is provided in Sections 1 and 2 of the Extra-Financial Performance Statement appended in Annex II to this Universal Registration Document.

As at 31 December 2020, provisions for environmental risks registered by the Group, and including among others the costs of waste disposal relating to the reconstruction of furnaces, stood at 14.3 million euros.

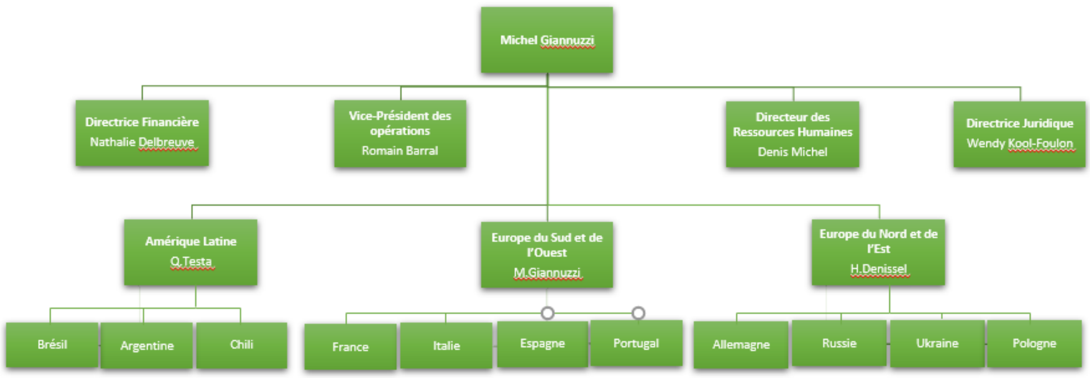
The Group has also already made forward purchases of carbon dioxide allowances on the market for a total amount at 31 December 2020 of €27.6 million (see among others paragraph 9.1.2 "*Regulations for the glass making industry*" of this Universal Registration Document).

5.8 Dependency factors

Information about the Group's dependency factors is provided in Chapter 3 "Risk Factors" of this Universal Registration Document.

5.9 Industrial policy and organization

Simplified organization chart of the Group as of 31 December 2020



The Group's organization is decentralized and divided into three separate operating segments: Southern and Western Europe, Northern and Eastern Europe and Latin America.

Certain functions, such as technology, industry, research and development, financing, purchasing and procurement, human resources, legal, marketing and communication are managed at the Group level.

Other functions, particularly those linked to customer relationships and production activities, are managed locally. The Group's local CEOs are independent and free to implement their local strategy. In addition to the local CEOs, the Group has sales and marketing teams in each of its operating segments. The local management teams work in close collaboration with local managers, thus allowing the Group to develop products tailored to the specific needs of its customers. Furthermore, thanks to the decentralization of the Group's industrial processes, it is able to optimize the use of its local production capacities to quickly respond to the needs of its business operations and optimize its production costs.

5.9.1 Purchases and supplies

The Group's main purchases and supplies are as follows:

- energy (gas, fuel oil, electricity);
- raw materials (mainly, soda ash, glass sand and cullet);
- transport of finished goods (mainly by road);
- packaging (cardboard, plastic film, pallets, spacers);
- industrial equipment; and
- moulds.

The Group's purchases and supplies are under the responsibility of the Group's purchasing department, comprising a director who coordinates the Group's entire purchasing function and assisted by buyers in charge of strategic families of purchasing, including purchases of investments. The Group's purchasing department is more generally in charge of carrying out or coordinating the purchases of the most strategic products.

The Group also has purchasing departments within its subsidiaries or in countries where the Group has operations, which are generally in charge of operating purchases (such as transport or packaging). Some purchases are pooled together regionally between the Group's different companies, generally under the responsibility of the Group's purchasing department (in particular with respect to energy, raw material purchases and overheads).

Raw materials

Raw materials costs account for a significant portion of the Group's production costs. During the year ended 31 December 2020, the cost of raw materials rose 1.6%.

Glass intended for packaging is composed (by volume) (excluding cullet) of glass sand (between 60 and 70%), soda ash (between 10 and 20%), limestone (between 15 and 20%) and other substances, such as coloring (between 0.5 and 5%). This composition varies significantly depending on the colours. Cullet, derived from either waste from the glass production process or cullet processing plants, accounted for more than half of the Group's raw materials for the year ended 31 December 2020. Cullet is used to optimize production costs, as it helps to reduce energy use due to its relatively low molten temperature (a 10% increase in the use of cullet leads to an average reduction in energy use by 2.5%). The use of cullet significantly varies depending on the type of glass produced, and its utilisation rate can reach 95% for certain types of glass. The Group's goal is to use all the cullet at its disposal in order to reduce its energy use and its carbon dioxide emissions and thus improve the carbon footprint of the glass packaging that it produces. To this end, the Group has developed numerous initiatives, such as improving the collection of domestic glass, improving the quality of cullet during its treatment or increasing the use of cullet in glass production. Furthermore, to improve the cullet processing process and increase recycling, the Group has made long-term investments in its eight cullet processing centres: two in France, operated through Everglass; three in Italy, two of which are operated through Ecoglass and one in partnership with Vetreco; one in Germany; and two in Spain, including a site operated in partnership with Calcin Iberico, allowing it to directly power its glass production sites located close by (see the Extra-Financial Performance Statement appended in Annex II to this Universal Registration Document). In the case of furnaces with intensive use of cullet, partial repairs at a cost of around €5 million to €10 million must be planned after six to eight years of operation.

Most of the Group's soda ash and glass sand procurement contracts are signed for terms of six months to one year. The limestone market is a local market; consequently, the Group signs a contract for each production site, generally for one year.

Although the Group inserts price adjustment clauses in its commercial contracts, which directly or indirectly reflect the changes in raw materials costs, most of its commercial contracts (signed for a period of one year and which can be renewed upon the agreement of parties) do not have such clauses.

Energy costs

The Group's main sources of energy are natural gas and, to a lesser extent, electricity and fuel oil. The structure of the Group's energy cost varies significantly depending on the production site concerned, especially regarding the possibility of powering natural gas and fuel oil furnaces. During the year ended

31 December 2020, the cost of energy dropped by 5.8%. As energy is mainly consumed during glass melting, each new furnace construction is an opportunity to improve the Group's performance in these areas. Throughout the service life of furnaces (from 10 to 12 years, sometimes 14 years), the Group renovates its furnaces in order to improve their consumption, especially with respect to sealing and thermal insulation, optimization of the temperature of the glass, combustion settings and adjustment of combustion air volumes. Furthermore, to significantly reduce carbon dioxide emissions emitted when supplying power to its furnaces, the Group has decided to prioritise natural gas over fuel oil. Other initiatives modelled on the principles of the circular economy include using the heat recovered from furnace walls or smoke as a heating source for the Group's buildings or neighbouring towns. The Group has also invested in Industry 4.0 by introducing artificial intelligence into its plants (see the Extra-Financial Performance Statement appended in Annex II to this Universal Registration Document). Finally, in the framework of its CO2 emissions reduction policy, the Group intends to significantly increase the share of renewable energies in its consumptions, namely by increasing purchases of green energy, but also by the recourse to installations (such as photovoltaic panels) permitting it to produce own energy directly on certain sites of the Group.

Most of the Group's sales contracts are entered into for one year and may be renewed with the agreement of both parties and do not include price adjustment clauses allowing a percentage of the increase or decrease in energy costs to be reflected automatically in selling prices. The passing on of increases in the Group's production costs is then negotiated with customers when orders are placed or at the annual renewal of contracts. Apart from purchases of energy at a fixed price that may be negotiated directly with suppliers by the purchasing department, the Group has set up transactions to hedge part of the risks linked to energy costs in situations where contractual adjustment mechanisms could not be provided. This applies to most of the sales contracts concluded by the Group (see Section 3.2.5 "Risks related to relations with certain suppliers and subcontractors" of this Universal Registration Document).

5.9.2 Production

The manufacture of packaging glass requires command over technically complex industrial processes requiring the use of heavy equipment. The production of container glassware mainly involves transformation, by melting the different materials in the composition of glass or a mix of vitrifiable liquid at extremely high temperatures, in order to subsequently shape the glass using forming techniques (blown-blown/pressed-blown).

Thanks to its expertise in these fundamental skills of the glass production cycle and efficient industrial facilities, the Group was able to produce more than 16 billion bottles and jars in the year ended 31 December 2020.

The glass production cycle of bottles and jars

The glass production cycle includes three essential phases:

– The fusion of raw materials and cullet:

Once mixed together, raw materials and cullet are melted in furnaces at a temperature of around 1,550°C. There is a time span of 24 hours between the introduction of the mix and the removal of the molten glass from the furnace. The extremely high temperatures reached involve continuous production. Consequently, these furnaces operate round the clock, 24/7. In addition to safety issues, the extremely high temperatures are an environmental concern, given that the mass of molten glass releases large quantities of carbon dioxide and smoke. The carbon dioxide is evacuated through chimneys fitted with filters.

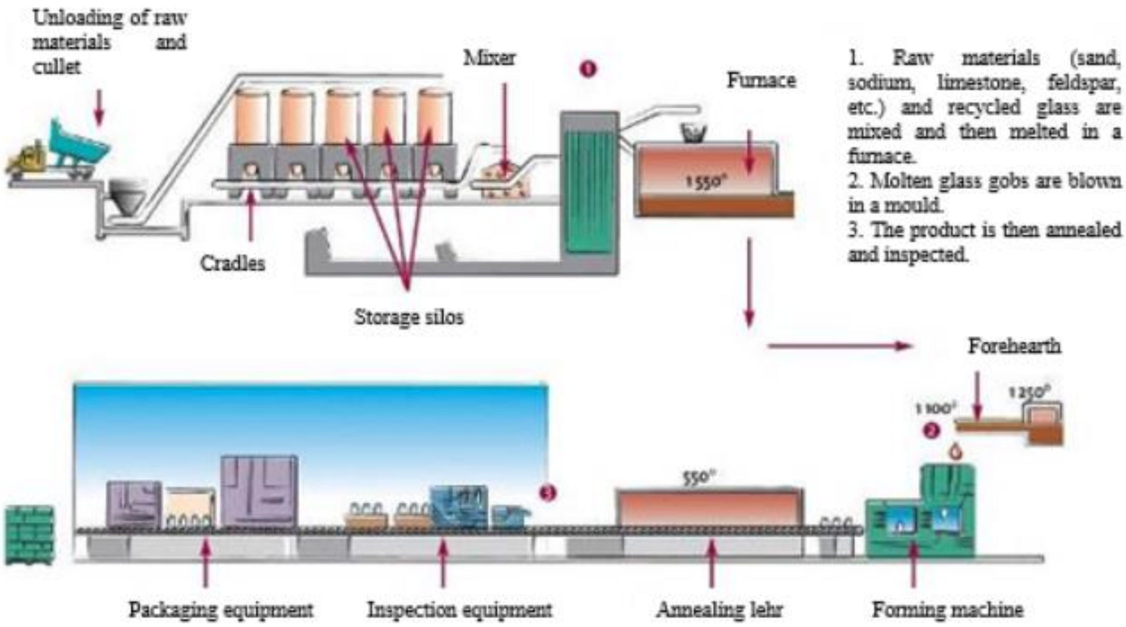
– Transfer to the "hot end sector": forming and treatment of the glass:

The molten glass is then sent to the forming machine through distribution channels at a temperature ranging between 1,100°C and 1,550°C. Forming consists of shaping a compact mass of molten glass through pressing (using a metal plunger) then blowing (with blown air). The mass of glass enters the forming machine in the form of a drop, known as "gob", the weight, shape and temperature of which are precisely controlled. This gob is then blown in two stages (blown/blown process), in a "blank mould" first of all, where the material is transformed into an interim shaped hollow pocket, then in a "finishing mould", which gives the product its final shape. This process only lasts a few seconds, at the end of which the temperature of the bottles and jars reach nearly 600°C. To guarantee the strength of glass containers, the latter are then "refired", through gradual reheating and cooling in "annealing lehrs" for 50 minutes to two hours. The surfaces are also treated to protect the glass packaging against scratches: first, the surfaces receive a hot treatment, which consists of applying a thin layer of tin oxide on the surface of the glass;

Finishing mould

– Transfer to the "cold end sector": inspection and packaging of the glass:

The Group uses various processes to inspect the quality of its products depending on the markets and products. These include visual, mechanical, video or light beam inspections to check the capping, size and thickness of the glass and the design of the packaging. Any container that does not comply with the Group's quality standards is automatically rejected for use as cullet. The products are packaged in pallets when they leave the manufacturing line.



Production facilities and industrial processes for the manufacture of bottles and jars

The Group's industrial facilities include 32 glass production sites mainly located close to packaging areas and its main customers, equipped with 58 glass furnaces that operate continuously. The efficiency of the facilities is based on the optimal use of equipment, meeting the highest standards in the markets in which it operates.

The strong performance of these production facilities and their ability to adapt to different markets is essential considering the high investment costs for equipment used in the industry.

The efficiency of the equipment used is measured with respect to its productivity, flexibility and its capability in terms of production requirements. Heavy machinery has been standardized, which gives the Group the freedom to shift the production of a range of products from one production line to another and even from one site to another. On certain production lines, known as "flex lines", the use of versatile machinery means that between two and four different types of items can be produced on the same production line. The Group takes advantage of the flexibility of its production facilities to optimize its responsiveness and accordingly reduce the storage of finished goods. Standardizing equipment by product family fosters the development of technical synergies (such as transfer of best practices and know-how from one site to another).

The efficiency of the Group's industrial processes also lies in its capacity to maintain a high utilization rate of its equipment, in particular its furnaces. Factors affecting the utilization rate of furnaces mainly include the number of changes to the color of the glass and the optimization of the packaging mix on all lines, in order to maximize utilization of the furnace draught. The possibility of producing a high number of bottles of the same color at the same time and the flexibility of production lines provide opportunities for the Group to obtain maximum advantage from the utilization capacity of a furnace.

Furthermore, the Group strives to have powerful and effective furnaces, in terms of energy consumption and life span. The Group's industrial and commercial location can allow it to temporarily transfer production from one site to another in order to meet a specific demand or limit the impact of certain industrial constraints, such as a furnace under repair. Finally, in order to respond to the evolution of demand, the Group started the construction of a new furnace in Azuqueca in Spain and another in Villa Poma, in Italy, which started in the first quarter of 2021 after their commissioning, initially scheduled for 2020, had been delayed by the COVID-19 pandemic (see Sections 3.1.1 *"Risks related to the evolution of demand for glass packaging"* and 5.7 *"Capital expenditure"* of this Universal Registration Document).

The Group's quality, environment, health and safety certification policy

In all the territories where it has business operations, the Group sets up standards for quality, logistics, management of customer satisfaction and environmental performance.

The Group has a history of investing substantially to ensure that all of its teams participate in a quality approach, which specifically includes the existence of jointly written processes that can be shared as well as track their modification if necessary. As such, the Group performs different audits every year to ensure that the quality and standards with respect to the environment, hygiene and safety are complied with.

The main standards and methods in force in the Group refer to the following standards:

- *ISO 14001*: This standard states the requirements for an environmental management system (EMS) serving as the framework for defining a policy and objectives that reflect legislative requirements and disclosures on significant environmental impacts.
- *ISO 9001*: This standard states the organizational requirements for the existence of a quality management system that can be used to provide, on a regular basis, a product compliant with the customer's requirements and with the applicable regulatory requirements and focuses on implementing continuous improvement processes.
- *ISO 22,000*: This standard guarantees that food risk for consumers is taken into account on the entire production process. In concrete terms, this standard sets out the requirements that must be met by a food safety management system (FSMS), a collection of processes designed to enable the company's management to guarantee the effective application of its policy for controlling the risks linked to food safety and the constant improvement of its objectives, in order to propose safe products that will meet customer and regulatory requirements.
- *HACCP* (*Hazard Analysis Critical Control Point*): This system identifies, assesses and controls significant dangers with respect to food safety. There is no "HACCP certification" properly speaking, because it is a process that is part of the ISO 22000 standard.
- *OHSAS 18001* (*Occupational Health and Safety Assessment Systems*): This occupational health and safety management system model aims to reduce risks in terms of health and safety in the work environment.

At the date of this Universal Registration Document, all of the Group's glass production sites had obtained ISO 9001, ISO 14001 and OHSAS 18001 certification. 29 of the Group's 32 glass production sites are certified ISO 22000. The Group is continuing the site certification process, with a goal of 100% of sites certified in 2021. The Group's plants in France were the first food industry packaging glass production sites to obtain ISO 22000 certification in Europe.

5.9.3 Sales and marketing policies

The Group's main business is centred on the development, production and sale of glass packaging for the food and beverage industries.

In terms of marketing, and in general, all of the Group's companies must be able to offer customers services tailored to their local market. This requires efficient tools that are compliant with local standards.

These policies are aligned as closely as possible to the history, trends and sensitivity of each of the regional markets. The marketing and product development organization of each of the Group's companies has been developed accordingly. The Group also relies on its sales force of almost 300 locally based employees, who work in close collaboration with customers.

The Group believes that its understanding of local markets, customers' expectations and competition allow it to better adapt its price, product and service policy to obtain the best performance. This policy is mainly reflected in an extended and scalable offering in terms of products and services (see Section 5.6.1 *"The Group's products and services"* in this Universal Registration Document).

5.9.4 Research and development, patents and licenses

5.9.4.1 Research and development

Innovation constitutes an ongoing challenge for the Group's companies within the broader context of the Group's focus on establishing an up-market position for its products and the sale of products and services, using effective and environmentally friendly production facilities that offer a high level of added value.

Innovation within the Group is centred around three main principles addressed within the framework of a structural project:

- respect for health, the environment and sustainable development, assessed throughout the life cycle of the Group's products, including the reduction of greenhouse gases and recycling;
- value creation and differentiation achieved through the Group's products and services; and
- quality of products and services in order to satisfy the expectations of the Group's customers.

Innovation within the Group also applies on three levels: innovation in products and services, innovation in materials and innovation in processes, all of which relate to research and development.

The Group's innovation policy is based on:

- a multidisciplinary team of in-house researchers and engineers;
- varied means of mathematical modelling of processes, an appropriate design server, a laboratory for tests and expert appraisals; and
- collaborations with external research laboratories.

The Group's research and development expenses for the year ended 31 December 2020 amounted to €3.6 million.

Innovation in products and services

The Group has 13 product development centers operating as a network, covering all of the regions in which it operates, based at the following sites: Albi (France), Chalon (France), Pont Sainte Maxence (Saga Décor – France), Bad Wurzach (Germany), Dego (Italy), Gazzo Veronese (Italy), Kavminsteklo (Russia), Gniezno (Verallia Polska – Poland), Azuqueca (Spain), Figuera de Foz (Portugal), Zorya (Ukraine), Sâo Paulo (Brazil) and Mendoza (Argentina).

These teams come up with new designs at the request of their customers and/or marketing teams.

This work involves the transformation of innovative ideas into glass products that can be manufactured and marketed at a competitive price. This work is frequently based on a joint development approach with the Group's customers.

The Group is therefore able to offer its customers new product ranges on a fairly regular basis.

Exemplifying this product and service innovation policy is the "Selective Line" brand, an up-market range of products targeted primarily at the spirits, wines, beers and mineral water markets.

For example in Spain, the bottle for MG gin received a design award at the last Inspirational Packaging Awards (IPA) in 2018. The authenticity of the product is underlined by its retro look: stocky shape and engravings on the body. In France, the Roseline Prestige vintage won the first place Design Award at the 2018 Pink Rosé Festival. The details of this unlabelled bottle highlight the delicate elegance of the product: engraved rose and name, thin neck and embossed stitching. In 2019, the Estathé glass bottle (iced tea by Ferrero, which is one of this group's iconic products in Italy), won awards at the A'Design Award and the Packaging Oscars of the Italian Institute of Packaging (Quality Design category).

More recently, in 2020, the Manon wine (Ravoire & Fils family business) bottle won a packaging Oscar in the Glass section of the Transformation category for its new presentation, highlighting the technicality and the know-how of transformers or brands as well as their innovation capacity.

Also, in Spain, the Group manufactures for Font Major, a Damm group brand, a customised returnable water bottle with engraving on the body and on the bottom, with a screw-on top facilitating consumption. The bottle received the Arca 2020 international bottle design prize.

The second major concern is designing products that are environmentally friendly.

The Group launched the ECOVA range of "eco-compatible" bottles, which are lighter and therefore more energy efficient to produce than regular bottles, with an elegant shape (see Section 5.6.1.2). With this range, the Group seeks to offer more environmentally friendly products while maintaining a high-quality level.

In addition, the range of standard products and the significant number of specialised products developed by the Group are indicative of its capacity for flexibility and technical innovation.

Initially developed in 2014 and proposed in 2019 in an enhanced version with hyper realistic results, the "Virtual Glass" app seeks to allow the Group's customers to reduce their development time for new products by visualizing different models of bottles and jars, labelled and capped, full or empty.

Furthermore certain additional designs requiring specific technical innovations are developed at the customer's request.

The Group also offers its customers new glass packaging possibilities thanks to its innovation on heat-sealing, pasteurisation and sterilization procedures. This new function allows the Group to redesign product ranges and to consider replacing other packaging materials with glass packaging.

Innovation in materials

The Group is working on developing the performance and properties of glass used as a packaging material for food and drink products. This project requires the support of experienced chemical engineers specializing in studying and analyzing glass composition.

Innovation in glass melting and forming processes

In addition to the composition of glass, the Group is pursuing research and development activities relating to the strategic production processes of glass melting and forming.

Using modelling tools, the Group is working to optimize its "hot" and "cold" processes.

Research and development activities linked to forming are mainly intended to improve the operation of certain forming machines by optimizing heat exchanges during forming operations; as well as reducing the greasing of moulds or making them automated, with a dual goal of protecting occupational health and the environment.

Research and development activities relating to glass melting operations aim to improve furnace performance, with the main goal of reducing greenhouse gas emissions and pollutants by optimizing firing and reducing consumption. Verallia has decided to participate in the "Furnace of the Future" project of the European Container Glass Federation (FEVE), the objective of which is to reduce by half the CO2 emissions related to container glass melting. Thus, the professional association gathered 19 glass companies to develop and finance the construction of a large capacity hybrid electric furnace (using a grants from the Innovation Financing Fund established by the European Commission). This new production tool will function thanks to an oxy-combustion process and at 80% of electricity, maintaining the levels of recycled materials of current combustion furnaces, a significant improvement for the electric furnaces.

One of the pillars is using renewable energy, which helps to cut carbon dioxide fossil fuel emissions from production plants and also contributes to reducing the environmental impact through waste recovery in the region in which the emissions are located.

5.9.4.2 Trademarks, patents and models

Patents

The Group has an industrial protection policy that protects its inventions and ideas using one of three possible solutions:

- *applying for a patent*, which presents advantages in terms of the legal protection afforded but exposes the Group to high costs, particularly when applying for international patent protection;
- *applying for a "Soleau envelope*", which presents the advantages of low cost and a high level of confidentiality, but does not allow the Group to oppose the development of the same application by a rival; and
- *the sale of the invention or transfer of rights of use by a partner*, in the case of equipment not expected to be subject to absolute exclusivity.

As of the date of this Universal Registration Document, and after cost-optimizing and rationalizing the management of the portfolio of patents held, which led to the abandonment of four patent families, the Group has approximately 38 patent families in force or in process, the majority of which are granted or pending in several countries, representing a total of more than 330 patents.

Trademarks

With the exception of the Verallia trademark, a central trademark for the Group's communication, and its puntmarks, trademark protection does not represent a fundamental challenge for the Group because of the characteristics of the industry in which it operates, an expertise-based industry with business-to-business products targeted at industrial customers.

Trademarks are registered and used in countries where the Group has production facilities and in which it sells its products.

Models

The Group's policy for protecting intellectual property rights associated with the models it uses depends on the type of model used:

- When the Group was the original creator of the model and believes that it is sufficiently original, an application can be made to protect the model. This is the case for example with standard models that may be proposed to all customers and developed by the Group for its own marketing needs.
- When the Group is limited to using models designed by the customer, the intellectual property rights related to these models are generally owned by the customer.

Domain names

The Group has a policy of registering and obtaining licences to use and manage the domain names needed to conduct its business activities. At the date of this Universal Registration Document, the Group owned or had a licence allowing it to use a broad portfolio of domain names, both active and inactive, enabling it to list its products and services and share its communications with a wide audience.

5.9.5 Main industrial facilities and plants

Information about the main glass production industrial facilities and plants run by the Group as of 31 December 2020 is provided in the table below

Country	City/Region/State	Activity	Furnaces	Occupancy status
France	Albi	Bottle production	2	Owner
	Chalon-sur-Saône	Bottle production	3	Owner
	Cognac	Bottle production	3	Owner
	Lagnieu	Jar production	2	Owner
	Oiry	Bottle production	1	Owner
	Saint-Romain	Bottle production	2	Owner
	Vauxrot	Bottle production	1	Owner
	Total France		***14***	
Spain	Azuqueca	Bottle and jar production	2	Owner
	Burgos	Bottle production	2	Owner
	Montblanc	Bottle production	1	Owner
	Seville	Bottle and jar production	1	Owner
	Zaragoza	Bottle production	2	Owner
	Telde (Canaries)	Bottle production	1	Owner
	Total Spain		***8***	
Portugal	Figueira da Foz	Bottle and jar production	2	Owner
	Total Portugal		***2***	
Italy	Carcare	Bottle production	1	Owner
	Dego	Bottle and jar production	3	Owner
	Gazzo Veronese	Bottle and jar production	2	Owner
	Lonigo	Bottle production	2	Owner
	Pescia	Bottle and jar production	1	Owner
	Villa Poma	Bottle production	2	Owner
	Total Italy		***10***	
Germany	Bad Wurzach	Bottle and jar production	3	Owner
	Essen	Bottle and jar production	3	Owner
	Neuburg	Bottle and jar production	2	Owner
	Wirges	Bottle production	2	Owner
	Total Germany		***10***	
Russia	Mineral'Nie Vody (KMS)	Bottle and jar production	2	Land: owner of part and holder of perpetual right of use for part – buildings: owner[45]
	Kamyshin	Bottle and jar production	3	Owner
	Total Russia		***5***	
Ukraine	Rivne	Bottle and jar production	2	Perpetual right to use the land and owner of the buildings
	Total Ukraine		***2***	
Brazil	Jacutinga	Bottle production	1	Owner
	Campo Bom	Bottle production	1	Owner
	Porto Ferreira	Bottle and jar production	1	Owner
	Total Brazil		***3***	
Argentina	Mendoza	Bottle production	2	Owner
	Total Argentina		***2***	
Chile	Rosario	Bottle production	1	Owner

	Total Chile		*1*	
Group Total	—	—	**57**	—

In 2019, the Group closed and left the site of the Agua Branca plant, located in the São Paulo metropolitan area (Brazil).

In 2020, the Group decided not to rebuild one of the furnaces at its French site in Cognac. In addition, the Group completed in 2020 the construction of a new furnace in Azuqueca (Spain) and a new furnace in Villa Poma (Italy), which entered into service in the first quarter of 2021, these start-ups initially scheduled for 2020 having been postponed due to the Covid-19 pandemic. So, if the number of operating furnaces as of December 31, 2020 was 57, the number of operating furnaces on the date of this Universal Registration Document is 58.

The Group also operates three bottle decoration centres and eight cullet processing centres, two of which are in partnership with Vetreco and Calcin Iberico.

5.10 Information systems

The Group's IT systems are placed under the responsibility of a Chief Information Officer and are organized by department (infrastructure, applications and cybersecurity) on one hand, and by region on the other hand.

Management of the Group's infrastructure and information systems and data hosting are entrusted to external service providers, industry leaders whose service commitments are managed by an internal team of technological experts and outsourced services, with the exception of certain areas relating to industrial management requiring less substantial infrastructure and managed internally by the Group. The Group owns most of its servers, while the rest of the servers are rented on the cloud of an external service provider, a leading Cloud services company.

Furthermore, in 2018 the Group defined a comprehensive security policy for its IT systems, which particularly factored in the NotPetya cyber-attack (see Section 3.2.8 "*Risks linked to IT systems*" of this Universal Registration Document) and mainly included the drafting of a Group-wide security policy for IT systems (also covering industrial IT) and rules and the installation of effective flagship industry security software and applications. The Group performs regular security audits on its IT systems. This policy is reviewed annually to take into account the evolution of threats and the results of the various audits.

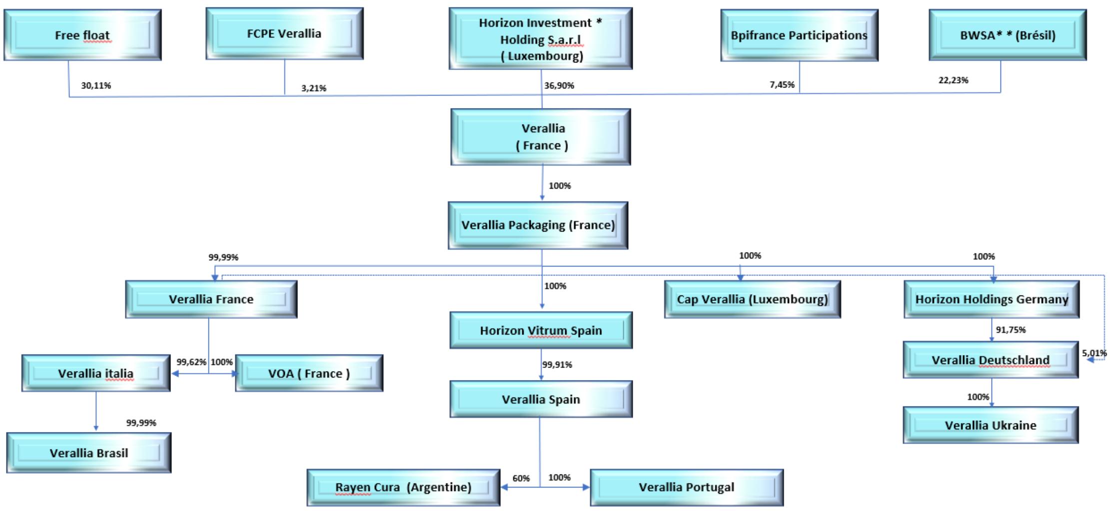
The Group's IT systems include a large number of software and applications, mostly purchased off-the-shelf, such as the SAP software suite, and used in particular to manage the logistics chain, produce consolidated financial data, and manage customers, reporting, supplies and employee pay. The applications are managed at the central level by the Group Applications Director, who works with a local counterpart.

[45] During the Soviet era, this right was equivalent to a right of ownership as regards use of the land. These rights of use are still recognized at the date of this Universal Registration Document.

6. ORGANIZATIONAL STRUCTURE AND INTERGROUP RELATIONS

6.1 Simplified Group organizational chart as of 31 December 2020

Simplified Group organisational chart as of December 31, 2020



*Horizon Investment Holding S.a.r.l. is held by Horizon Parent Holdings S.à.r.l., which is indirectly held by AIF VIII Euro Leverage, L.P., an investment fund managed by an affiliate of Apollo Global Management, Inc.

** Brasil Warrant Administração de Bens e Empresas S.A. (BWSA), acting through Lepton Fund Ltd, a fund managed by BW Gestão de Investimentos Ltda, a wholly owned subsidiary of Brasil Warrant Administração de Bens e Empresas S.A.

6.2 Subsidiaries and equity interests

(i) Principal subsidiaries

The principal direct or indirect subsidiaries of the Company as of 31 December 2020 are described below:

The principal direct or indirect subsidiaries of the Company as of 31 December 2020 are described below:

– **Verallia Packaging** is a French simplified joint stock company (société par actions simplifiée), capitalised at €5,992,464, with its registered office at Tour Carpe Diem, Place des Corolles, Esplanade Nord, 92400 Courbevoie, France, and registered under number 811 530 302 in the Nanterre Trade and Companies Register.

– **Verallia France** is a French simplified joint stock company (société par actions simplifiée), capitalised at €34,378,708, with its registered office at Tour Carpe Diem, Place des Corolles, Esplanade Nord, 92400 Courbevoie, France, and registered under number 722 034 592 in the Nanterre Trade and Companies Register.

– **VOA Verrerie** d'Albi is a French simplified joint stock company (société par actions simplifiée), capitalised at €18,032,996, with registered office at rue François Arago, Zone

Industrielle Saint-Juéry, 81011 Albi Cedex 9, France, and registered under number 321 354 516 in the Albi Trade and Companies Register.

– **Verallia Italia** S.p.A. is an Italian stock company (società per azioni), capitalised at €14,845,808.64, with registered office at Via Del Lavoro 1, 36045 Lonigo, Loc. Almisano (Vicenza), Italy, and registered under number 00730720240 (tax code) in the Italian Companies Register (registro delle imprese di Vicenza).

– **Verallia Brasil** S.A. is a Brazilian company, capitalised at 688,590,008.84 Brazilian reals, with registered office at Rua Werner Von Siemens, Nº 111, Torre A, 8th Floor, Lapa de Baixo, São Paulo/SP, Brazil, and registered under number 60.853.942/0001-44 in the National Register of Legal Entities.

– **Verallia Spain** is a Spanish joint stock company (sociedad anonima), capitalised at €40,171,921.80, with registered office at Principe de Vergara 132, 28046 Madrid, Spain and registered under number CIF A19001304, volume 1355, page 814, Sheet M-95028 in the Spanish Business Register (registradores de España).

– **Verallia Portuga**l is a Portuguese joint stock company (sociedade anonima), capitalised at €22,446,000, with registered office at Rua da Vidreira 68, Fontela, 3090 641 Figueira da Foz, Portugal, and registered under number NIPC 501793160 in the Portuguese Commercial Register (registo comercial).

– **Rayen Curá** is an Argentine company capitalised at 74,112,250 Argentine pesos, with its registered office at Calle Carril Nacional, Nº 6070, Rodeo de la Cruz, Mendoza, Argentina, and registered under number 3627, page 327, volume A of the Public Commerce Registry of Mendoza.

– **Verallia Deutschland** is a German company (aktiengesellschaft), capitalised at €26,000,000, with registered office at 1-8 Oberlandstrasse, 88410 Bad Wurzarch, Germany, and registered under number HRB 610192 in the German Business Register (Handelregister B des Amtsgerichts Um).

– **Verallia Ukraine** is a Ukrainian company, capitalised at 362,006,759.40 Ukrainian hryvnias, with its registered office at 1 Promyslova St., Village of Zorya, Rivnensky Rayon, Rivnenska Oblast, 35314, Ukraine and registered under number 22555135 in the Ukrainian Business Register.

(ii) Recent acquisitions and disposals

The Group’s recent acquisitions and disposals are described in Section 7.1.2.7 of this Universal Registration Document.

7. ANALYSIS OF THE GROUP’S FINANCIAL POSITION AND RESULTS

Readers are invited to read the following information on the Group’s results in conjunction with the Group’s consolidated financial statements for the financial year ended 31 December 2020, as contained in Section 18.1 of this Universal Registration Document.

The Group’s consolidated financial statements for the financial year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The Statutory Auditors' audit report on the consolidated financial statements of the Group for the financial year ended 31 December 2020 is contained in Section 18.1.2 of this Universal Registration Document.

In accordance with article 19 of Regulation (EU) n° 2017/1129 of the European Parliament and the Council of 14 June 2017, the comparison of the results of the Group for the financial years ended 31 December 2019 and 2018 set out in chapter 7 "Analysis of the Group's financial position and results" of the universal registration document of the Company approved by the Financial markets authority on 29 April 2020 under number R-20-0006 (the "**Universal Registration Document**") is incorporated by reference in this Universal registration document.

7.1 Overview

7.1.1 Introduction

The Group is the third largest producer in the world and the leading European producer[46] (based on revenue) of glass packaging for beverages and food. In terms of volumes sold, it is the second largest producer in Latin America[47]. The Group offers innovative, customized and environmentally friendly solutions to more than 10,000 customers[48] worldwide.

The Group uses the following segmentation for reporting purposes based on geographical area, depending on the location of the assets:

- Southern and Western Europe, comprising production plants located in France, Italy, Spain and Portugal. Southern and Western Europe accounted for 69% of consolidated revenue and 67% of the Group's adjusted EBITDA for the year ended 31 December 2020. The Group's operations in Southern and Western Europe are mainly oriented towards bottles for still and sparkling wines, packaging for spirits, and jars for food ;
- Northern and Eastern Europe, comprising production plants located in Germany, Russia, Ukraine and Poland. Northern and Eastern Europe accounted for 22% of consolidated revenue and 20% of the Group's adjusted EBITDA for the year ended 31 December 2020. The Group's operations in Northern and Eastern Europe are mainly oriented towards bottles for beer, particularly in Germany, and jars and bottles for food market;
- Latin America, comprising production plants located in Brazil, Argentina and Chile. Latin America accounted for 9% of consolidated revenue and 13% of the Group's adjusted EBITDA for the year ended 31 December 2020. The Group's operations in Latin America are mainly oriented towards bottles for still wines, as well as bottles for beer in Brazil.

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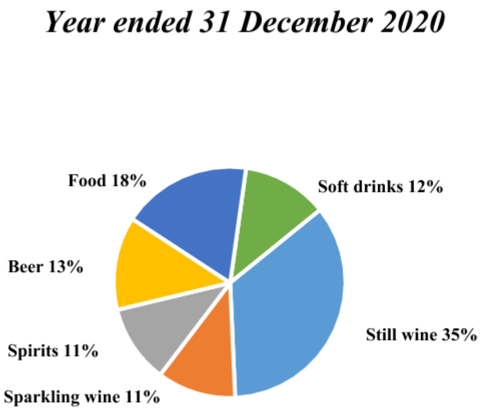
46 On the basis of the revenue earned in 2020 by market players in Europe (as defined by these players), as extracted from publicly available information (annual reports and press releases in particular) and on the basis of Company estimates.

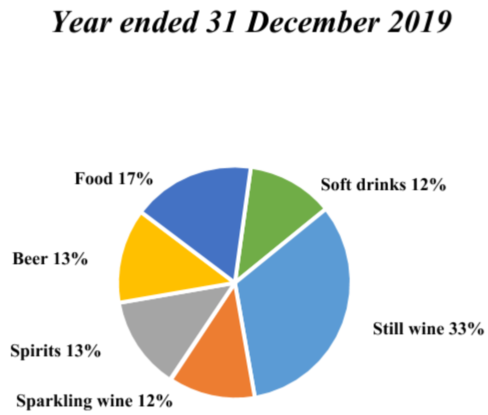
47 Based on volumes sold in 2020 in Argentina, Brazil and Chile.

48 Customers who placed at least one order during the 2017–2020 period.

The Group addresses a wide variety of end markets, ranging from bottles for still and sparkling wines to bottles for spirits, bottles for beer, and jars and bottles for food and soft drinks. The breakdown of the Groupe's[49] revenue for the years ended 31 December 2020 and 2019 was as follows:

Distribution of revenue by end market





The Group's product mix has thus remained stable overall during the last financial year, despite a slight shift in spirits and sparkling wines due to the Covid-19 pandemic. The product mix continued to be marked by strong exposure to bottles for still and sparkling wines and containers for spirits, which together accounted for nearly 57% of the Group's revenue for the 2020 financial year. These end markets include a significant proportion of premium products which are less price-sensitive than some of the more standardized products, thus allowing the Group to generate higher margins on these products.

Overall, the Group's activities on the still and sparkling wine markets are particularly exposed to exports, carried out by its wine-producing customers. The three most significant countries for the Group in terms of sales, namely France, Spain and Italy, are the main exporters of still and sparkling wines in the world. The Group's activities in these markets were impacted in 2020 by both the Covid-19 pandemic and the decline in activity in the HoReCa sector, as well as by the customs barriers imposed by the United States on certain countries exporting still and/or sparkling wines.

However, the Group benefited from its diversified geographical presence: as countries not affected by these customs barriers, such as Italy, gained market share (still wines) at the expense of those that were, the Group's business was sustained there and compensated for the decline in volumes in other markets such as France.

On global level, the market for spirits, products that are not basic necessities, suffered from the crisis (particularly in Brazil, Russia, India and China). In Russia and Ukraine, demand was also affected by the Covid-19 pandemic and temporary closures in the HoReCa sector in 2020. However, demand

[49] Based on revenue generated solely from the sale of jars and bottles, accounting for 98% of the Group's consolidated revenue for the year ended 31 December 2020.

recovered rapidly in several countries and regions, particularly in China, following a difficult second quarter. In addition, consumption of premium spirits appears to be growing structurally in most regions of the world, although it may have been affected by some government measures aiming to reduce alcohol consumption in Russia and Ukraine, as well as political uncertainties in the region.

The Group's activity in the jars and bottles for food products segment was particularly strong in 2020, due in particular to the growth of demand for home-delivered meals in a confined environment, in addition to a generally favorable trend in this segment for glass compared to other forms of packaging."

7.1.2 Key factors impacting results

Various key factors or events, such as the Covid-19 pandemic have had, and may continue to have, an impact on the Group's operations and results presented below. The risk factors likely to have an impact on the Group's business are described in Chapter 3 of this Universal Registration Document. The key factors with an impact on the Group's results include: (i) changes in the supply of and demand for glass packaging; (ii) changes in raw material and energy prices; (iii) changes in production costs and improved operational efficiency; (iv) exchange rate movements; (v) optimal use of production capacity; (vi) investments; (vii) acquisitions, disposals and changes in scope; (viii) changes in financial debt and cost of the debt; (ix) seasonality; (x) tax; and (xi) changes in IFRS.

7.1.2.1 Changes in the supply of and demand for glass packaging

The Group's results are mainly impacted by the volumes of products sold and their selling prices. These vary according to changes in the supply of and demand for glass packaging, which are themselves dependent on various factors.

The demand for glass packaging is affected by factors such as changes in consumer trends, which in turn are influenced by changing lifestyles and food preferences, legislative and sociological developments, and public health and safety considerations. In recent years, the demand for glass packaging has been driven by favorable structural market trends, such as the growing demand for European wines and spirits in Asia and the United States, economic growth and its positive impact on consumption in general in Latin American countries, and the growing trend for replacing plastic with glass, largely due to the brand image of glass and the associated health and environmental benefits (see Section 5.5 of this Universal Registration Document). These trends have had a positive impact on the Group's revenue over the year.

The demand for glass packaging may also fluctuate due to the seasonal nature of some of the Group's products, or as a result of the weather or climate, particularly the long-term global climate change observed in recent years and its consequences.

In some cases, the glass packaging market may also experience a surge in demand for certain types of packaging, which cannot be fully met by suppliers due to insufficient production capacity. In the event of a structural increase in demand, the Group must create extra production capacity by expanding its production plants or commissioning new furnaces. These generally take 18 to 24 months to build, during which time the imbalance between supply and demand may continue.

Years 2018 and 2019 have been characterized by high tensions over the capacity available in Spain and Italy, markets which have grown sharply, resulting demand exceeding supply. In response to changing demand, in 2019 the Group began the construction of a new furnace in Azuqueca, Spain and another in Villa Poma, Italy. Both furnaces are currently being completed and will be operational in 2021, subject to a more normal recovery of the glass packaging market (see Sections 3.1.1 and 5.7 “Capital expenditure” of this Universal Registration Document). The Group also strives to maintain flexible, efficient production facilities, which allow it to rapidly adjust its production capacity whenever there is a change in demand.

Year 2020 was marked by the Covid-19 global pandemic. This crisis had the economic impact of partially reducing demand for glass packaging, without however having a sufficiently pronounced impact on the Group’s operations.

In general, the increase in demand for glass packaging, especially when it exceeds supply – as has been the case, for example, from 2017 to 2019, which saw intense pressure on available capacity – is generally positive for the Group’s business, particularly when it comes to the prices that the Group can charge. Conversely, a fall in demand for or oversupply of glass packaging – particularly when developing new production capacity in a regional market and if caused by the Group’s competitors – could force the Group to lower its prices in order to maintain or capture market share, or could require it to store unsold inventory, which could have a negative impact on results.

However, the Group’s flexible, interconnected and standardized industrial facilities mean that if there is a surge in demand, it can temporarily transfer production between plants in the same region (between a Spanish plant and a French plant, for example) or, in the event of a drop in demand, to temporarily shut down lines.

7.1.2.2 Changes in raw material and energy prices

The Group’s manufacturing processes use large amounts of raw materials for the production of glass. These raw materials include glass sand, limestone, natural and synthetic soda ash, and cullet (recycled glass), in variable proportions depending on the type of product that is being manufactured. The expenses associated with the purchase of raw materials are entirely variable. Raw material purchases made up 20% of the Group’s cost of sales for the year ended 31 December 2020.

The purchase price of raw materials depends on market conditions, relations with suppliers, purchasing volumes and purchasing terms negotiated with suppliers. The purchase price varies significantly both over time and depending on the region concerned.

For example, the price of cullet, a raw material that accounted for nearly half of raw material purchases for the year ended 31 December 2020, varies widely from one region to the next, mainly because of regulatory and financial disparities concerning the collection and recycling of used glass, as well as the distance of cullet supply centres from production plants. As of 31 December 2020, the Group had no raw materials hedging instruments in place. To mitigate the impact of differences in the prices of raw materials, wherever possible the Group, through its Purchasing Department, seeks to negotiate with suppliers the best price structure in view of expected changes in raw material costs in the short and medium term (see Section 3.1.4 “Risks related to changes in the cost of raw materials” of this Universal Registration Document). The Group also endeavours to pass on the increase in raw material costs to its selling prices, whether directly or indirectly. It does this in particular through price revision clauses included in some of its multi-year contracts with key customers or, in the majority of cases, through commercial negotiations with customers placing orders or renewing annual contracts.

The Group's manufacturing activities are also energy-intensive, particularly in natural gas, electricity and fuel oil, since the furnaces used for glass production must operate continuously at very high temperatures. For the year ended 31 December 2020, energy costs made up approximately 18% of the Group's cost of sales.

The purchase price of energy depends on market prices. Expenses relating to energy costs are partly fixed, because of the need to keep furnaces at a certain temperature so as not to damage them. The purchase price for energy also varies significantly both over time and depending on the region concerned, mainly due to regulatory differences between countries. In Germany and Italy, for example, energy costs are subsidised annually by the government, mainly in the form of lower energy taxes in those countries (see Section 9.1.2 "*Regulations relating to the glass industry*" of this Universal Registration Document). Lastly, the Group's energy costs depend on the age of its furnaces (an old furnace will need more energy to operate at an adequate level). In this respect, the Group carries out specific actions in its plants to reduce furnace consumption, such as improving seals and insulation, optimising the glass temperature and combustion settings, and adjusting the volumes of combustion air. In addition, by applying circular economy principles, other initiatives allow the energy consumed to be recovered by extracting the heat from furnaces and using it to heat buildings, as seen at the different sites. Finally, the Group seeks to use all the cullet at its disposal to optimise production costs, especially energy costs, since the lower melting point of cullet reduces energy consumption (on average, a 10 point increase in the use of cullet leads to a 2.5% reduction in energy consumption).

During the year ended 31 December 2020, the decline in energy costs had a positive impact on the Group's cost of sales.

Most of the Group's sales contracts are entered into for one year and may be renewed with the agreement of both parties and do not include price adjustment clauses allowing a percentage of the increase or decrease in energy costs to be reflected automatically in selling prices. Passing on increases in the Group's production costs is therefore negotiated with customers when placing orders or renewing annual contracts, on the basis of recent and expected changes in these costs. However, there may be a time lag and the price increases may only be passed on partially, if at all. A minority of the Group's sales are also covered by contracts containing price revision clauses (generally multi-year and entered into with the Group's key customers), taking into account fluctuations in energy costs and inflation, and providing the Group with a contractual basis for the annual renegotiation of its selling prices. Lastly, the Group hedges some of the risks relating to energy costs if contractual adjustment mechanisms are not in place (see Sections 3.1.3."Risks related to changes in the cost of energy" of this Universal Registration Document).

The Group considers that it has been able to pass on changes in its production costs to its selling prices during the 2020 and 2019 financial years. This is due to its dynamic pricing policy, which enables it to generate a positive spread[50] on its sales, yielding a improvement in its profitability during the aforementioned financial years.

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[50] The spread represents the difference between (i) the increase in selling prices and the mix applied by the Group after passing on the increase in its production costs, and (ii) the increase in its production costs. The spread is positive when the increase in selling prices applied by the Group is greater than the increase in its production costs. The increase in production costs is recorded by the Group at constant production volumes and before production gap and the impact of the Performance Action Plan (PAP).

The positive spread generated since 2018 is mainly due to the introduction of a new pricing policy starting in 2018. Under this policy, the Group negotiates higher selling prices with its customers when they place orders or renew annual contracts at year-end, depending on production cost estimates. These estimates are based on prices negotiated with its suppliers for the coming year, or on the parameters of any derivative instrument put in place (in case of energy purchases, for example), thus giving it visibility over the impact of production costs for that year and allowing it to pass this on to its selling prices as much as possible (see Sections 3.1.3."*Risks related to changes in the cost of energy*" and 3.1.4."*Risks related to changes in the cost of raw materials*" of this Universal Registration Document).

Lastly, as a manufacturer of glass packaging, the Group is subject to the provisions of the EU Emissions Trading Scheme Directive (see Section 9.1.2 "*Regulation of the glass industry*" of this Universal Registration Document).
Moreover, in order to secure the prices at which it will have to acquire allowances in 2021, and in preparation for the end of Phase III, the Group has made forward purchases of carbon dioxide allowances on the market for a total amount at 31 December 2020 of €28.5 million, corresponding to its expected deficit. The settlement of forward purchases and delivery of allowances will result in a cash outflow for the Group in 2021.

The Group's allowances deficit recognized in 2020 was €31.1 million (€37.7 million in 2019).

Measurement of the provision takes into account the price of forward purchases made by the Group and the spot price at the closing date for the balance not covered by forward purchases.

Under Phase IV (2021-2030), as defined by the Quotas Directive, the amount of allowances allocated to the Group free of charge will not be known precisely in the course of 2021 for the 2021-2025 period and the start of 2026 for the 2026-2030 period. Despite the uncertainty surrounding the number of allowances that will be allocated to it free of charge under Phase IV, the Group already expects the number allocated to it free of charge to be slightly lower than under Phase III and, in any case, it believes it will probably not be allocated enough to meet its allowance return obligations in respect of its carbon dioxide emissions, which means it will have to continue purchasing large amounts of allowances on the market (see Section 3.4.1 "*Risks related to environmental regulation, compliance and taxation"* of this Universal Registration Document).

In preparation for Phase IV, the Group has already made forward purchases of carbon dioxide allowances on the market for a total amount at 31 December 2020 of €27.6 million.

7.1.2.3 Change in production costs and improved operational efficiency

The Group's production costs include fixed costs and variable expenses, including: (1) raw material costs (20% of cost of sales and 16% of consolidated revenue for the year ended 31 December 2020), which are entirely variable; (2) energy costs (18% of cost of sales and 14% of consolidated revenue for the year ended 31 December 2020), partly fixed (due to the need to maintain furnaces at melting temperature) and partly variable (linked to production itself); (3) costs of purchasing carbon emissions allowances, which are mainly variable; (4) personnel expenses (21% of cost of sales and 16% of consolidated revenue for the year ended 31 December 2020), which are mainly fixed; (5) packaging materials (cardboard, pallets, plastic film) and freight costs (12% of cost of sales and 9% of consolidated revenue for the year ended 31 December 2020), which are mainly variable; and (6) plant depreciation and maintenance costs, which are mainly fixed. The most significant costs for the Group are raw material costs, energy costs and personnel expenses. Personnel expenses can vary considerably depending on the production region. This is particularly apparent between developed and emerging countries, where personnel expenses are lower, although the gap is closing. The cost of packaging materials, which is mainly variable, primarily includes the cost of pallets, dividers and plastic film. The Group's transport costs make up a significant portion of the cost of sales. Therefore, the Group's glass packaging production takes place at the regional or local level so as to be as close as possible to its customers' production plants and thus reduce transport distances and the associated costs. As a rule, it is difficult to adjust fixed costs, for example in response to a fall in demand, and even if an adjustment is possible, it might involve a time lag. The Group's adjusted EBITDA margin therefore depends on the Group's ability to absorb fixed costs through its production volumes and to reduce the share of fixed costs in its overall cost of production for a given production level.

In addition, the Group continually takes steps to improve the operational efficiency of its production plants. As part of its industrial strategy, the Group has been implementing an operational excellence programme for the past few years. In early 2018, this was ramped up with the launch of the Verallia Industrial Management (VIM) 2.0 initiative, which focuses on safety, quality, industrial performance, lower manufacturing costs – mainly through the implementation of the Performance Action Plan (PAP) – and team management (see Section 5.3.2 of this Universal Registration Document).

For example, under this program 836 projects managed by 411 managers at the production plant level are being rolled out by the Group in 2020. The Group is also adopting cost-optimization measures inspired by World Class Manufacturing[51] at all of its production plants, chiefly through cost deployment. More generally, it has developed an in-depth industrial methodology based on root cause analysis[52] for its employees and plants, in a bid to optimize its costs while continuing to improve product quality. The Group is also putting measures in place to optimize inventory management and improve the flexibility of its production lines, with the introduction of weekly production plans and monthly industrial and commercial plans. In addition, the Group is actively pursuing the roll-out of continuous improvement initiatives in its logistics processes in order to ensure on-time delivery to its customers and reduce storage and transportation costs. Lastly, the Group conducts in-depth comparative analyses of its production plants in order to align its industrial processes with industry best practice. This plan has reduced production costs in various areas, such as raw materials, packaging, energy, wages and maintenance costs.

In return for a relatively small investment, this industrial performance improvement plan has increased production capacity and boosted the efficiency of the Group's production plants while improving product quality (see Section 7.1.2.6 of this Universal Registration Document), positively impacting the Group's results for 2020 and 2019.

7.1.2.4 Fluctuations in exchange rates

The Group combines a global presence with local industrial facilities (the "Glo-Cal" model). Its customers, situated near the Group's local production plants, export products all over the world,

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[51] World Class Manufacturing is based on 10 pillars, one of the most fundamental of which is cost deployment. This consists of associating a cost with the various issues identified and taking specific action to reduce them.

[52] This method involves addressing the causes of a problem, rather than treating its immediate symptoms.

packaged in the bottles and jars manufactured by the Group. Consequently, its results are affected by fluctuations in exchange rates.

The Group's results are mainly impacted by the currency translation effect. Although most of the Group's consolidated revenue is denominated in euros, a significant portion of the Group's assets, liabilities, income and expenses are denominated in currencies other than the euro, mainly the Brazilian real, the Argentine peso, the Russian rouble and the Ukrainian hryvnia. In order to prepare the Group's financial statements, denominated in euros, these assets, liabilities, income and expenses therefore need to be translated at the applicable exchange rates. As a result, fluctuations in the euro against other currencies, including those mentioned above, lead to currency translation differences that affect the amount of the line items concerned in the Group's financial statements, even though the value remains the same in the original currency. Thus, when the euro strengthens against local currencies, the equivalent amount in euros of gains made in local currency decreases, with a negative impact on the Group's results. In 2020, based on the closing exchange rate at 31 December 2020, the value of the euro continued to appreciate against the Argentine peso, the Brazilian real and the Chilean peso, respectively by 54.0%, 41.1% and 6,4%, against the euro. This significantly affected the value of the Group's revenue, assets, liabilities, expenses and results for the year ended 31 December 2020, especially in Latin America. The Group's exposure to currency translation effects is not hedged.

Following the sharp increase in the cumulative inflation rate over several years in Argentina, such that is considered to be a hyperinflationary economy, the Group was obliged to apply IAS 29 *Financial Reporting in Hyperinflationary Economies* to its operations in Argentina from 1 January 2018. Applying this standard requires the revaluation of non-monetary assets and liabilities, equity and profit and loss to reflect changes in purchasing power in local currency. These revaluations may lead to a gain or loss on the net monetary position included in net financial income. In addition, this standard requires the subsidiary's income statement to be translated into euros at the closing rate rather than at the average rate for the period. Items in the statement of financial position and statement of comprehensive income remain translated into euros at the closing exchange rate for the period concerned. For the year ended 31 December 2020, the net impact on revenue of hyperinflation in Argentina was (€8.6) million; it was (€3.1) million for the year ended 31 December 2019. The impact of hyperinflation is excluded from consolidated adjusted EBITDA as presented in Section 7.1.4 "*Key performance indicators*" below.

Other than the currency translation effect, the Group's results are not materially impacted by the effect of changes in exchange rates, insofar as the Group's expenses and operating revenues are generally in the same currency. This is due to the regional or local nature of the Group's markets.

The Group is nevertheless exposed to changes in exchange rates on its transactions when one of its subsidiaries makes a purchase or sale in a currency other than the functional currency. For example, subsidiaries located in countries in Latin America and Northern and Eastern Europe that are required to import capital goods produced in Southern and Western Europe, or more specifically purchase raw materials or energy in US dollars, may be exposed to the impact of exchange rate fluctuations on these transactions. The Group routinely hedges currency positions when it believes that material financial transactions may give rise to currency risk.

7.1.2.5 Optimum use of production capacity

The Group's results largely depend on optimum use of its production capacity, especially its furnaces, to maximize the performance of its industrial facilities.

Factors affecting the optimum use of furnaces are scheduled or unscheduled furnace repairs, the number of changes in glass color and optimization of the packaging mix on all lines, so as to make maximum use of the furnace draft. The Group generally schedules furnace closings for repair during the second half of the year, when most of its employees are on leave and after large customer orders have been taken (usually during the first half of the year). In addition, to minimize the time taken to change the glass colour or type of packaging on its production line, the Group is developing production facilities offering the flexibility to quickly change the necessary tools.

Unscheduled furnace repairs or furnace incidents, such as the partial collapse of a furnace vault at the Kamyshin, Russia site in 2019, could therefore affect the Group's results, reduce the capacity utilization rate, result in lower absorption of fixed costs such as wage costs, and increase other costs such as transport costs due to the additional imports required to make up the production shortfall.

To optimise capacity utilisation, the Group makes targeted investments (see Section 5.7 "*Capital expenditure"* of this Universal Registration Document) to ensure that its furnaces are operational and efficient (particularly in terms of energy consumption). It also seeks to adjust the size of its production facilities in line with expected changes in market supply and demand.

7.1.2.6 Investments

The Group operates in a highly capital-intensive industry that requires permanent investment in order to maintain and/or increase production capacity, update its assets and technology, and comply with regulations. To this end, the Group has a disciplined investment policy that is mainly aimed at ensuring that its furnaces are operational and as efficient as possible (particularly in terms of energy consumption), and that production capacity is continually adjusted to changes in supply and demand and the capacity available on the market.

The main recurring investments[53] relate to the rebuilding of furnaces and maintenance operations. Although the Group's research and development efforts have allowed it to increase the lifespan of its furnaces to up to 10 to 12 years or even 14 years in some cases, its furnaces still need to be rebuilt periodically, as the refractory bricks with which they are built wear away on contact with molten glass and energy consumption increases as furnaces become worn down. The Group is also making strategic investments to acquire assets that significantly enhance the Group's capacity or its scope (for example, the acquisition of plants or similar facilities, greenfield or brownfield investments), including the building of additional new furnaces. From 2021, they will include investments related to the implementation of the CO2 emissions reduction plan (See section 5.9.4.1 "research and development).

The total amount of recurring and strategic investments for the years ended 31 December 2020 and 2019 respectively amounted to €250.5 million (of which €203.4 million was recurring and €47.1 million was strategic) and €252.5 million (of which €206.7 million was recurring and €45.8 million was

[53] Purchases of property, plant and equipment as well as intangible assets necessary to maintain the value of an asset and/or to adapt to market demands or environmental, health and safety standards. It mainly includes furnace renovation and maintenance of IS machines.

strategic) (see Section 5.7 "*Capital expenditure*" of this Universal Registration Document). The Group intends to pursue its disciplined investment policy with recurring investments amounting to around 8% of the Group's consolidated revenue (excluding capitalization of the right of use related to the application of IFRS 16 *Leases)*.

In 2020, non-recurring investments concerned the construction of two new furnaces : the first in Azqueca, Spain and the second in Villa Poma, Italy, whose start-up was voluntary delayed to the first quarter of 2021.

7.1.2.7 Acquisitions, disposals and changes in scope

In order to become more competitive and support its growth, the Group may acquire companies in the sector. In addition, it may sell some of its non-strategic operations, or even close down production plants or furnaces if it wants to withdraw from a particular business sector or in order to adapt its capacity to demand. The frequency of acquisitions and disposals varies and depends on the expansion opportunities offered to the Group and the development of its strategic decisions in the light of market conditions.

In the context of the reorganization operations of the Verallia Group completed as from the listing of the ordinary shares of the Company on the regulated market of Euronext Paris in 2019, the Company took direct and exclusive control of Verallia Packaging SAS. There were no acquisitions in 2020.

7.1.2.8 Changes in financial debt

As of 31 December 2020, the Group's total gross financial debt[54] stood at €1,754.8 million (€1,809.8 million as of 31 December 2019), while its net financial debt totaled €1,278.6 million (€1,590.6 million as of 31 December 2019). For the year ended 31 December 2020, net financial debt amounted to €45.5 million (€81.4 million as of 31 December 2019) (see Note 7 "Net financial income" of the Group's consolidated financial statements for the years ended 31 December 2020 and 2019). The Group's net financial debt/adjusted EBITDA ratio was 2.0x as of 31 December 2020. As of 31 December 2019, the same ratio was 2.6x. The decrease in the net debt ration below the 2.5x adjusted EBITDA threshold at the end of June 2020 enabled the Group to lower the margin on the Term Loan A and the Revolving Credit Line (RCF1) by 25 basis points (effective decrease since 3 August, 2020).

As a reminder, on the occasion of its initial public offering on the Euronext Paris regulated market in October 2019, the Group had refinanced its existing debt, in particular by fully repaying term loans and cancelling the revolving credit facility that had been made available as part of the financing documentation concluded on 7 August 2015 (as subsequently amended) for a notional amount of €1,825 million thanks (x) to the €1,500 million in proceeds from the drawing carried out by Verallia Packaging on the term loan (Term Loan A) made available under the Senior Facilities Agreement, (y) to the proceeds from the drawings carried out on the NEU CP programme and (z) to the balance, with a portion of the Group's available cash flow (see Section 8.2.2 "Financial liabilities" of this Universal Registration Document).

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[54]Corresponds to the item "Non-current financial liabilities and financial derivatives" and "Current financial liabilities and derivatives" of the Group's consolidated balance sheet.

As of 31 December 2020, the Group's outstanding variable-rate financial debt, including derivative instruments, stood at €272.6 million (€297.8 million as of 31 December 2019), or 15.5% of its gross financial debt (16.5% for 2019). In October 2019, after repaying part of its debt, the Group settled for a nominal amount of €250.0 million in rate swaps. The Group's ability to manage its interest rate exposure appropriately in the future or to continue to do so at a reasonable cost could affect its results (see Section 3.2.2 "Risks related to the Group's indebtedness and liquidity risk" of this Universal Registration Document).

7.1.2.9 Seasonality

The Group's revenue is affected by the seasonal nature of the products sold to its customers. For example, demand for glass packaging is typically higher in the first six months of the year, particularly in Europe. In practice, customers in this geographical region generally place their orders during this period in order to anticipate the increase in demand for their products, such as beer and rosé wine, experienced in summer. High temperatures can therefore have a positive effect on the Group's activities, as an increase in demand for products sold by its customers will result in them buying more glass packaging. Conversely, abnormally low temperatures during the summer may result in a drop in demand for certain beverages contained in packaging sold by the Group, resulting in a reduction in orders from its customers.

In addition, changes in the Group's working capital requirement during the year reflect the seasonality of its operations. The high working capital requirement, particularly from April to August, is due to the build-up of inventories and the increase in trade receivables ahead of significant deliveries that take place during the summer, as mentioned earlier. The working capital requirement gradually decreases in the second half of the year, generally reaching its lowest point in December.

During fiscal year 2020, the effects related to seasonality were affected differently by the global Covid-19 pandemic. Indeed, the second quarter, given the first containment, saw a decline in activity, while the third quarter saw an improvement in activity, leading to greater destocking during this quarter.

7.1.2.10 Taxes

Operating in various countries, the Group has to take into account different tax regimes; differences in the rates and basis of taxation can therefore have an impact on the Group's results. The Group's tax liability can also vary significantly from one tax year to the next due to the use of tax loss carryforwards or changes in the tax regulations applicable in France or in other countries where the Group operates, thus affecting the Group's results (see Section 3.4.1 "*Risks related to environmental regulation, compliance and taxation"* of this Universal Registration Document).

7.1.2.11 Changes in IFRS

Recent changes to certain IFRS accounting standards have had, and could have in the future, an impact on the Group's results.

The Group applied the following standards, amendments and interpretations starting from 1 January 2020:

Amendments to IAS 39, IFRS 7 and IFRS 9: Interest Rate Benchmark Reform - Phase 1	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 16 - Covid19 rent reductions	1 January 2020
Amendments to IFRS 3 Definition of a Company	1 January 2020
Amendments to IAS 1 and IAS 8: Amendment of the definition of “material”	1 January 2020

These new texts had no material impact on the financial statements.

Application of the Phase 1 amendments to IFRS 9/IAS 39 relating to the interest rate benchmark reform, published in September 2019 and adopted by the European Union on 15 January 2020, will not compromise interest rate hedging relations despite the reform.

The Group’s interest rate hedging relations subject to the interest rate benchmark reform are its interest rate swaps, classified as cash flow hedges, and the cash flow hedging arranged for its new Term Loan A.

Hedged financing and hedging instruments are indexed to Euriborand are not subject to an index change.

Consequently, the Group does not anticipate any significant impact of the reform of benchmark rates on its financial instruments. The necessary contractual changes will be made in fiscal year 2021.The (in accordance with the application of the Phase 2 Amendment to IFRS 9/ IAS 39 _Reform of reference interest rates)."

7.1.3 Main items of the statement of consolidated income

The main income statement line items used by Group management to analyse its consolidated financial results are described below:

Revenue

Revenue is mainly generated from the sale of glass packaging for beverage and food (bottles and jars). Revenue is the amount receivable for goods provided in the normal course of business, excluding amounts collected on behalf of third parties, such as sales taxes, goods and services taxes, and value added taxes. The revenue generated by the sale of bottles and jars is recognized when the control of the asset is transferred to the customer, i.e., when the product is shipped or delivered, according to the incoterms (International Commercial Terms published by the International Chamber of Commerce).

Cost of sales

Cost of sales includes all costs directly or indirectly related to the products sold. The main components are the cost of raw materials, energy, wages and transport, and the depreciation of production equipment. It does not include the amortization of customer relationships, which is included in acquisition-related items.

Selling, general and administrative expenses

Selling, general and administrative expenses include all expenses related to general management, marketing, finance and accounting, IT, legal, human resources, technical, and research and development activities.

Acquisition-related items

Acquisition-related items mainly cover the impact of the adjustments recognized in connection with the allocation of the purchase price (amortization of assets exclusively recognized through business combinations, such as customer relationships (original gross amount of €740.0 million over a 12-year useful life)), as well as acquisition costs including miscellaneous fees and due diligence costs in connection with completed or prospective acquisitions. These elements are present on a different line from “selling, general and administrative expenses" in view of their materiality.

Other operating income and expenses

Other operating income and expenses reflect significant events occurring during the year that may distort the reading of the company’s performance. They particularly include gains and losses on disposals, impairment losses, significant litigation outside the normal course of business, restructuring costs incurred upon disposal or closure, and in relation to downsizing measures.

Operating profit

Operating profit is the difference between revenue and cost of sales, selling, general and administrative expense, acquisition-related items and other operating income and expenses.

Financial income and expense

Financial income and expense mainly covers interest expense on borrowings, accretion of financial assets and provisions, financial expense related to pension plans and other post-employment benefits, factoring fees, bank charges, changes in the fair value of derivative instruments not designated as hedging instruments, and unrealized and realized foreign exchange gains and losses. It includes interest on lease liabilities determined in accordance with IFRS 16 on all leases (excluding exemptions).

Financial income mainly comprises income from cash and cash equivalents.

Income tax

Income tax expense represents the sum of current tax and deferred tax.

Tax expense is calculated based on the tax laws in force or substantively in force at the reporting date in the countries where the Company and its subsidiaries operate.

The amount of current tax payable (or receivable) is determined on the basis of the best estimate of the amount of tax the Group expects to pay (or receive) reflecting, where appropriate, the uncertainties associated with it.

Current tax and deferred tax are recognized in profit or loss unless they relate to items that have been recognized in other comprehensive income or directly in equity. If current tax or deferred tax arises from the initial recognition of a business combination, the tax effect is included in the business combination accounting.

Deferred tax assets and liabilities are recognized on the basis of temporary differences between the carrying amounts of assets and liabilities on the statement of financial position and their respective tax values (with some exceptions).

The impact of a change in tax rates and tax laws on deferred income tax assets and liabilities is generally recognized as tax income/expense over the period that the change was substantively in effect. Deferred tax assets and liabilities are measured at the expected tax rates for the period of realization of the asset or the settlement of the liability, based on tax rates and tax laws applicable or substantively in force at the reporting date.

Deferred tax assets are recognized in respect of deductible temporary differences, unused tax losses and unused tax credits only if it is probable that the Group will have sufficient future taxable profits against which they can be used. They are reviewed at each reporting date and are impaired if it no longer appears likely that sufficient future taxable income will be available. To determine whether deferred tax assets should be recognized in respect of tax loss carryforwards, the Group applies various criteria that take into account the likely recovery period based on economic projections and the strategy for recovering tax losses over the long term applied in each country.

7.1.4 Key performance indicators

The Group uses revenue (see Section 7.2.1 below for an analysis of the change in revenue for the years ended 31 December 2020 and 2019), adjusted EBITDA, cash conversion and investments (see Section 5.7 “*Capital expenditure*” of this Universal Registration Document) as key performance indicators. The Group regularly reviews these performance indicators to analyse and evaluate its operations and their trends, measure their performance, prepare results forecasts and make strategic decisions.

(in € million)	**Year ended 31 December 2020**	**Year ended 31 December 2019**	**Change**
Adjusted EBITDA (in € million)	625.7	615.2	1.7%
Adjusted EBITDA margin	24.7%	23.8%	88Pb
Cash conversion	60.0%	59.0%	100Pb

Adjusted EBITDA and cash conversion are alternative performance measures according to AMF Position No. 2015-12.

Adjusted EBITDA and cash conversion are not standardized accounting measures meeting a single definition generally accepted by IFRS. They should not be considered a substitute for operating profit, net income or cash flows from operating activities, which are measures defined by IFRS, or a substitute measure of liquidity. Other issuers may calculate adjusted EBITDA and cash conversion differently from the definitions used by the Group.

Adjusted EBITDA

Adjusted EBITDA is calculated based on operating income adjusted for depreciation, amortization and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plan costs, disposal-related effects and subsidiary contingencies, site closing expenses, and other items.

Reconciliation of operating profit to adjusted EBITDA

(in € million)	Year ended 31 December 2020	Year ended 31 December 2019	Change
Operating profit	**316.4**	**295.1**	**21.3**
Depreciation, amortisation and impairment(1)	276.4	283.5	(7.1)
Restructuring costs(2)	19.8	2.9	16.9
Acquisition and M&A costs(3)	0.1	-2.1	2.2
IAS 29, Hyperinflation (Argentina)	2.9	1.6	1.3
Management share ownership plan and associated costs(4)	5.8	11.5	(5.7)
Sao Paolo site closure(5)	0.0	2.4	(2.4)
Other(6)	4.3	20.3	(16.0)
Adjusted EBITDA	**625.7**	**615.2**	**10.5**

(1) *Includes depreciation and amortization of intangible assets and property, plant and equipment (Note 5.2 of the Group's consolidated financial statements), amortization of intangible assets acquired through business combinations (Note 6.1 of the Group's consolidated financial statements) and impairment of property, plant and equipment (Note 6.2 of the Group's consolidated financial statements).*

(2) *Corresponds to transformation plan, primarily in France in 2020 (Note 6.2 to the Group's consolidated financial statements).*

(3) *Corresponds to acquisition and M&A costs (Note 6.1 of the Group's consolidated financial statements). In 2019, mainly includes a reversal of the provision for accrued RETT liabilities recorded in the acquisition of the packing division of Compagnie de Saint-Gobain in 2015.*

(4) *Corresponds to share-based compensation plans (Notes 5.2 and 19.3 of the Group's consolidated financial statements).*

(5) *Corresponds in 2019 to the closure of the Sao Paolo (Brazil) site,*

(6) *Corresponds in 2019 to various other non-recurring items, including :*

- *in 2020, primarily donations and purchases of personal protection equipment made by the Group during the Covid-19 crisis*
- *in 2019, primarily costs incurred due to the Group's planned initial public offering.*

A detailed presentation of the change in adjusted EBITDA for the years ended 31 December 2020 and 2019 can be found in Section 7.2.9 of this Universal Registration Document.

Cash conversion

Cash conversion is defined as the ratio between cash flows and adjusted EBITDA.

Cash flows are defined as (i) operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plan costs, disposal-related effects and subsidiary contingencies, site closing expenses, and other items (i.e., adjusted EBITDA) less (ii) Capex.

Reconciliation of adjusted EBITDA to cash conversion

(in € million)	Year ended 31 December 2020	Year ended 31 December 2019	Change
Adjusted EBITDA	**625.7**	**615.2**	**10.5**
Capex [(1)]	-250.5	252.5	(2.0)
Cash flows	**375.2**	**362.7**	**12.6**
Cash conversion	**60.0%**	**59.0%**	**100Pb**

[(1)] *Excluding rights of use under IFRS 16.*

A detailed discussion of the change in cash conversion for the years ended 31 December 2020 and 2019 can be found in Section 8.5.1.4 of this Universal Registration Document.

7.2 Analysis of results for the years ended 31 December 2020 and 2019

The table below presents the Group's consolidated income statement (in millions of euros) for each of the years ended 31 December 2020 and 2019.

CONSOLIDATED INCOME STATEMENT	Year ended 31 December 2020	Year ended 31 December 2019
(in € million)		
Revenue	**2 535.9**	**2 585.9**
Cost of sales	(1 968.2)	(2 043.6)
Selling, general and administrative expenses	(160.8)	(170.8)
Acquisition-related items	(60.4)	(59.4)
Other operating income and expenses	(30.1)	(17.0)
Operating profit	**316.4**	**295.1**
Financial income	**(45.8)**	**(115.9)**
Profit before tax	**270.6**	**179.2**
Income tax	(62.4)	(53.8)
Share of net profit (loss) of associates	1.4	(0.7)
Net profit	**209.6**	**124.6**

The year 2020 was marked by a continuous and significant improvement in the Group's financial performance compared to 2019 despite the COVID 19 pandemic during this year.

For 2020, this performance resulted in:

- improvement in operating profit of €21.3 million or 7.2%, from €295.1 million for the year ended 31 December 2019 to €316.4 million for the year ended 31 December 2020.
- 1.7% growth in adjusted EBITDA, up to €625.7 million (+7.6% at constant exchange rate and scope), and an improvement in the adjusted EBITDA margin to 24.7% (up 88 basis points compared

to 2019), despite a slight -1.9% decline in revenues to €2,535.9 million (+2.1% at constant exchange rate and scope[55])

Net income was €209.6 million (compared to €124.6 million in 2019). Finally, the Group continued to deleverage and had a net debt of €1,278.6 million (compared to €1,590.6 million in 2019), a ratio of 2.0x adjusted EBITDA for the last 12 months (2.6x in 2019).

7.2.1 Revenue

The Group's consolidated revenue showed a limited decline of €50 million, or (1,9%), from €2,585.9 million for the year ended 31 December 2019 to €2,535.9 million for the year ended 31 December 2020.

This decline in consolidated revenue is expressed by a decrease in sales in all geographical areas, mainly due to the drop in sales volumes from 5,841 kT in 2019 to 5,735kT in 2020, a decrease of (1.8%) (€41.7 million), but offset by the increase in sales prices (+3.4% or €87.8 million).

However, at constant exchange rate and scope, revenues increased by +2.1% (or €55.2 million) and by +0.8% excluding Argentina. In fact, despite the global crisis that began in March, the Group was able to contain the decline in sales volumes to (1.8%) over the fiscal year. Thus, after a dynamic start to the year, the global Covid-19 crisis hit the market, leading to a (7.9%) decline in volumes in the second quarter. Thanks to its agility and flexibility, the Group was able to take advantage of the recovery that materialized in the third quarter, while in the fourth quarter the reintroduction of lockdown measures in certain Group countries again led to a slight decline in sales volumes.

In addition, the sales price increases passed at the beginning of the year continued, in all geographic regions, to the growth of revenues in 2020. After a deterioration in the first half of the year, the product mix[56] improved over the rest of the year, thanks to a recovery in sales of high-end products in all product categories and was therefore slightly positive for the year.

At group level, the sharp fall in volumes sold in sparkling wines and spirits in the first half of the year was significantly reduced in the second half; while the "beer" and "still wine" categories, which had fallen in the first half, recovered in the second half. Moreover, the dynamism of the jars of food in the first half of the year continued at a slower pace in the second half of the year.

Compared to 2019, the change in consolidated revenue was more particularly impacted by exchange rate effects during the fiscal year ended 31 December 2020 in view of the hyperinflationary situation in Argentina. Overall, the impact of exchange rates on Group revenues was (4.1%) for the year (i.e. -€105.2 million), mainly due to Latin America, and more particularly to the evolution of the Brazilian

[55] In this Universal Registration Document, revenue growth at constant exchange rates is calculated by applying the average exchange rates of the comparative period to revenue for the current period of each Group entity, expressed in its reporting currency. Exchange rate movements linked to transactions made by each reporting entity in a currency other than its functional currency (generally referred to as exchange rate fluctuations on transactions) are not included.The change in revenue at constant exchange rates and scope of consolidation is an alternative performance indicator within the meaning of AMF position n°2015-12

[56] Excluding foreign currency transaction and translation effects and changes in scope, revenue may vary as a result of changes in volumes sold or the price/mix effect. The price/mix effect is the result of a change in selling prices for the same product sold to the same customer ("pure price" effect) or a change in the customer mix (sale of the same article to different customers at different prices) or a change in the product mix (sale of different articles at different prices).

real, and the Argentine peso. In addition to this depreciation, the Russian rouble and the Ukrainian hryvnia in Northern Europe (-€15.5 million).

The decline in revenues during the fiscal year ended 31 December 2020 affected all three geographic regions, particularly Latin America.

(in € million)	**Year ended 31 December 2020**	**Change 2019 - 2020**		**Year ended 31 December 2019**
		In € million	**In %**	
Southern and Western Europe	1 744.5	(9.2)	(0.5)%	1 753.7
Northern and Eastern Europe	554.4	(13.2)	(2.3)%	567.6
Latin America	237.0	(27.6)	(10.4)%	264.6
Consolidated revenue	**2 535.9**	**(50.0)**	**(1.9)%**	**2 585.9**

Southern and Western Europe

Revenue in Southern and Western Europe remained rather stable (0.5%) at constant exchange rate and scope, from €1,753.7 million for the year ended 31 December 2019 to €1,744.5 million for the year ended 31 December 2020.

After a first half year impacted by lockdowns and the closure of HRCs (Hotels, Restaurants and Cafés), the second half of the year was up, thanks to a very strong recovery in the third quarter. The sparkling wine and spirits category suffered more, while the food jars category grew strongly throughout the region. As for the "beer" category, after a stable first half year, it showed strong dynamism in the second half year. Overall, France was the country most affected by the downturn in the champagne, spirits, and still wine markets.

Northern and Eastern Europe

Revenue in Northern and Eastern Europe declined slightly by €13.2 million, or (2.3%) (+0.4% at constant exchange rate and scope), from €567.6 million for the for the year ended 31 December 2019 to €554.4 million for the year ended 31 December 2020.

During the year ended 31 December 2020, all Northern and Eastern European countries, with the exception of Germany, recorded a decline in sales, mainly due to the drop in volumes, from 1,490 kT for the year ended 31 December 2019 to 1,401 kT for the year ended 31 December 2020. Sales price increases and an improved product mix offset higher costs and lower sales volumes, although the good performance in sales of food jars was not enough to offset the decline in sales volumes in other categories. However, revenue growth in Northern and Eastern Europe during the year was also negatively affected by negative exchange rate fluctuations in Russia and Ukraine, with the revaluation of the Russian rouble and the Ukrainian hryvnia (-€15.5million).

Latin America

Revenue in Latin America decreased by €27.6 million, or (10.4%), from €264.6 million for the year ended 31 December 2019 to €237 million for the financial year ended 31 December 2020, due to the depreciation of local currencies. At a constant exchange rate and scope (-89.3 million euros), Latin America is experiencing a strong growth (+23.4% for the entire region and +14.7% excluding Argentina).

Volumes also increased from 618 kT for the year ended 31 December 2019 to 655 kT for the year ended 31 December 2020, thanks to the positive commercial trend of still wines and spirits over the region. in Brazil, the successful commissioning of the new plant in Jacutinga during the first half of 2019 and good business activity in Argentina. In addition, sales price increases continued throughout the year, particularly in Argentina, where the very dynamic pricing policy made it possible to cover local hyperinflation.

7.2.2 Sales costs

Sales costs fell by €75.4 million, or (3.7%), from €2,043.6 million for the year ended 31 December 2019 to €1,968.2 million for the year ended 31 December 2020.

The change in sales costs is due, in particular, to the decrease in transport costs by 6.9%, raw materials by 3.1%, energy costs by 8.1%, and staff costs by 5.1%.

As a percentage of revenue, however, the cost of sales decreased by 100 basis points during the year ended 31 December 2020, from 79% for the year ended 31 December 2019 to 78% for the year ended 31 December 2020. The Group has been able to limit the increase in sales, thanks in particular to the measures implemented under its Industrial Performance Action Plan (PAP) as part of the Verallia Industrial Management (VIM) 2.0 initiative (see, in particular, Section 7.1.2.3 "Change in production costs and improved operational efficiency" of this Universal Registration Document). The Group's dynamic pricing policy has also allowed it to generate a positive spread on its sales.

7.2.3 Selling, general and administrative expenses

Selling, general and administrative expenses decreased by €10.0 million, or 5.9%, from €170.8 million for the year ended 31 December 2019 to €160.8 million for the year ended 31 December 2020.

The decrease in selling, general and administrative expenses during the year ended 31 December 2020 was mainly due to the control of the Group's structural costs.

7.2.4 Other operating income and expenses

Other operating income and expenses increased in 2020, from a net expense of €17.0 million for the year ended 31 December 2019 to a net expense of €30.1 million for the year ended 31 December 2020, representing an increase of €13.1 million.

Other operating income and expenses for the year ended 31 December 2020 primarily correspond to the to the €19,8 million in restructuring costs related to the transformation plan in France, including the costs related to the non-reconstruction of the furnace , impairment of assets and support measures occurring at the outset.

In 2019, these other operating income and expenses costs of the Company's initial public offering in October 2019, which amounted to €10.3 million.

7.2.5 Operating profit

Operating profit increased by €21.3 million, or 7.2%, from €295.1 million for the year ended 31 December 2019 to €316.4 million for the year ended 31 December 2020.

The increase in operating profit for the year ended 31 December 2020 is primarily due to a improvement in the Group's profitability, marked more specifically by the decrease in cost of sales and of selling, general and administrative expenses. This increase in the operating profit is also a result of the continued rationalisation of production costs under the Group's industrial performance improvement plan.

7.2.6 Financial income

(in € million)	**Year ended 31 December**	
	2020	**2019**
Interest expense excluding lease liabilities	(42.1)	(75.5)
Interest expense related to lease liabilities	(1.7)	(2.1)
Amortization of debt issuance costs, and other*	(11.7)	(16.2)
Other debt-related gains and losses	0.0	3.1
Financial income from cash and cash equivalents and other	10.0	9.3
Cost of net debt**	**(45.5)**	**(81.4)**
Refinancing costs	0.0	(23.0)
Foreign exchange gains and losses	8.0	(0.2)
Net interest expense related to pension plans and other benefits	(0.9)	(1.8)
Profit (loss) on net monetary position in Argentina (IAS 29)	(7.4)	(9.5)
Financial income	**(45.8)**	**(115.9)**

**Amortization of debt issuance costs, and other: corresponds to the amortization of financing costs and loan issue premiums as well as factoring commissions and other bank charges.*

***The cost of net debt includes the amount of interest charges (including interest on finance leases in 2018 and interest on IFRS 16 lease liabilities in 2019), amortization of loan issuance costs, factoring fees, other bank charges, other debt-related gains and losses and financial income from cash and cash equivalents, but does not include refinancing costs.*

Financial income decreased from a net expense of €115.9 million for the year ended 31 December 2019 to a net expense of €45.8 million for the year ended 31 December 2020, that being a decrease of €70.1 million or (60.5%).

This decrease in net financial expenses for the year ended 31 December 2020 is primarily due to the decrease in interest expense on borrowings of €33.4 million (positive impact of the capitalization of the shareholder loan in September 2019 and the refinancing of debt on very attractive terms) and foreign currency exchange effects of +€8 million on the Brazilian, Russian, and Ukrainian subsidiaries.

7.2.7 Income tax

Income tax rose by €8.6 million, or 15.9%, from €53.8 million for the year ended 31 December 2019 to €62.4 million for the year ended 31 December 2020. This change resulted from the increase in the tax base which leads to an increase in current tax expense of €2 million, or 3.0%, up from €71 million for the year ended 31 December 2019 to €73 million for the year ended 31 December 2020. Deferred tax income, for its part, has gone from €17.2 million for the year ended 31 December 2019 to €10.6 million for the year ended 31 December 2020.

7.2.8 Net income

Net income grew from €124.6 million (or 4.8% of revenue) for the year ended 31 December 2019 to €209.6 million (or 8.3% of revenue) for the year ended 31 December 2020. This increase is mainly due to the increase in revenue, the significant improvement in the Group's profitability but also by a sharp decrease of €70.1 million in net financial expenses.

The share of net income attributable to the Company's shareholders amounted to €202.1 million for the year ended 31 December 2020 and €115.6 million for the year ended 31 December 2019. This change, compared with the Group's net income, reflects the share attributable to non-controlling interests of €7.5 million for the year ended 31 December 2020 and €9.0 million for the year ended 31 December 2019.

7.2.9 Adjusted EBITDA

Adjusted EBITDA grew sharply from €615.2 million for the year ended 31 December 2019 to €625.7 million for the year ended 31 December 2020, representing an increase of €10.5million, or 1.7% (+7.6% at constant exchange rate and scope).

The unfavorable effect of exchange rate amounted to (€36.5) million, over the fiscal year, largely due to the depreciation of currencies in Latin America as well as the depreciation of the Ukrainian hryvnia and the Russian rouble.

The slight improvement in the product mix, combined with the sales price increases at the beginning of the year, enabled the group to generate a positive spread, making a strong contribution to the improvement in adjusted EBITDA and were able to offset the decline in business (lower sales volumes combined with significant destocking). In addition, the continued deployment of the Performance Action Plan (PAP) has resulted in a net reduction in cash production costs of €36 million (i.e. 2.2% of cash production costs) over the year 2020.

Overall, this strong resilience was underpinned by the Group's three strategic pillars : raising sales prices and generating a positive spread, improving the product mix[57] and implementing the Performance Action Plan.

In summary, the change in adjusted EBITDA consists of:

(in € million)	
2019 adjusted EBITDA	**615.2**
Activity contribution	*(51.3)*
Spread Price-Mix/ Costs	*65,2*
Net productivity	*35,5*
Exchange rate	*(36.5)*
Other	*(2,3)*
2020 adjusted EBITDA	**625.7**

[57] Excluding foreign currency transaction and translation effects and changes in scope, revenue may vary as a result of changes in volumes sold or the price/mix effect. The price/mix effect is the result of a change in selling prices for the same product sold to the same customer ("pure price" effect) or a change in the customer mix (sale of the same article to different customers at different prices) or a change in the product mix (sale of different articles at different prices).

Breakdown of adjusted EBITDA by region

(in € million)	**Year ended 31 December 2020**	**Change 2019 – 2020**		**Year ended 31 December 2019**
		In € million	**In %/bp**	
Southern and Western Europe				
Adjusted EBITDA	*419.1*	*7.6*	*1.9%*	*411.5*
Adjusted EBITDA margin	*24.0%*	-	*50 Pb*	*23.5%*
Northern and Eastern Europe				
Adjusted EBITDA	*126.5*	*1.6*	*1.3%*	*124.9*
Adjusted EBITDA margin	*22.8%*	-	*80 Pb*	*22.0%*
Latin America				
Adjusted EBITDA	*80.1*	*1.3*	*1.6%*	*78.8*
Adjusted EBITDA margin	*33.8%*	-	*400 Pb*	*29.8%*
Consolidated adjusted EBITDA	**625.7**	**10.5**	**1.7%**	**615.2**
Consolidated adjusted EBITDA margin	**24.7%**	**-**	***88 Pb***	**23.8%**

Southern and Western Europe

In Southern and Western Europe, adjusted EBITDA increased by €7.6 million, or a robust 1.9%, from €411.5 million for the year ended 31 December 2019 to €419.1 million for the year ended 31 December 2020, giving an adjusted EBITDA margin of 24.0% at 31 December 2020 compared to 23.5% at 31 December 2019.

Despite the negative impact of lower sales volumes and a deterioration in the product mix, adjusted EBITDA was offset by a positive sales spread and good industrial performance. These positive effects were mitigated by the difficulties encountered in France, due to lower sales of premium products and lower industrial performance.

Northern and Eastern Europe

In Northern and Eastern Europe, adjusted EBITDA increased by €1.6 million, or a 1.3%, from €124.9 million for the year ended 31 December 2019 to €126.5 million for the year ended 31 December 2020, despite the depreciation of the Russian rouble and the Ukrainian hryvnia. The adjusted EBITDA margin for this area therefore increased to 22.8%, compared to 22.0% in 2019.

The increase in adjusted EBITDA during the year ended 31 December 2020 is primarily a result of the Group's higher sales prices, particularly in Eastern Europe, which offset the decline in volume sold.

Latin America

In Latin America, adjusted EBITDA rose by €1.3 million, or 1.6%, from €78.8 million for the year ended 31 December 2019 to €80.1 million for the year ended 31 December 2020, despite depreciation of the Argentine peso and the Brazilian real. The adjusted EBITDA margin for this zone increased to 33,8% at 31 December 2020, compared to 29.8% at 31 December 2019. This increase is explained by the good performance of the three pillars: higher sales volumes, positive spread and industrial performance.

8. LIQUIDITY AND CAPITAL RESOURCES

8.1 Overview

The Group's principal financing needs include its working capital, its capital expenditure (particularly the construction of new industrial sites or the construction or renovation of furnaces (see Section 5.7 "Capital Expenditure" of this Universal Registration Document)), its tax payments and its interest payments.

The main sources of liquidity for the Group as of 31 December 2020 are the following:

– cash flows from operating activities, which totaled €609.6 million for the year ended 31 December 2020 and €496.8 million for the year ended 31 December 2019 (see Section 8.2.1 of this Universal Registration Document);

– a term loan (Term Loan A) for a total principal amount of €1,500 million as of 31 December 2019 made available to the Group on 7 October 2019 under the Senior Facilities Agreement (see Section 8.2.2.1 of this Universal Registration Document);

– direct loans from banks and other lenders and short-term bank credit lines;

– a €500 million revolving credit facility as of 31 December 2020, made available to the Group under the Senior Facilities Agreement, undrawn at 31 December 2020 (see Section 8.2.2.1 of this Universal Registration Document);

– a €250 million revolving credit facility, made available to the Group on 24 April 2020, with a maturity of one year, extendable by six months at the Group's discretion and undrawn at 31 December 2020 (see Section 8.2.2.2 of this Universal Registration Document);

– an unsecured Negotiable European Commercial Paper (NEU CP) programme for a maximum principal amount of €400 million as of 31 December 2020, issued by the Company's subsidiary, Verallia Packaging, €146.4 million of which was issued as of 31 December 2020 (see Section 8.2.2.3 of this Universal Registration Document);

– a pan-European factoring program with a financing line for a maximum of €400.0 million, plus local factoring lines that may be used for up to an additional €50.0 million (see Section 8.2.2.4 of this Universal Registration Document).

In the context of the Covid-19 pandemic, the Group has closely monitored its main sources of liquidity in order to anticipate any restrictions and to ensure that it is in a financial position to meet its operating, investment and interest payment needs, as required.

Also, in order to address the risk of not being able to renew its Neu CP maturing due to a market that was near-closed at the end of March 2020, the Group drew down €200 million from its €500 million Revolving Credit Facility, which was fully repaid in September 2020.

In addition, on 24 April 2020, the Group set up a Revolving Credit Facility of €250 million, with a maturity of one year, extendable by six months at the Group's discretion and undrawn at 31 December 2020.

The Group estimates that, for the year 2021, its financing needs will mainly include its current operating needs, investment expenses, tax payments, interest payments and, subject to its approval by the General meeting of the Company's shareholders, the payment of a dividend. On the basis of updated cash projections, the Group believes it will be able to meet its liquidity needs during the 12 months following the date of this Universal Registration Document.

Readers are invited to read the following information on cash flows with the consolidated financial statements of the Group for the year ended 31 December 2020, presented respectively in Section 18.1.1 of this Universal Registration Document, having been the subject of a Statutory Auditors' audit report contained in Section 18.1.2 of this Universal Registration Document.

In accordance with article 19 of Regulation (EU) n° 2017/1129 of the European Parliament and the Council of 14 June 2017, information relating to liquidity and capital resources of the Group for the financial years ended 31 December 2019 and 2018 set out in chapter 8 "Liquidity and capital resources" of the Universal Registration Document are incorporated by reference in this Universal registration document.

8.2 Financial resources and financial liabilities

8.2.1 Group cash flows from operating activities

The cash flows from operating activities totaled €609.6 million and €496.8 million respectively for the years ended 31 December 2020 and 2019. A detailed analysis of the Group's cash flows from operating activities for the years ended 31 December 2020 and 2019 is presented in Section 8.5.1.1 of this Universal Registration Document.

The Group uses its cash and cash equivalents to finance its current operating needs as well as its capital expenditure. The Group's cash is primarily denominated in euros.

Generally, the Group's ability to generate cash in the future from its operating activities will depend on its future operating performance, which is itself dependent, to a certain extent, on economic, financial, competitive, market, regulatory and other factors, most of which are outside the Group's control. As with many industrial groups, the global Covid-19 pandemic had the effect of affecting the year 2020, but without affecting the Group's ability to generate cash flow from operating activities, which was up sharply, thanks in particular to the rigorous management of working capital requirements.

The Group's policy is to centralize its subsidiaries' cash at the level of Verallia Packaging, when possible, through centralized management of accounts (cash pooling in the Eurozone primarily), intra-group loans or credit lines and dividend payments.

8.2.2 Financial liabilities

The Group's financial liabilities amounted to €1,754.8 million and €1,809.8 million as of 31 December 2020 and 2019, respectively. The evolution of the Group's net debt is detailed in note 17.2 of the Group's consolidated financial statements for the year ended 31 December 2020.

The following table shows the distribution of the Group's debt at the dates indicated:

(in € million)	**31 December 2020**	**31 December 2019**	**2020 applicable interest rates**
Term Loan A	1 496.7	1 490.7	EURIBOR* + 1.50%
Lease / Finance lease liabilities (1)	46.9	53.3	-
Other borrowings	45.8	56.9	-
Total long-term debt	1 589.4	1 600.9	-
Financial derivatives	6.9	9.6	-
Total long-term debt and derivative financial instruments	1 596.3	1 610.5	-
Negotiable commercial paper (NEU CP)	146.4	188.2	-
Other borrowings(2)	12.1	11.2	-
Total short-term debt	158.5	199.4	-
Gross debt	1 754.8	1 809.8	-
Cash and cash equivalents	476.2	219.2	-
Net debt	1 278.6	1 590.6	-

**Euribor with a floor rate of 0%*

(1) *Figure taking into account the impact of IFRS 16 applied by the Group as of 1 January 2019.*

(2) *Including factoring liabilities, which correspond to assignment of receivables with recourse (see Note 14.4 "Factoring" and Note 17.2 "Change in gross debt" to the Group consolidated financial statements for the year ended 31 December 2020).*

As of 31 December 2020, the Group's net financial debt/adjusted EBITDA ratio was 2.0. As of 31 December 2019, the same ratio was 2.6.

The Group benefits from a solid balance sheet structure and has managed to improve its net financial debt, notably thanks to the actions taken since the IPO to optimize its financial structure (see section 8.2.2.1 of this Universal Registration Document), despite the context of the global Covid-19 pandemic. In addition, the group's main debt, the term loan A, is due in 2024.

The main elements of the Group's financial liabilities are described below.

8.2.2.1 Senior Facilities Agreement (Term Loan A)

Prior to its IPO, the Group entered, on 17 July 2019, into a new senior facilities agreement called "Senior Term and Revolving Facilities Agreement" with a trade union of international banks including Banco Santander S.A., Paris Branch, BNP Paribas, Citibank Europe plc, Crédit Agricole Corporate and Investment Bank, Credit Suisse International, Deutsche Bank Luxembourg S.A., Société Générale, Banco de Sabadell S.A., Allied Irish Banks plc, Commerzbank Aktiengesellschaft, Filiale Luxemburg, Cooperatieve Rabobank U.A., Crédit Industriel et Commercial, La Banque Postale, Mediobanca - Banca di Credito Finanziario S.p.A. and Raiffeisen Bank International AG , for a period of five years from the date of the drawing of the Term Loan A, which took place on 7 October 2019. The Senior Facilities Agreement is governed by French law.

i. Credit lines

The 2019 Senior Facilities Agreement provides two lines of credit for a total principal amount of €2.0 billion, broken down as follows:

- a term loan (Term Loan A) for the principal amount of €1,500.0 million, with a maturity of five years from 7 October 2019, repayable in full at maturity; and
- a revolving credit facility (which can be used up to a maximum principal amount of €50.0 million as a swingline loan (a very short-term line)) for a maximum principal amount of €500.0 million with a maturity of five years from 7 October 2019.

The Senior Facilities Agreement also provides for additional uncommitted term and revolving loans subject to meeting certain conditions.

ii. Interest and fees

The loans borrowed under the 2019 Senior Facilities Agreement will bear interest at a variable rate indexed to EURIBOR (in the case of advances denominated in euros) or LIBOR (in the case of advances denominated in a currency other than the euro), in each case with a floor rate at 0% and increased by the applicable margin. The applicable margin is initially set at (i) 1.75% per annum for the term loan (*Term Loan A*) and (ii) 1.35% per annum for the revolving facility, in each case with an up or down adjustment mechanism (ratchet). The following fees will also apply to the revolving facility: (i) a commitment fee due for the available credit commitment of each lender under the revolving credit facility a rate of 30% of the applicable margin and (ii) use fees of 20 basis points, or, as the case may be, 40 basis points respectively in the case of drawing above a threshold of 33.1/3%, or, as the case may be, 66.2/3% of the commitments available under the revolving credit facility.
The table below shows the breakdown of the margins that apply to each of the facilities as a function of the ratio of the Group's total net debt to pro forma consolidated EBITDA as defined in the Senior Facilities Agreement. These margins are reviewed on a semi-annual basis.

Leverage ratio (total net debt/*pro forma* consolidated EBITDA)	**Revolving Loan Margin**	**Term Loan A margin**
Less than or equal to 1.00	0.35%	0.75%
Higher than 1.00 and less than or equal to 1.50	0.60%	1.00%
Higher than 1.50 and less than or equal to 2.00	0.85%	1.25%
Higher than 2.00 and less than or equal to 2.50	1.10%	1.50%
Higher than 2.50 and less than or equal to 3.00	1.35%	1.75%
Higher than 3.00	1.60%	2.00%

Total net debt is defined in the 2019 Senior Facilities Agreement as the Group's consolidated financial debt, excluding intra-group debt and obligations related to interest rate and foreign exchange hedging instruments, after deduction of cash and cash equivalents. Pro forma consolidated EBITDA corresponds to adjusted EBITDA as defined in this Universal Registration Document.

iii. Guarantees and security interests

The Company is a guarantor of the payment of amounts due under the 2019 Senior Facilities Agreement and Verallia Packaging is the initial borrower and (subject to the usual limitations) guarantor of the other borrowers' and/or guarantors' commitments under the 2019 Senior Facilities Agreement. Verallia

France, Verallia Italia, Verallia Brazil, Verallia Spain, Verallia Portugal and Verallia Deutschland have acceded (subject to the usual limitations) as guarantors of the commitments of other borrowers and/or guarantors under the 2019 Senior Facilities Agreement within 120 days of the date of the first draw under the 2019 Senior Facilities Agreement, in accordance with its terms.

Any member of the Group that becomes a borrower under the 2019 Senior Facilities Agreement must be a guarantor of the obligations of the other borrowers, subject to applicable rules limiting guarantees. In addition, within 90 days (or 120 days if the member of the Group in question is registered in a jurisdiction in which no existing borrower and/or guarantor is registered) of the date on which the Company's annual consolidated financial statements are to be issued to the agent pursuant to the 2019 Senior Facilities Agreement, in accordance with its provisions, any company that is a material subsidiary (as defined in English in the 2019 Senior Facilities Agreement, the "**Material Subsidiary**") of the Company will be required to become a guarantor of the 2019 Senior Facilities Agreement, in accordance with the Agreed Guarantee Principles (as defined in English in the 2019 Senior Facilities Agreement). At these same dates, the Company must procure that other members of the Group accede such that the consolidated EBITDA of all members of the Group that are guarantors under the 2019 Senior Facilities Agreement represent in total at least 80% of the Group's consolidated EBITDA (as specified in the 2019 Senior Facilities Agreement).

The 2019 Senior Facilities Agreement does not require the Group to constitute collateral.

iv. Covenants and restrictive clauses

The 2019 Senior Facilities Agreement contains certain affirmative and negative covenants, including limitations on the following:

– the constitution of collateral;

– the incurrence of financial debt exceeding 20% of the Group's total net debt by Group companies that are not either guarantors or borrowers under the 2019 Senior Facilities Agreement;

– disposals/transfers of assets;

– certain mergers, spin offs, partial asset contributions and similar transactions; and

– a change in the nature of the Group's activities,

subject in each case to the *de minimis* amounts stipulated and usual exceptions for this type of financing.

The 2019 Senior Facilities Agreement also contains affirmative covenants to maintain insurance policies, comply with applicable laws, maintain the borrowings at the same rank as other unsecured debts of the borrowers and guarantors under the 2019 Senior Facilities Agreement, procure that the Group's Material Subsidiaries become guarantors under the 2019 Senior Facilities Agreement and to procure that the combined consolidated EBITDA of all Group members that are guarantors under the 2019 Senior Facilities Agreement represent together at least 80% of the Group's total consolidated EBITDA (as specified in the 2019 Senior Facilities Agreement). Finally, the 2019 Senior Facilities Agreement requires compliance with a financial ratio that will limit the amount of debt that may be contracted by the members of the Group. Specifically, the Group will be required to maintain a leverage ratio (total net debt to pro forma consolidated EBITDA, the pro forma consolidated EBITDA corresponding to the adjusted EBITDA as defined in this universal registration document), which is tested at the end of each six-month period and for the first time for the period ending 31 December 2020, and must be less than or equal to 5x until the maturity of the 2019 Senior Facilities Agreement.

For the record, as of 31 December 2020, no default has occurred or continues under the 2019 Senior Facilities Agreement.

v. Voluntary prepayment

The 2019 Senior Facilities Agreement authorizes voluntary prepayments with advance notice and subject to a minimum amount.

vi. Cases of mandatory prepayment

The 2019 Senior Facilities Agreement provides for prepayment or early termination in the event of a change in control at the request of any lender made within 30 calendar days after receipt by the lenders of notification by the agent of the Company's notification informing the agent of the occurrence of such a case of prepayment/early termination. The available commitments of the lender concerned under the non-renewable credit facility will be cancelled upon receipt by the agent of the application of the lender concerned and the participation of the lender concerned in current drawings under the term loan and, if applicable, the revolving credit facility will have to be reimbursed within 15 business days of the agent receiving the application of the relevant lender. A change in control is deemed to occur in the event that a person or a group of persons acting in concert, as defined in Article L. 233-10 of the French Commercial Code (other than the shareholders of the Company on the date the 2019 Senior Facilities Agreement is signed, or persons affiliated with such shareholders and any other person approved by the Lenders Majority (as defined in the 2019 Senior Facilities Agreement)) who does not control the Group on the date the 2019 Senior Facilities Agreement is signed, within the meaning of L. 233-3 of the French Commercial Code, directly or indirectly acquires more than 50% of the share capital and voting rights of the Company.

vii. Acceleration events

The 2019 Senior Facilities Agreement provides for accelerated maturity in certain cases that are usual for this type of financing, including payment defaults, failure to meet the financial ratio or any other undertaking, the inaccuracy of any declaration, the occurrence of a case of cross acceleration, the initiation of collection proceedings and insolvency, enforced collection proceedings or the occurrence of a material adverse event.

8.2.2.2. Revolving Credit Facility 2020

In order to strengthen its liquidity in the context of the health crisis, on 24 April 2020 the Group entered into a revolving credit agreement entitled Revolving Credit Facility Agreement (the "2020 Revolving Credit Facility Agreement") with a syndicate of international banks including Banco Santander S.A., Paris Branch, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Société Générale, Commerzbank Aktiengesellschaft, Filiale Luxemburg, Cooperatieve Rabobank U.A., Crédit Industriel et Commercial and La Banque Postale. The Senior Facilities Agreement is governed by French law.

i. Revolving credit facility

The Revolving Credit Facility Agreement provides for a revolving credit line with a maximum principal amount of €250 million, with a maturity of one year from the date of signature of the 2020 Senior Facilities Agreement, which may be extended by six months at the Group's option.

ii. Interest and fees

The loans contracted under the 2020 Senior Facilities Agreement will bear interest at a variable rate indexed to EURIBOR, with a floor rate of 0%, plus the applicable margin, set at 1.95% per annum. The following commissions will also be payable: (i) a commitment fee due for the available credit commitment of each lender under the revolving credit facility a rate of 35% of the applicable margin and (ii) use fees of 15, 25 or, as the case may be, 50 basis points respectively in the case of drawing above a threshold of 33.1/3%, or, as the case may be, 66.2/3% of the commitments available under the revolving credit facility.

Total net debt is defined in both the 2020 Senior Facilities Agreement and the 2019 Senior Facilities Agreement.

iii. Guarantees and security interests

The Company is the guarantor for the payment of the amounts due under the 2020 Credit Agreement, to which Verallia Packaging is a party as borrower.

In addition, within 60 days of the date of the first drawdown under the 2020 Senior Facilities Agreement, any guarantor under the 2019 Senior Facilities Agreement shall (subject to customary limitations) become a guarantor under the 2020 Senior Facilities Agreement in accordance with its terms.

The 2020 Senior Facilities Agreement does not require the Group to constitute collateral.

iv. Covenants and restrictive clauses

The 2020 Senior Facilities Agreement contains, mutatis mutandis, the same covenants to do or not to do as the 2019 Senior Facilities Agreement.

For information, no payment default had arisen or persisted under the 2020 Senior Facilities Agreement as at 31 December 2020.

v. Voluntary prepayment

The Senior Facilities Agreement authorizes voluntary prepayments with advance notice and subject to a minimum amount.

vi. Cases of mandatory prepayment

The 2020 Senior Facilities Agreement provides for prepayment or early termination in the event of a change in control at the request of any lender made within 30 calendar days after receipt by the lenders of notification by the agent of the Company's notification informing the agent of the occurrence of such a case of prepayment/early termination. The available commitments of the lender concerned under the non-renewable credit facility will be cancelled upon receipt by the agent of the application of the lender concerned and the participation of the lender concerned in current drawings under the term loan and, if applicable, the revolving credit facility will have to be reimbursed within 15 business days of the agent receiving the application of the relevant lender. A change in control is deemed to occur in the event that a person or a group of persons acting in concert, as defined in Article L. 233-10 of the French Commercial Code (other than the shareholders of the Company on the date the 2020 Senior Facilities Agreement is signed, or persons affiliated with such shareholders and any other person approved by the Lenders Majority (as defined in the Senior Facilities Agreement)) who does not control the Group on the date the 2020 Senior Facilities Agreement is signed, within the meaning of L. 233-3 of the French Commercial Code, directly or indirectly acquires more than 50% of the share capital and voting rights of the Company.

vii. Acceleration events

The 2020 Senior Facilities Agreement provides for accelerated maturity in certain cases that are usual for this type of financing, including payment defaults, failure to meet the financial ratio or any other undertaking, the inaccuracy of any declaration, the occurrence of a case of cross acceleration, the initiation of collection proceedings and insolvency, enforced collection proceedings or the occurrence of a material adverse event.

8.2.2.3 Negotiable European Commercial Paper (NEU CP)

In June 2018, the Group launched a Negotiable European Commercial Paper (NEU CP) short-term financing program with a cap of €250.0 million, rising to €400 million in July 2019.

As of 31 December 2019, outstanding issues amounted to €188.2 million at an average rate of 0.25%.

As of 31 December 2020, outstanding issues amounted to €146.4 million at an average rate of 0.26%.

8.2.2.4 Factoring contracts

In the context of its activity, the Group has established agreements with financing companies (CALEF and CIC) that provide for financing secured by customer receivables in order to accelerate the collection of receivables and cash inflows, primarily in France, Germany, Italy, Spain and Portugal.

In September 2015, the Group established a pan-European factoring programme with Eurofactor, for a maximum total amount of €400.0 million (maturing in 2022) on the receivables of certain entities in our two European segments. The Group also has local lines for certain countries (Brazil, Argentina and Russia in particular) to benefit from financing of up to an additional €50 million.

Pursuant to IFRS 9, the receivables assigned are derecognised once the factoring contract transfers to the assignee the contractual rights to the cash flows and almost all of the associated risks and benefits (assignments of receivables without recourse).

(in € million)	**Year ended 31 December**	
	2020	**2019**
Assignment of receivables without recourse	302.4	313.9
Assignment of receivables with recourse	13.9	10.9
Total receivables assigned	**316.3**	**324.8**

In addition, the Group has entered several reverse factoring program proposed by some of its clients for an amount of €25.7 million in 2020 and €32.6 million in 2019.

8.3 Contractual obligations and off-balance sheet commitments

The Group has contracted certain off-balance sheet commitments, including operating commitments and financing commitments.

As of 31 December 2020, the operating commitments given totaled €574.9 million, €566.6 million of which for non-cancellable purchase commitments.

Non-cancellable purchase commitments include firm orders for property, plant and equipment as well as purchase commitments for raw materials and services, including forward purchases of CO2 emission allowances. The operating commitments given totaled €560.8 million for the year ended 31 December 2019.

For more information on the Group's contractual obligations and off-balance sheet commitments, see Note 23 to the Group consolidated financial statements for the year ended 31 December 2020.

8.4 Description and analysis of the principal categories of the use of Group cash

8.4.1 Capital expenditure

The Group's capital expenditure (Capex) represents acquisitions of property, plant and equipment and intangible assets necessary to (i) maintain the value of an asset and/or adapt to market demands and to environmental, health and safety requirements (together, "Recurring Capex"), or (ii) increase the Group's capacities. The acquisition of securities is excluded from this category. Capex corresponds to the line item "Acquisition of property, plant and equipment and intangible assets" in the consolidated statement of cash flows.

The Group's capital expenditure primarily involves the construction of new industrial sites or the reconstruction or expansion of existing industrial sites, the construction of new furnaces or the renovation of existing furnaces, and the replacement of other property, plant and equipment and intangible assets, particularly machines (blowers or forming machines, for example) and equipment.

The Group's capital expenditure for the years ended 31 December 2020 and 2019 amounted to €250.5 million[58] and €252.5 million respectively. For more information on the Group's historical, current and future capital expenditure, see Section 5.7 "Capital Expenditure" of this Universal Registration Document.

8.4.2 Interest payments and repayment of financial debt

A portion of the Group's cash flows is allocated to servicing and repayment of its debt (see Section 8.2.2 "Financial liabilities" of this Universal Registration Document). The Group paid interest in the amounts of €31.6 million and €70.4 million respectively during the years ended 31 December 2020 and 2019.

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[58] Excluding rights of use under IFRS 16.

8.4.3 Financing of working capital requirements

Net working capital primarily corresponds to the value of inventories plus trade receivables and other operating receivables minus debts to suppliers and other operating liabilities (see Note 14 of the Group's consolidated financial statements for the year ended 31 December 2020).

The net working capital amounted to €88.7 million during the year ended 31 December 2020 and (€24.9) million during the year ended 31 December 2019. The change in net working capital thus amounted to (€63.8) million during the year ended 31 December 2020, compared to (€60.1) million during the year ended 31 December 2019.

The value of inventories decreased during 2020 to €386.9 million as of 31 December 2020, compared to €455.2 million as of 31 December 2019, mainly reflecting significant decrease in inventories of finished goods, notably due to destocking during the year. Trade receivables and other current assets also decreased during the 2020 to €158.7 million as of 31 December 2020, compared to €178.9 million as of 31 December 2019. Likewise, trade payables also decreased during the year ended 31 December 2020 to €367.5 million as of 31 December 2020, compared to €383.6 million as of 31 December 2019.

8.4.4 Acquisitions of companies or activities

The Group made no acquisitions of companies or businesses during the year ended 31 December 2020.

8.4.5 Dividends

Subject to the approval of the annual General Meeting of the Company's shareholders, the Group intends to distribute in 2021 for the year ended 31 December 2020, an annual dividend of €0.95 per share.

8.5 Group consolidated cash flows

8.5.1 Group consolidated cash flows for the years ended 31 December 2020 and 31 December 2019

The following table summarises the Group's cash flows for the years ended 31 December 2020 and 31 December 2019:

(in € million)	**Year ended 31 December 2020**	**Year ended 31 December 2019**	**Change**
Net cash flows from operating activities	609.6	496.8	112.8
Net cash flows from (used in) investing activities	(246.4)	(222.0)	(24.4)
Net cash flows from (used in) financing activities	(89.2)	(316.2)	227.0
Increase (decrease) in cash and cash equivalents	**274.0**	**(41.4)**	**315.4**
Impact of changes in foreign exchange rates on cash and cash equivalents	(17.1)	(1.5)	(15.6)
Cash and cash equivalents at beginning of the period	**219.2**	**262.1**	**(42.9)**
Closing cash and cash equivalents	**476.2**	**219.2**	**257.0**

As of 31 December 2020, Group cash and cash equivalents amounted to €476.2 million, compared to €219.2 million as of 31 December 2019.

8.5.1.1 Net cash flows from operating activities

The following table shows the Group's net cash flows from operating activities for the years ended 31 December 2020 and 31 December 2019:

(in € million)	**Year ended 31 December 2020**	**Year ended 31 December 2019**	**Change**
Net profit	**209.6**	**124.6**	**85.0**
Share of net profit of associates, net of dividends received	(1.4)	0.7	(2.1)
Depreciation, amortisation and impairment of assets	276.4	283.5	(7.1)
Gains and losses on disposals of assets	3.2	(1.4)	4.6
Interest expense on financial liabilities	35.4	68.8	(33.4)
Unrealised foreign exchange gains and losses	(3.2)	(1.6)	(1.6)
Gain/loss on net monetary position (IAS 29, Hyperinflation)	4.1	5.8	(1.7)
Unrealised gains and losses on changes in the fair value of derivatives	6.1	(2.9)	9.0
Change in inventories	55.3	19.7	35.6
Change in trade receivables, trade payables and other receivables and payables	15.8	(13.9)	29.7
Current tax expense	73.0	71.0	2.0
Taxes paid	(60.2)	(59.1)	(1.1)
Changes in deferred taxes and provisions	(4.5)	1.6	(6.1)
Net cash flows from operating activities	**609.6**	**496.8**	**112.8**

Group net cash flows from operating activities amounted to €609.6 million for the year ended 31 December 2020, compared to €496.8 million for the year ended 31 December 2019.

The increase in net cash flows from the Group's business of €112.8 million between the two periods is primarily a result of the increase in net income (see Section 7.2.8 "Net income" of this Universal Registration Document), the decrease in interest expense on financial debt, as well as the decrease in working capital over the period concerned, mainly due to the decrease in inventories of finished products.

8.5.1.2 Net cash flows from (used in) investing activities

The following table shows the Group's net cash flows from investing activities for the years ended 31 December 2020 and 31 December 2019:

(in € million)	**Year ended 31 December 2020**	**Year ended 31 December 2019**	**Change**
Acquisition of property, plant and equipment and intangible assets	(250.5)	(252.5)	2.0
Increase (decrease) in debt on fixed assets	2.8	19.3	(16.5)
Acquisitions of subsidiaries, net of cash acquired	1.0	(0.5)	1.5
Capital expenditure	**(246.7)**	**(233.7)**	**(13.0)**
Deferred payment related to acquisition of subsidiary	—	—	—
Disposals of property, plant and equipment and intangible assets	(0.4)	3.7	(4.1)
Disposals	**(0.4)**	**3.7**	(4.1)
Increase in loans, deposits and short-term borrowings	—	(5.7)	5.7
Reduction in loans, deposits and short-term borrowings	0.7	13.7	(13.0)
Changes in loans and deposits	**0.7**	**8.0**	**(7.3)**
Net cash flows used in investing activities	**(246.4)**	**(222.0)**	**(24.4)**

The Group's net cash flows from investing activities, which primarily reflect acquisitions of property, plant and equipment and intangible assets (or capital expenditure (Capex) (see Sections 5.7 "*Investments*" and 8.4.1 "*Capital expenditure*" of this Universal Registration Document)), totaled €(250.5) million for the year ended 31 December 2020 and €(252.5) million for the year ended 31 December 2019.

Net cash flows from the Group's investing activities increased by €24.4 million between the two periods of the year ended 31 December 2020, this increase in 2020 mainly due to a decrease in debt on fixed assets in 2020 (2019 had been marked by the construction of a new furnace in Jacuntinga).

8.5.1.3 Net cash flows from (used in) financing activities

The following table shows the Group's net cash flows from financing activities for the year ended 31 December 2020 and 31 December 2019:

(in € million)	**Year ended 31 December 2020**	**Year ended 31 December 2019**	**Change**
Capital increase (decrease)	20.1	—	20.1
Dividends paid	(13.1)	—	(13.1)
Transactions with shareholders	**7.0**	**—**	**7.0**
Capital increases of subsidiaries subscribed by third parties	—	7.2	(7.2)
Dividends paid to non-controlling interests by consolidated companies	(2.2)	(6.9)	4.7
Transactions with non-controlling interests	**(2.2)**	**0.3**	**(2.5)**
Increase (decrease) in bank overdrafts and other short-term borrowings	(40.9)	106.4	(147.3)
Increase in long-term debt	207.0	1 538.5	(1 331.5)
Decrease in long-term debt	(228.5)	(1 891.0)	1 662.5
Financial interest paid	(31.6)	(70.4)	38.8
Change in gross debt	**(94.0)**	**(316.5)**	**222.5**
Net cash flows from financing activities	**(89.2)**	**(316.2)**	**227.0**

The Group's net cash flows from financing activities amounted to €(89.2) million for the year ended 31 December 2020 compared to €(316.2) million for the year ended 31 December 2019.

The main cash flows for the financial year ended 31 December 2020 concerned the change in gross debt, in the amount of €(94) million, mainly due to:

– the drawdown of the revolving credit facility RCF 1 for €200 million, and its repayment over the financial year;

– the decrease in negotiable debt securities Neu CP;

– the decrease in financial interest paid, particularly in connection with the Group's refinancing in connection with its IPO in October 2019.

8.5.1.4 Operating cash flows and cash conversion

The main performance indicators used by the Group to analyze its cash flows are operating cash flows and cash conversion (see also Section 7.1.4 "*Key performance indicators*" of this Universal Registration Document). The Group regularly reviews these performance indicators to analyze and evaluate its operations and their trends, measure their performance, prepare results forecasts and make strategic decisions.

(in € million)	Year ended 31 December 2020	Year ended 31 December 2019	Change
Operating cash flows	442.2	408.4	33.8
Cash conversion	60.0%	59.0%	100Pb

Operating cash flows and cash conversion are alternative performance measures according to the position of AMF No. 2015-12.

Operating cash flows and cash conversion are not standardized accounting measures meeting a single definition generally accepted by IFRS. They should not be considered a substitute for operating profit, net income or cash flows from operating activities, which are measures defined by IFRS, or a substitute measure of liquidity. Other issuers may calculate operating cash flows and cash conversion differently from the definitions used by the Group.

Operating cash flows

Operating cash flows represent cash flows plus the change in operating working capital.

Cash flows correspond to operating profit adjusted for depreciation, amortization and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plans, disposal-related effects and subsidiary contingencies, site closure expenses and other items (i.e., adjusted EBITDA) less Capex.

Reconciliation of operating profit to operating cash flows

(in € million)	Year ended 31 December 2020	Year ended 31 December 2019	Change
Operating profit	**316.4**	**295.1**	**21.3**
Depreciation, amortisation and impairment(1)	276.4	283.5	(7.1)
Restructuring costs(2)	19.8	2.9	16.9
Acquisition and M&A costs(3)	0.1	(2.1)	2.2
IAS 29, Hyperinflation (Argentina)	2.9	1.6	1.3
Management share ownership plan and associated costs(4)	5.8	11.5	(5.7)
Sao Paolo site closure	—	2.4	(2.4)
Other(5)	4.3	20.3	(16.0)
Adjusted EBITDA	**625.7**	**615.2**	**10.5**
Capex(6)	(250.5)	(252.5)	2.0
Cash flows	**375.2**	**362.7**	**12.5**
Change in operating working capital(7)	(67.0)	(45.7)	(21.3)
Operating cash flows	**442.2**	**408.4**	**33.8**

(1) *Includes depreciation and amortization of intangible assets and property, plant and equipment (Note 5.2 of the Group's consolidated financial statements), amortization of intangible assets acquired through business combinations (Note 6.1 of the Group's consolidated financial statements) and impairment of property, plant and equipment (Note 6.2 of the Group's consolidated financial statements).*

(2) *Corresponds to transformation plan mainly in France 2020 (Note 6.2 of the Group's consolidated financial statements)*

(3) *Corresponds to acquisition and M&A costs (Note 6.1 of the Group's consolidated financial statements). In 2019, mainly includes a reversal of the provision for accrued RETT liabilities recorded in the acquisition of the packing division of Compagnie de Saint-Gobain in 2015*

(4) *Corresponds to share-based compensation plans (Notes 5.2 and 19.3 of the Group's consolidated financial statements).*

(5) *Corresponds to various other non-recurring items:*

- *in 2020, primarily donations and purchases of personal protection equipment made by the Group during the Covid-19 crisis.*
- *in 2019, primarily costs incurred in connection with the Group's initial public offering.*

(6) *Excluding rights of use under IFRS 16.*

(7) *Taking into account only the impact of cash flows.*

The Group's operating cash flows increased by €33.8 million during the year ended 31 December 2020, thanks to improved operating profit. This improvement is primarily a result of revenue growth and benefits from a significant improvement in the Group's profitability, despite an increasing costs base, particularly energy costs or selling, general and administrative expenses. This increase in the operating profit is also a result of the continued rationalization of production costs under the Group's industrial performance improvement plan.

Cash conversion

Cash conversion is defined as the ratio between cash flows (as defined above) and adjusted EBITDA.

Elements related to the determination of adjusted EBITDA are provided in the reconciliation of operating cash flows (see above).

Reconciliation of adjusted EBITDA to cash conversion

(in € million)	**Year ended 31 December 2020**	**Year ended 31 December 2019**
Adjusted EBITDA	**625.7**	**615.2**
Capex(1)	(250.5)	252.5
Cash flows	**375.2**	**362.7**
Cash conversion	**60.0%**	**59.0%**

(1) *Excluding rights of use under IFRS 16.*

The Group's cash conversion during the year ended 31 December 2020 went from 59% for the year ended 31 December 2019 to 60% for the year ended 31 December 2020. This slight increase is due to an increase in adjusted EBITDA and a slight decrease in Capex, explaining the slight increase in *cash conversion*.

9. LEGISLATIVE AND REGULATORY ENVIRONMENT

9.1 Legislation and regulations in European Union Member States

9.1.1 Regulations for packaging products

Health regulations

The Group, as a manufacturer of packaging for beverages and food products, is subject to European regulations aimed at protecting consumer health.

Contact with food

EC Regulation no. 1935/2004 dated 27 October 2004 governing the materials and items that come into contact with liquid and solid foodstuffs is intended to ensure a high level of protection of human health and consumer interests.

This regulation covers materials and items destined to come into contact with food or which are already in contact with food. This regulation is therefore particularly aimed at packaging and containers like those produced by the Group.

This regulation states that packaging must be sufficiently inert. Thus, materials and items must be manufactured in line with good manufacturing practices so that, under normal or foreseeable conditions of use, they are not transferred to food in quantities large enough to endanger human health, to bring about an unacceptable change in the composition of the food, or cause a deterioration in its organoleptic properties. In terms of migration limits, glass in certain countries is subject to the directive on ceramic articles, in particular Directive 84/500/EEC, which was modified by Directive 2005/31/EC, which sets forth migration limits for lead and cadmium.

The commercialization of packaging destined to come into contact with food that does not abide with these regulations is prohibited.

For glass packaging producers, the traceability of labelled packaging is ensured when products are stored on pallets. This makes the inspection of products and the removal of defective items easier.

Packaging hygiene

The Group is also subject to European regulations regarding packaging hygiene. EC Regulation no. 852/2004 dated 29 April 2004 stipulates general hygiene rules that apply to all food and requires that packaging and container materials must not be a source of chemical, bacterial or physical contamination of food.

The regulation also stresses that every food business operator along the food chain should ensure that food safety is not compromised. This includes the storage of packaging and the process of packaging food.

So that each of the Group's companies complies with these requirements, a Hazard Analysis Critical Control Point (HACCP) methodology has been implemented, which includes documentation that identifies and evaluates significant food risk factors. Among these companies and on a voluntary basis, some of the Group's companies have obtained ISO 22000 certification for their internal procedures according to the ISO 22000, FSSC 22000 or BRC standards covering food safety requirements. Twenty nine of the Group's production facilities are now certified.

Environmental regulations

In its role as a producer of packaging, the Group is subject to regulations governing packaging and packaging waste enacted with the aim of protecting the environment.

Directive 94/62/EC of 20 December 1994 on packaging and packaging waste (the "Packaging and Packaging Waste Directive"), transposed in France in Articles R. 543-42 to R. 543-52 of the Environmental Code, and in all the European countries in which the Group has industrial facilities, aims to harmonize national legislation governing packaging and packaging waste in order to decrease their impact on the environment.

To do so, the Packaging and Packaging Waste Directive sets out guidelines for the prevention of packaging waste, its reuse, recycling and recoverability. These requirements apply to the production and composition of the packaging as well as its reusable or recoverable features.

The Group must notably keep the mass and volume of its packaging to the minimum possible within safety and hygiene standards, while maintaining the needed functionality and respecting customers' expectations in terms of quality. The Group must also produce packaging in such a way that it can be reused or recovered, including recycled.

This recovery and recycling of packaging is carried out through glass packaging collection schemes that vary from one country to another. The main collection and recycling schemes in force in the Member States of the European Union where the Group has production facilities are described below.

France

The Packaging and Packaging Waste Directive, and its application orders codified in the Environmental Code, favour recycling and packaging recoverability.

The schemes in place distinguish between household and non-household waste.

If the end users are households, the collection and recycling scheme for household waste in France was established, even before the Packaging and Packaging Waste Directive, by law no. 75-633 of 15 July 1975, as amended, regarding the disposal of waste and the recovery of materials and its implementing decree no. 92-377 of 1 April 1992 (included in the Environmental Code in Articles R. 543-53 et seq). This law requires all producers that package their products (either directly or through a third party) for sale on the national market to provide waste-disposal schemes to households for this packaging. The producer can delegate the provision of this scheme to a company authorised by the public authorities in exchange for financial payment. In return, the two authorised companies in France (Citeo and Adelphe) provide financial assistance to local authorities to set up selective household packaging waste collection.

The authorised companies coordinate between the companies that commercialise packaged products, the local authorities that are in charge of setting up waste collection and treatment schemes, and the recycling professionals.

The Chambre Syndicale des Verreries Mécaniques de France ("CSVMF"), the French glass industry federation, undertakes to take charge of all the glass packaging waste collected by local authorities pursuant to a framework agreement with the authorized companies. The CSVMF designates glass producers to recover the glass according to on their collection zones.

The glass makers execute the commitment made by the CSVMF by signing a recovery guarantee contract with local authorities. They recover the glass packaging collected by the local authorities, transport it and transform it into cullet through the intermediary of cullet treatment centres.

The collection and recycling scheme for non-household waste is outlined in directive no. 94-609 of 13 July 1994 (included in the Environmental Code under articles R. 543-66 et seq). Under this scheme, the Group has three options for recovering its waste: recover the waste itself at an authorized installation; transfer the waste to an operator of an authorized installation; or transfer the waste to an authorized third party.

Germany

Since 1 January 2019, the packaging law (*Verpackungsgesetz*) has replaced the regulations that entered into force in 1991 (*Verpackungsverordnung*). In particular, this law requires glass producers to participate in a German eco-organisation for the collection and recycling of packaging waste. One of the largest collective recycling companies in Germany is DSD (*Duales System Deutschland GmbH*). The glass producers obtain cullet from these recycling companies.

Spain

Spain's recycling system is governed by law no. 11/1997 of 24 April 1997 on packaging and packaging waste. It includes an integrated glass bottle collection system. The entity in charge of glass collection and recycling is the not-for-profit organisation Ecovidrio.

Portugal

Portugal has also enforced a glass collection and recycling scheme. Under the terms of Legislative Decree No. 152-D/2017 of 11 December 2017, drink and food producers are responsible for recycling. Glass packaging producers must, therefore, in cooperation with producers of beverages and food products and the importers of packaged products, work to incorporate secondary raw materials coming from the recycling of packaging waste in their production process.

Glass packaging producers are required to recycle at least 60% of the glass packaging used within the country. The objective is to reach a recycling rate of 70% by 2025 and 75% by 2030.

In order to comply with these obligations, producers of food and beverage products and importers may subcontract the management of their packaging and waste.

Italy

In Italy, legislative decree number 22/97 dictates obligations in terms of glass collection and recycling. Based on this decree, "Co.Re.Ve" (the glass recovery consortium) was created in October 1997 and is charged with collecting and recycling used glass

9.1.2 Regulations for the glass making industry

The Group is also subject to regulations aimed at managing the emissions of pollutants, which have increased in recent years.

Pursuant to European Council Directive 96/61 EC of 24 September 1996 on the prevention and integrated reduction of pollutants (the **"IPPC Directive**"), for an operating permit to be granted, the Group's facilities had to be operated so that all of the "best available techniques" were implemented to prevent pollution. Directive 2010/75/EU, the Industrial Emissions Directive ("**IED**"), replaced and reinforced the IPPC Directive. Thus, for an operating permit to be granted, the emissions from the Group's facilities must not exceed certain limits, the value of which is established based on the "best available techniques" as defined in the European Commission's enforcement decision establishing conclusions on the best available techniques for the production of glass under the IED of 28 February 2012. The IED was adapted in France within the framework of the Regulation on Classified Facilities, in Articles L.515-28 et seq. of the French Environmental Code.

Moreover, Directive no. 2003/87/EC of the European Parliament and of the Council of 13 October 2003, establishing a Community System for Greenhouse Gas Emissions Trading within the Community, known as the "**EU Emissions Trading Scheme**" (EU ETS), introduced greenhouse gas emission quotas in the European Union for carbon dioxide only.

The EU ETS Directive is designed to reduce emissions of gas pollutants in the air by creating an EU Community-based trading system in greenhouse gas emission allowances. The European glass industry to which the Group belongs is covered in Annex I of this Directive.

The ETS states that each Member State should develop a Quotas National Allocation Plan (**NAP**) setting the total emissions allowance for a given period (first period: 2005–2007; second period: 2008–2012; third period: 2013–2020) and the breakdown of this allowance by site.

The EU ETS Directive thus allows member States to impose a cap on the greenhouse gas emissions of the relevant facilities, and then to allocate freely the quotas corresponding to this cap. The companies covered by the Directive also have the option to trade allowances on the ETS. As a result, a facility that emits more than its allocation must obtain the missing quotas; this is the polluter-pays principle; and, inversely, a facility that emits less than its allocation may sell its unused allowances and thus generate revenue.

The EU ETS Directive was transposed to French law by the Decree No. 2004-832 of 19 August 2004, as amended by Decree No. 2019-190 of 14 March 2019, now codified in Articles R. 229-5 et seq. of the Environmental Code; the distribution of quotas by operator was set for the period 2013-2020 by an order of 24 January 2014, as amended.

For the period between 2013 and 2020 (Phase III), the EU ETS was amended by Directive 29/2009/EC, which defines the gradual reduction in the quantity of allowances issued and revises the allocation system for free allowances by introducing a European system based on benchmarks by product. It also stipulates special provisions for industrial sectors that are considered to be exposed to "carbon leaks"[59].

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[59] A "carbon leak" is a situation in which a company, in order to escape the costs related to climate policies, moves its production to another country that applies less stringent rules for limiting emissions.

The hollow glass sector, in which the Group operates, meets the criteria set out by the European Commission to be considered as an exposed sector, and is therefore eligible for free carbon credits, the total volume of which may not exceed the benchmark calculated on the basis of the average performance of the most efficient installations in the European Union. European Commission Regulation 1031/2010 of 12 November 2010 on a scheme for greenhouse gas emission quotas trading for the 2013-2020 period completes this Regulation.

For the period from 2021 to 2030 (Phase IV), Directive 2018/410/EU of 14 March 2018 on improving the cost-efficiency ratio from lower emissions and favoring low carbon-intensity investments stipulates an acceleration in the annual reduction of the total number of allowances in circulation, in order to increase the rate of emission reductions.

Given the Group's quota deficit, a provision was recognized in for the 2019 and 2020 years for an amount of €37.7 million and €31 million, respectively. Moreover, in order to secure the prices at which it will have to acquire allowances, and in preparation for the end of Phase III, the Group has made forward purchases of carbon dioxide allowances on the market for a total amount at 31 December 2020 of €28.5 million, corresponding to the majority of its expected deficit. The settlement of forward purchases and delivery of allowances will result in a cash outflow for the Group (it will accordingly record a reversal of the aforementioned provision corresponding to the amount of said outflows) in 2021.

For Phase IV (2021–2030), the level of allowances freely allocated to the Group will not be known until during 2021 for the period from 2021–2025 and at the beginning of 2026 for the period from 2026–2030. Despite the uncertainty about the number of quotas it will be allocated for Phase IV, the Group already anticipates that this number will be lower than the number it was freely allocated in Phase III and that, in any case, considering the deficits observed with respect to Phase III, it will not allow the Group to meet its restitution obligations for its carbon dioxide emissions. In light of this prospect, the Group has already made forward purchases of carbon dioxide quotas on the market for a total amount of €27.6 million. In addition, in the event of a significant modification of the production capacity of one or more of its sites during Phase IV, the Group will ask the competent authorities to revise the level of quotas allocated to such site or sites, in the framework of attribution of so-called dynamic free allocations. The Group therefore believes that, despite the efforts it will make to lower its carbon dioxide emissions, it will be forced to continue its policy of purchasing quotas on the market for substantial amounts.

The Group's activities are also subject to the requirements resulting from directives on air quality, such as Directive 2008/50/EC of the European Parliament and the Council of 21 May 2008 governing the quality of ambient air and pure air in Europe, as amended, which merged most of the existing directives on air quality and which also imposes emission limits on certain substances, such as sulphur dioxide. Moreover, the Group's operations must comply with the requirements stipulated by the framework directive 2000/60/EC on water of the European Parliament and Council adopted on 23 October 2000 aimed at preventing and reducing water pollution. The Group must also comply with the national regulations that transpose Directive 2002/49/EC of the European Parliament and Council of 25 June 2002 on the assessment and management of noise in the environment.

The Group is also subject to Directive 2004/35/EC of the European Parliament and Council dated 21 April 2004 on environmental responsibility for the prevention and repair of environmental damage on the basis of the "polluter pays" principle. In addition, national regulations generally impose decontamination obligations on present and past owners, operators or users of contaminated sites, as applicable.

Finally, some countries in which the Group is present, including Germany and Italy, have established subsidies tied to the cost of energy. In Germany, the Group, as a high energy-consumption company, thus benefits from an exemption or reductions in some taxes applied to electricity prices. In Italy, a mechanism set up in 2005, from which the Group benefits, provides for the award of energy savings certificates (Certificati Bianchi), if measures to improve energy efficiency are implemented. These certificates can be traded on a regulated market and sold to power distributors. In addition, since the second half of 2013, the Group has benefited in Italy from subsidies on certain items included in the prices of its electricity consumption. Until 31 December 2017, these subsidies were in the form of reimbursements; as of 1 January 2018, they result in a reduction in the cost of its power consumption.

9.1.3 Regulations regarding chemical substances

EC Regulation no. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH Regulation") imposes a series of obligations on all industrial sectors, including the glass industry, in the area of registration, use and restrictions applicable to the chemical substances used in production processes. For example, the Group must provide information to users directly down the supply chain, such as a declaration that the substance is not subject to authorisation or the details of any restriction imposed. Moreover, although glass is exempt from the registration obligation as a downstream user of substances, the Group must communicate its uses of substances to suppliers so that they are covered in their registration files.

The Group keeps a close eye on changes to the list of substances that are subject to authorisation or restrictions in order to fulfil, where necessary, its obligation to communicate with its customers.

9.2 Legislative and regulatory environment in Latin America

In Latin America, the Group is also subject, particularly in Brazil and Argentina, to a legislative and regulatory environment similar to the one described above, particularly for the protection of consumer health and protection of the environment.

Brazil

The Federal law no. 6. 938/1981 stipulates that industrial activities that use environmental resources and are considered to be potentially polluting, or that can cause environmental damage, are subject to environmental authorisation. Industrial activities, like those of the Group's Brazilian subsidiary, must comply with the parameters for atmospheric emissions defined by the national air quality monitoring programme established by Resolution no. 05/89. In addition, in accordance with the national policy on solid waste (Federal Law no. 12.305/2010), the producer is responsible for the elimination of the hazardous and non-hazardous waste that it produces. Moreover, packaging materials that are in contact with liquid and solid food must comply with the rules stipulated by the National Health Monitoring Agency. Finally, since 2018, Brazil has been studying the introduction of a regulation to control the use of chemical substances, inspired by European directives (of REACH type). The draft of the regulation is being prepared by the authorities.

Argentina

Law no. 24.051, the "Hazardous Waste Law", promulgated in 1992 (the "HWL"), and Decree no. 831/93 govern the production, transport, treatment and elimination of hazardous waste. The HWL defines hazardous waste as waste that could harm humans, flora or fauna, or pollute the soil, water, or the environment in general. All companies involved in the production, transport, treatment and elimination of hazardous waste, like the Group's Argentine subsidiary, must be registered in the register of producers and users of hazardous waste, which is kept by the Office of Natural Resources and the Environment, the governmental organization responsible for applying the law. This organization issues environmental certificates authorizing the production, transport, treatment and elimination of hazardous waste, subject to compliance with certain requirements of the HWL. In addition, the National Food Code stipulates that packaging products that come in contact with liquid and solid food must first be authorized by the competent government authority. This obligation applies to packaging products manufactured in Argentina and to products imported from a third country

10. TREND INFORMATION

10.1 Trends in activities

A detailed description of the Group's results for the year ended 31 December 2020 can be found in Chapter 7 "*Analysis of the Group's financial position and results*" of this Universal Registration Document.

10.2 Medium-term outlook

Despite the significant economic impact of the Covid-19 pandemic, the extent and duration of which still remain uncertain, in 2020 the Group reiterated the majority of its medium-term objectives (2020–2022), exception was made for its objective of organic growth between 3% and 5% per year, given the weakness of business activity (and of volumes) in 2020, which were adversely affected by the Covid-19 pandemic, as well as lower-than-expected sales price increases against a backdrop of inflation of the Group's production costs, which were more moderate than initially expected.

The Group's outlook and objectives below, which are taken from the Group's overall strategy, are not intended as forecasts or as estimates of the Group's results. The figures, data, assumptions, estimates and objectives presented below are subject to unforeseen changes or modifications over the next months, depending in particular on the evolution of the current health crisis, changes in the economic, financial, competitive, legal, regulatory, accounting and tax environments, or other factors of which the Group is unaware of at the date of this universal registration document.

In addition, the materialisation of certain risks described in Chapter 3 "*Risk Factors*" of this universal registration document could have a negative impact on the Group's operations, financial position, market position, results or outlook, and thus jeopardize its ability to achieve the objectives described below.

Furthermore, achieving these objectives presupposes the success of the Group's strategy.

Accordingly, the Group makes no undertaking and gives no guarantee as to the achievement of the objectives contained in this section.

Outlook for the evolution of the Group's activities and financial objectives

The Group believes that the impact of the continuation of the Covid-19 pandemic on the general economic context, which remains, as of the date of this universal registration document, difficult to assess, could affect some of the trends and growth outlook related to certain end markets, although the fundamental trends of the glass packaging market, mainly related to the inherent features of glass, should not be significantly affected, as demonstrated by the resilience shown by the Group in 2020.

In this difficult context, over the 2021-2022 period, the Group is aiming to implement a strategy of profitable growth in its activities based primarily on (i) continued disciplined growth, (ii) ongoing deployment of its operational excellence program, (iii) continuation of a rigorous investment policy for the Group's future sustainable development, and (iv) development of a strong entrepreneurial culture.

In July 2020, the Group abandoned its objective to record an organic CAGR[60] of between 3% and 5% in its consolidated revenue by 2022. However, it intends to pursue its growth, relying mainly on:

i. the favorable fundamental trends of the glass packaging market and some of its end markets (see Section 5.5 of this Universal Registration Document);

ii. an ongoing improvement to the mix due to premiumisation trends in its product range; and

iii. an increase in the Group's selling prices designed to pass on the increase in production costs under its pricing policy.

The Group also expects to benefit from past and future capital expenditure to increase its production capacities with (a) the addition of new production capacities with the commissioning of a new furnace with two production lines at the Villa Poma site in Italy in the first quarter of 2021 that will generate around 80 kT of additional annual production capacity, with the possibility of extending this production capacity up to around 115 kT by 2022, if necessary; and the commissioning of a new furnace with two productions lines at the Azuqueca site in Spain that is scheduled to generate an additional annual production capacity of around 85 kT (see Section 5.7 *"Investments"* of this Registration Document); also in 2021, the construction of a second furnace at the Brazilian site of Jacutinga, whose commissioning is planned for the end of 2022 for an additional annual production capacity of the order of 115 kT and (b) the creation of additional production capacities on existing production lines, relying on improved yields from the Group's production sites ("debottlenecking") within the framework of the implementation of its operational excellence programme (see Section 5.2.3 of this Registration Document).

The Group is also targeting an adjusted EBITDA margin above 25% in 2022, primarily through (i) favourable fundamental trends of the glass packaging market and some of its end markets, (ii) continued implementation of the plan to improve the Group's industrial performance (Performance Action Plan (PAP)), and the reduction in costs, and (iii) the continuation of its dynamic pricing policy. This target adjusted EBITDA margin integrates the impact of unwinding the forward purchases of carbon dioxide quotas (see Section 9.1.2 *"Regulations governing the glass industry" of this Registration Document).*

[60] On a like-for-like basis (excluding changes in exchange rates and scope)

The Group also intends to optimise the allocation of its capital expenditure by pursuing a disciplined investment policy aimed at maintaining recurring capital expenditure at around 8% of its annual consolidated revenue (excluding capitalisation of the right of use related to the application of IFRS 16) over the 2021-2022 period.

The Group also intends to maintain its ratio of net financial debt to adjusted EBITDA between 2x and 3x over the 2021-2022 period.

Finally, the Group's objective is to distribute dividends over the 2021-2022 period in an annual amount greater than 40% of its consolidated net income and at a minimum annual amount of €100 million, subject to approval by the general meeting of the Company's shareholders.

11. PROFIT FORECASTS OR ESTIMATES

The forecasts for the year ended 31 December 2021 presented below are based on data, assumptions and estimates that the Group considers reasonable at the date of this Universal Registration Document. These data and assumptions are subject to change or to be modified as a result of uncertainties due to the economic, financial, accounting, competitive, regulatory and tax environments, among others, or as a result of other factors of which the Group is unaware of at the date of this Universal Registration Document. In addition, the materialisation of certain risks described in Chapter 3 "Risk Factors" of this Universal Registration Document could have an impact on the Group's operations, financial position, results or outlook, and thus jeopardize its forecasts. Furthermore, achieving these forecasts presupposes the success of the Group's strategy. Therefore, the Group makes no undertaking and gives no guarantee as to the achievement of the forecasts contained in this section.

The forecasts presented below and their underlying assumptions were prepared in accordance with the provisions of delegated Regulation (EU) No. 2019/980 and ESMA recommendations on forecasts.

11.1 Assumptions

The Group has prepared its forecasts for the year ending 31 December 2021 in accordance with the accounting methods applied in the Group's consolidated financial statements for the year ended 31 December 2020.

These forecasts are primarily based on the following assumptions for the year ending 31 December 2021:

– Internal assumptions:

  – the continued implementation of the Group's strategy as described in Section 5.3.2 of this Universal Registration Document, particularly the continued deployment of the Group's operational excellence program and the industrial performance improvement plan (Performance Action Plan (PAP)), including the reduction of costs;

  – an increase in volumes compared to 2020, driven by an increase in demand supported by market changes in line with the trends described in Section 5.5 of this Registration Document, and by the creation of additional production capacities on existing production lines resulting from improved yields from the Group's production sites ("debottlenecking") as part of the continued implementation of its operational excellence program;

– the continued implementation of the Group's dynamic pricing policy with the possibility of passing increases in its production costs on to its customers and also generating a positive spread on its sales, and the continuation of its risk hedging policy tied to changes in the costs of raw materials and energy;

– Macro-economic and market assumptions:

– the absence of any significant change in the regulatory and fiscal environment existing on the date of this Universal Registration Document;

– the absence of material worsening of the Covid-19 crisis which would result in a strengthening of lockdown measures being in force as of the date of this Universal Registration Document.

11.2 Outlook for the financial year ending on 31 December 2021

In a climate that remains uncertain, Verallia is well prepared to match the volumes reached in 2019 again in 2021, leading to positive organic growth. 2021 adjusted EBITDA is also expected to increase from the previous year to around €650 million and the adjusted EBITDA margin is expected to exceed the medium term target of 25%.

Confident in the growth of the Brazilian market, Verallia has decided to build an additional furnace at the plant in Jacutinga. This new strategic investment, totalling approximately €60 million, will be spread across 2021 and 2022.

12. SUPERVISORY AND MANAGEMENT BODIES

See Chapter 1 "Corporate Governance" of the Corporate Governance Report contained in Annex I to this Universal Registration Document

13. COMPENSATION AND BENEFITS

See Chapter 2, "Remuneration and Benefits to Corporate Officers" of the Corporate Governance Report contained in Annex I to this Universal Registration Document.

14. OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

See Chapter 1 "Corporate Governance" of the Corporate Governance Report contained in Annex I to this Universal Registration Document.

15. EMPLOYEES

15.1 Employment data

15.1.1 Number and breakdown of employees

As of 31 December 2020, the Group had approximately 9,600 employees within its scope of consolidation.

At that date, around 87% were employed in Europe (with France accounting for approximately 26% of the Group total) and around 13% in Latin America.

For the year ended 31 December 2020, the Group's payroll amounted to €501 million, compared with €486 million for the year ended 31 December 2019. The payroll is the sum of all gross wages and salaries and employers' social security contributions, as well as employee profit-sharing and incentives and other personnel expenses recorded each financial year.

The table below shows the trend, over the past three years, of the Group's headcount by geographic area:

	Headcount* as of 31 December		
Geographic area	**2020**	**2019**	**2018**
Northern and Eastern Europe	3,122	3,322	3,275
Southern and Western Europe	5,184	5,191	5,105
Latin America	1,247	1,259	1,295
Total	**9,553**	**9,772**	**9,675**

**Headcount excluding India, the United States and Alver (sold in 2018) and excluding temporary workers and trainees.*

The table below shows the trend, over the past three years, of the Group's headcount for its main subsidiaries (excluding temporary workers and trainees):

	Headcount as of 31 December		
Subsidiaries	**2020**	**2019**	**2018**
Verallia Packaging	154	155	139
Verallia France	1, 780	1, 788	1, 795
VOA Verrerie d'Albi	322	322	316
Verallia Deutschland	1 617	1 655	1 576
Verallia Italia S.p.A.	1, 254	1, 246	1, 143
Verallia Spain	1, 021	1, 029	1, 043
Verallia Portugal	245	245	244
Rayen Cura	418	422	420
Verallia Brasil	635	640	711
Verallia Ukraine	464	537	537
Total	**7, 910**	**8 039**	**7, 924**

The table below shows the trend, over the past three years, of the breakdown of the headcount by socio-professional category (SPC):

	Headcount* as of 31 December		
Breakdown of headcount by SPC	**2020**	**2019**	**2018**
Managers	993	921	850
Clerical and supervisory staff	2,230	2,324	2,266
Manual workers	6,330	6,527	6,559
Total	**9,553**	**9,772**	**9,675**

**Headcount excluding India, the United States and temporary workers and trainees.*

The table below shows the trends, over the past three years, of the breakdown of the headcount by type of employment contract:

Breakdown of headcount* by type of employment contract	Financial year 2020	Financial year 2019	Financial year 2018
Permanent contracts	90.0%	88.5%	88.2%
Fixed-term contracts	4.3%	5.0%	4.2%
Temporary staff	6.5%	6.5%	7.6%
Total	**100%**	**100%**	**100%**

**Headcount excluding India, the United States and trainees.*

15.1.2 Employment

The table below shows trends in employment within the Group over the past three

Employment*	Financial year 2020	Financial year 2019	Financial year 2018
Total turnover (all departures combined)	9.4%	10.9%	8.4%
Voluntary turnover (resignations only)	2.6%	3.5%	3.4%
Recruitment rate	7.6%	11.3%	10.6%
Percentage of permanent contracts	4.2%	6.8%	6.1%
Percentage of disabled employees/average headcount	3.3%	2.5%	3.3%

**Headcount excluding India, the United States and temporary workers and trainees.*

15.1.3 Working conditions and human resource policy

The Group attaches considerable importance to employment-related issues, and in particular health and safety in the workplace, staff motivation, the quality of social dialogue, and diversity and integration with the local community. All these themes form part of the Group's purpose and CSR strategy, as adopted by each division.

The human resources management policy is a key part of the Group's strategy. It seeks to anticipate the Group's skills requirements, ensuring that critical posts are filled, fostering the conditions for employee buy-in and meeting employee expectations, notably by taking their career plans and working conditions into account.

Embracing the Group's values provides the foundation on which the Group's mission, goals and strategy can be built, securing the commitment of all employees to espouse those values and strive for operational excellence.

Employee respect begins with the quality of the work environment, which must be sufficient to prevent workplace accidents and occupational illnesses.

The Group's plants operate continuously throughout the year. The glass production business requires constant commitment and sophisticated technical expertise. Workplace safety is a priority for the Group.

Updated in 2018, the Group's EHS (Environment, Health and Safety) policy targets a zero accident rate through compliance, training, dialogue and discipline. Integrated with the Group's industrial excellence program, the policy applies to everyone working on Group sites (employees, temporary workers and subcontractors).

The health and safety strategy is based on:

– upstream risk analysis at all sites;

– downstream root cause analysis, shared with all sites following an accident;

– compliance with the four key life-saving rules;

– dissemination and application of about twenty of the Group's safety standards;

– training and awareness-raising;

– audits; and

– pre-meeting security briefings.

The table below shows the trends in workplace safety over the past three years:

Workplace safety	Financial year 2020	Financial year 2019	Financial year 2018
Number of lost-time injuries (with or without work stopping)	88	86	44
Lost-time injury frequency rate (with or without work stopping TF2)*	4,6	5.2	2.3

** Number of work-related accidents per million hours worked. The calculation rules changed internally in 2019. With a comparable rule, the AF1 in 2018 would be 4.4 and the number of accidents would be 73.*

15.1.4 Diversity and gender equality policy

The Group is fully committed to gender equality and the diversity of its staff in every respect. To promote the respect of the principle of gender equality, the Group proposes concrete measures meant to increase the proportion of women at the company, support them in building a professional career and accessing management positions up to the highest level in order to:

– encourage the professional diversity throughout the recruitment process, starting from career guidance to attract female talent, as women are under-represented in the job applications we receive;

– guarantee gender equality in the workplace by supporting the promotion of women to management positions; and

– establish measures to fight against stereotypes and measures for promoting diversity, in order to contribute to changing mentalities in the area of gender equality. This policy targets four priority areas: recruitment, remuneration, promotion and fighting against stereotypes:

– Recruitment: women and men undergo exactly the same the recruitment process, excluding any consideration based on gender, family situation or pregnancy. This process draws on identical selection criteria based on initial training, professional experience, skills and potential for a given job description. The job offers are non-discriminatory, are drafted in a gender-neutral fashion and do not convey any stereotype related to gender, age or other discriminating criterion. Communication and awareness-raising actions will be performed internally in order to favor the recruitment of women for jobs where women are traditionally under-represented. If a recruitment firm is used, it will be asked to present at least one candidate of each gender.

If multiple applications present skills evaluated at an identical level (equivalent education level, professional experience and skills), the recruitment of a candidate whose gender is less represented in the job in question – either a man or a woman – will be encouraged.

– Remuneration: Verallia affirms the principle of equal pay if the skills and the professional situation are identical upon hiring. Verallia monitors compliance the principle of equal pay if the skills and the professional situation are identical in the context of pay development. The remuneration of men and women will develop under the same conditions during pay review periods. During these annual remuneration reviews, special attention is paid to the development of pay of women returning from maternity leave so that they are not penalized.

– Promotion: in principle, talent evaluation and selection must be performed according to identical, neutral criteria when preparing and implementing career and succession plans. Verallia supports its female talent through training, coaching or mentoring program and targeted individual support actions to develop self-esteem and help them assert their ambition and desire to take on responsibilities. A specific mentoring program by the members of the Executive Committee aimed at women in all divisions has been in place since 2020. This program supports 10 women each year. It will be extended to division management committees in 2021. To continue to promote the issue of gender equality in the workplace, a "Women@Verallia" network was set up in 2019. This network has two main missions: firstly, to advise and steer women at the company in their career development ambitions by sharing their experiences, and secondly, to work on the theme of gender equality by proposing improvements that lead to better inclusion of women in positions of responsibility.

– The fight against stereotypes: stereotypes play a key role in the phenomena of discrimination and self-censorship. We want both men and women to have a more positive picture of their differences and to contribute to the cooperation between women and men. Internal communication campaigns have been conducted to that effect. A part devoted to the benefits of inclusive management will be included in management training program. Verallia will include messages in favor of diversity and gender equality in its external communications through the employer's brand.

The Group has joined the United Nations Global Compact and is committed to advocating the principles of human rights, environmental protection, international labor standards and anti-corruption.

15.1.5 Training

Each year, the Group defines the key areas of its training policy in line with the operational objectives to be achieved. The Group's general training program cover compliance (corruption, competition, embargoes), leadership, commitment to values, business-specific training and EHS. The courses are either attended in person or increasingly designed as online courses.

Other training courses are arranged locally based on the framework of the general training policy. They are primarily aimed at developing employee skills either individually or collectively.

Training needs are identified during annual appraisals when employees and their line managers review of performance, technical or managerial skills related to the position and the achievement of targets (mid-year review). For non-executives, the appraisal is based on the skills matrix associated with each job. These are subsequently collated by the heads of HR in each division so that they can be implemented.

Each year, the Group carries out "people reviews", which are an opportunity to validate the organizational structure, as well as examine skills matching, promotions and succession plans. The reviews are carried out in each country during budgeting and strategic planning, and are also organised by major sector.

The table below presents trends in training over the past three years:

Training	Financial year 2020	Financial year 2019	Financial year 2018
Percentage of workforce trained	77%	80%	80%
Proportion of managers and non-managers trained			
Managers	63%	82%	82%
Senior technicians and supervisors (1)	64%	73%	75%
Manual workers, administrative staff and technicians (2)	56%	72%	73%
Training costs as a % of total payroll	1%	1%	1%
Number of training hours per employee	25	37	45
Percentage per type of training:			
Technical	50%	46%	46%
Environment, Health, Safety	17%	19%	19%
Management	9%	9%	9%
Language	5%	9%	9%
Other	11%	10%	10%

1. *Senior technicians and supervisors.*
2. *Manual workers, administrative staff and technicians*

15.2 Compensation policy

The Group's compensation policy is intended, in accordance with the Company's social interest, and in line with market and industry practices, to ensure competitive compensation levels while maintaining a strong link to company performance.

The Group has thus implemented a compensation policy consisting of (i) a basic salary, which remunerates the position held and is attractive for recruiting and retaining talent, and for executives concerned and (ii) a variable annual share, which remunerates individual and collective performance based on the achievement of ambitious goals while capped at a maximum level to discourage excessive risk-taking. A source of motivation for teams, this variable annual share is based on annual criteria including safety, the environment, financial and operational performance, and personal goals.

In addition to this variable annual compensation, the Group intends to fully associate its employees with its development by associating them with the capital; the employee share ownership policy is thus a strategic pillar to support the Group's profitable and sustainable growth, which the Group intends to pursue actively (as at 31 December 2020, the Verallia employee investment fund (FCPE), which brings together the Company's employee share ownership, thus holds 3.2% of the Company's capital). Despite the health context, in 2020 Company offered Group employees the possibility of subscribing to a reserved capital increase via Verallia's corporate mutual fund and direct shareholding, under the discount and employer matching contribution conditions approved by the Board of Directors.

15.3 Stock options and free share grants

The Company has implemented a long-term incentive policy for senior executives, including its Chairman and Chief Executive Officer, in line with market practices (see Chapter 2 "Remuneration and Benefits to Corporate Officers" of the Corporate Governance Report contained in Annex I to this universal registration document).

15.4 Profit-sharing and incentive agreements

15.4.1 Profit-sharing agreements

In France, the Group's companies benefit from profit-sharing, depending on performance, in accordance with the statutory conditions.

15.4.2 Incentive agreements

In France, employees in most of the Group's companies are eligible for a share of their company's profits, calculated according to performance indicators such as safety, quality, output and operating income.

In Europe, Germany and Italy also have incentive agreements.

15.4.3 Employee savings plans and similar plans

The Group has a Group Savings Plan ("PEG") for French companies and an International Group Savings Plan ("PEGI") for its foreign companies, allowing eligible employees to participate in offers reserved for them through the Verallia employee investment fund or by direct shareholding for the offer reserved for employees only in 2020 and invest their savings in diversified funds.

15.5 Employee share ownership

The Company has a Verallia corporate investment mutual fund, invested in Verallia securities (the "**FCPE**"). The FCPE is an investment option for employees of Group companies participating in Group savings plans, either through the Group Savings Plan (PEG) or through the International Group Savings Plan (PEGI).

In 2020, the countries (other than France) participating in the PEGI in direct shareholding were Italy, Spain, Germany and Chile.

In this respect, thanks to operations launched each year by the Group since 2016, more than 3,000 employees have become company shareholders through the FCPE Verallia and direct shareholding, reaching a capital share of 3.3% upon completion of the operation in 2020.

Thus, at 31 December 2020, the share of capital held by the employees was 3.2%, after deduction of early releases carried out by employees in the second half of 2020, as allowed by the regulation in certain special individual situations (such as marriage, divorce, birth of a third child, departure from the company, etc.).

The Company's shareholders, meeting on 10 June 2020 in a Combined Shareholders' Meeting, delegated to the Board of Directors in their 20th resolution the authority to decide to increase the Company's share capital in one or more times, up to a maximum nominal amount of €12,000,000, per issue of new shares of the Company, reserved for eligible employees and corporate officers of the Company and of French and foreign companies linked to it under the terms of Articles L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code, members of a company savings plan of the Group. On 29 October 2020, the Board of Directors of the Company decided to issue common shares for employees who are members of a Group Corporate Savings Plan, the main features of the transaction were laid down and delegated to the Chairman and CEO of the Company the powers necessary to implement the transaction in 2021.

15.6 Social relations

The Group's employees are represented at various levels by trade union representatives, through various existing bodies, according to the regulations of the different countries, such as works committees and committees for health, safety and working conditions.

In accordance with the applicable European regulations, a European works committee has been in place since 2016. It is composed of 16 representatives who meet once a year. Its select committee meets two to three times a year. The Agreement on the establishment and functioning of the European Committee was renewed for a period of three years, until 31 December 2022.

Each company in each country has established employee representative bodies in accordance with the applicable law and maintains permanent social dialogue with employees and their representatives.

16. MAIN SHAREHOLDERS

16.1 Shareholders

The table below provides a breakdown of the Company's share capital as at 31 December 2019:

Shareholders	Total number of shares	% of share capital and voting rights
Horizon Investment Holdings[1]	65 505 178	55.3%
Bpifrance Participations	8 861 539	7.5%
Brasil Warrant Administração de Bens e Empresas S.A. (BWSA)[2]	10 185 185	8.6%
Managers	5 814 108	4.9%
Employees (FCPE Verallia and direct shareholding)	3 019 530	2.6%
Public	25 008 402	21.1%
Total	**118 393 942**	**100%**

(1) Company wholly owned by Horizon Parent Holdings S.à.r.l., which is indirectly owned by AIF VIII Euro Leverage, L.P., an investment fund managed by an affiliate of Apollo Global Management, Inc.

(2) Acting through Lepton Fund Ltd., a fund managed by BW Gestão de Investimentos Ltda., a wholly owned subsidiary of Brasil Warrant Administração de Bens e Empresas S.A.

The table below provides a breakdown of the Company's share capital as at 31 December 2020:

Shareholders	Total number of shares	% of share capital and voting rights
Horizon Investment Holdings[1]	45,477,896	36.9%
Bpifrance Participations	9,189,887	7.5%
Brasil Warrant Administração de Bens e Empresas S.A. (BWSA)[2]	27,405,390	22.2%
Employees (FCPE Verallia and direct shareholding)	3,957,833	3.2%
Public	37,241,813	30.2%
Total	**123,272,819**	**100%**

(1) Company wholly owned by Horizon Parent Holdings S.à.r.l., which is indirectly owned by AIF VIII Euro Leverage, L.P., an investment fund managed by an affiliate of Apollo Global Management, Inc.

(2) Acting through Lepton Fund Ltd., a fund managed by BW Gestão de Investimentos Ltda., a wholly owned subsidiary of Brasil Warrant Administração de Bens e Empresas S.A.

To the Company's knowledge, the table below provides a breakdown of the Company's share capital as at the date of this Universal Registration Document:

Shareholders	Total number of shares	% of share capital and voting rights
Horizon Investment Holdings[(1)]	34 977 896	28.4%
Bpifrance Participations	9 189 887	7.5%
Brasil Warrant Administração de Bens e Empresas S.A. (BWSA)[(2)]	30 005 390	24.3%
Employees (FCPE Verallia and direct shareholding)	3 957 833	3.2%
Treasury shares	2 100 120	1.7%
Public	43 041 693	34.9%
Total	**123 272 819**	**100%**

(1) *(Company wholly owned by Horizon Parent Holdings S.à.r.l., which is indirectly owned by AIF VIII Euro Leverage, L.P., an investment fund managed by an affiliate of Apollo Global Management, Inc..*

(2) *Acting through Kaon V, a sub-fund (wholly owned by Lepton Fund Ltd, a fund managed by BW Gestão de Investimentos Ltda. (BWGI), itself owned up to 99.955% by Brasil Warrant Administração de Bens e Empresas S.A) of Kaon Investment Fund ICAV, an Irish collective asset-management vehicle whose investment manager is BWGI.*

16.1.1 Apollo Global Management

Apollo Global Management is a leading global alternative investment manager with offices in New York, Los Angeles, San Diego, Houston, Bethesda, London, Frankfurt, Madrid, Luxembourg, Mumbai, Delhi, Singapore, Hong Kong, Shanghai and Tokyo. As of 31 December 2018, Apollo had approximately $280 billion in assets under management in private equity, credit and real estate funds, invested through a core group of nine sectors in which Apollo has significant knowledge and resources. Apollo Global Management shares are admitted to trading on the New York Stock Exchange.

16.1.2 Bpifrance Participations

A state-owned subsidiary of the Caisse des Dépôts et Consignations, Bpifrance SA provides credit and equity for entrepreneurs and businesses from their start-up to their listing on the stock exchange. Bpifrance Participations is a société anonyme (French joint stock company), 100% of which is held by Bpifrance SA. Its objective is to provide long-term support to mid-caps with potential in order to accelerate their growth, strengthen their innovation capacity and promote their international development. The investments made by Bpifrance Participations are made on its behalf by the management company Bpifrance Investissement.

16.1.3 Brasil Warrant Administração de Bens e Empresas S.A. (BWSA)

BWSA, a Brazilian investment company that has been operating for six decades, has successfully forged partnerships around the world with leading companies in their sector, as well as their reference shareholders and founders, in a variety of sectors, such as financial services, natural resources, agriculture, consumer products, distribution and industry. BWSA now focuses its business in the banking and mining sectors of Brazil. Recently, BWSA acquired a joint ownership interest in Alpargatas, Latin America's largest footwear manufacturer (including the manufacturer of the "Havaianas" flip-flops). BWSA also manages the investments of the BWSA Group through BWGI, an asset management entity, established in 2008.

16.2 Statement relating to control of the Company

Following the December 2020 transfer by Horizon Investment Holdings of part of its shareholding in Brasil Warrant Administração de Bens e Empresas S.A. (BWSA), the stake of Horizon Investment Holdings in the Company reduced from 46.89% to 36.90% of the share capital and voting rights, and the BWSA stake increased from approximately 12% to 22.23% of the share capital and voting rights.

The Board of Directors of the Company, meeting on 23 February 2021, considered that the Company could no longer be considered as being "controlled" by Horizon Investment Holdings within the meaning of Article L.233-3 of the French Commercial Code, given the holding percentage of Horizon Investment Holdings after the above-mentioned transfer.

On 5 March 2021, Horizon Investment Holdings sold a stake of about 9% in the Company by way of an accelerated bookbuilding, as part of which the Company bought back 2.1 million of its shares, reducing the stake of Horizon Investment Holdings in the Company from 36.90% to 28.40% of the share capital and voting rights.

The shareholders' agreement, which has been concluded between Bpifrance Participations and Horizon Investment Holdings S.à.r.l. for a period of 20 years from its signature on 18 December 2019, and which will be terminated as of right, once one of the parties ceases to hold direct or indirect shares in the Company, provides, inter alia:

– Lack of concerted action: the parties to the agreement have stated that they do not intend to act together with the Company and do not intend to exercise their voting rights within the Company to implement a common policy.

– Bpifrance Participations representation on the Board of Directors of the Company: as long as Bpifrance Participations and its affiliates hold a stake representing at least 5% of the Company's share capital, Bpifrance Participations may propose the appointment of a director to the Company's Board of Directors, which will also be a member of the Company's Sustainable Development Committee. Horizon Investment Holdings S.à r.l committed to vote in favour of the above-mentioned appointment to the Company's Shareholders' Meeting and to instruct its representatives on the Board of Directors of the Company to propose and vote in favour of the above-mentioned appointment to the Board of Directors of the Company (whether through the convening of a Company's Shareholders' Meeting on this agenda or through the Board of Directors' co-optation process).

– Right of information: As long as Bpifrance Participations and its affiliates hold a stake representing at least 5% of the Company's share capital, it will be provided, in compliance with the applicable regulations, to Bpifrance Participations the same information and documents received by Horizon Investments Holdings S.à.r.l and AP VIII Horizon Holdings L.P. or any other direct or indirect partner of Horizon Investments Holdings S.à.r.l, including in connection with the preparation of the Company's budget, financial and operational information and strategic decisions.

The Company was informed on 19 April 2021 that João Moreira Salles, the Kaon Investment Fund ICAV fund (acting only for its Kaon V sub-fund), the Lepton Fund Ltd., the company BW Gestão de Investimentos Ltda. and the company Brasil Warrant Administração de Bens e Empresas SA, on the one hand, and Michel Giannuzzi, Chairman and CEO of the Company, and the members of the Giannuzzi family group, on the other hand, had signed on 16 April 2021 a collective retention commitment under the Dutreil law relating to 32,305,694 Company shares, representing 26.21% of the Company' share capital and voting rights as at the date of the commitment. This retention commitment was entered into pursuant to article 787 B of the French General Tax Code for a period of two years, not renewable by tacit agreement. It does not contain any clause providing for preferential conditions for the sale or acquisition of Company shares in favor of the signatories and does not constitute a concerted action vis-à-vis the Company.

16.3 Agreements that could lead to a change of control

The Company has been informed of the implementation on 20 December 2019 by Horizon Investment Holdings S.à.r.l. of a financing agreement secured by way of a pledge of part of the shares of the Company held by Horizon Investment Holdings S.à.r.l.[61]

The Company has also been informed on 1st March 2021 of the pledge of 14,227,836 shares in the Company held by BWSA and on 24 March 2021 of the pledge of 15,777,554 shares in the Company held by BWSA. As at the date of this Registration Document, all the shares held by the BWSA in the Company have been pledged.

17. RELATED PARTY AGREEMENTS

17.1 Principal transactions with related parties

The Group's related parties mainly include the Company's shareholders, unconsolidated subsidiaries, associates (companies accounted for by the equity method), and entities over which the various Group executives exercise at least significant influence.

The figures for the relationships with these related parties are set out in Note 22 to the consolidated financial statements for the financial year ended 31 December 2020 contained in Section 18.1.1 of this Universal Registration Document.

The agreements concluded with the related parties are:

– a €10 million amortisable loan agreement signed on 11 December 2018 between Verallia Packaging, a subsidiary of the Company, and Bpifrance Financement, an affiliate of the Company's shareholder (see Chapter 16 of this Universal Registration Document), to finance and refinance the cash flow requirements of Verallia Packaging and its subsidiaries. The loan carries annual interest at a rate of 0.70%. The loan is repayable on 31 December 2021; and

– An agreement concluded on 6 August 2020 between Verallia Packaging, a branch of the Company, and Bpifrance Financement, an affiliate of Bpifrance Participations, a Company's shareholder (see Chapter 16 of this Universal Registration Document), for a total amount of 100,000 euros meant to provide financial and logistical support to Bpifrance as part of Bpifrance's organisation of the "BIG Tour" from 29 July to 28 August 2020 and the "Bpifrance Inno Génération" event on 1 October 2020.

[61] See in particular AMF decision 219C2898 dated 23 December 2019.

17.2 Statutory Auditors' special report on related party agreements for the financial year ended 31 December 2020

Verallia SA

Statutory Auditors' special report

on related party agreements

(General Shareholders' Meeting for the approval of the financial statements for the year ended 31 December 2020)

PricewaterhouseCoopers Audit	BM&A
63, rue de Villiers	11, rue de Laborde
92208 Neuilly-sur-Seine Cedex, France	75008 Paris, France

Statutory Auditors' special report

on related party agreements

(General Shareholders' Meeting for the approval of the financial statements for the year ended 31 December 2020)

This is a free translation into English of the statutory auditors' special report on related party agreements of the Company issued in French and it is provided solely for the convenience of English speaking users.This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

Verallia SA

Tour Carpe Diem

31 Place des Corolles - Esplanade Nord

92400 Courbevoie, France

To the General annual meeting,

In our capacity as Statutory Auditors of Verallia SA (hereinafter the "Company"), we hereby report to you on related party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code (Code de commerce) in relation to the implementation during the year of agreements already approved by the General Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements to be submitted for the approval of the General Shareholders' Meeting

In accordance with Article L. 225-38 of the French Commercial Code (Code de commerce), we were informed of no agreement which was entered into during the year and to be submitted for the approval of the General Shareholder's Meeting.

Agreements authorised by the General Shareholder’s Meeting

We were informed of no agreement which was authorised by the General Shareholder’s Meeting and could have been going on in the course of the year

Neuilly-sur-Seine and Paris,23 February 2021

2021

The Statutory Auditors

PricewaterhouseCoopers Audit	BM&A
Itto El Hariri	Gilles Rabier

18. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, LIABILITIES, FINANCIAL POSITION, PROFITS AND LOSSES

In accordance with Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, the financial statements for the year ended 31 December 2019 and corresponding statutory auditors' report provided in Chapter 18 of the Company's Universal Registration Document approved by the French "Autorité des Marchés Financiers" on 29 April 2020 under number R.20-006, and the financial statements for the year ended 31 December 2018 and corresponding statutory auditor's report provided in Chapter 18 of the Company's Registration Document approved by the French "Autorité des Marchés Financiers" on 4 September 2019 under number I.19-031, are included for reference in this universal registration document.

18.1 Group's consolidated accounts for the year ended 31 December 2020 and the Auditors' Report

18.1.1 Group consolidated financial statements for the year ended 31 December 2020

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STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(in € million)	Note	31 December 2020	31 December 2019
ASSETS			
Goodwill	9	529.7	550.9
Other intangible assets	10	430.9	499.2
Property, plant and equipment	11	1 288.5	1 299.3
Investments in associates	3.3	2.0	0.6
Deferred tax	8.2	27.1	42.3
Other non-current assets	13	30.8	37.5
Non-current assets		**2 309.0**	**2 429.8**
Inventories	14.1	386.9	455.2
Trade receivables and other current assets	14.2	158.7	178.9
Current tax receivables	14	5.0	21.0
Cash and cash equivalents	15	476.2	219.2
Current assets		**1 026.8**	**874.3**
Total Assets		**3 335.8**	**3 304.1**
EQUITY & LIABILITIES			
Share capital	16.1	416.7	400.2
Consolidated reserves	16	121.6	(14.0)
Equity attributable to shareholders		**538.3**	**386.2**
Non controlling interests		39.5	33.4
Equity		**577.8**	**419.6**
Non-current financial liabilities and derivatives	17	1 569.1	1 584.0
Provisions for pensions and other employee benefits	19	134.0	133.0
Deferred tax	8.2	146.0	166.6
Provisions and other non-current financial liabilities	18	24.1	43.1
Non-current liabilities		**1 873.2**	**1 926.7**
Current financial liabilities and derivatives	17	185.7	225.9
Current portion of provisions and other non-current financial liabilities	18	59.8	51.9
Trade payables	14.3	367.5	383.6
Current tax liabilities	14	21.8	19.3
Other current liabilities	14.3	250.0	277.1
Current liabilities		**884.8**	**957.8**
Total Equity and Liabilities		**3 335.8**	**3 304.1**

CONSOLIDATED STATEMENT OF INCOME

(in € million)	Note	Year ended 31 December	
		2020	2019
Revenue	**5.1**	**2 535.9**	**2 585.9**
Cost of sales	5.2	(1 968.2)	(2 043.6)
Selling, general and administrative expenses	5.2	(160.8)	(170.8)
Acquisition-related items	6.1	(60.4)	(59.4)
Other operating income and expenses	6.2	(30.1)	(17.0)
Operating profit		**316.4**	**295.1**
Net financial income (expense)	**7**	**(45.8)**	**(115.9)**
Profit (loss) before tax		**270.6**	**179.2**
Income tax	8	(62.4)	(53.8)
Share of net profit (loss) of associates	3.3	1.4	(0.7)
Net profit (loss) for the year		**209.6**	**124.6**
Attributable to shareholders of the Company		***202.1***	***115.6***
Attributable to non-controlling interests		***7.5***	***9.0***
Basic earnings per share (in €)	**16.3**	**1.67**	**1.00**
Diluted earnings per share (in €)	**16.3**	**1.67**	**1.00**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € million)	Note	Year ended 31 December	
		2020	2019
Net profit (loss) for the year		**209.6**	**124.6**
Items that may be reclassified to profit or loss			
Translation differences		(113.0)	6.8
Changes in fair value of cash flow hedges		38.6	(20.6)
Deferred tax on items that may subsequently be reclassified to profit or loss	8.2	(10.1)	5.5
Total		**(84.5)**	**(8.3)**
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit liability (asset)	19.1	(4.0)	(8.0)
Deferred tax on items that will not be reclassified to profit or loss	8.2	1.3	2.3
Total		**(2.7)**	**(5.7)**
Other comprehensive income (loss)		***(87.2)***	***(14.0)***
Total comprehensive income (loss) for the year		**122.4**	**110.6**
Attributable to shareholders of the Company		*123.1*	*101.2*
Attributable to non-controlling interests		*(0.7)*	*9.4*

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Note	Year ended 31 December	
		2020	2019
Net profit (loss) for the year		**209.6**	**124.6**
Share of net profit (loss) of associates, net of dividends received	3.3	(1.4)	0.7
Depreciation, amortisation and impairment of assets		276.4	283.5
Gains and losses on disposals of assets	6.2	3.2	(1.4)
Interest expense on financial liabilities	17.7	35.4	68.8
Unrealised gains and losses on changes		(3.2)	(1.6)
Gain/loss on net monetary position (IAS 29, Hyperinflation)		4.1	5.8
Unrealised gains and losses on changes in the fair value of derivatives		6.1	(2.9)
Change in inventories		55.3	19.7
Change in trade receivables, trade payables and other receivables and payables		15.8	(13.9)
Current tax expense	8.1	73.0	71.0
Taxes paid		(60.2)	(59.1)
Changes in deferred taxes and provisions		(4.5)	1.6
Net cash flows from operating activities		**609.6**	**496.8**
Acquisition of property, plant and equipment and intangible assets	10 & 11	(250.5)	(252.5)
Increase (decrease) in debt on fixed assets	14	2.8	19.3
Acquisitions of subsidiaries, net of cash acquired		1.0	(0.5)
Deferred payment related to the acquisition of a subsidiary		—	—
Capital expenditure		**(246.7)**	**(233.7)**
Disposals of property, plant and equipment and intangible assets		(0.4)	3.7
Disposals		**(0.4)**	**3.7**
Increase in loans, deposits and short-term borrowings		—	(5.7)
Reduction in loans, deposits and short-term borrowings		0.7	13.7
Changes in loans and deposits	**13**	**0.7**	**8.0**
Net cash flows from (used in) investing activities		**(246.4)**	**(222.0)**
Capital increase (reduction)	16	20.1	0.0
Dividends paid		(13.1)	0.0
Transactions with shareholders of the parent company		**7.0**	**0.0**
Capital increases of subsidiaries subscribed by third parties		—	7.2
Dividends paid to non-controlling interests by consolidated companies		(2.2)	(6.9)
Transactions with non-controlling interests		**(2.2)**	**0.3**
Increase (reduction) in bank overdrafts and other short-term borrowings	17	(40.9)	106.4
Increase in long-term debt	17	207.0	1 538.5
Reduction in long-term debt	17	(228.5)	(1 891.0)
Financial interest paid		(31.6)	(70.4)
Change in gross debt		**(94.0)**	**(316.5)**
Net cash flows from (used in) financing activities		**(89.2)**	**(316.2)**
Increase (reduction) in cash and cash equivalents		**274.0**	**(41.4)**
Impact of changes in foreign exchange rates on cash and cash equivalents		(17.1)	(1.5)
Impact of changes in fair value on cash and cash equivalents		—	—
Opening cash and cash equivalents		**219.2**	**262.1**
Closing cash and cash equivalents		**476.2**	**219.2**

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

(in € million)	Note	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves and retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
As of 31 December 2018		**137.5**	**—**	**(34.5)**	**(21.2)**	**(58.9)**	**23.1**	**27.5**	**50.6**
IFRS 16 (transition effect)		—	—	—	—	0.2	**0.2**	—	**0.2**
As of 1 January 2019		**137.5**	**—**	**(34.5)**	**(21.2)**	**(58.7)**	**23.3**	**27.5**	**50.8**
Other comprehensive income (loss)		—	—	6.7	(20.8)	(0.3)	**(14.4)**	0.4	**(14.0)**
Net profit (loss) for the year		—	—	—	—	115.6	**115.6**	9.0	**124.6**
Total comprehensive income (loss) for the year		—	—	*6.7*	*(20.8)*	*115.3*	***101.2***	*9.4*	***110.6***
Capital increase		251.7	1.8	—	—	—	**253.5**	—	**253.5**
Capital increase for the Group Savings Plan _ Verallia SA		11.0	76.6	—	—	(93.7)	**(6.1)**	6.1	**—**
Capital increase for the Group Savings Plan _ Verallia Packaging		—	—	—	—	9.5	**9.5**	(2.3)	**7.2**
Dividends / distribution of share premium		—	—	—	—	—	**—**	(6.3)	**(6.3)**
Share-based compensation		—	—	—	—	5.7	**5.7**	—	**5.7**
IAS 29 Hyperinflation		—	—	—	—	9.5	**9.5**	6.4	**15.9**
Other		—	—	0.2	(0.4)	(10.0)	**(10.2)**	(6.6)	**(16.8)**
Change in non-controlling interests		—	—	—	—	—	**—**	(0.8)	**(0.8)**
As of 31 December 2019		**400.2**	**78.4**	**(27.6)**	**(42.4)**	**(22.4)**	**386.2**	**33.4**	**419.6**
Other comprehensive income (loss)		—	—	(104.8)	38.7	(12.9)	**(79.0)**	(8.2)	**(87.2)**
Net profit (loss) for the year		—	—	—	—	202.1	**202.1**	7.5	**209.6**
Total comprehensive income (loss) for the year		—	—	*(104.8)*	*38.7*	*189.2*	***123.1***	*(0.7)*	***122.4***
Capital increase for the Group Savings Plan _ Verallia SA	16.1	3.6	16.5	—	—	—	**20.1**	—	**20.1**
Capital increase for receiving dividends in the form of new shares _ Verallia SA	16.1	12.9	73.3	—	—	1.3	**87.5**	—	**87.5**
Dividends / distribution of share premium		—	—	—	—	(100.6)	**(100.6)**	(1.4)	**(102.0)**
Cancellation of Treasury shares		—	—	—	—	—	**—**	—	**—**
Share-based compensation		—	—	—	—	5.1	**5.1**	0.1	**5.2**
IAS 29 Hyperinflation		—	—	—	—	6.9	**6.9**	4.6	**11.5**
Other		—	—	(16.6)	—	16.2	**(0.4)**	(0.1)	**(0.5)**
Change in non-controlling interests		—	—	—	0.1	10.3	**10.4**	3.6	**14.0**
As of 31 December 2020		**416.7**	**168.2**	**(149.0)**	**(3.6)**	**106.0**	**538.3**	**39.5**	**577.8**

NOTE 1 – INFORMATION ON THE GROUP

1.1 INCORPORATION AND CREATION

1.1.1 CORPORATE NAME

At 31 December 2020, the Company's corporate name is "Verallia" and has been since 20 June 2019.

1.1.2 PLACE OF REGISTRATION AND REGISTRATION NUMBER

The Company is registered in the Nanterre Trade and Companies Register under number 812 163 913.

LEI: 5299007YZU978DE0ZY32

1.1.3 DATE OF INCORPORATION AND LENGTH OF LIFE OF THE COMPANY

The Company has been incorporated for a period of 99 years starting from its registration on 23 June 2015, unless it is dissolved early or extended on the joint decision of the shareholders in accordance with the law and articles of association.

The financial year begins on 1 January and ends on 31 December of each year.

1.1.4 REGISTERED OFFICE, LEGAL FORM AND APPLICABLE LEGAL REGIME

The Company's registered office is located at 31 Place des Corolles, Tour Carpe Diem, Esplanade Nord, 92400 Courbevoie, France.

At 31 December 2020, the Company is a société anonyme (limited company) governed by French law.

1.2 OPERATIONS

Verallia is the leading European and world's third-largest producer of glass packaging for food and beverages, and offers innovative, customised and environmentally friendly solutions. The Group posted €2.5 billion in revenue and produced 16 billion bottles and jars in 2020. Verallia employs around 10,000 people and operates 32 glass production facilities in 11 countries.

NOTE 2 - BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 DECLARATION OF COMPLIANCE AND APPLICABLE FRAMEWORK

The Verallia Group's consolidated financial statements for the period ended 31 December 2020 have been prepared in accordance with international accounting standards (IFRS) as published by the IASB (International Accounting Standards Board) and adopted in the European Union in compliance with European Regulation n°1606/2002 of 19 July 2002. They were approved by the Board of Directors on 23 February 2021.

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations. This reporting framework can be found on the European Commission's website[62].

[62] https://ec.europa.eu/info/index_en

The consolidated financial statements are presented in million of euros, with amounts rounded up or down to the nearest million. So, rounding differences may appear between different financial statements. In addition, adjustments may have been made in the notes to the financial statements in respect of prior periods in order to conform to the presentation of the current year with no impact on the financial statements.

The accounting principles applied are identical to those applied to the consolidated financial statements at 31 December 2019 except for the following standards, amendments and interpretations applied starting from 1 January 2020:

Amendments to IAS 39, IFRS 7 and IFRS 9: Interest Rate Benchmark Reform - Phase 1	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 16 - Covid19 rent reductions	1 January 2020
Amendments to IFRS 3 Definition of a Company	1 January 2020
Amendments to IAS 1 and IAS 8: Amendment of the definition of “material”	1 January 2020

These new texts had no material impact on the financial statements.

Application of the Phase 1 amendments to IFRS 9/IAS 39 relating to the interest rate benchmark reform, published in September 2019 and adopted by the European Union on 15 January 2020, will not compromise interest rate hedging relations despite the reform.

The Group’s interest rate hedging relations subject to the interest rate benchmark reform are cash flow hedges.

Hedged financing and hedging instruments are indexed to the Euribor and are not subject to an index change.

Consequently, in the application of Phase 2 planned in 2021, the Group does not anticipate any significant impact of the reform of benchmark rates on its financial instruments.

The necessary contractual changes will be made in fiscal year 2021.

The Group did not apply the following new standards, amendments and interpretations, which were not yet effective:

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS PUBLISHED BUT NOT YET EFFECTIVE OR EARLY ADOPTED BY THE GROUP	
Amendments to IAS 39, IFRS 7 and IFRS 9: Interest Rate Benchmark Reform - Phase 2	1 January 2021
IFRS 17 Insurance Contracts	1 January 2023

2.2 EFFECTS OF COVID 19 PANDEMIC

Notwithstanding the Covid-19 pandemic and the government measures taken in different countries to contain it, the Group managed to ensure business continuity in all its industrial sites.

The assumptions and estimates used to evaluate certain items on the balance sheet and statement of income were revised to factor in the circumstances surrounding this public health and economic crisis. Verallia Group’s Management paid particularly close attention to the following aspects:

- direct incremental costs,
- the cost of underutilised capacity,
- the valuation of goodwill and assets,
- the risk of hedge ineffectiveness,
- factoring.

The corresponding accounting impacts, where material, are commented on in each of the associated notes to these consolidated financial statements.

The Group also strengthened its liquidity position with support from a pool of banking partners. On 24 April 2020, it arranged an additional €250 million revolving credit facility with a one-year maturity, extendable by six months at the Group's discretion.

2.3 ESTIMATES AND JUDGEMENTS

In preparing consolidated financial statements, Management relies on estimates and assumptions that may affect the amounts of assets, liabilities, income and expenses, as well as the information presented in the notes. These estimates and assumptions are reviewed on a regular basis to ensure that they are reasonable in light of the Group's history, economic conditions and the information available to the Group. These estimates factor in continued uncertainty about the economic and public health situation created by the global Covid-19 pandemic. Actual results may differ from the estimates used. Major sources of estimation uncertainty may result in significant adjustments to the amounts of assets and liabilities in the subsequent year. Besides making use of estimates, the Group's Management must exercise judgement in selecting and/or applying the most appropriate accounting treatment for certain transactions and activities and in defining the terms of its application.

The main estimates and judgements made by Management in preparing these consolidated financial statements are as follows:

Management's main judgements and estimates	Note
Assessment of the recoverable value of goodwill and fixed assets	9 & 12
Recoverability of deferred tax assets	8
Measurement of provisions and other financial liabilities	18.1
Measurement of defined benefit obligations and plan assets	19.1

2.4 VALUATION PRINCIPLES

The consolidated financial statements were prepared on a historical cost basis with the exception of:

- Certain financial assets and liabilities measured using the fair value model **(Note 21)**;
- Defined benefit plan assets **(Note 19.1)**.

ACCOUNTING PRINCIPLES

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The methods used to measure the fair value of financial and non-financial assets and liabilities as defined above are classified according to the following three fair value levels:

- **Level 1:** fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** fair value measured using inputs other than quoted prices in active markets that are observable either directly (price) or indirectly (price-derived data).
- **Level 3:** fair value inputs for the asset or liability that are not based on observable market data (unobservable inputs)
-

2.5 TRANSACTIONS IN FOREIGN CURRENCIES

ACCOUNTING PRINCIPLES

The Group's presentation currency is the euro, which is also the functional currency of the Group's parent company. Each Group entity determines its own functional currency, and all its financial transactions are then measured in that currency.

The financial statements of subsidiaries that have a functional currency other than the presentation currency are translated using the closing rate method:

- Assets and liabilities, including goodwill and fair value adjustments in the context of acquisition accounting, are translated into euros at the closing rate, i.e. the daily rate on the closing date;
- Statement of income and cash flow items are translated into euros at the average rate for the period, unless significant differences are recognised.

The resulting foreign currency translation differences are recognized in other comprehensive income, with a corresponding entry in the translation reserve in shareholders' equity. When a foreign entity is sold, the cumulative amount of foreign currency translation differences in equity relating to that entity is reclassified to profit or loss.

Transactions denominated in foreign currency are converted into euros at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the closing rate, and the resulting translation differences are recognized in the statement of income in financial income or expense. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the day of the transaction.

Differences arising from the translation of borrowings, loans or advances that are substantially part of the net investment in a foreign entity are recognized in other comprehensive income, with a corresponding entry in the translation reserve in equity and reclassified to profit or loss on disposal of the net investment.

Hyperinflation in Argentina

In 2018, Argentina was considered a "hyperinflationary" economy within the meaning of IFRS, rendering IAS 29 *Financial Reporting in Hyperinflationary Economies* applicable.

Accordingly, the Group has applied IAS 29 since 1 January 2018. Adoption of IAS 29 requires the restatement of the non-monetary assets and liabilities, equity and statement of income of the Group's Argentine subsidiary in order to reflect the change in the purchasing power of its functional currency. The gain or loss on the net monetary position is included in financial income or expense. Moreover, the financial information for the Group's Argentine subsidiary is translated into euros by applying the exchange rate prevailing on the closing date of the relevant period.

On 20 March 2020, the IASB Interpretations Committee published its position with respect to accumulated translation differences in a hyperinflationary economy. The Group therefore transferred the translation differences accumulated on its Argentine subsidiary at 1 January 2018 to the translation reserve.

The rates selected for the main currencies were as follows:

	2020		2019	
	Closing rate	Average rate	Closing rate	Average rate
Brazilian real (EUR/BRL)	6.35	5.88	4.50	4.41
Argentine peso (EUR/ARS)*	103.40	80.73	67.14	53.76
Russian rouble (EUR/RUB)	91.57	82.54	69.48	72.46
Ukrainian hryvnia (EUR/UAH)	34.74	30.78	26.71	28.93

** In accordance with IAS 29, all financial information is translated at the closing rate for subsidiaries located in a country considered to be "hyperinflationary" (applicable to Argentina since 2018).*

NOTE 3- CONSOLIDATION METHODS AND SCOPE OF CONSOLIDATION

ACCOUNTING PRINCIPLES

Basis of consolidation

The consolidated financial statements include the assets and liabilities, income and cash flows of the Company and its subsidiaries. All balances and reciprocal transactions between companies controlled by the Group are eliminated.

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed or entitled to variable returns because of its relationship with the entity and has the ability to affect those returns because of the power it holds over it. The interests acquired in these entities are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which the control ceases to be exercised. See **Note 3.3** for more information on associates.

3.1 CHANGES IN THE SCOPE OF CONSOLIDATION

ACCOUNTING PRINCIPLES

Business combinations

Business combinations are accounted for in accordance with IFRS 3 *Business Combinations* using the acquisition method.

Goodwill corresponds to:

- the fair value of the consideration transferred; plus
- the amount recognised for any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of any pre-existing equity interest in the acquired company; less
- the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed.

When the difference is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration for the acquisition is measured at fair value, which is the sum of the fair values, at the acquisition date, of the assets transferred, the liabilities incurred or assumed, and the equity securities issued in exchange for the acquisition of control of the acquired company. When the consideration transferred by the Company in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at fair value. Subsequent changes in the fair value of the contingent consideration corresponding to debt instruments are recognised in profit or loss.

Acquisition-related costs are recorded as expenses when incurred and recognized in “Items related to acquisitions” in the consolidated statement of income.

At the acquisition date, the Group recognizes identifiable assets acquired and liabilities assumed (identifiable net assets) in the subsidiary, based on their fair value at that date (with some exceptions). The assets and liabilities recognized may be adjusted for a maximum of 12 months from the acquisition date, based on new information gathered on the facts and circumstances existing at the acquisition date.

For business combinations resulting in less than a 100% interest, the non-controlling interest in the acquired company (i.e. any interest that gives its holders the right to a share of the net assets of the acquired company), as at the acquisition date, is measured:

- either at fair value, so that a portion of the goodwill recognized at the time of the combination is allocated to the non-controlling interest (the “full goodwill” method);
- or based on the share of the identifiable net assets of the acquired company, so that only goodwill attributable to the Group is recognised (the “partial goodwill” method).

The method applied is selected depending on factors specific to each transaction.

In 2015, the Company, via its Verallia Packaging subsidiary, acquired substantially all the entities and operations of Compagnie de Saint-Gobain's Packaging division; non-controlling interests acquired were measured according to the "partial goodwill" method.

Changes in equity interests (%) in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a gain or loss of control are accounted for as equity transactions – in other words, as transactions with shareholders acting in that capacity. The difference between the fair value of any consideration paid and the carrying amount of the share of the subsidiary's net assets acquired or disposed of is recorded in equity.

Commitments to purchase non-controlling interests

Commitments to purchase non-controlling interests result in the recognition in the financial statements of a liability in "Provisions and other non-current financial liabilities", which is the present value of the estimated exercise price of the put option on non-controlling interests, with a corresponding reduction in non-controlling interests and equity attributable to owners of the parent company for the balance, if any. Any subsequent change in the fair value of the liability is recognised through an adjustment to equity.

Assets and liabilities held for sale and discontinued operations

When the Group expects to recover the value of an asset or group of assets through its sale rather than its use, the asset in question is presented separately on the "Assets held for sale" line in the statement of financial position, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Liabilities related to such assets, if any, are also presented on a separate line of the statement of financial position ("Liabilities related to assets held for sale").

Assets classified as such are measured at the lesser of the carrying amount or the fair value, less the cost of selling them. Assets classified as assets held for sale cease to be depreciated from the date they qualify for classification as assets held for sale.

A discontinued operation is either a component of the Group from which it has separated or an activity that is classified as held for sale and:

- which represents a separate major line of business or geographical area of operations; and
- is part of a single, coordinated plan to dispose of a separate line of business or geographical area of operations; or
- is an activity acquired exclusively for resale.

When an activity is classified as a discontinued operation, the comparative statement of income and statement of cash flows are restated as if the activity had met the criteria for an activity that was discontinued from the start of the comparative period.

In these financial statements, no non-current assets meet the criteria for classification as assets held for sale and no operations were sold during the year.

ESTIMATES AND ASSUMPTIONS USED BY MANAGEMENT

The determination of the fair value of assets and liabilities at the acquisition date causes the Group to make estimates using several methods with the help of independent valuation experts. These estimates are based on a number of assumptions and assessments.

The significant assumptions used to determine the allocation of fair value include the following valuation methods: the cost approach, the revenue approach and the market approach. These methods are based on cash flow projections and related discount rates, sector indices, market prices for replacement cost and comparable market transactions.

3.1.1 Changes in 2020

There were no significant changes in the scope of consolidation.

3.1.2 Changes in 2019

There were no significant changes in the scope of consolidation other than the reorganisation measures taken relating to the initial public offering.

3.2 LIST OF THE MAIN CONSOLIDATED COMPANIES

Entity	Country	% interest as of 31 December		
		2020	2019	Consolidation method
Verallia SA	France	100.0%	100.0%	Parent company
Horizon Holdings Germany	Germany	100.0%	100.0%	Full consolidation
Verallia Deutschland (ex SG Oberland Aktiengesellschaft)	Germany	96.8%	100.0%	Full consolidation
Rayen-Cura SAIC	Argentina	60.0%	60.0%	Full consolidation
Verallia Brasil (ex SG Vidros SA)	Brazil	100.0%	100.0%	Full consolidation
Inversiones Verallia Chile (ex Inversiones SG Chili)	Chile	100.0%	100.0%	Full consolidation
Verallia Chile (ex SG Envases)	Chile	100.0%	100.0%	Full consolidation
Horizon Holdings Vitrum Spain	Spain	100.0%	100.0%	Full consolidation
Verallia Spain (ex SG Vicasa)	Spain	99.9%	99.9%	Full consolidation
Etablissements René Salomon	France	100.0%	100.0%	Full consolidation
Everglass	France	100.0%	100.0%	Full consolidation
Saga Décor	France	100.0%	100.0%	Full consolidation
Société Charentaise de Décor	France	100.0%	100.0%	Full consolidation
Verallia France (ex SG Emballage)	France	100.0%	100.0%	Full consolidation
Verallia Packaging (Horizon Holdings III)	France	100.0%	100.0%	Full consolidation
VOA Verrerie d'Albi	France	100.0%	100.0%	Full consolidation
Verallia Italia (ex Saint-Gobain Vetri Spa)	Italy	100.0%	100.0%	Full consolidation
CAP Verallia	Luxembourg	100.0%	—%	Full consolidation
Verallia Polska (ex Euroverlux Sp. Z.o.o)	Poland	100.0%	100.0%	Full consolidation
Verallia Portugal (ex SG Mondego SA)	Portugal	99.9%	99.9%	Full consolidation
Kavminsteklo Zao	Russia	95.4%	98.6%	Full consolidation
Zao Kamyshinsky Steklotarny ZA	Russia	93.3%	96.5%	Full consolidation
Verallia Ukraine (ex Consumers SKLO Zorya)	Ukraine	96.8%	100.0%	Full consolidation

3.3 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

ACCOUNTING PRINCIPLES

Associates

Associates are companies over which the Group exercises significant influence, i.e. the power to participate in financial and operating policy decisions, but without exercising control or joint control over such policies. They are recognized in the consolidated financial statements using the equity method.

Equity method

Under the equity method, an investment in an associate must initially be recognized at the acquisition cost and then adjusted based on the Group's share of the profit or loss and, where applicable, its share of the associate's other items of comprehensive income as well as dividends. Goodwill is included in the carrying amount of the investment. Any losses or reversals of the value of investments and any gains or losses on the sale of investments in equity-accounted investees are presented under "Share of net income of associates" in the statement of income.

Gains from transactions with equity-accounted investees are eliminated via a corresponding entry of equity-accounted securities in proportion to the Group's interest in the entity. Losses are eliminated in the same way as gains, but only insofar as they are not indicative of impairment.

The Group holds several interests in associates, none of which is of a significant individual size:

Entity	Country	Main % interest as of 31 December		
		2020	2019	Consolidation method
Vetreco SRL	Italy	40.0%	40.0%	Equity method
Cogeneradores Vidrieros	Spain	25.8%	25.8%	Equity method

Changes in investments in associates break down as follows:

(in € million)	Year ended 31 December	
	2020	2019
Opening		
Gross amount	0.6	0.6
Impairment	—	—
Investments in associates – Net amount	**0.6**	**0.6**
Changes during the year		
Translation differences	—	—
Transfers, share issues and other movements	—	0.7
Dividend paid	—	—
Share of profit (loss) of associates	1.4	(0.7)
Total changes	**1.4**	**0.0**
Closing		
Gross amount	2.0	0.6
Impairment	—	—
Investments in associates – Net amount	**2.0**	**0.6**

The table below presents the main financial information concerning associated investments (presented at 100%)

(in € million)	Year ended 31 December	
	2020	**2019**
Equity	6.6	(1.6)
Total assets	32.4	39.7
Total revenue	30.4	48.3
Net profit (loss) for the year	**2.0**	**(0.5)**

NOTE 4 – SEGMENT INFORMATION

ACCOUNTING PRINCIPLES

Definition of operating segments

In accordance with IFRS 8 *Operating Segments*, segment reporting must reflect the operating segments for which results are regularly reviewed by the chief operating decision-maker (CODM) in order to make decisions about resources to be allocated to the segments and to assess their performance.

4.1 BASIS FOR SEGMENTATION

In accordance with the provisions of IFRS 8 *Operating Segments*, the Group has identified the following 3 operating segments corresponding to the geographical areas in which the assets are located:

- **Southern and Western Europe**, including production sites located in France, Italy, Spain, Portugal and Algeria (until May 2018). Verallia's operations in this region are focused mainly on bottles of still and sparkling wines and spirits containers, which are market segments characterised by export-driven growth.

- **Northern and Eastern Europe**, comprising sites located in Germany, Russia, Poland and Ukraine. The Group's activities in Northern and Eastern Europe are focused mainly on beer bottles, particularly in Germany, as well as food jars and bottles, largely for local markets.

- **Latin America**, comprising sites located in Brazil, Argentina and Chile. The Group's activities in Latin America are focused mainly on bottles for still wines, a market segment dominated by exports, as well as beer bottles, particularly in Brazil.

The above operating segments correspond to the reporting segments in the absence of consolidation by the Group.

This sector breakdown reflects the Group's management organisation set up at the time of the initial public offering in 2019 and its internal reporting system as submitted to the Board of Directors, which is Verallia's chief operating decision-maker ("CODM"). This reporting method makes it possible to assess the performance of the operating segments, based on adjusted EBITDA, and to decide on the allocation of resources, particularly investments.

4.2 KEY PERFORMANCE INDICATORS

The Group uses the following aggregates to assess the performance of the operating segments presented:

– revenue, corresponding to the revenue presented in the consolidated financial statements.

– capital expenditure, corresponding to the Group's acquisitions of property, plant and equipment and intangible assets.

– adjusted EBITDA, an indicator for monitoring the underlying performance of businesses adjusted for certain non-recurring expenses and/or income liable to distort the company's performance.

Adjusted EBITDA is calculated based on operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plans, subsidiary disposal-related effects and contingencies, plant closure costs and other items.

As it is an aggregate not directly presented in the consolidated statement of income, a reconciliation with the consolidated financial statements prepared under IFRS is presented in accordance with the provisions set out in IFRS 8:

(in € million)	Notes	Year ended 31 December	
		2020	2019
Net profit (loss) for the year		**209.6**	**124.6**
Net financial income		45.8	115.9
Income tax		62.4	53.8
Share of net result of associates		(1.4)	0.7
Operating profit		**316.4**	**295.1**
Depreciation, amortisation and impairment	**A**	276.4	283.5
Restructuring costs	**B**	19.8	2.9
Acquisition and M&A costs	**C**	0.1	(2.1)
IAS 29, Hyperinflation (Argentina)		2.9	1.6
Management share ownership plan and associated costs	**D**	5.8	11.5
Closure of Sao Paulo plant	**E**	—	2.4
Other	**F**	4.3	20.3
Adjusted EBITDA		**625.7**	**615.2**

A. Includes depreciation and amortisation of intangible assets and property, plant and equipment (**Note 5.2**), amortisation of intangible assets acquired through business combinations (**Note 6.1**) and depreciation of property, plant and equipment (**Note 6.2**).

B. Corresponds to transformation plan costs (**Note 6.2**), primarily in France in 2020.

C. Corresponds to acquisition and M&A costs (**Note 6.1**). In 2019, this mainly includes the reversal of a provision for accrued RETT expenses recognised as part of the acquisition of the Packaging division from Compagnie de Saint-Gobain in 2015.

D. Corresponds to share-based compensation plans (**Notes 5.2 and 19.3**).

E. Corresponds in 2019 to the closure of the Sao Paulo site (Brazil).

F. Corresponds to various other non-recurring items:

- in 2020, primarily donations and purchases of personal protection equipment made by the Group during the Covid-19 crisis.
- in 2019, primarily costs incurred due to the Group's initial public offering.

Note that the Group does not monitor any segment liability indicator as financial debt is managed centrally and not at the level of the three reporting segments.

4.3 SEGMENT INFORMATION

(in € million)	Notes	Year ended 31 December 2020				
		Northern and Eastern Europe	Southern and Western Europe	Latin America	Eliminations	Group total
Revenue from activities with external customers	5.1	554.4	1 744.5	237.0	—	2 535.9
Inter-segment revenue		10.4	2.4	0.4	(13.2)	—
Total segment revenue		**564.8**	**1 746.9**	**237.4**	**(13.2)**	**2 535.9**
Adjusted EBITDA	**4.2**	**126.5**	**419.1**	**80.1**	**—**	**625.7**
o/w impact of IFRS 16		2.2	16.2	1.2	—	19.6
Capital expenditure*		**54.2**	**175.2**	**21.1**	**—**	**250.5**

*Excluding rights of use under IFRS 16

(in € million)	Notes	Year ended 31 December 2019				
		Northern and Eastern Europe	Southern and Western Europe	Latin America	Eliminations	Group total
Revenue from activities with external customers	5.1	567.6	1 753.7	264.6	—	2 585.9
Inter-segment revenue		12.7	2.5	—	(15.2)	—
Total segment revenue		**580.3**	**1 756.2**	**264.6**	**(15.2)**	**2 585.9**
Adjusted EBITDA	**4.2**	**124.9**	**411.5**	**78.8**	**—**	**615.2**
o/w impact of IFRS 16		2.4	16.6	1.2	—	20.2
Capital expenditure*		**41.2**	**166.8**	**44.5**	**—**	**252.5**

*Excluding rights of use under IFRS 16

4.4 BREAKDOWN OF REVENUE BY "END MARKET"

In accordance with IFRS 8.32, the Group presents below a breakdown of revenue according to the use expected to be made of its glass packaging (notion of "end market" as defined internally):

(in € million)	Year ended 31 December	
	2020	2019
Still wines	855.1	838.8
Sparkling wines	275.0	307.5
Spirits	277.5	318.6
Beers	322.8	328.5
Food	452.0	425.7
Soft drinks	294.4	300.3
Others	59.1	66.5
Revenue	**2 535.9**	**2 585.9**

4.5 ENTITY-LEVEL INFORMATION

In accordance with IFRS 8.33, revenue generated in France and internationally is presented in **Note 5.1**.

In addition, the geographical breakdown of non-current assets other than goodwill, customer relationships and fair value adjustments to property, plant and equipment, as well as financial instruments, deferred tax assets and post-employment benefit assets, is presented below.

(in € million)	Year ended 31 December	
	2020	**2019**
France	285.9	288.7
Italy	336.1	330.2
Spain	220.8	198.7
Germany	191.9	190.7
Other countries	251.9	285.7
Total	**1 286.6**	**1 294.0**

The Group does not monitor customer relationships by country, so they were excluded from the analysis of non-current assets by country

4.6 INFORMATION ABOUT THE MAIN CUSTOMERS

None of the Group's customers individually accounted for more than 10% of revenue in 2020 or 2019.

NOTE 5 – OPERATING INCOME AND EXPENSES

5.1 REVENUE

ACCOUNTING PRINCIPLES

Verallia's operations mainly concern the manufacture of glass packaging for beverages and food products (bottles and jars).

In accordance with commercial practices and norms in the Group's markets, commercial agreements with customers generally do not involve a commitment in respect of purchase volumes or significant penalties in the event of cancellation. In addition, no significant initial lump sum payments are made. Thus, each order combined with a possible framework agreement represents a contract within the meaning of IFRS 15. Contracts generally run for less than one year so, under the terms of IFRS 15, the order book is not presented. The costs of obtaining contracts are not material.

Each agreement contains a performance obligation corresponding to the delivery of bottles and jars. The revenue generated from the sale of bottles and jars is recognised when the control of the asset is transferred to the customer, i.e. when the product is shipped or delivered, according to the incoterms.

In its operations, the Group does not resort to any intermediaries when selling goods to its customers other than transport services. As a result, agent/principal analysis is not relevant.

Revenue is the amount receivable for goods provided in the normal course of business, excluding amounts collected on behalf of third parties, such as sales taxes, goods and services taxes, and value added taxes.

Moulds are recognised as property, plant and equipment insofar as their purchase does not constitute a separate performance obligation (no transfer of control to customers).

Contracts have no funding component since the time between revenue recognition and payment is generally short. As a result, the Group does not adjust the transaction price based on the time value of money. Moreover, contract assets and liabilities are not material.

Revenue by country of origin

(in € million)	Year ended 31 December	
	2020	**2019**
France	730.6	760.0
Italy	525.5	514.5
Germany	416.2	407.3
Spain	381.1	388.7
Other countries	482.5	515.4
Total revenue	**2 535.9**	**2 585.9**

The country of origin is the location of the entity invoicing the sales.

5.2. EXPENSES BY FUNCTION AND BY NATURE

ACCOUNTING PRINCIPLES

Cost of sales

Cost of sales includes all costs directly or indirectly related to the products sold. The main components are the cost of raw materials, energy, wages and transport, and the depreciation of production equipment.

Selling, general and administrative expense

Selling, general and administrative expenses include all expenses relating to general management, marketing, finance and accounting, computer, legal, human resources, technical, and research and development activities.

The breakdown of cost of sales and selling, general and administrative expenses by type of expense is as follows:

(in € million)	Notes	Year ended 31 December	
		2020	**2019**
Raw materials, energy, transport and other production costs		(1 414.1)	(1 506.8)
Personnel expenses	**A**	(501.1)	(485.1)
Depreciation and amortisation	**B**	(213.8)	(222.5)
Total cost of sales and selling, general and administrative expenses	**C**	**(2 129.0)**	**(2 214.4)**

A. Personnel expenses include:

- €3.3 million in 2020 and €10.5 million in 2019 in respect of costs relating to post-employment benefits (**Notes 19.1 and 19.2**).
- €5.8 million in 2020 and €11.5 million in 2019 in respect of costs relating to share-based compensation plans (**Note 19.3**).

B. Includes amortisation of intangible assets and property, plant and equipment (**Notes 10 and 11**), with the exception of customer relationships which are recognised in "Acquisition-related items".

C. Includes research and development expenses of €4.5 million in 2020 and €4.9 million in 2019.

NOTE 6 - OTHER OPERATING INCOME AND EXPENSES

6.1 ACQUISITION-RELATED ITEMS

ACCOUNTING PRINCIPLES

Acquisition-related items mainly cover the impact of the adjustments recognised in connection with the purchase price allocation (amortisation of assets exclusively recognised through business combinations, such as customer relationships), as well as acquisition costs including miscellaneous fees and due diligence costs in connection with actual or prospective acquisitions. These items are presented separately from "selling, general and administrative expenses" on account of their materiality.

(in € million)	Notes	Year ended 31 December	
		2020	**2019**
Acquisition and M&A costs	**A**	(0.1)	2.1
Amortisation of intangible assets acquired through business combinations	**B**	(60.3)	(61.5)
Acquisition-related items		**(60.4)**	**(59.4)**

A. The "Acquisition and M&A costs" line in 2019 consists primarily of the reversal of the provision (€2.1 million) for German real estate transfer tax (RETT) relating to the acquisition made in 2015.

B. Represents the amortisation of customer relationships (original gross amount of €740 million) over a 12-year useful life.

6.2 OTHER OPERATING INCOME AND EXPENSES

ACCOUNTING PRINCIPLES

Other operating income and expenses reflect significant events occurring during the period that may distort the reading of the company's performance. They mainly include gains and losses on disposals, impairment losses, significant litigation outside the normal course of business, restructuring costs incurred upon the disposal or closure of operations, and costs in relation to downsizing measures.

Other operating income and expenses break down as follows:

(in € million)	Notes	Year ended 31 December	
		2020	**2019**
Gains on disposals of assets	**A**	0.2	3.2
Reversals of asset impairment		—	1.3
Other income		**0.2**	**4.5**
Restructuring costs	**B**	(19.8)	(2.9)
Losses on disposals of assets and scrapped assets		(3.4)	(1.9)
Impairment of assets	**B**	(2.3)	(2.0)
Others	**C**	(4.8)	(14.7)
Other expenses		**(30.3)**	**(21.5)**
Other expenses – net		**(30.1)**	**(17.0)**

A. In 2019, gains from asset disposals mainly concerned insurance refunds received relating to asset claims.

B. In 2020, restructuring costs and asset impairments corresponded mainly to the transformation plan carried out in France, including the costs related to the non-reconstruction of the furnace, asset impairments and redundancy aid measures totaling €19.8 million.

C. This item consists mainly of donations and purchases of industrial protective equipment during the Covid-19 public health crisis.

In 2019: mostly consisting of €10.3 million of external advisors' fees in relation to the Group's initial public offering.

NOTE 7 – FINANCIAL INCOME AND EXPENSE

ACCOUNTING PRINCIPLES

Financial income and expense mainly includes interest expense on borrowings, accretion of financial assets and provisions, financial expense related to pension plans and other post-employment benefits, factoring fees, bank charges, changes in the fair value of derivative instruments not designated as hedging instruments, and unrealised and realised foreign exchange gains and losses. It also includes interest on lease liabilities determined in accordance with IFRS 16 for all leases (excluding exemptions).

Financial income is mainly comprised of cash and cash equivalents.

(in € million)	Note	Year ended 31 December 2020	2019
Interest expense excluding lease liabilities	**A**	(42.1)	(75.5)
Interest expense related to lease liabilities		(1.7)	(2.1)
Amortisation of debt issuance costs, and other *		(11.7)	(16.2)
Other debt-related gains and losses	**B**	—	3.1
Financial income from cash and cash equivalents and other		10.0	9.3
Cost of net debt		**(45.5)**	**(81.4)**
Refinancing costs	**C**	—	(23.0)
Foreign exchange gains and losses	**D**	8.0	(0.2)
Net interest expense related to pension plans and other benefits	**19.1**	(0.9)	(1.8)
Profit (loss) on net monetary position in Argentina (IAS 29)	**2.5**	(7.4)	(9.5)
Net financial income (expense)		**(45.8)**	**(115.9)**

* *Other: mainly corresponding to the amortisation of funding costs and debt issuance premiums, as well as factoring fees and other bank charges.*

A. Interest expenses on borrowings (Note 17) decreased by €33.4 million. This decrease was mainly attributable to the capitalisation of the shareholder loan in September 2019 and the debt refinancing arranged.

B. In 2019, this item corresponded to IFRS amortisation of the fair value of the floor on the repaid Term Loan B.

C. In 2019, this item included accelerated amortisation of debt issuance costs relating to repaid borrowings.

D. The change mainly corresponds to local-currency foreign exchange impacts on the Brazilian and Russian subsidiaries, and the effects of variations in foreign exchange derivatives.

NOTE 8 – INCOME TAX

ACCOUNTING PRINCIPLES

Income tax expense represents the sum of current tax and deferred tax.

Tax expense is calculated based on the tax laws in force or substantively in force as of the reporting date in the countries where the Company and its subsidiaries operate.

The amount of current tax payable (or recoverable) is determined based on the best estimate of the amount of tax that the Group expects to pay (or recover) and reflecting any potential associated uncertainties.

The Group is subject to income tax in France, Spain, Germany, Italy and several other jurisdictions.

Current tax and deferred tax are recognised in profit or loss unless they relate to items that have been recognised in other comprehensive income or directly in equity. If current tax or deferred tax arises from the initial recognition of a business combination, the tax effect is included in the recognition of the business combination.

Deferred tax assets and liabilities are recognised on the basis of temporary differences between the carrying amounts of assets and liabilities on the balance sheet and their respective tax values (with some exceptions).

The impact of a change in tax rates and tax laws on deferred income tax assets and liabilities is generally recognized as tax income/expense over the period that the change was substantively in effect. Deferred tax assets and liabilities are measured at the expected tax rates for the period of realization of the asset or settlement of the liability, based on tax rates and tax laws prevailing or substantively in force on the reporting date.

Deferred tax assets are recognised in respect of deductible temporary differences, unused tax losses and unused tax credits only if it is probable that the Group will have sufficient future taxable profits against which they can be used. They are reviewed at each reporting date and are impaired if it no longer appears likely that sufficient future taxable income will be available. To determine whether deferred tax assets should be recognised in respect of tax loss carryforwards, the Group applies various criteria that take into account the likely recovery period based on economic projections and the strategy for recovering tax losses over the long term applied in each country.

ESTIMATES AND ASSUMPTIONS MADE BY MANAGEMENT

Management's judgement is necessary to determine the extent to which tax losses can be recovered by the Group, resulting in the recognition of a deferred tax asset. In assessing the recognition of deferred tax assets, Management considers whether it is more likely than not that they will be used. Ultimately, deferred tax assets will be used if sufficient taxable income is available during periods in which temporary differences become deductible. Estimates of taxable profit and the use of tax loss carryforwards are based on the earnings forecast in the budget, the medium-term plan and, if necessary, supplementary estimates.

8.1 INCOME TAX

The table below shows the breakdown of income tax expense:

(in € million)	**Year ended 31 December**	
	2020	**2019**
France	(8.4)	(8.2)
Outside France	(64.6)	(62.8)
Current tax	**(73.0)**	**(71.0)**
France	8.3	13.0
Outside France	2.3	4.2
Deferred tax	**10.6**	**17.2**
Total income tax	**(62.4)**	**(53.8)**

8.2 ANALYSIS OF DEFERRED TAXES ON THE BALANCE SHEET

In the consolidated balance sheet, changes in net deferred taxes are as follows:

(in € million)	Year ended 31 December	
	2020	**2019**
Opening	**(124.3)**	**(149.0)**
Deferred tax (expense)/benefit	10.7	17.2
Changes in deferred taxes related to actuarial gains and losses IAS19 and the fair value of cash flow hedge	(8.8)	7.8
Translation and hyperinflation adjustments	3.6	—
Other	(0.1)	(0.3)
Closing	**(118.9)**	**(124.3)**

The table below shows net deferred taxes by type:

(in € million)	Year ended 31 December	
	2020	**2019**
Deferred tax assets	27.1	42.3
Deferred tax liabilities	(146.0)	(166.6)
Net deferred tax	**(118.9)**	**(124.3)**
Pensions	20.9	19.7
Depreciation and amortisation, accelerated amortisation and regulated provisions	(178.1)	(206.7)
Tax loss carryforwards	28.9	34.5
Other	9.4	28.2
Total	**(118.9)**	**(124.3)**

At 31 December 2020, the deferred tax losses carried forward recognised as assets amount to €28.9 million (€34.5 million at 31 December 2019) and are mainly related to France. These tax losses can be carried forward indefinitely.

Under the Group's business plans, tax loss carryforwards began being used in 2020 and will continue to be used for a period of 3 years.
Taking into account the improved prospect of generating taxable earnings in the short term in Russia, deferred tax assets were recognised in 2019 and 2020 for a portion of the tax losses.

Unrecognised deferred tax assets on losses carried forward, for €13.3 million (€15.7 million at 31 December 2019) mainly concern Chile.

8.3 TAX PROOF

The reconciliation between the income tax shown in the consolidated statement of income and the theoretical tax that would be incurred based on the rate prevailing in the country where the parent company of the Group (France) resides is as follows:

(in € million)	Notes	Year ended 31 December	
		2020	**2019**
Profit (loss) before tax		**270.6**	**179.2**
Tax rate in France (%)		32.02 %	34.43 %
Theoretical tax expense		**(86.6)**	**(61.7)**
Difference in tax rates between countries	A	13.6	13.5
Non recognized deferred tax assets		2.3	1.6
Permanent differences		3.9	2.9
Tax not levied on taxable profits	B	(6.9)	(8.6)
Withholding tax		(0.3)	(2.1)
Other	C	11.6	0.6
Total income tax		**(62.4)**	**(53.8)**

A. This item corresponds mainly to improved earnings generation at subsidiaries with lower tax rates.

B. These taxes mainly include the CVAE tax in France and IRAP tax in Italy.

C. This item corresponds mainly to the Patent Box tax regime in Italy authorised in 2020 with retroactive effect.

8.4 TAX CONSOLIDATION

The calculation of income tax expense takes into account specific local rules applicable to Verallia entities, including tax consolidation adopted by Verallia in France and Spain, as well as in Germany under the country's *Organschaft* rules.

In France, Verallia SA is the head of the French tax group.

8.5 UNCERTAINTY REGARDING TAX TREATMENT

Non-current liabilities relating to uncertain tax positions include risk estimations, litigation and disputes, be they actual or probable, regarding the calculation of income tax. Any of the Group's entities may be subject to a tax audit or even be asked by the local tax authorities to make adjustments. These requested adjustments along with any uncertain tax positions identified by the Group give rise to the recognition of a liability, the amount of which is reviewed regularly in accordance with the criteria set out in the IFRIC 23 interpretation Uncertain tax positions.

Following application of IFRIC 23, tax risk provisions have been reclassified to current tax liabilities since 1 January 2019. These provisions amounted to €9.3 million at 31 December 2020 (€7.8 million at 31 December 2019) and mainly concerned notifications of income tax adjustments received from the tax authorities. No other material uncertainty regarding tax treatment was identified.

NOTE 9 – GOODWILL

ACCOUNTING PRINCIPLES

At the acquisition date, goodwill is measured in accordance with the accounting standards applicable to business combinations, as described in **Note 3.1**.

For the purposes of impairment testing (**Note 12**), goodwill is allocated to the cash-generating unit (or groups of cash-generating units) benefiting from the synergies of the business combination, depending on the level at which the return on investments is monitored for internal management purposes. A Cash Generating Unit (CGU) is the smallest identifiable group of assets generating cash inflows that are largely independent of those generated by the entity's other assets. CGUs are defined on the basis of industrial organization and correspond to countries.

In view of the Group's activities, goodwill is tested at the level of groups of CGUs corresponding to the Group's operating segments (**Note 4**).

Goodwill is not amortised but is tested for impairment at each year-end or whenever events or changes in circumstances indicate that it may be impaired.

Impairment losses affecting goodwill cannot be reversed. The methods applied by the Group to perform impairment tests are described in **Note 12**.

The change in the net value of goodwill is as follows:

(in € million)	Northern and Eastern Europe	Southern and Western Europe	Latin America	Total
As of 31 December 2019				
Gross amount	99.8	378.5	72.6	550.9
Net amount	**99.8**	**378.5**	**72.6**	**550.9**
Changes during the year				
Translation differences	—	—	(21.2)	(21.2)
Total changes	**—**	**—**	**(21.2)**	**(21.2)**
As of 31 December 2020				
Gross amount	99.8	378.5	51.4	529.7
Net amount	**99.8**	**378.5**	**51.4**	**529.7**

NOTE 10 – OTHER INTANGIBLE ASSETS

ACCOUNTING PRINCIPLES

Other intangible assets mainly include customer relationships, patents, trademarks, software and development costs. They are carried at historical cost less accumulated amortisation and depreciation. Intangible assets acquired in a business combination are recorded at fair value at the acquisition date.

Customer relationships are measured using the multi-period excess earnings method, in accordance with IFRS 13 *Fair Value Measurement.* The useful life of customer relationships is estimated based on the period during which the economic benefits of the asset are consumed. Customer relationships identified during the acquisition of Saint-Gobain's glass packaging division in 2015 are being amortised on a straight-line basis over an estimated useful life of 12 years.

Costs incurred for in-house software development – mainly configuration, programming and testing costs – are recognised as intangible assets and are generally amortised over a period of 5 years.

Patents and purchased computer software are amortised over their estimated useful lives, not exceeding a period of 20 years for patents and 3 to 5 years for software.

Research costs are expensed in the year in which they are incurred. Process development costs meeting the recognition criteria of IAS 38 are included in intangible assets and amortised over their estimated useful lives (not exceeding 5 years) from the date of first sale of the products to which they relate.

Other intangible assets break down as follows:

(in € million)	**Customer relationships**	**Software**	**Other**	**Total**
As of 31 December 2019				
Gross amount	739.2	24.3	9.6	773.1
Cumulative amortisation and impairment	(258.3)	(14.3)	(1.3)	(273.9)
Net amount	**480.9**	**10.0**	**8.3**	**499.2**
Changes during the year				
Changes in scope and transfers	—	4.8	(4.7)	0.1
Acquisitions	—	0.6	7.6	8.2
Disposals	—	—	(0.2)	(0.2)
Translation differences	(11.4)	(0.1)	—	(11.5)
Amortisation and impairment	(60.2)	(4.1)	(0.6)	(64.9)
Total changes	**(71.6)**	**1.2**	**2.1**	**(68.3)**
As of 31 December 2020				
Gross amount	727.8	29.6	12.3	769.7
Cumulative amortisation and impairment	(318.5)	(18.4)	(1.9)	(338.8)
Net amount	**409.3**	**11.2**	**10.4**	**430.9**

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING PRINCIPLES

- **Property, plant and equipment**

Property, plant and equipment is recorded at historical cost less accumulated depreciation and impairment. This cost includes incidental expenses directly attributable to the acquisition. Property, plant and equipment acquired in a business combination is carried at its fair value on the acquisition date. Borrowing costs incurred for the construction and acquisition of property, plant and equipment requiring a long period of preparation before it can be used are included in the cost of the associated asset. Property, plant and equipment other than land is depreciated using the component approach on a straight-line basis over the estimated useful lives of:

Main plants and office buildings	30-40 years
Other buildings	15-25 years
Machinery and other production equipment	5-16 years
Vehicles	3-5 years
Furniture, accessories, computer and office equipment	4-16 years

Equipment notably includes the moulds used in the product manufacturing process. They are depreciated on the basis of "beaten costs", i.e. production units.

Government grants for purchases of property, plant and equipment are recognised as deferred income under "Other current liabilities" and recorded in the statement of income as the asset is amortised.

- **Leases**

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

So it was decided that certain logistics management contracts including materials handling and inventory management services as well as the rental of sites dedicated to Verallia contain a lease component in that the dedicated site corresponds to an identified asset, the Group obtains substantially all the economic benefits generated by this asset and it has the right to control the use of the dedicated site.

The Group records a right-of-use asset and a lease liability on the lease's start date. The right-of-use asset is initially measured at cost then, subsequently, at cost less any cumulative depreciation and any cumulative impairment losses. The amount may be adjusted according to any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments outstanding at the lease's start date. The discount rate applied corresponds to the interest rate implicit in the agreement or, if that rate cannot be readily determined, at the incremental borrowing rate (based on terms and not maturities). It is the latter that the Group generally applies as its discount rate.

The lease liability is subsequently increased by the interest expense and reduced by the amount of rent paid. It is remeasured in the event of an amendment to future lease payments resulting from a change in an index or rate used to determine those payments, a new estimate of the amounts expected to be paid under a residual value guarantee or, where applicable, a remeasurement on the exercise of an option to purchase the underlying asset or extend the lease term or on the non-exercise of a termination option (which thus become reasonably certain).

The Group has opted to analyse assets and liabilities together in order to determine its deferred taxes.
A deferred tax liability was thus recognised for the net amount of taxable and deductible temporary differences.

The Group's main leases cover warehouses, offices, forklift trucks and other industrial equipment, and vehicles, with the Group owning substantially all its property, plant and equipment. They are essentially fixed-rent agreements (possibly with index clauses).

Lease terms for warehouses and offices vary by country.

The Group takes the following into account when assessing the reasonable certainty of renewal or termination options being exercised:

– the financial conditions for the optional periods (attractive rents),

– with regard to property, their location (strategically located near Group factories and/or client sites) and any alterations made to the layout,

– in some cases, the Group's operational plans and their impact on the use of a leased property.

For equipment and vehicles, lease terms generally range from 3 to 6 years.

Property, plant and equipment break down as follows:

(in € million)	Note	Year Ended 31 December 2020	Year Ended 31 December 2019
Assets owned	A	1 242.9	1 247.0
Assets leased	B	45.6	52.3
Property, plant and equipment		**1 288.5**	**1 299.3**

A. The property, plant and equipment owned by the Group break down as follows:

(in € million)	Land	Buildings	Machinery and equipment	Assets in progress	Total
As of 31 December 2019					
Gross amount	65.8	259.3	1 706.0	135.5	2 166.6
Cumulative depreciation and impairment	(0.9)	(83.7)	(832.5)	(2.5)	(919.6)
Net amount	**64.9**	**175.6**	**873.5**	**133.0**	**1 247.0**
Changes during the period					
Changes in scope and other	—	0.2	1.9	—	2.1
Acquisitions	—	1.6	42.9	197.8	242.3
IAS 29, Hyperinflation	0.4	3.4	4.2	0.5	8.5
Disposals	—	(0.6)	(2.0)	—	(2.6)
Translation differences	(1.9)	(17.1)	(35.9)	(6.7)	(61.6)
Depreciation and impairment	(0.1)	(16.3)	(176.4)	(0.1)	(192.9)
Transfers	—	16.4	110.4	(126.7)	0.1
Total changes	**(1.6)**	**(12.4)**	**(54.9)**	**64.8**	**(4.1)**
As of 31 December 2020					
Gross amount	64.1	249.3	1 779.7	199.8	2 292.9
Cumulative depreciation and impairment	(0.8)	(86.1)	(961.1)	(2.0)	(1 050.0)
Net amount	**63.3**	**163.2**	**818.6**	**197.8**	**1 242.9**

B. Rights of use break down as follows:

(in € million)	Buildings	Machinery and equipment	Others	Total
Net carrying amount as of 31 December 2019	**39.4**	**12.9**	**—**	**52.3**
Additions during the period	12.4	7.6	—	20.0
Reductions during the period	(7.1)	(1.3)	—	(8.4)
Depreciation during the period	(10.9)	(7.4)	—	(18.3)
Net carrying amount as of 31 December 2020	**33.8**	**11.8**	**—**	**45.6**

NOTE 12 – IMPAIRMENT OF GOODWILL AND FIXED ASSETS

The carrying amounts of goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually and whenever events or changes in circumstances indicate that they may be impaired. Other fixed assets are tested for impairment whenever events or changes in circumstances indicate that they may be impaired. Such events or situations are related to material and adverse changes affecting the economic environment and the assumptions or objectives identified at the time of acquisition.

Fixed assets are tested at the level of the CGUs, corresponding generally to their respective countries.

Goodwill is tested at the level of CGU groups, corresponding to the operating segments, i.e. Southern and Western Europe, Northern and Eastern Europe, and Latin America. The breakdown of goodwill generated at the time of the acquisition of Compagnie de Saint-Gobain's packaging activities in 2015 was based on the contribution of each group of CGUs to EBITDA.

When the carrying amount of CGUs or groups of CGUs exceeds their recoverable amount, an impairment loss is recognised and allocated first to the carrying amount of any goodwill allocated to the groups of CGUs.

The recoverable amount of the CGUs or groups of CGUs is the greater of the fair value net of exit costs and the value in use, which is measured against their expected future discounted cash flows.

Impairment losses recorded against goodwill cannot be reversed through profit or loss. For property, plant and equipment and other intangible assets, impairments recognised in previous periods may be reversed, taking into account the depreciation adjustment, if there is an indication that the loss of value no longer exists and that the recoverable amount of the asset is greater than its carrying amount.

ESTIMATES AND ASSUMPTIONS MADE BY MANAGEMENT

The assumptions, judgements and estimates on which impairment tests are based are the main assumptions used to estimate recoverable amounts when calculating value in use (discount rate, perpetual growth rate, expected cash flows), all of which depend on an assessment of the economic and financial environment.

At 31 December 2020 and 2019, the recoverable amount of the groups of CGUs was determined on the basis of value in use. No goodwill impairment was recognised in financial years 2020 or 2019.

Impairment tests were carried out based on revised future discounted cash flows reflecting the Group's current best estimate of the impact expected from the public health crisis and the economic conditions expected to prevail post-crisis.

Cash flow projections

Projections of future cash flows correspond to the budget for the coming year, the strategic plan for the following 2 years and an extrapolation for the fourth and fifth years.

The Group uses a number of macroeconomic assumptions to determine its cash flows: exchange rates, GDP growth, inflation, and variations in commodity, energy and packaging prices. As regards energy, the Group establishes its assumptions based on expected variations in underlying energy price data (Brent, TTF, NCG). These assumptions are determined using external data and by incorporating the hedging arrangements made.

In addition, the Group takes into account the schedule for maintenance stoppages (furnaces and machines) and for rolling out the Performance Action Plan.

The extrapolation carried out for the two test years (years 4 and 5) is based on growth and margin rates and WCR that are relatively close to those of the last year of the Plan.

Cash flows beyond this five-year period are extrapolated using a constant perpetual growth rate determined on the basis of past performance and market growth forecasts.

The assumptions used to execute the plan are based on economic growth assumptions and consistent with past performance.

Main assumptions used to estimate the value in use of each group of CGUs

	Year ended 31 December	
	2020	2019
Southern and Western Europe		
Discount rate	5.8 %	5.8 %
Perpetual growth rate	1.5 %	1.5 %
Northern and Eastern Europe		
Discount rate	5.5 %	5.7 %
Perpetual growth rate	1.5 %	1.5 %
Latin America		
Discount rate	12.5 %	9.1 %
Perpetual growth rate	1.5 %	1.5 %

The discount rate is the segment's weighted average cost of capital (WACC) for each group of CGUs.

When carrying out impairment tests on the Latin America group of CGUs, uncertainty about the inflation rate applicable in Argentina for the long term and the proven capacity of Argentine entity Rayen Cura in 2020 to pass hyperinflation onto its selling prices prompted the Group to conduct impairment tests based on the euro, as it did in 2019. A perpetual growth rate of 1.5% was used.

Sensitivity analysis

The Group has analysed the sensitivity of its impairment tests to the main assumptions used to determine the recoverable amount of each group of CGUs to which the goodwill is allocated, namely the discount rate, the long-term growth rate used to determine the terminal value and the terminal-year cash flows as they represent a significant portion of the recoverable amount.

For 2020, and for each of the three groups of CGUs, no impairment losses would be recorded in the event of a 1 percentage point increase in the WACC, a 0.5 percentage point reduction in the perpetual growth rate or a 10% decline in terminal-year cash flows.

NOTE 13 – OTHER NON-CURRENT ASSETS

The table below shows the breakdown of other non-current assets:

(in € million)	Notes	Year ended 31 December	
		2020	2019
Equity securities	21	6.3	6.5
Loans, deposits and guarantees	21	20.7	26.8
Pension plan surpluses	19.1.2	3.8	4.1
Other		—	0.1
Total other non-current assets		**30.8**	**37.5**

Loans, deposits and guarantees include collateral and guarantee accounts for factoring agreements (**Note 14.4**). The table below shows changes in the net carrying amount of other non-current assets:

(in € million)	Equity securities	Loans, deposits and guarantees	Pension plan surpluses	Other	Total
As of 31 December 2019					
Gross amount	7.0	33.8	4.1	0.1	45.0
Impairment	(0.5)	(7.0)	—	—	(7.5)
Net amount	**6.5**	**26.8**	**4.1**	**0.1**	**37.5**
Changes during the year					
Increase (decrease)	(0.1)	(5.2)	—	—	(5.3)
Impairment	(0.1)	—	—	—	(0.1)
Translation differences	—	(0.9)	—	—	(0.9)
Transfers and other movements	—	—	(0.3)	(0.1)	(0.4)
Total changes	**(0.2)**	**(6.1)**	**(0.3)**	**(0.1)**	**(6.7)**
As of 31 December 2020					
Gross amount	6.9	27.7	3.8	—	38.4
Impairment	(0.6)	(7.0)	—	—	(7.6)
Net amount	**6.3**	**20.7**	**3.8**	**—**	**30.8**

NOTE 14 – CHANGE IN NET WORKING CAPITAL

The change in net working capital in 2020 and 2019 was as follows:

(in € million)	Notes	31 December 2019	Impact of cashflows	Foreign exchange and other	31 December 2020
Inventories	14.1	**455.2**	(55.3)	(13.0)	**386.9**
Operating receivables	14.2	**169.0**	(9.9)	(15.3)	**143.8**
Operating liabilities	14.3	**(528.5)**	1.0	15.2	**(512.3)**
Debts to suppliers of fixed assets		**(91.8)**	(2.8)	3.2	**(91.4)**
Operating working capital		**3.9**	**(67.0)**	**(9.9)**	**(73.0)**
Other receivables (non-operating)	14.2	**9.9**	(1.9)	6.9	**14.9**
Other liabilities (non-operating)	14.3	**(40.4)**	1.3	25.3	**(13.8)**
Current tax assets and liabilities		**1.7**	(19.1)	0.6	**(16.8)**
Total working capital		**(24.9)**	**(86.7)**	**22.9**	**(88.7)**
Change in working capital		**(60.1)**			**(63.8)**

Reconciliation with the condensed consolidated statement of cash flows:	
Change in inventory	55.3
Change in trade receivables, trade payables and other receivables/payables	15.8
Current tax expense	73.0
Income taxes paid	(60.2)
Increase (decrease) in debt to suppliers of fixed assets	2.8
Total	**86.7**

14.1 INVENTORIES

ACCOUNTING PRINCIPLES

Inventories are carried at the lesser of their acquisition cost or probable net realisable value. The cost of inventories includes purchase costs, production costs and other costs incurred to bring inventories to their current location and condition. It is generally determined using the weighted average cost method and, in some cases, the first-in, first-out method (FIFO). The probable net realisable value is the sale price in the ordinary course of business, less estimated completion and sale costs. Inventory acquired in a business combination is carried at its fair value on the acquisition date. The impact of the sub-activity is excluded from inventory valuation.

Inventory can be impaired to reflect the loss in value of inventories. For inventories of finished products, the provision generally relates to inventories whose realisable value is lower than the net carrying amount, inventories not meeting marketing quality standards, and inventories whose slow turnover is liable to result in deterioration.

The change in net inventories is as follows:

(in € million)	31 December					
	2020			2019		
	Gross	**Depreciation**	**Net**	**Gross**	**Depreciation**	**Net**
Raw materials	130.3	(19.0)	111.3	133.4	(16.9)	116.5
Inventories of work in progress	2.2	(1.8)	0.4	3.0	(1.9)	1.1
Finished goods	285.7	(10.5)	275.2	345.6	(7.9)	337.6
Total inventories	**418.2**	**(31.3)**	**386.9**	**482.0**	**(26.7)**	**455.2**

14.2 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

ACCOUNTING PRINCIPLES

Accounting: Trade receivables are initially recognised at fair value and then measured at amortised cost using the effective interest rate method, net of impairment losses (if any). As trade receivables are generally due within one year, their nominal value is close to their fair value.

On the other hand, receivables with recourse (receivables that are not guaranteed by the factor because they exceed the provisions of either the insurance or factoring arrangement) included in the factoring programme are managed based on the "hold to collect and sell" business model and are measured at fair value in the balance sheet with a corresponding entry in other comprehensive income.

Impairment: The impairment policy for trade receivables and related accounts is described in **Note 21.**

(in € million)	Year ended 31 December	
	2020	**2019**
Trade receivables and related accounts	**99.3**	**114.7**
Advances to suppliers	4.1	4.6
Prepaid social security contributions	0.2	0.4
Other taxes paid in advance and recoverable (other than income taxes)	30.7	31.5
Other operating receivables	9.4	17.7
Other non-trade receivables	15.0	10.0
Other current assets	**59.4**	**64.2**
Trade receivables and other current assets	**158.7**	**178.9**

The change in the impairment of trade receivables is as follows:

(in € million)	Year ended 31 December	
	2020	**2019**
Opening balance	**7.4**	**8.2**
Additions	5.7	3.0
Reversals	(2.5)	(3.8)
Translation differences	(0.3)	—
Closing balance	**10.3**	**7.4**

The table below shows the ageing of trade receivables at 31 December 2020 and 2019:

(in € million)	**31 December**	
	2020	**2019**
Accounts receivable not yet due	**90.8**	**106.1**
Accounts receivable past due	**8.5**	**8.6**
Under 30 days	6.7	6.3
Between 30 and 90 days	0.5	0.9
Beyond 90 days	1.3	1.4
Total trade receivables (net amounts)	**99.3**	**114.7**

14.3 TRADE AND OTHER CURRENT LIABILITIES

ACCOUNTING PRINCIPLES

Trade payables and other current liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Trade payables and related accounts, other payables and accrued liabilities are generally due within one year, such that their nominal value is close to their fair value.

Trade payables and other current liabilities break down as follows:

(in € million)	**31 December**	
	2020	**2019**
Trade payables	**367.5**	**383.6**
Customer down payments	18.8	11.5
Debts on fixed assets	91.4	91.8
Grants received	5.3	6.2
Accrued personnel expenses	87.5	91.6
Tax liabilities (other than income tax)	11.7	16.5
Derivative liabilities	8.5	34.5
Other	26.8	25.0
Other current liabilities	**250.0**	**277.1**
Total trade payables and other current liabilities	**617.5**	**660.7**

14.4 FACTORING

ACCOUNTING PRINCIPLES

Under a non-recourse factoring agreement, when the Group has transferred substantially all the risks and rewards of ownership of the receivables, the receivables are derecognised from the consolidated balance sheet. When trade receivables are sold with limited recourse and substantially all the risks and rewards of these receivables are not transferred, the receivables remain in the consolidated balance sheet. Cash inflows and outflows related to factoring agreements for which the Group does not derecognise receivables are presented on a net basis as cash flows related to financing activities. Contracts through which the Group derecognises receivables result in changes in trade receivables, which are recognised as cash flows from operating activities.

In September 2015, the Group arranged a pan-European factoring programme with Eurofactor for a maximum amount of €400 million (maturing in 2022) and covering the receivables of certain entities within its two European segments. The Group also has local lines in certain countries (primarily Brazil, Argentina and Russia) giving it access to additional financing of up to €50 million.

In accordance with IFRS 9, transferred receivables are derecognised when the factoring agreement transfers the constructive rights to the cash flows and substantially all the associated risks and rewards (transfers of non-recourse receivables) to the assignee.

(in € million)	Year ended 31 December	
	2020	**2019**
Assignment of receivables without recourse	302.4	313.9
Assignment of receivables with recourse	13.9	10.9
Total receivables assigned	**316.3**	**324.8**

Under factoring agreements, the risk of dilution is covered by establishing reserves and escrow accounts in an amount corresponding to approximately 3% of the receivables transferred in 2020 and 4% of the receivables transferred in 2019. The amounts thus recorded in "Other non-current assets" at 31 December 2020 and 31 December 2019 were €11.2 million and €12.0 million, respectively.

In addition, the Group has entered into various reverse factoring programs offered by some of its clients and amounting to €25.7 million in 2020 and €32.6 million in 2019.

NOTE 15 – CASH AND CASH EQUIVALENTS

ACCOUNTING PRINCIPLES

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits held with other banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

Statement of cash flows

The statement of cash flows is prepared using the indirect method on the basis of consolidated net income/loss and is broken down into three categories:

– **Cash flows from operating activities:** including taxes, acquisition costs relating to takeovers and payments received as grants;

– **Cash flows from investing activities:** in particular in the event of a takeover (excluding acquisition costs), a loss of control (including transaction costs), acquisitions and disposals of non-consolidated investments, associate companies and joint ventures, as well as acquisitions and disposals of fixed assets (including fees and deferred payments) excluding leases;

– **Cash flow from financing activities**: including issuance and repayment of loans, issuance of equity instruments, shareholder equity transactions (including transaction costs and any deferred payments), interest paid (cash flows related to financial expense), treasury share transactions and dividends paid.

The balance of cash and cash equivalents is as follows:

(in € million)	**Year ended 31 December**	
	2020	**2019**
Cash	433.1	155.9
Cash equivalents	43.1	63.3
Total cash and cash equivalents	**476.2**	**219.2**

The Group has access to a portion of the cash held by certain subsidiaries through the payment of dividends or through inter-company loans. However, local constraints may delay or restrict this access, including monetary restrictions in some foreign jurisdictions.

The Verallia Group's policy is to centralise the liquidity of its subsidiaries at Verallia Packaging where possible.

Bank guarantees are disclosed in **Note 23.2**.

NOTE 16 – EQUITY

16.1 SHARE CAPITAL

The change in the number of shares and share capital was as follows:

(in €)	**Number of shares**	**Face value**	**Share capital**
As of 31 December 2019	**118 393 942**	**3.38**	**400 171 524**
Capital Increase / Issue of ordinary share (25 June 2020)	1 064 999	3.38	3 599 697
Capital Increase / Issue of ordinary share (9 july 2020)	3 813 878	3.38	12 890 908
As of 31 December 2020	**123 272 819**	**3.38**	**416 662 128**

At 31 December 2020, the share capital amounted to €416,662,128.22 and consisted of 123,272,819 ordinary shares with a nominal value of €3.38 each.

- Capital increase for the Group Savings Plan

A capital increase of a nominal amount of €3,599,696.62 was carried out on 25 June 2020 by issuing 1,064,999 ordinary shares with a nominal value of €3.38 each; the capital increase (share premium included) thus amounted to €20,096,531.13 in total.

- Capital increase for receiving dividends in the form of new shares

A capital increase of a nominal amount of €12,890,907.64 was carried out on 9 July 2020 by issuing 3,813,878 ordinary shares with a nominal value of €3.38 each; the capital increase (share premium included) thus amounted to €87,490,361.32 in total.

- Liquidity agreement

On 9 November 2020, the Company signed an amendment to the AMAFI liquidity agreement it had reached with Rothschild Martin Maurel on 20 December 2019 for market-making purposes with respect to its own shares on the regulated market of Euronext Paris. The liquidity agreement had taken effect on 6 January 2020 for an initial term of 12 months, renewable by tacit agreement for successive 12-month periods.

An amendment to the liquidity agreement was signed on 9 November 2020 to increase the liquidity account to €3.4 million. At 31 December 2020, the Company did not own any treasury shares.

16.2 TRANSLATION RESERVE

In financial year 2019, the €6.7 million increase in the translation reserve was primarily due to the appreciation of the Russian rouble and Ukrainian hryvnia.

In financial year 2020, the €104.8 million decrease in the translation reserve was primarily due to the depreciation of the Brazilian real and Russian rouble.

16.3 EARNINGS PER SHARE

16.3.1 Basic earnings per share

Basic earnings per share were calculated based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding:

	Year ended 31 December	
	2020	**2019**
Group's share of net profit (loss) (in € million)	202.1	115.6
Number of shares	120 773 979	115 502 924
Basic earnings per share (in €)	**1.67**	**1.00**

16.3.2 Diluted earnings per share

Diluted earnings per share were calculated based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares:

	Year ended 31 December	
	2020	**2019**
Group's share of net profit (loss) (in € million)	202.1	115.6
Diluted number of shares	120 817 304	115 511 989
Diluted earnings per share (in €)	**1.67**	**1.00**

The Group factored in the dilutive impact resulting from shares allocated under the share ownership plans implemented in March 2020 and July 2019.

NOTE 17 – BORROWINGS AND FINANCIAL LIABILITIES

17.1 NET FINANCIAL DEBT

Net financial debt includes all financial liabilities and derivatives on current and non-current financial liabilities, minus the amount of cash and cash equivalents.

The table below shows the change in net financial debt:

(in € million)	**Note**	**Year ended 31 December**	
		2020	**2019**
Non-current financial liabilities and derivatives	17.2	1 569.1	1 583.9
Current financial liabilities and derivatives	17.2	185.7	225.9
Gross debt		**1 754.8**	**1 809.8**
Cash and cash equivalents	15	(476.2)	(219.2)
Net debt		**1 278.6**	**1 590.6**

17.2 CHANGE IN GROSS FINANCIAL DEBT

Term Loan A

On 7 October 2019, the Group arranged a Term Loan A of €1,500 million refundable via a bullet payment and maturing in October 2024. The applicable margin was initially set at Euribor + 175 base points (floor rate of 0%) with an upward or downward adjustment mechanism (margin ratchet). This ratchet mechanism was activated with the applicable margin reduced to 150 base points starting from the month of August 2020. Since April 2020, the Term Loan A has been indexed to the 6m Euribor rate.

Negotiable European Commercial Paper

The outstanding amount issued at 31 December 2019 was €188.2 million bearing an average interest rate of 0.25%.

The outstanding amount issued at 31 December 2020 was €146.4 million bearing an average interest rate of 0.26%.

Revolving credit facilities: changes and characteristics

At 31 December 2019, the Group had a single undrawn revolving credit facility of €500 million (RCF1).

- On 20 March 2020, the Group drew €200 million from RCF1 for a 6-month period in case it was unable to renew its maturing Neu CP since the market had almost closed down by the end of March. This draw was entirely repaid in September 2020.
- On 24 April 2020, the Group arranged an additional €250 million revolving credit facility (RCF2) with a one-year maturity, extendable by six months at the Group's discretion. The margin applicable to this additional revolving credit facility was set at Euribor + 195 basis points (floor rate of 0%). The following fees will also be due on the revolving credit facility: (i) a commitment fee due for the available credit commitment made by each lender under the revolving credit facility agreement at a rate of 35% of the applicable margin and (ii) utilisation fees of 15 basis points, 25 basis points and 50 basis points above the margin for amounts drawn from the revolving credit facility of less than 33.1/3%, between 33.1/3% and 66.2%/3%, and above 66.2/3%, respectively.
- At 31 December 2020, RCF1 and RCF2 remain undrawn.

Gross financial debt at 31 December 2020

At 31 December 2020, the two revolving credit facilities had not been drawn.

(in € million)	Notes	Notional or maximum amount	Currency	Contractual interest rate	Effective interest rate	Final maturity	Type of facility	Deferred expenses and bond premiums	Carrying amount as of 31 December 2020		Total as of 31 December 2020
									Non-current	Current	
Revolving credit facility (floor 0%) RCF2		250.0	EUR	Euribor + 1,95%	1.95%	24/04/2021	Revolving	0.3	—	—	—
Revolving credit facility (floor 0%) RCF1		500.0	EUR	Euribor + 1,10%	1.10%	07/10/2024	Revolving	2.4	—	—	—
Term Loan A (floor 0%)		1 500.0	EUR	Euribor + 1,50%	1.64%	07/10/2024	Maturity	7.1	1 490.6	6.1	1 496.7
Lease liabilities	17.5								30.6	16.3	46.9
Other borrowings									*41.3*	*4.5*	*45.8*
Total long-term debt									1 562.5	26.9	1 589.4
Financial derivatives	**20.1.2**								**6.6**	**0.3**	**6.9**
Total long-term debt and derivative financial instruments									1 569.1	27.2	1 596.3
Negotiable commercial paper (NEU CP)		400.0	EUR							146.4	146.4
Other borrowings										**12.1**	**12.1**
Total short-term debt									**—**	**158.5**	**158.5**
Total borrowings									**1 569.1**	**185.7**	**1 754.8**

Gross financial debt at 31 December 2019

At 31 December 2019, the revolving credit facility had not been drawn.

(in € million)	Notes	Notional or maximum amount	Currency	Contractual interest rate	Effective interest rate	Final maturity	Type of facility	Deferred expenses and bond premiums	Carrying amount as of 31 December 2019		Total as of 31 December 2019
									Non-current	Current	
Revolving credit facility		500	EUR	Euribor + 1,35%	1.35%	07/10/2024	Revolving	3.0		—	
Term Loan A (floor 0%)		1500	EUR	Euribor + 1,75%	1.90%	07/10/2024	Maturity	9.0	1 488.0	2.7	1 490.7
Lease liabilities	17.5								36.3	17.0	53.3
Other borrowings									50.4	6.5	56.9
Total long-term debt									1 574.7	26.2	1 600.9
Financial derivatives	20.1.2								9.3	0.3	9.6
Total long-term debt and derivative financial instruments									*1 584.0*	*26.5*	*1 610.5*
Negotiable commercial paper (NEU CP)		400	EUR							188.2	188.2
Other borrowings										**11.2**	**11.2**
Total short-term debt									—	199.4	199.4
Total borrowings									**1 584.0**	**225.9**	**1 809.9**

17.3 THE GROUP'S DEBT STRUCTURE

Interest rates applicable to the Group's entire portfolio of financial liabilities, after incorporating derivative instruments, break down as follows:

(in € million)	**Year ended 31 December**	
	2020	**2019**
Total fixed-rate borrowings	1 482.2	1 512.1
Total variable-rate borrowings	272.6	297.8
Total borrowings	**1 754.8**	**1 809.9**

17.4 DEBT REPAYMENT SCHEDULE

The maturity profile of the Group's financial liabilities and derivatives is as follows:

(in € million)	**Year ended 31 December**	
	2020	**2019**
Less than one year	185.7	225.9
Between one and five years	1 548.5	1 559.8
More than five years	20.6	24.2
Total borrowings	**1 754.8**	**1 809.9**

At 31 December 2020, borrowings of under a year consisted primarily of €147 million of Neu CP (negotiable commercial paper) versus €188 million in 2019.

17.5 LEASE LIABILITIES

At 31 December 2020, lease liabilities amounted to €46.9 million.

(in € million)	**Leases current Terms Debts**	**Leases non current Terms Debts**	**Lease debts**
31 December 2019	**17.0**	**36.3**	**53.3**
Reductions during the period	(8.5)	(19.6)	(28.1)
Additions during the period	6.1	13.9	20.0
Capitalized Interests	1.7	—	1.7
Change in Group Structure	—	—	—
Other	—	—	—
31 December 2020	**16.3**	**30.6**	**46.9**

The maturity profile for lease liabilities is as follows:

(in € million)	**Year ended 31 December 2020**
Less than one year	16.3
In one to five years	24.0
In more than five years	6.6
Total lease liabilities	**46.9**

17.6 COVENANTS

Senior facilities

The Senior Facilities Agreement contains certain affirmative and negative covenants, for instance the Group cannot:

- grant collateral;
- enable Group companies that are neither guarantors nor borrowers under the senior facilities agreement to incur debt for a cumulative amount exceeding 20% of the Group's consolidated net debt;
- sell assets;
- conduct certain mergers, demergers, partial asset transfers and similar transactions; or
- make changes to the type of business conducted by the Group,

with each of these cases subject to stipulated minimum thresholds and exceptions typical in this type of financing arrangement.

The Senior Facilities Agreement also includes affirmative commitments, for instance to maintain insurance policies, comply with applicable laws, keep the borrowings at least at the same rank as the unsecured debts of the borrowers and guarantors under the Senior Facilities Agreement, require the Group's material subsidiaries to stand as guarantors under the Senior Facilities Agreement and ensure that the consolidated EBITDA of all Group members standing as guarantors under the Senior Facilities Agreement together accounts for at least 80% of the Group's consolidated EBITDA (as specified in the Senior Facilities Agreement). Last of all, the Senior Facilities Agreement requires observance of a financial ratio threshold limiting the amount of debt that the Group's members are able to contract. The Group is required to keep its leverage ratio (total net debt/pro forma consolidated EBITDA) below or equal to 5x until the Senior Facilities Agreement expires; this ratio is tested at the end of each half-year period.

At 31 December 2020, no payment default had arisen or persisted under the Senior Facilities Agreement.

Total net debt is defined in the senior facilities agreement as being the Group's consolidated financial debt excluding intra-group debt and obligations relating to interest rate and foreign exchange risk hedging instruments, after deduction of cash and cash equivalents.

17.7 CHANGE IN DEBT

The change in financial debt in 2020 was as follows:

(in € million)	31 December 2019	Cash inflows	Cash outflows	Discount effects and other*	Interest expense	Change in the scope of consolidation	Translation differences	31 December 2020
Non-current financial liabilities and derivatives	**1 584.0**	**207.3**	**(204.6)**	**(13.2)**	**—**	**—**	**(4.4)**	**1 569.1**
Current financial liabilities and derivatives (excluding interest)	222.4	(0.3)	(66.4)	22.1	1.7	0.8	(2.1)	178.2
Interest on long-term debt	3.5	—	(30.0)	—	33.7	—	0.3	7.5
Current financial liabilities and derivatives	**225.9**	**(0.3)**	**(96.4)**	**22.1**	**35.4**	**0.8**	**(1.8)**	**185.7**
Total financial liabilities	**1 809.9**	**207.0**	**(301.0)**	**8.9**	**35.4**	**0.8**	**(6.2)**	**1 754.8**

* Mainly consists of lease liabilities in application of IFRS 16

Reconciliation with the consolidated statement of cash flows

Increase (reduction) in bank overdrafts and other short-term borrowings		(40.9)
Increase in long-term debt	207.0	
Reduction in long-term debt		(228.5)
Financial interest paid		(31.6)
Total	**207.0**	**(301.0)**

NOTE 18 – PROVISIONS AND OTHER NON-CURRENT FINANCIAL LIABILITIES

The change in provisions in financial year 2020 breaks down as follows:

(in € million)	Provisions for claims, litigation and other	Provisions for environmental risks	Provisions for restructuring and employee benefit expenses	Provisions for risks relating to associates	Other risks	Total provisions	Liabilities relating to investments	Total provisions and other liabilities
As of 31 December 2019								
Current portion	2.2	2.6	8.1	—	39.0	**51.9**	—	**51.9**
Non-current portion	5.9	10.4	0.9	3.9	6.1	**27.2**	15.9	**43.1**
Total provisions	**8.1**	**13.0**	**9.0**	**3.9**	**45.1**	**79.1**	**15.9**	**95.0**
Changes during the period								
Additions	3.9	0.2	21.6	—	1.6	**27.3**	—	**27.3**
Reversals (unused)	(0.5)	(0.2)	(2.9)	—	(1.9)	**(5.5)**	—	**(5.5)**
Reversals (used)	(1.7)	(0.2)	(4.4)	—	(7.0)	**(13.3)**	—	**(13.3)**
Other (reclassifications and translation differences)	(0.2)	1.5	(1.9)	(3.9)	(0.4)	**(4.9)**	(15.0)	**(19.9)**
Total changes	**1.5**	**1.3**	**12.4**	**(3.9)**	**(7.6)**	**3.7**	**(15.0)**	**(11.3)**
As of 31 December 2020								
Current portion	3.3	2.6	20.4	—	33.6	**59.9**	—	**59.9**
Non-current portion	6.4	11.7	1.0	—	3.9	**23.0**	0.9	**23.9**
Total provisions	**9.7**	**14.3**	**21.4**	**—**	**37.5**	**82.9**	**0.9**	**83.8**

18.1 PROVISIONS AND CONTINGENT LIABILITIES

ACCOUNTING PRINCIPLES

A provision is made when (i) the Group has a legal or current implicit obligation towards a third-party resulting from a past event, (ii) an outflow of resources will probably be necessary for the Group to extinguish the obligation, and (iii) the amount of the obligation can be reliably estimated.

Provisions primarily concern obligations associated with litigation, restructuring plans and other risks identified with respect to the Group's operations. Provisions with settlement dates that can be reliably estimated are discounted.

When a current obligation is unlikely to exist, the Group recognizes a contingent liability, unless there is little likelihood of an outflow of resources embodying an economic benefit.

Contingent liabilities assumed during a business combination are recognised at their fair value on the acquisition date.

Under applicable regulations on carbon dioxide (CO2) emission allowances, and in light of the Group's allowances deficit, the Group accordingly recorded provisions in financial years 2019 and 2020.

When the Group is in deficit (CO2 allowances to be surrendered for CO2 emitted during the year in excess of the stock of CO2 emission allowances allocated free of charge and featuring in the securities accounts at the closing date), it recognizes a provision to cover the expected allowances deficit so as to be able to surrender the allowances in April of the following year. Measurement of the provision takes into account the price of forward purchases made for the following year and the spot price on 31 December of the current year for the balance not covered by forward purchases.

CO2 emission allowances allocated free of charge or purchased are recognized in the Group's inventory of raw materials.

ESTIMATES AND ASSUMPTIONS MADE BY MANAGEMENT

Estimates primarily concern valuations of liabilities and contingent liabilities, especially provisions for litigation and other Group risks.

18.1.1 Provisions for claims, litigation and other

These provisions mainly concern provisions for claims, litigation and other commercial risks, primarily in France and Italy.

Litigation between Verallia Italia and Nelson Servizi

In December 2014, Verallia Italia, as a supplier, and Nelson Servizi, as a distributor, renewed their previously agreed distribution contract and established mutual undertakings to sell and buy standard and customised bottles for the Cuban market for the years 2015, 2016 and 2017.

During the last few months of 2015, the Group decided to cease all commercial activity for the Cuban market starting from the second half of 2016. Verallia Italia therefore offered Nelson Servizi an out-of-court settlement to terminate their ongoing relationship. In response, Nelson Servizi suspended all payments to Verallia Italia.

In February 2016, Verallia Italia informed Nelson Servizi that said distribution contract would be cancelled if Nelson Servizi did not settle its debts towards it. That same month, Verallia Italia received a summons from Nelson Servizi ordering it (i) to fulfil its obligations under the distribution contract that was renewed in December 2014, (ii) to compensate Nelson Servizi for damages resulting from the breach of the distribution contract and from Verallia Italia's behavior, and (iii) to compensate Nelson Servizi for damages resulting from Nelson Servizi's economic dependence on Verallia Italia. Nelson Servizi thus requested that Verallia Italia be ordered to pay damages amounting to €11 million.

At the closing date, the litigation launched by Nelson Servizi remains under investigation.

The provision recognised in respect of this litigation stood at €4.3 million at 31 December 2020 and 2019.

18.1.2 Provisions for environmental risks

Provisions for environmental risks cover the costs of environmental protection measures, asbestos-related costs and the costs of waste disposal relating to the reconstruction of furnaces.

Asbestos-related litigation

Charges of gross negligence (inexcusable fault)

In France, since the late 1990s, several former and current employees of the Group or their assignees have filed lawsuits against the Group's French subsidiary, Verallia France, for gross negligence; their aim has been to obtain damages, in addition to the compensation they received from the French social security authorities, along with an increase in said compensation for occupational illnesses resulting from their alleged exposure to asbestos-containing materials. In recent years, the French courts have responded favourably to some of their demands.

At 31 December 2020, the amount provisioned in respect of these claims stood at €1.1 million.

Claims for compensation for anxiety

At 31 December 2020, 87 lawsuits had been filed by employees or former employees of the Group claiming compensation for anxiety caused by their alleged exposure to asbestos-containing materials at the Group's French facilities.

At the closing date, none of the plaintiffs had claimed to have fallen ill as a result of exposure to asbestos-containing materials.

At 31 December 2020, the amount provisioned in respect of these claims stood at €1.5 million.

18.1.3 Provisions for restructuring and personnel expenses

Provisions for restructuring and personnel expenses amounted to €21.4 million at 31 December 2020 and €9 million at 31 December 2019.

They mainly concern the transformation plan carried out in France, after the oldest of the three furnaces at the Cognac facility was decommissioned, and redundancy aid measures.

18.1.4 Provisions for other risks

Provisions for other risks mainly concern the provision relating to the Group's deficit with respect to its CO2 allowances for the period covering Phase III (2013-2020) of the "Quotas Directive", amended by Directive 29/2009/EC.

With respect to provisions for CO2 allowance deficits, emission projections were calculated for Phase III of the European plan ended in 2020 and based on the detailed estimates made periodically by the Group's industrial management. Management measures the Group's capacity utilization according to energy prices (fuel and gas), the markets and any upgrades made to its production facilities.

Moreover, in order to secure the prices at which it will have to acquire allowances in 2021, and in preparation for the end of Phase III, the Group has made forward purchases of carbon dioxide allowances on the market for a total amount at 31 December 2020 of €28.5 million, corresponding to its expected deficit. The settlement of forward purchases and delivery of allowances will result in a cash outflow for the Group in 2021.

The Group's allowances deficit recognized in 2020 was €31.1 million (€37.7 million in 2019).

Measurement of the provision takes into account the price of forward purchases made by the Group and the spot price at the closing date for the balance not covered by forward purchases.

Under Phase IV (2021-2030), as defined by the Quotas Directive, the amount of allowances allocated to the Group free of charge will be known precisely in the course of 2021 for the 2021-2025 period and the start of 2026 for the 2026-2030 period. Despite the uncertainty surrounding the number of allowances that will be allocated to it free of charge under Phase IV, the Group already expects the number allocated to it free of charge to be slightly lower than under Phase III and, in any case, it believes it will probably not be allocated enough to meet its allowance return obligations in respect of its carbon dioxide emissions, which means it will have to continue purchasing large amounts of allowances on the market.

In preparation for Phase IV, the group has already made forward purchases of carbon dioxide allowances on the market for a total amount at 31 December 2020 of €27.6 million.

18.1.5 Risks relating to associates

Context

In 2013, Verallia Brasil, a Company subsidiary, set up a joint venture governed by Brazilian law (Industria Vidreira de Nordeste – "IVN") with a local partner, Ipiaram Empreendimentos e Participações Ltda (Ipiaram). Verallia Brasil held a majority stake in this joint venture, the purpose of which was to build and operate a glass manufacturing facility in the Brazilian state of Sergipe. The plant came onstream in 2015.

Verallia Brasil's shareholding was equity-accounted and then sold in October 2018.

Bank guarantees / Shareholder loans

In addition, at 31 December 2016, the shareholder loans traditionally granted to IVN by Verallia Brasil were fully impaired in the amount of 55.6 million Brazilian reals (corresponding to €15 million at the average exchange rate in 2016). In 2018, this impairment loss was fully recovered following the disposal of the shareholding in the amount of 55.6 million Brazilian reals (corresponding to €13 million at the average exchange rate of 2018).

Disposal

The Group and Ipiaram completed the disposal of their shareholdings in IVN on 26 October 2018. A €14 million gain was recognised in financial year 2018 in respect of this disposal.

Arbitration

In January 2017, Ipiaram launched arbitration proceedings with the International Chamber of Commerce (ICC) against Verallia Brasil regarding the interpretation of certain provisions in the partnership agreements signed by the two parties; Ipiaram felt entitled to exercise the undertakings to purchase granted by Verallia Brasil under these partnership agreements. At the closing date, these arbitration proceedings were still under way.

At 31 December 2019, Ipiaram's claim was estimated at 104 million Brazilian reals in total damages (i.e. approximately €23 million at the closing exchange rate on 31 December 2019); the Group, meanwhile, considered that there were no grounds for the claim.

On 18 June 2020, the court of arbitration delivered its final ruling and rejected all the claims made by Ipiaram against Verallia Brazil. Ipiaram submitted a request for clarification with the aim of overturning the arbitration decision, but the request was rejected on 15 October 2020 and the ruling was delivered to the parties concerned on 3 November 2020. The arbitration proceedings were declared closed on 15 December 2020.

On 3 December 2020, Ipiaram commenced proceedings to annul the court of arbitration's final ruling and also requested interim proceedings to suspend the effects of the court of arbitration's decision. The court rejected this second request on 18 December 2020.

The Group deems it unnecessary to recognise any provisions in respect of this arbitration case given the decisions handed down by the court of arbitration and legal authorities.

18.2 OTHER NON-CURRENT FINANCIAL LIABILITIES

ACCOUNTING PRINCIPLES

The other non-current financial liabilities primarily consist of put options granted to minority shareholders in subsidiaries and liabilities relating to the acquisition of securities in the Group's companies, including additional considerations for acquisitions made. Liabilities relating to the put options correspond to the present value of their estimated exercise price, with a corresponding decrease in interests not conferring control and in equity attributable to owners of the parent company. Any subsequent change in the fair value of the liability is recognised through an adjustment to equity.

Verallia Deutschland AG

On 31 December 2019, other non-current financial liabilities included a liability towards Verallia Deutschland AG's minority shareholders.

At 31 December 2020, the Group held 96.76% of the capital and voting rights in Verallia Deutschland AG, its German-listed subsidiary (96.74% at 31 December 2019).

In December 2016, Verallia Deutschland AG, as the controlled entity, and Horizon Holdings Germany GmbH, as the controlling entity, signed a Domination and Profit & Loss Transfer Agreement ("DPLTA") approved by the local authorities.

After signing this agreement, and in accordance with applicable German law, Horizon Holdings Germany GmbH had agreed to purchase all the Verallia Deutschland AG shares it did not already own for €433.02 per share, but certain minority shareholders in Verallia Deutschland AG disputed the valuation on the basis of which this price per share had been established. A liability relating to the obligation to buy out these minority shareholders had been recognised for a total present value of €12.9 million at 31 December 2019. This amount was based on the assumption that 100% of minority shareholders would tender their shares to the offer made by Horizon Holdings Germany GmbH to purchase their shares for €433.02 per share as proposed in 2016.

Moreover, the Domination and Profit & Loss Transfer Agreement provides for annual flat-rate compensation (in the form of dividends per share paid each year) payable to Verallia Deutschland AG's minority shareholders. A liability relating to the obligation to pay this compensation for 5 years had therefore been recognised in 2016 for a total present value of €2.1 million at 31 December 2019. The minority shareholders also disputed the amount of annual flat-rate compensation provided for in said agreement.

On September 24, 2018, the Stuttgart district court rejected the requests made by the minority shareholders. The minority shareholders appealed, and the case was sent to the Stuttgart regional high court which rejected the appeal filed by the minority shareholders on 4 May 2020. No further recourse has been possible since July 2020.

As a result, in July 2020, the liability in respect of the obligation to buy out minority interests was reversed at its current value (i.e. €14 million) with a corresponding increase in shareholders' equity.

NOTE 19 – PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions for pensions and other employee benefits break down as follows:

(in € million)	Notes	31 December 2020	2019
Annuities payable to plan beneficiaries		82.2	80.8
Flat-rate compensation		41.5	42.1
Post-employment medical benefits		6.3	5.9
Provisions for pensions and other liabilities	**19.1**	**130.0**	**128.8**
Other long-term benefits	19.2	4.0	4.2
Provisions for pensions and other employee benefits		**134.0**	**133.0**

The Group's workforce breaks down as follows:

	31 December 2020	2019
Managers	968	903
Administrative employees	2 199	2 207
Other employees	6 468	6 595
Total	**9 635**	**9 705**

The workforce presented corresponds to the average number of people employed by the Group over the year.

19.1 PENSION LIABILITIES AND OTHER POST-EMPLOYMENT BENEFIT LIABILITIES

ACCOUNTING PRINCIPLES

Defined benefit plans

Defined benefit pension plans refer to plans where the Group is committed officially or through an implicit obligation to an amount or level of benefits and therefore bears the associated medium- or long-term risk.

After retiring, the Group's former employees are entitled to pension benefits in accordance with applicable laws and regulations in the respective countries in which the Group operates. Supplemental pension liabilities also apply in some of the Group's companies, in France and also in other countries. The group's liabilities with respect to pensions and retirement benefits are established at the end of the reporting period with the assistance of independent actuaries, on an actuarial basis, using the projected unit credit method which incorporates projected final salaries on retirement and economic conditions in each country. These liabilities can be funded by pension funds or plan assets, and a provision is recognised in the consolidated balance sheet for the portion not funded by assets.

The Group contributes to defined benefit plans which determine the level of retirement benefits an employee will receive on their retirement. These plans mainly concern Germany, Spain, Italy and France.

In France, employees receive retirement benefits depending on their years of service and their last salary on the date of their retirement. This flat-rate amount is determined according to the applicable collective agreement.

Retired former employees in Spain and Germany receive benefits other than retirement benefits, for instance for healthcare. The Group's obligations under these plans are calculated on an actuarial basis and provisions are recognised accordingly in the consolidated balance sheet.

Remeasurements of the net defined benefit liability (asset), comprising actuarial gains and losses, the return on plan assets (excluding amounts factored into the calculation of net interest on net liabilities) and the change in the effect of the asset ceiling (if any, excluding amounts factored into the calculation of net interest on net liabilities), are recognised immediately in "Other comprehensive income".

Provisions are also made, on an actuarial basis, for other long-term employee benefits such as long-service awards and bonuses in various countries. Actuarial gains and losses relating to these other long-term benefits are recognised immediately in the statement of income.

Interest expenses relating to these liabilities and returns on the corresponding plan assets are valued by the Group using the discount rate applied to estimate the liability at the start of the period, and are recognised in financial income as "net interest expense relating to pension plans and other benefits".

Defined contribution plans

Defined contribution pension plans are those for which the Group's only obligation is to pay a contribution, but the Group has no obligation as regards the level of benefits paid.

Contributions into defined contribution plans are expensed as incurred.

ESTIMATES AND ASSUMPTIONS USED BY MANAGEMENT

The present value of defined benefit pension liabilities depends on a certain number of factors that are determined on an actuarial basis using assumptions about population growth and financial/economic factors. The assumptions used to calculate defined benefit pension liabilities and net pension costs include the discount rate and the rate of future salary growth. To establish these estimates and assumptions, Management takes advice from external consultants and actuaries. Any material change in these assumptions could result in a material change in the personnel expenses recognised in the consolidated statement of income and in the remeasurements recognised in other comprehensive income offset against equity.

19.1.1 Main economic and financial assumptions used to measure defined benefit pension liabilities and plan assets

Pension liabilities and other post-employment benefit liabilities are calculated on an actuarial basis using the projected unit credit method applied to estimated final salaries.

i. Rate assumptions

Assumptions about mortality, staff turnover and salary growth factor in economic conditions and population trends in each individual country.

Discount rates are established by region depending on the bond yields of high-quality companies at the end of the financial year. The discount rates used for the Group's main plans are as follows:

(In %)	Year ended 31 December	
	2020	**2019**
Discount rate	0,5 à 0,7%	0,7% à 0,9%
Salary increases including long-term inflation	1,8% à 2,3%	1,8% à 2,5%
Long-term inflation rate	1.5 %	1.5 %

ii. Sensitivity analysis

The sensitivity analyses carried out imply the following outcomes for defined benefit pension liabilities:

(in € million)	Year ended 31 December	
	2020	**2019**
Impact of 0.5% increase in discount rate	(10.0)	(11.6)
Impact of 0.5% decrease in discount rate	11.1	13.1
Impact of 0.5% increase in inflation rate	9.3	10.7

19.1.2 Change in pension liabilities and other post-employment benefit liabilities

i Net carrying value of the provision

The table below shows defined benefit pension liabilities relating to the Group's pension liabilities and other post-employment benefit plans along with the corresponding plan assets:

(in € million)	Notes	Year ended 31 December	
		2020	**2019**
Provisions for pensions and other post-employment benefit liabilities	19	130.0	128.8
Pension plan surpluses		(3.8)	(4.1)
Net pension liabilities and other post-employment benefit liabilities		**126.2**	**124.7**

ii Liability analysis

The total amount of the Group's pension liabilities and other post-employment benefit liabilities breaks down as follows:

(in € million)	31 December 2020					31 December 2019				
	Spain	Germany	Other Western European countries	Other	Total	Spain	Germany	Other Western European countries	Other	Total
Average duration (in years)					**13.3**					**14.1**
Defined benefit liabilities - funded plans	37.7		0.2		37.9	42.1		0.1		42.2
Defined benefit liabilities - unfunded plans	5.5	82.5	41.4	0.6	130.0	3.6	82.7	42.0	0.6	128.9
Fair value of plan assets	(40.7)		(1.0)		(41.7)	(45.4)		(1.0)		(46.4)
Deficit (Surplus)	**2.5**	**82.5**	**40.6**	**0.6**	**126.2**	**0.3**	**82.7**	**41.1**	**0.6**	**124.7**
Asset ceiling					—					—
Net pension liabilities and other post-employment benefit liabilities					**126.2**					**124.7**

iii. Plan assets

Plan assets primarily consist of insurance policies. They are invested in low-risk assets.

iv. Change in pension liabilities and other post-employment benefit liabilities

Changes in pension liabilities and other post-employment benefit liabilities break down as follows:

(in € million)	Notes	Pension liabilities and other post-employment benefit liabilities	Fair value of plan assets	Net pension liabilities and other post-employment benefit liabilities
As of 31 December 2018		**158.3**	**(46.9)**	**111.4**
Fluctuations during the year				
Current service cost		2.3	—	2.3
Net interest expense	7	2.5	(0.7)	1.8
Reductions/settlements		(0.4)	—	(0.4)
Past service cost*		7.1	—	7.1
Contributions to the pension plan		—	0.4	0.4
Translation differences		0.1	—	0.1
Employee benefit expenses recognised in the income statement		**11.5**	**(0.4)**	**11.2**
Payment of benefits		(9.1)	3.2	(5.9)
Business combination		—	—	—
Remeasurement of net liabilities (net assets)		10.3	(2.3)	8.0
Other		—	—	—
Total movements during the year		**12.8**	**0.5**	**13.3**
As of 31 December 2019		**171.1**	**(46.4)**	**124.7**
Fluctuations during the year				
Current service cost		3.3	—	3.3
Net interest expense	7	1.0	(0.1)	0.9
Reductions/settlements		—	—	—
Past service cost		—	—	—
Contributions to the pension plan		—	—	—
Translation differences		(0.1)	—	(0.1)
Employee benefit expenses recognised in the income statement		**4.2**	**(0.1)**	**4.1**
Payment of benefits		(9.7)	3.1	(6.6)
Business combination		—	—	—
Remeasurement of net liabilities (net assets)		2.3	1.7	4.0
Other		—	—	—
Total movements during the year		**(3.2)**	**4.7**	**1.5**
As of 31 December 2020		**167.9**	**(41.7)**	**126.2**

* Service costs expensed in financial year 2019 concern changes to France's national collective agreement which took effect in October 2019.

19.2 OTHER LONG-TERM BENEFITS

Defined benefit pension liabilities are generally calculated on an actuarial basis according to the same method as for pension liabilities.

At 31 December 2020, provisions for other long-term employee benefits primarily included long-service awards payable by the subsidiaries in France amounting to €2.2 million (€2.3 million at 31 December 2019) and bonuses amounting to €1.4 million in Germany (€1.5 million at 31 December 2019).

19.3 MANAGEMENT SHARE OWNERSHIP PLAN

19.3.1 Share ownership plan

The Group's compensation policy is aimed at retaining and motivating talented employees, and at involving managerial staff in its performances, mainly through a long-term incentive plan in the form of bonus share awards subject to performance criteria linked to the Group's long-term strategy.

For this purpose, when the Group listed on the regulated market of Euronext Paris, it set up a performance share allocation plan spanning a period of three years from 2019 to 2021 (the "2019/2021 Plan"), corresponding to at most 1% of the Company's share capital and allocated in three tranches.

The final allocation of shares each year under the 2019/2021 Plan is decided subject to (a) the continued employment of the employee or executive concerned and (b) performance criteria that are (i) 70% dependent on targets set for adjusted EBITDA and net debt before dividend payouts and share buybacks, measured over the previous two years combined, and (ii) 30% dependent on the achievement of a share performance target, starting from the Company's initial public offering, relative to the share performances of companies listed in the SBF 120 index on Euronext Paris.

A first allocation of shares corresponding to a maximum of 0.33% of the Company's share capital was made in July 2019 subject to performance criteria being met.

A second allocation of shares corresponding to a maximum of 0.33% of the Company's share capital was made in March 2020 subject to performance criteria being met.

At 31 December 2020, the number of potential ordinary shares under these plans was 523,652.

19.3.2 Management share ownership plan 2015 and 2017

When Compagnie Saint-Gobain's Packaging division was acquired in 2015, the Company's shareholders set up a share ownership plan for Verallia's Management ("Management Share Ownership Plan 2015") in order to align Management's interests with those of the shareholders and to enable the Company's Management to share in Verallia's long-term growth.

Certain key executives were given the opportunity to invest in both ordinary shares and preference shares in Horizon Intermediate Holdings S.C.A ("Horizon Intermediate"), a holding company upstream of the Company, on the date of the acquisition, 29 October 2015. Thereafter, in 2017, another share ownership plan ("Management Share Ownership Plan 2017") was set up to offer a similar opportunity to other key managers.

Investments in ordinary shares and preference shares were carried out pari passu and settled in equity instruments, so they were not expensed in the income statement, in accordance with IFRS 2 *Share-based payment.*

On 7 October 2019, the Company carried out the merger-acquisition of Horizon Intermediate Holdings S.C.A., the Company's parent company with 100% of its capital. Members of Management along with other key managers having subscribed to the 2015 and 2017 Management Share Ownership Plans thereby became shareholders in the Company on that date.

19.3.3 Bonus preference shares

Bonus shares were granted to members of the Management and other key managers, leading to the recognition of costs for share-based payments, based on a number of bonus preference shares I and a number of bonus preference shares II obtained in Horizon Intermediate Holdings S.C.A under the Management Share Ownership Plan 2015 and Management Share Ownership Plan 2017, respectively.

Subsequent to the Company's merger-acquisition of Horizon Intermediate Holdings S.C.A, the Company's parent company, members of the Management and other key managers eligible for bonus preference share programs became shareholders in Verallia SA.

19.3.4 Accounting impacts

Fair values applied to these share ownership plans were measured taking the features of these plans into account. Expenses incurred in relation to these plans and associated costs recognised in the consolidated statement of income were €5.8 million for the financial year ended 31 December 2020. Expenses incurred in relation to these plans and associated costs recognised in the consolidated statement of income were €11.5 million for the financial year ended 31 December 2019.

19.4 GROUP SAVINGS PLANS

In financial year 2016, Verallia Packaging SAS, a fully consolidated subsidiary of the Verallia Group, set up an employee investment fund, the Verallia FCPE (Fonds Commun de Placement), invested in shares in Verallia Packaging SAS. This fund was an option to invest offered to employees of the Group's entities participating in the Group's savings plan, either through a Group Savings Plan set up between Verallia Packaging SAS and the Verallia Group's French entities or an International Group Savings Plan set up between Verallia Packaging SAS and the Verallia Group's non-French companies. In 2019 and 2018, the non-French companies that participated in the International Group Savings Plan were Spain, Germany, Portugal, Poland and Brazil.

On 7 October 2019, the Verallia FCPE transferred to the Company all the ordinary and preference shares it held in the capital of the Verallia Packaging subsidiary, i.e. 3.52% of its capital (versus 2.89% at 31 December 2018), in exchange for new ordinary shares in the Company corresponding to 2.74% of its capital.

On 25 June 2020, a capital increase reserved for employees was carried out under the Group Savings Plan (PEG) and International Group Savings Plan (PEGI). Employees subscribed to the operation either via the Verallia FCPE in the case of those located in France, Brazil, Poland and Portugal, or directly in the case of those located in Germany, Spain, Italy and Chile.

The number of shares subscribed under this capital increase was 1,064,999.

At 31 December 2020, employee shareholders - whether direct shareholders or shareholders through the Verallia FCPE - held 3.2% of Verallia's share capital as a result of capital increases reserved for employees carried out under the PEG and PEGI.

NOTE 20 – FINANCIAL RISK MANAGEMENT

The Group's financial risk management strategy aims to minimise the impact of volatility in interest rates, energy prices and exchange rates on its costs and cash flows, while maintaining the financial flexibility the Group needs to successfully roll out its commercial strategies.

20.1 LIQUIDITY RISK

In a crisis scenario, the Group might not be able to obtain the financing or refinancing needed to cover its investment plans from the credit or equity markets, or it might not be able to do so on acceptable terms.

The Group's overall exposure to liquidity risk is managed by the Group's treasury and finance department. The table below shows the contractual deadlines applicable to the Group's financial liabilities, including its interest payments.

(in € million)	Note	31 December 2020					
		Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Current and non-current portion of long-term debt (including interest)	17	1 589.4	1 697.1	58.9	61.0	1 556.6	20.6
Other liabilities, including derivative financial instruments	17	6.9	5.9	3.7	2.2		
Short-term debt	17	158.5	158.5	158.5			
Total borrowings	**17**	**1 754.8**	**1 861.5**	**221.1**	**63.2**	**1 556.6**	**20.6**
Trade payables and related accounts	14.3	367.5	367.5	367.5			
Other payables and accrued liabilities, including commodity derivative financial instruments	14.3	250.0	250.0	249.7	—	0.3	
Total financial liabilities		**2 372.3**	**2 479.0**	**838.3**	**63.2**	**1 556.9**	**20.6**

The Group had two revolving credit facilities at 31 December 2020, the undrawn €500 million RCF1 and the undrawn €250 million RCF2.

(in € million)	Note	31 December 2019					
		Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Current and non-current portion of long-term debt (including interest)	17	1 600.9	1 749.9	57.8	50.1	1 617.8	24.2
Other liabilities, including derivative financial instruments	17	9.6	9.6			9.6	
Short-term debt	17	199.4	199.4	199.4			
Total borrowings	**17**	**1 809.9**	**1 958.9**	**257.2**	**50.1**	**1 627.4**	**24.2**
Trade payables and related accounts	14.3	383.6	383.6	383.6			
Other payables and accrued liabilities, including commodity derivative financial instruments	14.3	277.0	277.0	277.0			
Total financial liabilities		**2 470.5**	**2 619.5**	**917.8**	**50.1**	**1 627.4**	**24.2**

At 31 December 2019, the Group had a revolving credit facility with an undrawn amount of €500 million.

20.2 MARKET RISKS

20.2.1 Interest rate risk

The Group's overall exposure to debt-related interest rate risk is managed by its Treasury and Finance Department. The subsidiaries using derivative instruments generally do so with Verallia Packaging as the counterparty. The Group's policy is to secure the cost of its medium-term debt against the risk of an increase in interest rates, while optimising its cost.

In August 2018, the Group hedged a large portion of its exposure to a rise in the Euribor rate through interest rate swaps of a nominal value of €1,500 million and maturing in August 2022.

In October 2019, after repaying some of its debt, the Group unwound €250 million of interest rate swaps.

Interest rates	31 December 2020		31 December 2019	
	Notional amount in currency millions	**Fair value**	**Notional amount in currency millions**	**Fair value**
Interest rate swaps	1 250.0	(6.2)	1 250.0	(9.1)
Total interest rate derivative financial instruments		**(6.2)**		**(9.1)**

Interest rate derivative instruments: derivative instruments hedging interest rate risk are referred to as cash flow hedging instruments.

The hedging strategy is set up in such a way as to align the main characteristics of the underlying with those of the derivatives, so the inefficiency to be recorded is non-significant for the periods presented herein.

Thus, a 50 bp variation in interest rates (6m Euribor for 2020 and 1m Euribor for 2019), projected forward to the closing date, would have the following impact on profit:

(in € million)	2020	2019
Impact of 50 base point (bp) increase	—	(0.4)
Impact of 50 base point (bp) decrease	—	—

20.2.2 Currency risk

Currency risk includes the following:

Transaction risk: occurring during the normal course of business. The Group mostly operates locally, and most of its receivables and payables are denominated in the subsidiary's functional currency.

Financial risk: occurring during the normal course of business for certain financial liabilities denominated in a currency other than the functional currency.

Change - devise	31 December 2020	
	Notional amount in currency millions	Fair value
Currency derivatives - EUR/CLP	22.9/20 739	(0.8)
Currency derivatives - EUR/USD	11.6/13.5	0.3
Currency derivatives - EUR/GBP	8.6/7.8	—
Currency derivatives - EUR/ARS	1.9/227	(0.1)
Currency derivatives - USD/ARS	4.2/448	(0.4)
Currency derivatives - USD/BRL	6.5/35	(0.2)
Total currency derivative financial instruments		**(1.0)**

Change - devise	31 December 2019	
	Notional amount in currency millions	Fair value
Currency derivatives - EUR/BRL	6.6/31.3	(0.2)
Currency derivatives - EUR/GBP	7.9/6.9	(0.2)
Currency derivatives - USD /BRL	6.2/25.3	(0.1)
Currency derivatives - EUR/RUB	18.0/1310	(0.7)
Other		0.1
Total currency derivative financial instruments		**(1.1)**

Currency derivative instruments: derivative instruments hedging transaction and financial currency risks are referred to as fair value hedging instruments.

Translation risk: occurring as a result of the consolidation in euros of the financial statements of subsidiaries that have a different functional currency. Any fluctuation in the exchange rates of these currencies against the euro has an impact on the Group’s equity. The Group’s main exposures are to the Argentine peso, the Brazilian real and the Russian rouble.

2020	Groups's equity	
(in € million)	Euro appreciation +10%	Euro depreciation -10%
Brazilian real	(13.6)	16.6
Argentine peso	(4.8)	5.8
Russian rouble	(5.6)	6.8

2019	Groups's equity	
(in € million)	Euro appreciation +10%	Euro depreciation -10%
Brazilian real	(23.0)	19.0
Argentine peso	(5.0)	4.0
Russian rouble	(7.0)	5.0

20.2.3 Commodity risk

The Group is exposed to variations in the prices of the commodities and energy it uses in its operational activities. The Group may sometimes limit its exposure to fluctuations in energy prices by using swaps to hedge some of its energy purchases. Energy hedges (excluding purchases at fixed prices negotiated directly with suppliers by the procurement department) are arranged, as far as possible, by the Group's treasury and finance department in accordance with the instructions received from the Group's procurement department and in keeping with the directives established by the Board of Directors.

Commodities	31 December 2020	
	Notional amount in currency millions	**Fair value**
Commodity derivatives fuel swaps (€)	6.8	—
Commodity derivatives gas swaps (€)	105.4	(1.5)
Commodity derivatives electricity swaps (€)	40.0	4.9
Total commodity derivative financial instruments		**3.4**

Commodities	31 December 2019	
	Notional amount in currency millions	**Fair value**
Commodity derivatives fuel swaps (€)	16.5	2.8
Commodity derivatives gas swaps (€)	124.4	(31.9)
Commodity derivatives electricity swaps (€)	11.1	(0.9)
Total commodity derivative financial instruments		**(30.0)**

Energy derivative instruments: derivative instruments hedging the risk of fluctuations in energy prices are referred to as cash flow hedging instruments. The hedging strategy is set up in such a way as to align the main characteristics of the underlying with those of the derivatives, so the inefficiency to be recorded is non-significant for the periods presented herein.

20.2.4 Financial counterparty risk

The Group may be exposed to the risk of a default by one of the banking counterparties that manages its cash or any of its other financial instruments, as such a default could result in a financial loss for the Group. Application of IFRS 13, *Fair value measurement*, requiring the incorporation of counterparty risk when measuring derivative instruments, had no material impact on the Group's financial statements at 31 December 2020 and 2019.

NOTE 21 – FINANCIAL INSTRUMENTS

ACCOUNTING PRINCIPLES

Initial recognition and measurement

Trade receivables are initially recognised when they are created. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, in the case of an item not measured at fair value through profit or loss ("FVTPL"), the transaction costs that are directly attributable to its acquisition or issue. A trade receivable with no significant financing component is initially measured at its transaction price.

Classification and subsequent measurement

Financial assets

At initial recognition, a financial asset is classified as having been measured either at amortised cost, at fair value through other comprehensive income ("FVOCI") with a distinction made between debt instruments and equity instruments, or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets, in which case all financial assets affected are reclassified on the first day of the first financial year following the change in business model.

A financial asset is measured at amortised cost if it meets the following two conditions and is not designated as at FVTPL:

- it is held as part of a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets the following two conditions and is not designated as at FVTPL:

- it is held as part of a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payment of principal and interest on the principal amount outstanding.

At initial recognition of an equity instrument that is not held for trading, the Group has the irrevocable option to present subsequent adjustments to the fair value of this instrument in other comprehensive income. This choice is made for each instrument.

All financial assets not classified as being measured at amortised cost or at FVOCI using the method described above are measured at FVTPL. This includes all derivative financial assets (see below). At initial recognition, the Group has the irrevocable option to designate a financial asset that would otherwise meet the conditions to be measured at amortised cost or at FVOCI as being at FVTPL, if this designation makes it possible to eliminate or significantly reduce an accounting mismatch that would otherwise have arisen.

Financial assets – assessing whether contractual cash flows are solely payment of principal and interest

For the purposes of this assessment, the term "principal" is defined as being the fair value of the financial asset at initial recognition. "Interest" is defined as being the consideration of the time value of money, the credit risk associated with the principal amount outstanding during a particular period of time, and other basic lending risks and costs (for example, liquidity risk and administrative expenses), as well as the profit margin.

The Group takes into consideration the instrument's contractual terms when assessing whether contractual cash flows are solely payment of principal and interest.

Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are then measured at their fair value. Net gains and losses, including any interest income or dividends, are recognised through profit or loss. However, see Note 20 for derivative instruments designated as hedging instruments.
Financial assets at amortised cost	These assets are then measured at amortised cost using the effective interest method. Impairment losses are deducted from the amortised cost. Interest income, currency gains and losses, and impairment losses are recognised through profit or loss. Any gains or losses from derecognition are recognised through profit or loss.
Debt instruments at FVOCI	These assets are then measured at their fair value. Interest income calculated using the effective interest method, currency gains and losses, and impairment losses are recognised through profit or loss. Other net gains and losses are recognised through other comprehensive income. At derecognition, cumulative gains and losses in other comprehensive income are reclassified to profit or loss.
Equity investments at FVOCI	These assets are then measured at their fair value. Dividends are recognised as income in profit or loss, unless the dividend clearly corresponds to the recovery of some of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

In accordance with IFRS 9, financial liabilities are classified as being measured at amortised cost or at FVTPL. A financial liability is classified as being at FVTPL if it is considered to be held for trading, whether it is a derivative or was designated as such at initial recognition. Financial liabilities at FVTPL are measured at fair value and the resulting net gains and losses, including any interest expense, are recognised through profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and currency gains and losses are recognised through profit or loss. Any gains or losses resulting from derecognition are also recognised through profit or loss.

See **Note 20** for financial liabilities designated as hedging instruments.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the financial asset.

The Group carries out transactions through which it transfers assets recognised in its balance sheet but retains all or substantially all the risks and rewards of ownership of the transferred assets. In such cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or they expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at its fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

When a financial liability measured at amortised cost is modified without being derecognised, a gain or loss is recognised through profit or loss. The calculated gain or loss corresponds to the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Derivative financial instruments and hedge accounting under IFRS 9

The Group holds derivative financial instruments to hedge currency risk, interest rate risk, commodity risk and energy risk. Embedded derivatives are separated from the host contract and considered separately if the host contract is not a financial asset and if certain criteria are met.

Derivatives are first measured at their fair value. Subsequent to initial recognition, derivative instruments are measured at their fair value and changes therein are generally recognised in profit or loss.

The Group designates certain derivative instruments as being hedging instruments to hedge the variability of cash flows relating to highly probable forecast transactions resulting from movements in exchange rates, interest rates, commodity prices or energy prices. At inception of a designated hedging relationship, the Group documents the risk management objective and the strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether variations in cash flows from the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative recognised in other comprehensive income is limited to the cumulative change in the fair value of the hedged item, determined using the present value, as from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amount that has been accumulated in the hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount that has been accumulated in the hedging reserve is reclassified to profit or loss in the same period(s) as when the hedged forecast future cash flows affect profit or loss.

If the hedge no longer meets hedge qualifying criteria or if the hedging instrument is sold, expires, is terminated or exercised, hedge accounting is then discontinued prospectively. If hedge accounting of cash flow hedges ceases to apply, the amount that has been accumulated in the hedging reserve remains recognised in equity until, in the case of the hedging of a transaction giving rise to the recognition of a non-financial item, it is included in the cost of the non-financial item on its initial recognition or, in the case of other cash flow hedges, until it is reclassified to profit or loss in the same period(s) as when the hedged forecast cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

Impairment of receivables

The Group recognizes impairment losses for Expected Credit Losses (ECL) for:

– financial assets measured at amortised cost; and

– contract assets.

Impairments for losses on trade receivables and contract assets are measured at an amount equal to full lifetime ECL.

To determine whether the credit risk of a financial asset has increased significantly since initial recognition, and to estimate ECL, the Group considers reasonable and supportable information that is relevant and available and does not involve undue cost or effort. This consists of quantitative and qualitative information and analyses based on the Group's past experience and on an informed credit assessment, including prospective information.

Impairments for losses on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off if the Group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to recovery procedures in accordance with the Group's credit policy.

ESTIMATES AND ASSUMPTIONS USED BY MANAGEMENT

As indicated above, the Company uses estimates to determine impairments for trade receivables.

Classification and fair value measurement

Financial assets and liabilities are classified as follows:

		31 December 2020									
		Accounting categories						Fair value measurement based on:			
(in € million)	Notes	Amortised cost	Fair value through other comprehensive income – equity instruments	Fair value through other comprehensive income – debt instruments	Mandatorily at fair value through profit or loss	Fair value – hedging instruments	Carrying amount	Level 1: prices quoted on active markets	Level 2: significant observable inputs	Level 3: significant nonobservable inputs	Total financial instruments at fair value
Equity investments – nongroup	13		6.4				6.4			6.4	6.4
Loans, deposits and receipts	13	20.7					20.7		20.7		20.7
Trade receivables and related accounts (excluding current tax receivables)	14.2	138.2		13.9			152.1		152.1		152.1
Derivative instruments hedging financial risk	20.2					0.1	0.1		0.1		0.1
Derivative instruments hedging operating risk (*)	14.2 & 20.2					11.5	11.5		11.5		11.5
Cash and cash equivalents	15	433.1			43.1		476.2	462.7	13.5		476.2
Total financial assets		**592.0**	**6.4**	**13.9**	**43.1**	**11.6**	**667.0**	**462.7**	**197.9**	**6.4**	**667.0**
Term Loan A and revolving credit facility (unused)	17	(1 496.7)					(1 496.7)		(1 496.7)		(1 496.7)
Financial liabilities on finance leases	17	(46.9)					(46.9)		(46.9)		(46.9)
Other long-term liabilities	17	(37.8)		(8.0)			(45.8)		(45.8)		(45.8)
Total long-term debt		**(1 581.4)**	—	**(8.0)**	—	—	**(1 589.4)**	—	**(1 589.4)**	—	**(1 589.4)**
Derivative instruments hedging financial risk (**)	20.2					(6.9)	(6.9)		(6.9)		(6.9)
Total long-term debt and instruments		**(1 581.4)**	—	**(8.0)**	—	**(6.9)**	**(1 596.3)**	—	**(1 596.3)**	—	**(1 596.3)**
Negotiable commercial paper (NEU CP)	17	(146.4)					(146.4)		(146.4)		(146.4)
Other short-term liabilities	17	(6.2)		(5.9)			(12.1)		(12.1)		(12.1)
Total short-term debt		**(152.6)**	—	**(5.9)**	—	**0.0**	**(158.5)**	—	**(158.5)**	—	**(158.5)**
Derivative instruments hedging operating risk (*)	14.3 & 20.2					(8.5)	(8.5)		(8.5)		(8.5)
Trade payables and related accounts	14.3	(367.5)					(367.5)		(367.5)		(367.5)
Other payables and accrued liabilities	14.3	(241.5)					(241.5)		(241.5)		(241.5)
Total financial liabilities		**(2 343.0)**	—	**(13.9)**	—	**(15.4)**	**(2 372.3)**	—	**(2 372.3)**	—	**(2 372.3)**
Total		**(1 751.0)**	**6.4**	—	**43.1**	**(3.8)**	**(1 705.3)**	**462.7**	**(2 174.5)**	**6.4**	**(1 705.3)**

(*) All commodity swaps are designated as cash flow hedges.

(**) Interest rate swaps (payer fixed / receiver variable) taken out by the Group are designated as cash flow hedges.

		31 December 2019									
		Accounting categories						Fair value measurement based on:			
(in € million)	**Notes**	**Amortised cost**	**Fair value through other comprehensive income – equity instruments**	**Fair value through other comprehensive income – debt instruments**	**Mandatorily at fair value through profit or loss**	**Fair value – hedging instruments**	**Carrying amount**	**Level 1: prices quoted on active markets**	**Level 2: significant observable inputs**	**Level 3: significant nonobservable inputs**	**Total financial instruments at fair value**
Equity investments - nongroup	13		6.5				6.5			6.5	6.5
Loans, deposits and receipts	13	26.8					26.8		26.8		26.8
Trade receivables and related accounts (excluding current tax receivables)	14.2	165.0		10.9			175.9		175.9		175.9
Derivative instruments hedging financial risk	20.2				0.1		0.1		0.1		0.1
Derivative instruments hedging operating risk (*)	14.2 & 20.2					3.1	3.1		3.1		3.1
Cash and cash equivalents	15	155.9			63.3		219.2	171.6	47.6		219.2
Total financial assets		**347.7**	**6.5**	**10.9**	**63.4**	**3.1**	**431.6**	**171.6**	**253.5**	**6.5**	**431.6**
Term Loan A and revolving credit facility (unused)	17	(1 490.7)					(1 490.7)		(1 490.7)		(1 490.7)
Financial liabilities on finance leases	17	(53.3)					(53.3)		(53.3)		(53.3)
Other long-term liabilities	17	(48.7)		(8.2)			(56.9)		(56.9)		(56.9)
Total long-term debt		**(1 592.7)**	**—**	**(8.2)**	**—**	**—**	**(1 600.9)**	**—**	**(1 600.9)**	**—**	**(1 600.9)**
Derivative instruments hedging financial risk (**)	20.2					(9.6)	(9.6)		(9.6)		(9.6)
Total long-term debt and instruments		**(1 592.7)**	**—**	**(8.2)**	**—**	**(9.6)**	**(1 610.5)**	**—**	**(1 610.5)**	**—**	**(1 610.5)**
Negotiable commercial paper (NEU CP)	17	(188.2)					(188.2)		(188.2)		(188.2)
Other short-term liabilities	17	(8.5)		(2.7)			(11.2)		(11.2)		(11.2)
Total short-term debt		**(196.7)**	**—**	**(2.7)**	**—**	**—**	**(199.4)**	**—**	**(199.4)**	**—**	**(199.4)**
Derivative instruments hedging operating risk (*)	14.3 & 20.2					(34.4)	(34.4)		(34.4)		(34.4)
Trade payables and related accounts	14.3	(383.6)					(383.6)		(383.6)		(383.6)
Other payables and accrued liabilities	14.3	(242.7)					(242.7)		(242.7)		(242.7)
Total financial liabilities		**(2 415.7)**	**—**	**(10.9)**	**—**	**(44.0)**	**(2 470.5)**	**—**	**(2 470.5)**	**—**	**(2 470.5)**
Total		**(2 068.0)**	**6.5**	**—**	**63.4**	**(40.9)**	**(2 038.9)**	**171.6**	**(2 217.0)**	**6.5**	**(2 038.9)**

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

Fair value is based on market inputs and commonly used valuation models, and may be confirmed in the case of complex instruments by reference to values quoted by independent financial institutions.

NOTE 22 – RELATED PARTIES

ACCOUNTING PRINCIPLES

Under IAS 24 *Related party disclosures*, a related party is a person or an entity that is related to the reporting entity.

It can be any of the following:

- a person or company that has control over the Group;
- a Group associate;
- a joint venture;
- a member of the company's key management personnel (or a member of that person's family).

A related party transaction is a transfer of resources, services or obligations between the Group and this related party.

22.1 TRANSACTIONS WITH ASSOCIATES

The scope of associates is defined in **Note 3.3**.

The amounts shown in the Group's accounts relating to associates are as follows:

	(in € million)	Year ended 31 December	
		2020	**2019**
Statement of financial position	Non-current assets	—	4.5
	Current assets	—	1.3
	Non-current liabilities	—	—
	Current liabilities	1.1	1.6
Income statement	Revenue	—	5.2
	Cost of sales	13.4	11.9
	Financial income	—	—

Transactions were carried out in normal market conditions, that is in conditions similar to those that would usually apply between independent parties.

22.2 TRANSACTIONS WITH SHAREHOLDERS

22.2.1 Loan agreement between Verallia Packaging and Bpifrance Financement

On 11 December 2018, Verallia Packaging, a Company subsidiary, and Bpifrance Financement, an affiliate of Bpifrance Participations, a direct shareholder in the Company, signed an agreement for a €10 million instalment loan aimed at financing and refinancing the cash requirements of Verallia Packaging and its subsidiaries. The loan carries annual interest at a rate of 0.70%. The loan is repayable on 31 December 2021.

At 31 December 2020, the loan amount including interest totalled €3.3 million versus €6.7 million at 31 December 2019.

22.2.2 Intra-group loan with Horizon Intermediate Holdings:

On 6 August 2020, Verallia Packaging, a Company subsidiary, and Bpifrance Financement, an affiliate of Bpifrance Participations, a direct shareholder in the Company, signed a partnership agreement for a total amount of €100,000. The purpose of this agreement was to provide Bpifrance with financial and logistical support to organise its "BIG Tour" event running from 29 July to 28 August 2020 and the "Bpifrance Inno Génération" event held on 1 October 2020 and open to the public.

22.2.3 Services contract

The Group has no services contracts with its shareholders.

22.3 TRANSACTIONS WITH MANAGEMENT PERSONNEL

The Group's key management personnel are its Management team, which includes the following:

- The Chief Executive Officer
- The Chief Financial Officer
- Segment Directors
- The General Secretary
- The Vice-President of Operations
- The Chief Legal Officer

The compensation of key management personnel shown in the statement of income for the period (including employer contributions and excluding social security contributions on bonus share awards) is as follows:

(in € million)	Year ended 31 December	
	2020	2019
Short-term employee benefits	4.7	7.5
Post-employment benefits	0.9	0.6
Other long-term benefits	—	—
Termination benefits	—	—
Share-based payment	2.0	3.5
Total	**7.6**	**11.6**

The compensation of members of the Board of Directors (attendance fees) corresponds to the amounts recorded in the statement of income over the period.

Attendance fees allocated to non-executive officers in respect of their mandates at Verallia SA amounted to €0.4 million in 2020 versus €0.3 million in 2019.

NOTE 23 – CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET COMMITMENTS

23.1 COMMITMENTS OF OPERATING ACTIVITIES

(in € million)	Notes	31 December 2020	31 December 2019
OPERATING COMMITMENTS GIVEN			
Operating lease liabilities	**23.1.1**	566.6	557.5
Other operating commitments given	**23.1.2**	8.3	3.4
Total operating commitments given		**574.9**	**560.8**
OPERATING COMMITMENTS RECEIVED			
Commitments received	**23.1.3**	**8.8**	**11.6**

23.1.1 Non-cancellable purchase commitments

Non-cancellable purchase commitments include firm orders for property, plant and equipment as well as purchase commitments for commodities and services.

(In € million)		2020	Payments due		
			Less than 1 year	1 to 5 years	More than 5 years
Non-cancellable purchase commitments					
- Non-current assets	A	**95.8**	86.3	9.5	—
- Commodities and energy	B	**399.5**	264.6	134.2	0.8
- Services		**62.1**	38.5	23.6	—
- Other		**9.2**	8.8	0.4	—
Total		**566.6**	**398.2**	**167.6**	**0.8**

(In € million)		2019	Payments due		
			Less than 1 year	1 to 5 years	More than 5 years
Non-cancellable purchase commitments					
- Non-current assets	A	**96.9**	92.3	4.6	—
- Commodities and energy	B	**385.5**	252.9	130.0	2.6
- Services		**68.8**	48.5	20.3	—
- Other		**6.3**	4.7	1.6	—
Total		**557.5**	**398.4**	**156.5**	**2.6**

A. Corresponds mainly to purchase commitments made for the building and rebuilding of furnaces.

B. Includes CO2 emission allowances futures qualifying for the “own use” exemption.

23.1.2 Other operating commitments given

Other operating commitments given consist primarily of guarantees relating to the environment.

23.1.3 *Operating commitments received*

Operating commitments received amounted to €8.8 million at 31 December 2020 and to €11.6 million at 31 December 2019. They consist primarily of guaranteed receivables.

23.2 FINANCING COMMITMENTS

The Group's main borrowing commitments are indicated in Note 17.

The Group's main commitments with respect to its borrowings and financial liabilities are described in Note 17.

- The Group had current assets pledged as collateral in the amount of €43.7 million at 31 December 2020 versus €44.7 million at 31 December 2019. They consisted mainly of bank guarantees and tangible collateral.
- Other financial commitments given amounted to €15.4 million at 31 December 2020 versus €16.2 million in 2019. These commitments consisted mainly of letters of comfort for local loan guarantees.
- Verallia Group also received commitments by way of guarantees in the amount of €758.7 million at 31 December 2020 versus €805.5 million in 2019. These commitments consisted mainly of credit facilities (see Note 17 for more information).
- As part of the process of listing the Company's shares for trading on the regulated market of Euronext Paris, on 7 October 2019 the Group refinanced the facilities that had been made available to it under the facilities agreement signed on 7 August 2015 (as amended subsequently) (the "2015 Facilities Agreement"), primarily by drawing on the term loan made available to Verallia Packaging under the facilities agreement of a maximum total principal amount of €2,000,000,000 (including a term loan of a total principal amount of €1,500,000,000 and a revolving credit facility of a maximum principal amount of €500,000,000) governed by French law and signed on 17 July 2019 with an international banking syndicate (the "2019 Facilities Agreement"). Under the 2019 Facilities Agreement, the Company stands as joint and several guarantor (the "2019 Guarantor") for the payment and repayment obligations of Verallia Packaging (as the borrower) and of the Group's other companies that also adhered to the 2019 Facilities Agreement (as guarantors) (i.e. Verallia France, Verallia Italia, Verallia Brasil, Verallia Spain, Verallia Portugal and Verallia Deutschland), for a maximum principal amount of €2,000,000,000 (plus interest, fees and commissions) and within the legal and contractual limits set out in Article 22.13 (Limitation of Liabilities of French Guarantors) of the 2019 Facilities Agreement.

  In addition, on 24 April 2020 the Group signed a revolving credit facility agreement governed by French law for a total maximum principal amount of €250,000,000 with an international banking syndicate for a 1-year period, extendable by six months (the "2020 Revolving Credit Facility Agreement"), the purpose of which was to shore up its liquidity during the public health crisis. Under the 2020 Revolving Credit Facility Agreement, the Company stands as joint and several guarantor (the "2020 Guarantor") for the payment and repayment obligations of Verallia

Packaging (as the borrower) and of the Group's other companies that may adhere to the 2020 Revolving Credit Facility Agreement (as guarantors), for a maximum principal amount of €250,000,000 (plus interest, fees and commissions) and within the legal and contractual limits set out in Article 16.13 (Limitation of Liabilities of French Guarantors) of the 2020 Revolving Credit Facility Agreement.

NOTE 24 – AUDIT FEES

(in € million)	*PricewaterhouseCoopers*				*BM&A*				*Other*				*Total*			
	Amount (before tax)		*%*		*Amount (before tax)*		*%*		*Amount (before tax)*		*%*		*Amount (before tax)*		*%*	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Audit, certification and review of parent company and consolidated financial statements	**1.3**	**1.2**	**95%**	**49%**	**0.4**	**0.3**	**100%**	**71%**	**0.2**	**0.2**	**95%**	**56%**	**1.9**	**1.6**	**96%**	**52%**
Verallia SA	0.4	0.3	28%	—%	0.3	0.2	71%	—%	—	—	—%	—%	0.7	0.5	35%	—%
Fully-consolidated subsidiaries	*0.9*	*0.8*	*68%*	*35%*	*0.1*	*0.1*	*29%*	*15%*	*0.2*	*0.2*	*95%*	*56%*	*1.2*	*1.1*	*61%*	*35%*
Services other than certification of financial statements	**0.1**	**1.2**	**5%**	**51%**	**—**	**0.1**	**—%**	**29%**	**—**	**0.1**	**5%**	**44%**	**0.1**	**1.4**	**4%**	**48%**
Verallia SA	0.1	0.7	4%	—%	—	0.1	—%	—%	—	—	—%	—%	0.1	0.8	3%	—%
Fully-consolidated subsidiaries	—	*0.5*	*—%*	*20%*	—	-	*—%*	*—%*	—	—	*5%*	*44%*	—	*0.6*	*1%*	*20%*
TOTAL	**1.4**	**2.4**	**100%**	**100%**	**0.4**	**0.4**	**100%**	**100%**	**0.2**	**0.3**	**100%**	**100%**	**2.0**	**3.0**	**100%**	**100%**

In 2019, services other than the certification of financial statements provided by the Statutory Auditors of Verallia SA, the consolidating entity, and of its subsidiaries, corresponded primarily to due diligence conducted for the Company's initial public offering.

NOTE 25 – EVENTS AFTER THE CLOSING DATE

No significant events occurred after the close on 31 December 2020.

18.1.2 Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2020

This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Verallia SA

Tour Carpe Diem

31 Place des Corolles - Esplanade Nord

92400 Courbevoie

To the General annual meeting,

Opinion

In compliance with the engagement entrusted to us by your General annual meeting and by the decision of the sole shareholder, we have audited the accompanying consolidated financial statements of Verallia SA for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (code de déontologie) for *statutory auditors, for the period from 1 January 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.*

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of goodwill

Description of risk

The carrying amount of goodwill at 31 December 2020 was €530 million and is recognised as indicated in Note "3.1 - Changes in scope" and Note "9 - Goodwill".

Management conducts impairment tests, as described in Note "12 - Impairment of goodwill and non-current assets" at least once a year and whenever there is an indication of impairment. Impairment indicators may correspond to events or situations related to material and adverse changes affecting the economic environment and the assumptions or objectives identified at the time of acquisition.

Goodwill is tested at the level of groups of cash-generating units (CGUs) corresponding to the operating segments as defined by the Group. An impairment loss is recognised when the carrying amount of a group of CGUs exceeds its recoverable amount.

We deemed the measurement of the recoverable amount of these assets to be a key audit matter due to the potentially significant nature of any impairment and the high level of judgement and estimation required by management for this assessment. Management's judgement is based on assumptions relating to future trends in sales, renewal investments and changes in working capital requirements linked to the operation of these assets, as well as the determination of an appropriate discount rate applied to future cash flows.

How our audit addressed this risk

We assessed the appropriateness and relevance of the approach used by management to determine the groups of CGUs at the level of which goodwill impairment tests are performed.

We gained an understanding of and examined the procedure implemented by Group management to conduct impairment tests.

We also assessed the appropriateness of the model used to calculate the value in use based on the discounted cash flow method and reviewed, by sampling, the calculations made by management.

We verified the consistency of the cash flow projections by comparing them with:

- *management's most recent estimates, as presented to the Board of Directors during the budget process,*
- *the cash flow projections used in the previous impairment tests for the years 2021 to 2024, and*
- *historical projections for 2020 and the performance for that year.*

We interviewed management to analyse the main assumptions used in the impairment tests and to obtain explanations to enable us to corroborate these assumptions.

With the assistance of our valuation experts, we performed an independent analysis of certain key assumptions used by management in its tests and analyses, including the discount rate and the perpetual average annual growth rate of future cash flows, with reference to both external market data and analyses of comparable companies.

We also compared sensitivity analyses to certain key variables in the valuation model to assess the materiality of potential impacts on the assets' recoverable amount.

We also examined the appropriateness of the disclosures provided in note "12 - Impairment of goodwill and non-current assets" to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce) is included in the Group's management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on other legal and regulatory requirements

Format of the presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated

Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier).

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Verallia SA in the Articles of Association dated 18 June 2015 for PricewaterhouseCoopers Audit and by a decision of the sole shareholder of 24 July 2019 for BM&A.

At 31 December 2020, PricewaterhouseCoopers Audit and BM&A were in the sixth consecutive year and the second year of their engagement, respectively, and the second year since the Company's securities were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- *identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;*

- *obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;*

- *evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;*

- *assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;*

- *evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;*

- *obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.*

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris, 23 February 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	BM&A
Itto El Hariri	Gilles Rabier

18.2 Parent company annual financial statements for the year ended 31 December 2020 and Statutory Auditors' report

18.2.1 Parent company annual financial statements for the year ended 31 December 2020

1 BALANCE SHEET

In thousands of euros	Notes	31 December 2020 Gross	Amort. & Dep	Net	31 December 2019 Net
ASSETS					
Intangible assets		—	—	—	—
Property, plant and equipment		—	—	—	—
Financial assets		673 418.9	—	673 418.9	713 397.8
Equity interests	**3.1.2**	665 747.2	—	665 747.2	665 747.2
Loans		—	—	—	43 358.6
Other financial assets		7 671.7	—	7 671.7	4 292.0
TOTAL NON-CURRENT ASSETS	**3.1**	**673 418.9**	**—**	**673 418.9**	**713 397.8**
Trade receivables and related accounts		—		—	6.6
Other receivables		205 752.4		205 752.4	20 339.0
Marketable securities		—		—	—
Cash and equivalents		11 709.3		11 709.3	7 575.1
TOTAL CURRENT ASSETS	**3.2**	**217 461.7**		**217 461.7**	**27 920.7**
Prepaid expenses		9.4		9.4	—
TOTAL ASSETS		**890 890.0**		**890 890.0**	**741 318.5**
LIABILITIES					
Share capital	**3.3.1**			416 662.1	400 171.5
Additional paid-in capital	**3.3.2**			168 269.9	78 462.6
Legal reserve				14 186.6	11 098.3
Retained earnings				138 155.5	204 604.7
Net profit (loss) for the period				146 057.7	35 984.8
Regulated provisions				—	—
EQUITY	**3.3**			**883 331.8**	**730 321.9**
Provisions for liabilities				—	—
Provisions for charges				1.0	1.9
PROVISIONS FOR LIABILITIES AND CHARGES	**3.4**			**1.0**	**1.9**
Borrowings and similar liabilities	**3.5.1**			—	—
Prepayments received on orders in progress				—	—
Trade payables and related accounts	**3.5.2**			1 845.7	2 334.6
Tax and social security liabilities				1 332.2	3 814.4
Other liabilities				4379.1	4 845.7
LIABILITIES	**3.5**			**7 557.0**	**10 994.7**
Deferred income				—	—
TOTAL LIABILITIES				**890 890.0**	**741 318.5**

2 STATEMENT OF INCOME

(In thousands of euros)	Notes	Year ended 31 December	
		2020	2019
Net revenue	**4.1**	**2 469.0**	**2 509.5**
Write-back of depreciation and provisions		0.9	—
Other income		—	5.4
Total operating income		**2 470.0**	**2 514.9**
Other purchases and external charges		2 585.2	11 095.5
Taxes and similar duties		501.1	45.2
Wages and salaries		1 918.5	3 113.8
Payroll taxes		398.6	1 127.5
Depreciation, amortisation and provisions		—	1.9
Other expenses		439.5	286.9
Total operating expenses		**5 842.9**	**15 670.8**
Operating profit	**4.2**	**(3 372.9)**	**(13 155.9)**
Income from other securities and receivables		130 000.0	37 460.7
Other interest payable and similar income		561.5	1 108.8
Positive translation adjustment		0.1	—
Total financial income		**130 561.6**	**38 569.5**
Depreciation, amortisation and provisions for financial items		—	—
Other interest payable and similar income		—	15 220.9
Negative translation adjustment		0.9	3.4
Total financial expenses		**0.9**	**15 224.3**
Financial result	**4.3**	**130 560.7**	**23 345.2**
Recurring profit before tax		**127 187.8**	**10 189.3**
Total non-recurring income		92.8	—
Total non-recurring expenses		113.1	—
Non-recurring profit/(loss)		**(20.3)**	**—**
Corporate tax (tax consolidation gains)	**4.4**	18 890.2	25 795.5
Total income		**152 014.5**	**66 879.9**
Total expenses		**5 956.9**	**30 895.1**
Net profit (loss) for the period		**146 057.7**	**35 984.8**

NOTES TO THE 2020 INDIVIDUAL FINANCIAL STATEMENTS

At 31 December 2020, the Company's corporate name is "Verallia" (hereinafter the "Company") and has been since 20 June 2019. The Company operates a holding activity.

The Company is incorporated for a period of 99 years starting from its registration on 23 June 2015, unless it is dissolved early or extended on the joint decision of its shareholders in accordance with the law and articles of association.

The financial year begins on 1 January and ends on 31 December of each year.

The Company's 2020 annual financial statements were approved by the Board of Directors on 23 February 2021.

The notes below form an integral part of the annual financial statements.

1. HIGHLIGHTS OF THE FINANCIAL YEAR

The main events having resulted in a change in the Company's share capital and equity were as follows:

– Capital increase for the Group Savings Plan

A capital increase of a nominal amount of €3,599,696.62 was carried out on 25 June 2020 by issuing 1,064,999 ordinary shares with a nominal value of €3.38 each; the capital increase (share premium included) thus amounted to €20,096,531.13 in total.

– Capital increase for the receiving dividends in the form of new shares

A capital increase of a nominal amount of €12,890,907.64 was carried out on 9 July 2020 by issuing 3,813,878 ordinary shares with a nominal value of €3.38 each; the capital increase (share premium included) thus amounted to €87,490,361.32 in total.

2. MAIN ACCOUNTING PRINCIPLES AND VALUATION METHODS

2.1. Accounting principles

The financial statements were prepared according to the General Chart of Accounts in compliance with Regulation ANC n°2014-03, the provisions set out in French law and generally accepted accounting principles applied in France.

General accounting conventions were applied, with the principle of prudence being observed based on the following core assumptions:

– that the business is a going concern,

– that accounting policies are consistent from one accounting period to the next,

– that there is a clear cut-off between accounting periods,

and in accordance with the general rules for preparing and presenting annual financial statements.

The basic method used to evaluate accounting items is the historical cost method.

2.2. Main methods used

2.2.1. Financial assets

Equity interests are initially recognised at their acquisition cost or transfer value, excluding ancillary expenses.

Periodically, such as at the end of each financial year, securities are valued at their value in use corresponding to what the entity would be prepared to pay out to obtain the equity interest if it were to acquire it at that time.

Estimates of value in use factor in various criteria including the share of individual shareholders' equity, the share of consolidated net book value and future discounted cash flows based on business plans (or projected long-term budgets), excluding financial expenses but after tax.

An impairment charge is recognised when the value in use of the securities is below their net book value. Unrealised capital gains are not recognised. However, any impairment charges recognised are adjusted.

2.2.2. Translation of receivables and liabilities denominated in foreign currencies

Liabilities and receivables not under any currency risk hedging arrangement appear in the balance sheet at their counter-value during the course of the financial year.

The Company applies Regulation ANC n° 2015-05 relating to futures and hedging operations and applicable to financial years starting from 1 January 2017.

2.2.3. Cash and equivalents and bank loans and overdrafts

Cash and equivalents comprise securities immediately convertible into cash at their nominal value.

2.2.4. Provisions for liabilities and charges

– Provisions for liabilities and charges (excluding retirement benefits and long-service awards)

A provision is recognised when the Company has an obligation (legal or implicit) towards a third party resulting from past events that can be reliably estimated and that will probably lead to an outflow of resources.

– Retirement benefits and long-service awards

Retirement benefits are presented as off-balance sheet commitments.

Actuarial estimates of benefits granted are made using the projected unit credit method based on final salaries and pension rights established on the valuation date.

Long-term service awards are provisioned in the financial statements.

2.2.5. Tax consolidation

Since 1 July 2015, the Company has been the parent company of a tax group. Since 1 January 2019, this group consisted of Verallia SA, Verallia Packaging, Verallia France, Everglass, Etablissements René Salomon, Saga Décor, Obale, Société Charentaise de Décor and VOA Verrerie d'Albi.

The consolidation convention applies the principle of tax neutrality for consolidated subsidiaries. In their relations with the consolidating parent company, subsidiaries pay their taxes as if they were taxed individually.

3. NOTES TO THE BALANCE SHEET

3.1. Fixed assets

3.1.1. Table of changes in fixed assets

In thousands of euros	Notes	January 1st, 2020	Increases	Decreases	31 December 2020
Intangible assets (I)		—	—	—	—
Property, plant and equipment (II)		—	—	—	—
- Equity interests	A	665 747.2	—	—	665 747.2
- Loans	B	43 358.6	—	43 358.6	—
- Other financial assets	C	4 292.0	20 307.5	16 927.9	7 671.7
Financial assets (III)		**713 397.8**	**20 307.5**	**60 286.5**	**673 418.9**
NON-CURRENT ASSETS (I+II+III)		**713 397.8**	**20 307.5**	**60 286.5**	**673 418.9**

A. At 31 December 2020, equity interests recognized consisted of the shares in Verallia Packaging.

B. At 1 June 2020, the tax consolidation loan granted to the Verallia Packaging subsidiary was fully reimbursed in the amount of €43,358.6 thousand.

C. Other fixed assets consisted of:

- net merger losses in the amount of €4,292.0 thousand in connection with the merger of its subsidiary Horizon Holdings I on October 7, 2019,
- a liquidity agreement that was signed with Rothschild Martin Maurel on 20 December 2019 and took effect on 6 January 2020 (note 3.3.3) including :
    - on the one hand the resource made available to Rothschild Martin Maurel, thus with balance €3,379.7 thousand euros at December 31, 2020,
    - and the other hands, treasury shares.Operations during the period were as follows:
        - cumulative purchases of 662,688 shares for a total amount of 16,927.9 thousand euros,
        - cumulative sales of 662,688 shares for a total amount of 16,907.5 thousand euros.

    At 31 December 2020, Verallia SA held no treasury shares.

At 31 December 2020, no impairment provisions were recognized.

3.1.2. Table of subsidiaries and equity interests

Subsidiaries and equity interests	Gross value of shares held	Net value of shares held	Loans and advances granted by the Company	Guarantees and endorsements given by the Company	Net revenue for the last financial year	Profit(loss) for the last financial year	Dividends received by the Company during the financial year
Detailed information							
- Subsidiaries (capital ownership >50%)							
Verallia Packaging	665 747.2	665 747.2	—	—	57 711.5	219 830.3	—
- Equity interests (capital ownership 10% to 50%)							

The Verallia Packaging subsidiary operates an active holding company activity for the Verallia Group.

3.2. Current assets

In thousands of euros		**31 December 2020**			**31 December 2019**
Receivables on current assets	**Notes**	**Maturing in < 1 year**	**Maturing in > 1 year**	**Total**	**Total**
Trade receivables and related accounts		—	—	—	6.6
Other receivables		205 752.4	—	205 752.4	20 339,0
State - corporate tax receivable	***A***	*4 155.8*	—	*4 155.8*	*13 389,3*
State - other receivables	***B***	*940.4*	—	*940.4*	*2 298,4*
Group - tax consolidation current account		—	—	—	*2 148,4*
Group - other receivables	***C***	*200 656.2*	—	*200 656.2*	*2 502,9*
Total		**205 752.4**	**—**	**205 752.4**	**20 345,6**

A. Corporate tax receivables consisted of refundable tax credits transferred by consolidated companies for tax consolidation purposes of a total amount of €4,155.8 thousand, versus €13,389.3 thousand at 31 December 2019.

B. Other receivables (State) corresponded to VAT credits totalling €940.4 thousand, versus an amount of 2,298.4 thousand at 31 December 2019 as the Company exercised its right to a tax deduction in financial year 2019.

C. Other receivables (Group) amounting to €200,656.2 thousand consisted mainly of:

- the current account with Verallia Packaging in the amount of €197,703.1 thousand (dividend payments);
- the reinvoicing of management fees to Verallia Packaging in the amount of €2,936.0 thousand.

At 31 December 2020, no impairment provisions were recognised for receivables.

3.3. Equity

3.3.1. Composition of the share capital

(in €)	Number of shares	Face value	Share capital
31 December 2019	**118 393 942**	**3.38**	**400 171 524**
Capital Increase / Issue of ordinary share (25 June 2020)	1 064 999	3.38	3 599 697
Capital Increase / Issue of ordinary share (9 july 2020)	3 813 878	3.38	12 890 908
31 December 2020	**123 272 819**	**3.38**	**416 662 128**

At 31 December 2020, the share capital amounted to €416,662,128 and consisted of 123,272,819 ordinary shares with a nominal value of €3.38 each.

– Capital increase for the Group Savings Plan

A capital increase of a nominal amount of €3,599,696.62 was carried out on 25 June 2020 by issuing 1,064,999 ordinary shares with a nominal value of €3.38 each; the capital increase (share premium included) thus amounted to €20,096,531.13 in total.

– Capital increase for the receiving dividends in the form of new shares

A capital increase of a nominal amount of €12,890,907.64 was carried out on 9 July 2020 by issuing 3,813,878 ordinary shares with a nominal value of €3.38 each; the capital increase (share premium included) thus amounted to €87,490,361.32 in total.

3.3.2. Change in equity

In thousands of euros	**Share capital**	**Premiums**	**Profit (loss) & Other**	**Equity**
31 December 2019	**400 171.5**	**78 462.6**	**251 687.8**	**730 321.9**
Capital increase / Increase in nominal value (25 June 2020)	3 599.7	16 496.8	—	20 096.5
Capital increase / Increase in nominal value (9 July 2020)	12 890.9	73 310.5	1 289.0	87 490.4
Income Approbation (10 june 2020)	—	—	(100 634.7)	(100 634.7)
Net profit (loss) for the period	—	—	146 057.7	146 057.7
31 December 2020	**416 662.1**	**168 269.9**	**298 399.8**	**883 331.8**

Details about changes in the share capital appear in section 3.3.1. Below we set out changes in the share premium account:

- At 25 June 2020, a share premium of €16,496.8 thousand was recognised following the capital increase under the Group Savings Plan,
- At 9 July 2020, a share premium of €73,310.5 thousand was recognised along with the allocation of €1,289.0 thousand to the legal reserve.

3.3.3 Liquidity agreement

On 20 December 2019, the Company signed an AMAFI liquidity agreement with Rothschild Martin Maurel for market-making purposes with respect to its own shares on the regulated market of Euronext Paris. This liquidity agreement took effect on 6 January 2020 for an initial term of 12 months, renewable by tacit agreement for successive 12-month periods. Implementation of the agreement involved €2,500,000 being credited to the liquidity account.

An amendment to the liquidity agreement was signed on 9 November 2020 to increase the liquidity account to €3,400,000 (see section 3.1.1).

The Company acquired 662,688 shares and sold 662,688 shares under the liquidity agreement over the course of 2020.

3.4 Provisions for liabilities and charges

Provisions for liabilities and charges at 31 December 2020 amounted to €1,027 thousand and consisted of provisions for long-service awards.

3.5 Liabilities

In thousands of euros		**31 December 2020**				**31 December 2019**
Liabilities	**Notes**	**Maturity 0 to 1 year**	**Maturity 1 to 5 years**	**Maturity > 5 years**	**Total**	**Total**
Borrowings and similar liabilities		—	—	—	—	—
Trade payables and related accounts	**A**	1 845.7	—	—	1 845.7	2 334.6
Tax and social security liabilities	**B**	1 332.2	—	—	1 332.2	3 814.4
Other liabilities	**C**	4 379.1	—	—	4 379.1	4 845.7
Total		**7 557.0**	**—**	**—**	**7 557.0**	**10 994.7**
Borrowings reimbursed over the year		—				
Borrowings reimbursed over the year		—				

A. At 31 December 2020, trade payables and related accounts amounted to a total of €1,845.7 thousand, of which €1,552.3 thousand of provisions for miscellaneous fees.

B. At 31 December 2020, tax and social security liabilities totalled €1,332.2 thousand; they mainly consisted of liabilities relating to Company employees and corporate officers in the amount of €713.4 thousand and tax liabilities in the amount of €618.8 thousand.

C. At 31 December 2020, other liabilities totalled €4,379.2 thousand and consisted of intragroup liabilities, of which tax liabilities towards consolidated subsidiaries in the amount of €4,117.7 thousand (see section 2.2.5).

4. NOTES TO THE STATEMENT OF INCOME

4.1. Revenue

Revenue came to €2,469.0 thousand in 2020, versus €2,509.4 thousand in 2019. It corresponded to the reinvoicing of management fees to Verallia Packaging.

4.2. Operating profit

Operating profit/(loss) came to €(3,372.9 thousand) in 2020, versus €(13,155.9 thousand) in 2019; the loss was narrowed largely following the fees and other external expenses recognized in 2019 for the Company's initial public offering.

It consisted mainly of the following:

- External expenses of €2,585.2 thousand in 2020, versus €11,095.4 thousand in 2019 which included €9,869 thousand in expenses incurred during the preparation of the Company's initial public offering;

Wages and salaries of €1,918.4 thousand in 2020, versus €3,113.8 thousand in 2019.

4.3. Financial result

The financial result came to €130,560.7 thousand in 2020, versus €23,345.2 thousand in 2019.

It consisted of:

- Financial income in the amount of €130,561,7 thousand in 2020 including €130,000 thousand due to the exceptional payment of share premiums received from the Verallia Packaging subsidiary, an amount that was much higher than in the year ended 31 December 2019 (€38,569.6 thousand);
- Financial expenses in the amount of €1.0 thousand in 2020, versus €15,224.3 thousand in 2019.The decrease is related to the repayment during 2019 of a loan previously agreed by its sole shareholder.

4.4. Taxes

At 31 December 2020, Verallia SA recognized a net corporate tax gain of €18,890.1 thousand under the French tax consolidation regime, of which a research tax credit of €725 thousand.

In the absence of any tax consolidation, the Company would have recognized zero corporate tax.

5. OFF-BALANCE SHEET COMMITMENTS

5.1. Pensions

The Company's commitments relating to retirement benefits are not provisioned.

At 31 December 2020, these commitments totalled €324.4 thousand, versus €336.8 thousand in 2019.

5.2. Other commitments

On 7 October 2019, as part of the process of listing Verallia SA shares for trading on the regulated market of Euronext Paris, the Group refinanced the facilities that had been made available to it under the facilities agreement signed on 7 August 2015 (as amended subsequently) (the "2015 Facilities Agreement"), primarily by drawing on the term loan made available to Verallia Packaging under the English-language facilities agreement of a maximum total principal amount of €2,000,000,000, governed by French law and signed on 17 July 2019 by Verallia SA in its capacity as the parent company (Parent), Verallia Packaging in its capacity as the borrower (Borrower) and guarantor (Guarantor), Banco Santander S.A., BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Suisse International, Deutsche Bank Luxembourg S.A., Société Générale, Allied Irish Banks, p.l.c, Banco de Sabadell, S.A., Commerzbank Aktiengesellschaft, Filiale Luxembourg, Cooperatieve Rabobank U.A., Crédit Industriel et Commercial, La Banque Postale, Mediobanca – Banca di Credito Finanziario S.p.A. and Raiffeisen Bank International AG in their capacity as arrangers (Arrangers), the financial institutions involved in their capacity as lenders (Lenders), and Crédit Agricole Corporate and Investment Bank in its capacity as the agent (Agent) (as each of these terms is defined in English in said agreement) (the "Senior 2019 Facilities Agreement").

Under the 2019 Senior Facilities Agreement, Verallia SA stands as joint and several guarantor ("Guarantor") for the payment and repayment obligations of Verallia Packaging and the Group's other companies that also adhered to the 2019 Senior Facilities Agreement as guarantors (i.e. Verallia France, Verallia Italia, Verallia Brasil, Verallia Spain, Verallia Portugal and Verallia Deutschland), for a maximum principal amount of €2,000,000,000 (plus interest, fees and commissions) and within the legal and contractual limits set out in Article 22.13 (Limitation of Liabilities of French Guarantors) of the 2019 Senior Facilities Agreement.

In order to shore up its liquidity during the public health crisis, the Group signed a Revolving Facility Agreement on 24 April 2020 with an international banking syndicate made up of Banco Santander S.A., Paris Branch, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Société Générale, Commerzbank Aktiengesellschaft, Filiale Luxemburg, Cooperatieve Rabobank U.A., Crédit Industriel et Commercial and La Banque Postale (the "2020 Revolving Credit Facility Agreement").

Under the 2020 Revolving Credit Facility Agreement, Verallia SA stands as joint and several guarantor (the "2020 Guarantor") for the payment and repayment obligations of Verallia Packaging and of the Group's other companies that may adhere to the 2020 Revolving Credit Facility Agreement as guarantors, for a maximum principal amount of €250,000,000 (plus interest, fees and commissions) and within the legal and contractual limits set out in Article 16.13 (Limitation of Liabilities of French Guarantors) of the 2020 Revolving Credit Facility Agreement.

6. OTHER INFORMATION

6.1. Workforce

The Company had three employees and one corporate officer at 31 December 2020, versus two employees and one corporate officer in 2019.

6.2. Compensation of board members

The compensation of members of the Board of Directors (attendance fees) corresponds to the amounts recorded in the statement of income over the period.

Attendance fees allocated to non-executive officers in respect of their mandates at Verallia SA amounted to €441 thousand in 2020, versus €267.9 thousand in 2019.

7. EVENTS AFTER THE CLOSING DATE

No significant events occurred after the close on 31 December 2020.

18.2.2 Statutory Auditors' report on the parent company financial statements for the year ended 31 December 2019

PricewaterhouseCoopers Audit	BM&A
63, rue de Villiers	11 rue de Laborde
92208 Neuilly-sur-Seine Cedex	75008 Paris

Statutory Auditors' report

on the financial statements

(For the year ended 31 December 2020)

This is a free translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

Verallia SA

Tour Carpe Diem

31 Place des Corolles - Esplanade Nord

92400 Courbevoie

To the General annual meeting,

Opinion

In compliance with the engagement entrusted to us by your General annual meeting and by the decision of the sole shareholder, we have audited the accompanying financial statements of Verallia SA for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from 1 January 2020 to the date of our report, and, in particular, we did not provide any non audit services prohibited by Article 5 (1) of Regulation (EU) No 537/2014.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of investments in subsidiaries

Description of risk

Investments in subsidiaries are initially recognised at cost or at their transfer value. A provision for impairment is recognised when the value in use of the investments in subsidiaries is less than their net carrying amount. The estimate of value in use takes into account various criteria, including the Company's share of equity, consolidated net assets and discounted future cash flows on the basis of business plans (or long-term forecast budgets) excluding interest and after tax, as described in note 2.2.1. "Financial assets" to the financial statements.

At 31 December 2020, they comprise investment in Verallia Packaging SAS, which is recorded in the balance sheet for an amount of €666 million, i.e. 75% of total assets.

The measurement of the value in use of these investments in subsidiaries, which requires management to exercise its judgement in selecting the items to be considered and the assumptions used, is sensitive to the economic environment and the uncertainty inherent in evaluating future prospects and is a determining factor in assessing Verallia SA's financial position, assets and liabilities.

We therefore deemed the valuation of investments in subsidiaries to be a key audit matter.

How our audit addressed this risk

On the basis of the information provided to us, we verified that the estimated value of investments in subsidiaries determined by management were based on an appropriate measurement method and underlying data.

Our work consisted mainly in verifying that management's estimate of value in use was based on (i) enterprise values determined on the basis of the same assumptions as those used for the impairment tests carried out by the Group within the scope of the operations of the subsidiary Verallia Packaging and the subsidiaries that it holds directly or indirectly, and (ii) consolidated net debt within this scope.

We have assessed the appropriateness of the approach used by management to assess the value in use of Verallia Packaging shares.

We also ensured that the value in use was consistent with the Group's stock market capitalisation.

Lastly, we examined the appropriateness of the disclosures in the notes to the financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D.441-4 of the French Commercial Code (Code de commerce).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22.10.9 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (Code commerce) relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code (Code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Format of the presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier).

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Verallia SA in the Articles of Association dated 18 June 2015 for PricewaterhouseCoopers Audit and by a decision of the sole shareholder of 24 July 2019 for BM&A.

At 31 December 2020, PricewaterhouseCoopers Audit and BM&A were in the sixth consecutive year and the second year of their engagement, respectively, and the second year since the Company's securities were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris, 23 February 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	BM&A
Itto El Hariri	Gilles Rabier

18.3 Date of the last financial information

31 December 2019

18.4 Dividend distribution policy

The Company did not pay any dividends for the years ended 31 December 2017 and 2018.

For the year ended 31 December 2019, the Company's General Meeting of Shareholders held on 10 June 2020 approved the proposal to pay out a dividend of €0.85 per share, with shareholders given the option to receive payment of the dividend in cash or in new shares in the Company. Shareholders opting for the scrip dividend accounted for 86.93% of the Company's share capital and included Apollo, Brasil Warrant Administração de Bens e Empresas S.A., Bpifrance Participations and the Verallia FCPE (employee investment fund), which are the Company's core shareholders; this resulted in the issuance on 9 July 2020 of new shares corresponding to 3.19% of the Company's share capital. Dividend payments made in cash amounted to €13,144,250.40.

For the year ended 31 December 2020, the Company's General Meeting of Shareholders will be asked to approve the payment of a dividend of €0.95 per share.

The Group's dividend policy is described in section 10.2 of this universal registration document.

18.5 Legal and arbitration proceedings

During its ordinary course of business, the Group may find itself involved in legal, arbitration, administrative or regulatory proceedings which may include litigation with its clients, suppliers, competitors, employees as well as with tax or other authorities. As at the date of this universal registration document, the Group is not aware of any governmental, legal or arbitration proceedings (including any of which the Group is aware, are pending or are at risk of being launched), other than those mentioned below, that are likely to have a material impact on the Company's or Group's financial position or profitability or have had a material impact on them over the past twelve months.

The Group recognises a provision if there is sufficient likelihood that such disputes will incur costs payable by the Company or by one of its subsidiaries, and if the amount of these costs can be reasonably estimated. At 31 December 2020, the Group's total provisions for litigation amounted to €9.7 million (see Note 18.1 to the Group's consolidated financial statements for the year ended 31 December 2020 included in section 18.1.1 of this universal registration document).

Arbitration proceedings against Verallia Brasil, the Group's Brazilian subsidiary, relating to the Industria Vidreira do Nordeste LTDA (IVN) joint venture

In 2013, Verallia Brasil, a Company subsidiary, set up a joint venture with a local partner, Ipiaram Empreendimentos e Participações Ltda. (Ipiaram), the purpose of which was to build and operate a glass manufacturing facility in the Brazilian state of Sergipe. The plant came onstream in 2015.

In January 2017, Ipiaram launched arbitration proceedings with the International Chamber of Commerce (ICC) against Verallia Brasil regarding the interpretation of certain provisions within the shareholders' agreement; Ipiarim felt that it was entitled to exercise the undertakings to purchase granted under the partnership agreements and therefore that it no longer had to participate in the governance of IVN.

On 18 June 2020, the court of arbitration delivered its final ruling and rejected all the claims made by Ipiaram against Verallia Brasil. Ipiaram submitted a request for clarification with the aim of overturning the arbitration decision, but the request was rejected on 15 October 2020 and the ruling was delivered to the parties concerned on 3 November 2020. The arbitration proceedings were declared closed on 15 December 2020.

On 3 December 2020, Ipiaram commenced proceedings to annul the court of arbitration's final ruling and also requested interim proceedings to suspend the effects of the court of arbitration's decision. The court rejected this second request on 18 December 2020.

The Group deems it unnecessary to recognise any provisions in respect of this arbitration case given the decisions handed down by the court of arbitration and legal authorities.

On 26 October 2018, Ipiaram and the Group sold all their respective interests in the IVN joint venture to a Brazilian glass manufacturer.

Proceedings regarding the Domination and Profit & Loss Transfer Agreement against Verallia Deutschland AG and Horizon Holdings Germany GmbH.

As at the date of this universal registration document, the Group, through Horizon Holdings Germany GmbH and Verallia France, owns 96.76% of the share capital and voting rights in Verallia Deutschland AG, a German subsidiary listed on the Frankfurt, Munich and Stuttgart stock exchanges.

In December 2016, Verallia Deutschland AG, as the controlled entity, and Horizon Holdings Germany GmbH, as the controlling entity, signed a Domination and Profit & Loss Transfer Agreement that was approved by the local authorities. After signing this agreement, and in accordance with applicable German law, Horizon Holdings Germany GmbH agreed to purchase all the Verallia Deutschland AG shares it did not already own for €433.02 per share (certain minority shareholders in Verallia Deutschland AG disputed the valuation on the basis of which this price per share was established). The Company therefore recognised a liability relating to the obligation to buy out these minority shareholders for a total present value of €14 million at 31 December 2020 (€12.9 million at 31 December 2019). This amount is based on the assumption that 100% of minority shareholders will tender their shares to the offer made by Horizon Holdings Germany GmbH to purchase their shares for €433.02 per share, as proposed in 2016.

Moreover, the Domination and Profit & Loss Transfer Agreement stipulates that minority shareholders in Verallia Deutschland AG will receive annual flat-rate compensation (in the form of a dividend per share paid each year) throughout the period covered by the Domination and Profit & Loss Transfer Agreement, corresponding over a 5-year period to a total present amount of €2.1 million at 31 December 2020. The minority shareholders had also requested an increase in the annual flat-rate compensation provided for in said agreement.

On 24 September 2018, the Stuttgart district court rejected the requests made by the minority shareholders. The minority shareholders appealed the decision and the case was sent to the Stuttgart regional high court, which rejected their appeal on 4 May 2020. No further recourse has been possible since July 2020.

Litigation between Verallia Italia and Nelson Servizi

In December 2014, Verallia Italia, as a supplier, and Nelson Servizi, as a distributor, renewed their previously agreed distribution contract and established mutual undertakings to sell and buy standard and customised bottles for the Cuban market for the years 2015, 2016 and 2017.

During the last few months of 2015, the Group decided to cease all commercial activity for the Cuban market starting from the second half of 2016. Verallia Italia therefore offered Nelson Servizi an out-of-court settlement to terminate their ongoing relationship. In response, Nelson Servizi suspended all payments to Verallia Italia.

In February 2016, Verallia Italia informed Nelson Servizi that said distribution contract would be cancelled if Nelson Servizi did not settle its debts towards it. That same month, Verallia Italia received a summons from Nelson Servizi ordering it (i) to fulfil its obligations under the distribution contract that was renewed in December 2014, (ii) to compensate Nelson Servizi for damages resulting from the breach of the distribution contract and from Verallia Italia's behaviour, and (iii) to compensate Nelson Servizi for damages resulting from Nelson Servizi's economic dependence on Verallia Italia. Nelson Servizi thus requested that Verallia Italia be ordered to pay damages amounting to €11 million.

As at the date of this universal registration document, the litigation launched by Nelson Servizi remains under investigation.

A provision was recognised accordingly in the amount of €4.3 million at 31 December 2019 and 31 December 2020.

Asbestos-related litigation

As at the date of this universal registration document, the Group is involved in proceedings and litigation regarding alleged exposure to asbestos-containing materials at certain of its French facilities.

Gross negligence (inexcusable fault)

In France, since the late 1990s, several former and current employees of the Group or their assignees have filed lawsuits against the Group's French subsidiary, Verallia France, for gross negligence; their aim has been to obtain damages, in addition to the compensation they received from the French social security authorities for occupational illnesses resulting from their alleged exposure to asbestos-containing materials. In recent years, the French courts have responded favourably to some of their demands. At 31 December 2020, the amount provisioned in respect of these claims stood at €1.1 million.

Classification of the Cognac facility as an asbestos-contaminated site

In recent years, employee representatives from the Group have asked the French Ministry of Labour, Health and Employment to place the Cognac facility in France on the list of manufacturing, spraying and insulation facilities involving asbestos, potentially entitling asbestos workers to early retirement benefits. In January 2007, the Ministry rejected the request to classify the Cognac facility after an investigation was carried out at the site. Following this rejection, a claim was submitted to the administrative courts. In 2013, the Council of State finally reiterated the Ministry's position and refused to place the Cognac facility on the list for the period 1976-1996.

Thereafter, another investigation was organised for the period 1964-1975 and the Ministry once again rejected the request to place the Cognac facility on the above-mentioned list. Following this rejection, another claim was submitted to the administrative courts. On 4 February 2019, the Bordeaux Administrative Court of Appeal reiterated the ruling handed down by the Administrative Court of Poitiers not to place the Cognac facility on the list for the period 1964-1975. The time-limit to appeal against this decision has now expired so the case is closed. The Cognac facility has therefore not been placed on the list of manufacturing, spraying and insulation facilities involving asbestos.

If the Cognac facility had been placed on this list of manufacturing, spraying and insulation facilities involving asbestos, the Group's employees who worked at the facility between 1964 and 1975 could have benefited from early retirement; and the Group's employees and former employees who were allegedly exposed to asbestos-containing materials at the facility could potentially have obtained damages as compensation for anxiety resulting from this alleged exposure based on a burden of proof regime that exempts them from having to prove their asbestos exposure and their employer's negligence. This risk has now been extinguished. However, new legal precedents set in French jurisdictions regarding anxiety have broadened the scope of harm suffered by alleged victims and the claims that can be made accordingly (see below).

Claims for compensation for anxiety

At 31 December 2020, 87 lawsuits have been filed by employees or former employees of the Group claiming compensation for anxiety caused by their alleged exposure to asbestos-containing materials at the Group's French facilities.

A €1.5 million provision has been recognised accordingly.

As at the date of this universal registration document, none of the plaintiffs had claimed to have fallen ill as a result of exposure to asbestos-containing materials.

The scope of anxiety suffered by alleged victims has been broadened following a decision taken in late 2019 by the Chamber for Social and Labour Matters of the French Court of Cassation. Instead of having to prove that they were employed by a manufacturing, spraying and insulation facility involving asbestos, an employee who can prove that they were exposed to a harmful or toxic substance giving rise to a high risk of developing a serious illness and anxiety as a result of said exposure can now claim compensation on the grounds of common law and their employer's breach of its health and safety obligations. Further lawsuits could therefore be filed based on exposure to substances other than asbestos.

18.6 Significant change in the issuer's financial position

PRESS RELEASE

2021 first quarter results

Improved profitability in a still challenging health situation:
Slight organic decrease in revenue of 2.0%
compared to a strong Q1 in 2020
Stable adjusted EBITDA with an increase in margin to 25.1%

Paris, 29 April 2021

Highlights

- **Decrease in revenue of -6.2% to €605 million in Q1 2021 (-2.0% at constant exchange rates and scope)**[(1)], compared to high pre-pandemic figures from Q1 2020
- **Adjusted EBITDA stable at €152 million** compared to Q1 2020
- **Strong improvement in the adjusted EBITDA margin to 25.1%**, up 161 basis points
- **Reduction in net debt leverage to 2.1x** adjusted EBITDA for the last 12 months, compared to 2.5x as of 30 March 2020 and 2.0x as of 31 December 2020
- **Verallia bought back its own shares** for a **total of €60 million (1.7% of the capital)**

(1) Drop in revenue at constant exchange rates and scope (excluding Argentina) of -3.7% in Q1 2021 compared to Q1 2020.

"Amid multiple lockdowns and restrictions due to the COVID-19 pandemic, Verallia has reported a decrease in sales in the first quarter compared to an extremely dynamic first quarter in 2020. Nevertheless, the Group has continued to improve its profitability, benefiting from its Performance Action Plan and a positive inflation spread. Despite uncertainty about the pandemic's end, Verallia can confirm its 2021 objectives thanks to its agility and resilience." commented **Michel Giannuzzi**, Chairman and CEO of Verallia.

Revenue

In € million	Q1 2021	Q1 2020
Revenue	**604.9**	**644.8**
Reported growth	*-6.2%*	
Organic growth	*-2.0%*	

In the first quarter of the year, Verallia recorded a **revenue** of **€605 million**, compared to €645 million in the first quarter of 2020, representing a **6.2% decrease in reported revenue**.
The impact of **exchange rates variation** was -4.1% over the first quarter (-€27 million), primarily linked to the depreciation of Latin American currencies and, to a lesser extent, the depreciation of currencies in Eastern Europe.

At **constant exchange rates and scope,** revenue decreased by **2.0%** in the first quarter of the year (and by -3.7% excluding Argentina), compared to high figures from the prior year. Organic growth had reached +4.0% in the first quarter of 2020 (vs. Q1 2019), even when the effects of the pandemic began to be felt in mid-March. In addition, countries in which the Group operates continue to experience various disruptions due to lockdown measures. While Verallia's sales volume in Europe has decreased compared to the previous year, it continues to record a strong performance in Latin America.
In terms of pricing policy at Group level, sales price increases were more moderate compared to the previous year, in line with expectations and Verallia's objective to offset cost increases. The product mix effect was also positive over the quarter.

Revenue breakdown by region:

- In Southern and Western Europe, trends vary from one country to the other, with a more marked decline in sales in France and Iberia compared to Italy, where Verallia has reported almost stable sales. Operations in France were impacted by social movements until the end of February, when the Group completed its transformation plan.
- The Northern and Eastern Europe region saw a general decline in sales, affected by lockdown measures and an extremely unfavourable comparative basis.
- In Latin America, all countries in the region reported a strong increase in volume over the quarter.

Adjusted EBITDA

In € million	Q1 2021	Q1 2020
Adjusted EBITDA	**151.7**	**151.3**
Adjusted EBITDA margin	*25.1%*	*23.5%*

The **adjusted EBITDA** remained stable compared to Q1 2020, at **€152 million**. Despite a negative impact on activity, the adjusted EBITDA improved on account of a positive spread[63] and a net reduction in production costs (Performance Action Plan, a.k.a. PAP) of €9 million in the first quarter of 2021. Meanwhile, the **adjusted EBITDA margin** increased by 161 basis points to **25.1%**.

Well-managed net debt

Over the first quarter of the year, Verallia continued to control its **debt level**. Net debt rose to **€1,297 million** at the end of March 2021, after the Group bought back its own shares for €60 million. This corresponds to a net debt ratio of **2.1x the adjusted EBITDA for the last 12 months**, compared to 2.0x on 31 December 2020 and down from 2.5x on 31 March 2020.

Benefiting from a high level of liquidity[64] of €1,059 million as of 31 March 2021, Verallia has decided not to extend its additional credit line of €250 million (RCF2), implemented in April 2020.

[63] Spread represents the difference between (i) the increase in sales prices and mix applied by the Group after passing the increase in its production costs on to these prices, if required, and (ii) the increase in its production costs. The spread is positive when the increase in sales prices applied by the Group is greater than the increase in its production costs. The increase in production costs is recorded by the Group at constant production volumes and before production gap and the impact of the Performance Action Plan (PAP).
[64] Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers.

As it continues to diversify funding sources, Verallia may consider "green funding", a sustainability-linked instrument in line with its ESG strategy presented in January 2021, the proceeds of which would be allocated to the refinancing of part of the Group's existing financial indebtedness.

ESG

In response to the climate emergency, we have decided to align our CO_2 emission reduction targets by following the Science Based Targets initiative (SBTi) and joining the **well-below 2°C trajectory**, which aims to limit the rise in temperatures to less than 2 degrees Celsius above pre-industrial temperatures. Our new target is therefore to reduce our CO_2 emissions by 27.5% by 2030[65]. **In March 2021, this objective to reduce CO_2 emissions was approved by SBTi**.

Fulfilling the commitments we have set ourselves would not be possible without the involvement and engagement of our staff, despite the COVID-19 pandemic. Demonstrating their agility and responsiveness, they have been involved in each stage of our value chain and stepped up the pace of innovation in all plans, whether in terms of energy consumption, the efficiency of our production facilities, introducing renewable energies in the long term and even designing our products and transportation.

On Friday 30 April 2021, the 2020 Statement of Extra-Financial Performance will be published and made available on Verallia's website.

2021 Outlook

In these uncertain times, Verallia is well-equipped to match its 2019 volumes in 2021 and generate a positive organic growth. 2021's adjusted EBITDA is also expected to increase from the previous year to around €650 million, with the adjusted EBITDA margin projected to exceed the medium-term target of 25%.
As announced last February, Verallia has decided to build an additional furnace at its plant in Jacutinga (Brazil). This new strategic investment, totalling approximately €60 million, will be spread across 2021 and 2022.

2021 Annual General Shareholders' Meeting and 2020 dividend

Verallia's Board of Directors met on Wednesday, 28 April 2021 and made a decision regarding the organisation of the 2021 Annual General Shareholders' Meeting, scheduled to take place on Tuesday, 15 June 2021.

Due to the ongoing health crisis, the French Government, following the order of 2 December 2020, extended the order issued on 25 March 2020[66], which simplifies and adjusts the rules regarding the convocation, information, meeting and deliberation of general meetings and governing bodies for legal persons. Verallia's Board of Directors therefore decided to hold its Annual General Shareholders' meeting **in a closed session**. The meeting will be webcast on Verallia's website: www.verallia.com.

Shareholders are invited to cast their vote remotely (via the secure Votaccess website or paper form) and submit their questions in writing in accordance with the procedures which will be detailed in the notice of meeting.

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[65] (Scopes 1 and 2), in absolute terms, using 2019 as the baseline year. The validation by SBTi in early 2021 of this ambitious goal is a fundamental achievement for the Group.
[66] Ordinance n°2020-321 dated March 25th, 2020 (as amended pursuant to ordinance n°2020-1497 dated December 2nd, 2020) and decree n°2020-418 of April 10th, 2020 (as amended pursuant to decree n°2020-1614 dated December 18th, 2020 and decree n°2021-255 dated March 9th, 2021).

As announced on 24 February 2021, the Board of Directors will also submit, for the approval of shareholders during the Annual General Shareholders' Meeting, the payment of a dividend of **€0.95 per share**, in cash for payment on 5 July 2021.

About Verallia — At Verallia, our purpose is to re-imagine glass for a sustainable future. We want to redefine how glass is produced, reused and recycled, to make it the world's most sustainable packaging material. We are joining forces with our customers, suppliers and other partners across the value chain to develop new, healthy and sustainable solutions for all.

With around 10,000 employees and 32 glass production facilities in 11 countries, we are the European leader and the world's third-largest producer of glass packaging for beverages and food products. We offer innovative, customised and environmentally friendly solutions to over 10,000 businesses around the world.

In 2020, Verallia produced more than 16 billion glass bottles and jars and posted a revenue of €2.5 billion. Verallia is listed on compartment A of the regulated market of Euronext Paris (Ticker: VRLA – ISIN: FR0013447729) and is included in the following indices: SBF 120, CAC Mid 60, CAC Mid & Small et CAC All-Tradable. For more information: www.verallia.com

The analysts' conference call will be held on Thursday, 29 April 2021 at 9.00 am (CET) via an audio webcast service (live and replay) and the results presentation will be available at www.verallia.com.

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Financial calendar

- 15 June 2021: Annual General Shareholders' Meeting.
- 29 July 2021: results for H1 2021 - *Press release* ***before the market opening*** *and conference call/presentation at 9.00 am (CET) of that day.*
- 28 October 2021: financial results for Q3 2021 - *Press release* ***before the market opening*** *and conference call at 9.00 am (CET) of that day.*

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Disclaimer

Certain information included in this press release does not constitute historical data but constitutes forward-looking statements. These forward-looking statements are based on current beliefs, expectations and assumptions, including, without limitation, assumptions regarding present and future business strategies and the environment in which Verallia operates, and involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements, or industry results or other events, to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include those discussed or identified under Chapter 3 "Risk Factors" in the Universal Registration Document approved by the AMF ***and*** *available on the Company's website (www.verallia.com) and the AMF's website (www.verallia.com). These forward-looking information and statements are not guarantees of future performances.*

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APPENDICES

Key figures during the first quarter

In € million	Q1 2021	Q1 2020
Revenue	**604.9**	**644.8**
Reported growth	*-6.2%*	
Organic growth	*-2.0%*	
Adjusted EBITDA	**151.7**	**151.3**
Adjusted EBITDA margin	*25.1%*	*23.5%*
Net debt at the end of March	**1,296.6**	**1,574.1**
Last 12 months adjusted EBITDA	**626.1**	**624.5**
Net debt / last twelve months adjusted EBITDA	*2.1x*	*2.5x*

Evolution of revenue per nature in € million during the first quarter

In € million	
Revenue Q1 2020	**644.8**
Volumes	*(32.5)*
Price/Mix	*19.3*
Exchange rates	*(26.7)*
Revenue Q1 2021	**604.9**

Evolution of adjusted EBITDA per nature in € million during the first quarter

In € million	
Adjusted EBITDA Q1 2020 (i)	**151.3**
Activity contribution	*(30.4)*
Spread price mix/costs	*28.0*
Net productivity (ii)	*8.5*
Exchange rates	*(9.6)*
Other	*3.9*
Adjusted EBITDA Q1 2021 (i)	**151.7**

(i) Adjusted EBITDA is calculated based on operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plans, subsidiary disposal-related effects and contingencies, plant closure costs and other items.
(ii) Impact of the Performance Action Plan ("PAP") amounting to €9 million.

Reconciliation of operating profit to adjusted EBITDA

In € million	Q1 2021	Q1 2020
Operating profit	**83.5**	**79.5**
Depreciation and amortisation (i)	66.9	70.0
Restructuring costs	(0.3)	0.5
IAS 29 Hyperinflation (Argentina) (ii)	(0.1)	0.2
Management share ownership plan and associated costs	1.7	1.0
Other	0.0	0.1
Adjusted EBITDA	**151.7**	**151.3**

(i) Includes depreciation and amortisation of intangible assets and property, plant and equipment, amortisation of intangible assets acquired through business combinations and impairment of property, plant and equipment, including those linked to the transformation plan implemented in France.
(ii) The Group has applied IAS 29 (Hyperinflation) since the second half of 2018.

Financial structure

In € million	Nominal amount or max. amount drawable	Nominal rate	Final maturity	31/03/2021
Term Loan A	1,500	Euribor +1.50%	07/10/24	1,493.4
Revolving Credit Facility 1	500	Euribor +1.10%	07/10/24	-
Revolving Credit Facility 2 (i)	250	Euribor +1.95%	24/04/21	-
Commercial Papers Neu CP	400			151.8
Other debt				112.5
Total borrowings				**1,757.7**
Cash				(461.1)
Net Debt				**1,296.6**

(i) RCF2 maturing in April 2021 – The 6 months extension option has not been activated.

IAS 29: Hyperinflation in Argentina

Since the second half of 2018, the Group has applied IAS 29 in Argentina. The adoption of this standard requires the restatement of non-monetary assets and liabilities and of the income statement to reflect changes in purchasing power in the local currency, leading to a gain or loss on the net monetary position included in the finance costs.
Financial information of the Argentinian subsidiary is converted into euros using the closing exchange rate for the relevant period.

In the first quarter of 2021, the net impact on revenue amounted to +€0.4 million. The hyperinflation impact has been excluded from Group adjusted EBITDA as shown in the table “Reconciliation of operating profit to adjusted EBITDA”.

GLOSSARY

Activity category: corresponds to the sum of the volumes variations plus or minus changes in inventories variation.

Organic growth: corresponds to revenue growth at constant exchange rates and scope. Revenue growth at constant exchange rates is calculated by applying the average exchange rates of the comparative period to revenue for the current period of each Group entity, expressed in its reporting currency.

Adjusted EBITDA: This is a non-IFRS financial measure. It is an indicator for monitoring the underlying performance of businesses adjusted for certain expenses and/or non-recurring items liable to distort the company's performance. The Adjusted EBITDA is calculated based on operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plans, subsidiary disposal-related effects and contingencies, plant closure costs and other items.

Capex: Short for "capital expenditure", this represents purchases of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demand or to environmental and health and safety constraints, or to increase the Group's capacity. It excludes the purchase of securities.

Recurring investments: Recurring Capex represent acquisitions of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demands and to environmental, health and safety requirements. It mainly includes furnace renovation and maintenance of IS machines.

Strategic investments: Strategic investments represent the acquisitions of strategic assets that significantly enhance the Group's capacity or its scope (for example, the acquisition of plants or similar facilities, greenfield or brownfield investments), including the building of additional new furnaces. From 2021 onwards, they will also include investments related to the implementation of the plan to reduce CO_2 emissions.

Cash conversion: refers to the ratio between cash flow and adjusted EBITDA. Cash flow refers to adjusted EBITDA less Capex.

The segment Southern and Western Europe comprises production plants located in France, Spain, Portugal and Italy. It is also denominated as "SWE".

The segment Northern and Eastern Europe comprises production plants located in Germany, Russia, Ukraine and Poland. It is also denominated as "NEE".

The segment Latin America comprises production plants located in Brazil, Argentina and Chile.

Liquidity: calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers.

Amortisation of intangible assets acquired through business combinations: Corresponds to the amortisation of customer relations recorded during the acquisition of the Saint-Gobain packaging business in 2015 (initial gross value of €740 million over a useful life of 12 years).

18.7 Other information

18.7.1 Information on payment times for suppliers and customers

In accordance with Articles L.441-6-1, D.441-1 and D.441-4 of the French Commercial Code, information about payment deadlines applicable to suppliers and clients is presented below:

(in € million)	**Article D.441 I. -1°: Invoices received not paid**						**Article D.0.I.-2°: Issued invoices not paid**					
	0 day (area code)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Beyond 90 days**	**Total (1 day and**	**0 day (area code)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Beyond 90 days**	**Total (1 day and**
(A) Late payment instalments												
Number of invoices concerned	1	38	12	—	—	2	—	1	—	—	—	1
Total amount of invoices concerned (including VAT)	22.2	304.9	204.8	—	—	509.7	—	17	—	—	—	17
Percentage of the total amount of the invoices concerned (including VAT)	0,01%	0,08%	0,06%	0,00%	0,00%	0,14%	—	—	—	—	—	—
Percentage of revenue for the year (including VAT)	—	—	—	—	—	—	0,00%	58,94%	0,00%	0,00%	0,00%	58,94%
(B) Invoices excluded from (A) relating to debts or receivables that are contentious or not recorded in the accounts												
Total number of invoices excluded	—	—	—	—	—	—	—	—	—	—	—	—
Total amount of excluded invoices (including VAT)	—	—	—	—	—	—	—	—	—	—	—	—
(C) Reference terms of payment used (contractual or legal period – Article L.41-6 or Article L.43-1 of the French Commercial Code												
Payment terms used to calculate late payments	Contractual periods: cash, 30 days end of month on the 1st / 15th						Contractual terms: not applicable					
	Legal terms: 45 days						Legal terms: not applicable					

18.7.2 Table of results for the last five years

Description	31 December 2016	31 December 2017	31 December 2018	31 December 2019	31 December 2020
Capital at year end					
Share capital (en euros)	137 513 521	137 513 521	137 513 521	400 171 524	416 662 128
Number of ordinary shares outstanding	229 189 201	229 189 201	229 189 201	118 393 942	123 272 219
Number of convertibles bonds outstanding	—	—	—	—	—
II - Operations and earning (in millions of euros)					
Revenues before sales tax	—	—	—	—	—
Income before income tax, amortization and provisions	211 217	-19 181	-20 734	10 191	127 188
Income tax	15 723	14 407	19 245	25 796	18 890
Income after income tax but before amortization and provisions	226 940	-4 775	-1 489	35 987	146 059
Income after income tax, amortization and provisions	226 940	-4 775	-1 489	35 985	146 058
Net income distributed	—	—	—	—	—
III - Earnings per share (in euros)					
Income after tax but before depreciation, amortization and provisions	0.99	-0.02	-0.01	0.30	1.18
Income after tax, amortization and provisions	0.99	-0.02	-0.01	0.30	1.18
Dividend paid per share	—	—	—	0,85	XX*
IV - Employees (in millions of euros)					
Number of employees	—	—	—	2	3
Total payroll costs for the period	—	—	—	252	1 918
Employee benefits expense	—	—	—	93	399

** Subject to approval by the Company's General Meeting of Shareholders: scheduled for 15 June 2021.*

19. ADDITIONAL INFORMATION

19.1 Share capital

19.1.1 Subscribed share capital and authorised but unissued share capital

At the date of this Universal Registration Document, the Company's share capital stood at €416,662,128.22, divided into 123,272,819 ordinary shares, with a par value of three euros thirty-eight euro cents (€3.38), fully paid-up and all of the same class.

The Company's General Shareholders' Meeting, which met on 10 June 2020, adopted the following financial delegations:

Type of delegated authority	Maximum duration	Maximum nominal amount
Authorisation to trade in the Company's shares	18 months	Capped at 10% of the total number of shares constituting the share capital or 5% of the total number of shares with a view to their retention and subsequent delivery in payment or exchange in connection with any external growth transactions.
Authorisation granted to the Board of Directors to reduce the share capital by cancelling treasury shares	26 months	Capped at 10% of the share capital in any 24-month period
Delegation of authority to the Board of Directors to increase the share capital by capitalisation of reserves, profits or premiums or any other amount for which capitalisation is allowed	26 months	€80 million (or approximately 20% of the share capital)
Delegation of authority to the Board of Directors to resolve to increase the share capital by issuing shares and/or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, with application of pre-emption rights	26 months	€200 million(1) (or approximately 50% of the share capital) €750 million for debt securities(3)
Delegation of authority to the Board of Directors to resolve to increase the share capital by issuing shares and/or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, by way of a public offering other than those described in Article L.411-2 of the French Monetary and Financial Code, with waiver of pre-emption rights(4)	26 months	€80 million(1)(2) (or approximately 20% of the share capital) €750 million for debt securities(3)
Delegation of authority to the Board of Directors to resolve to issue, with waiver of pre-emption rights, shares and/or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, in the context of public offerings provided for in subsection 1 of Article L. 411-2 II of the French Monetary and Financial Code	26 months	€80 million(1)(2) (or approximately 20% of the share capital) €750 million for debt securities(3)
Authorisation for the Board of Directors, in the case of issuance with waiver of pre-emption rights, by way of a public offering, to set the issue price in the manner decided by the General Meeting	26 months	10% of the capital per year
Authorisation for the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without pre-emption rights	26 months	Regulatory limit (currently 15% of the original issue)(1)
Delegation of authority to the Board of Directors to issue shares or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, without pre-emption rights, in return for contributions in kind	26 months	10% of the capital(1) €750 million for debt securities(3)
Delegation of authority to the Board of Directors to resolve to issue shares reserved for members of an employee savings plan with waiver of pre-emption rights in favour of those members	26 months	€12 million(1) (or approximately 3% of the share capital)

Delegation of authority to the Board of Directors to increase the share capital by issuing shares with waiver of pre-emption rights in favour of a specific category of beneficiaries (employees and corporate officers of the Company and its affiliated entities)	18 months	€12 million(1) (or approximately 3% of the share capital)
Authorisation for the Board of Directors to grant new or existing shares free of charge, with waiver of pre-emption rights, to employees and corporate officers of the Company and its affiliated entities	38 months	3% of the capital(1)

(1) The aggregate maximum nominal amount of capital increases that may be made pursuant to this delegation of authority shall count towards the overall limit of €200 million of the capital for immediate and/or future capital increases.

(2) The aggregate maximum nominal amount of capital increases that may be made pursuant to this delegation of authority will count towards the sub-limit of €80 million of the capital for capital increases with waiver of pre-emption rights by way of a public offering.

(3) The aggregate maximum nominal amount of debt securities that may be issued pursuant to this delegation of authority shall count towards the overall limit of €750 million applicable to the issuance of debt securities.

(4) Including as part of a public exchange offer initiated by the Company (Article L. 22-10-54 of the French Commercial Code).

19.1.2 Non-equity securities

At the date of this Universal Registration Document, the Company had not issued any non-equity securities

19.1.3 Shares held in treasury by the Company or for its account

At 31 December 2020, in the framework of its liquidity agreement, the Company does not hold any equity shares.

The Company's General Shareholders' Meeting of 10 June 2020 authorised the Board of Directors, for a period of 18 months, with the right of delegation permitted by the law and regulations, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, to purchase, in one or more instalments and at such times as it shall determine, a number of shares of the Company not exceeding 10% of the total number of shares constituting the share capital at any given time, or 5% of the total number of shares constituting the share capital if they are shares acquired by the Company with a view to their retention and subsequent delivery in payment or exchange as part of a merger, demerger or contribution. However, under no circumstances may the number of shares held by the Company result in the Company holding more than 10% of the shares constituting its share capital at any time.

The Board of Directors may decide to acquire shares in order:

– to ensure the liquidity and stimulate the market for the Company's securities through an investment service provider acting independently under a liquidity contract in accordance with the market practice accepted by the AMF on 2 July 2018;

– to allocate shares to corporate members and members of staff of the Company, and other Group entities, and particularly in the context of (i) profit-sharing, (ii) any Company stock option plan under the provisions of Articles L. 225-177 et seq. of the French Commercial Code, or (iii) any savings plan in accordance with Articles L. 3331-1 et seq. of the French Labour Code or (iv) of any grant of free shares under the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code, and to carry out any hedging in relation to such transactions, under the conditions laid down by the market authorities and at such times as the Board of Directors or the person acting on behalf of the Board of Directors may determine;

– to deliver the Company's shares when exercising rights attached to transferable securities conferring entitlement, directly or indirectly, by way of redemption, conversion, exchange, presentation of a warrant or any other means to the allotment of the Company's shares under applicable regulations, and to carry out any hedging in relation to such transactions, under the conditions laid down by the market authorities and at such times as the Board of Directors or the person acting on behalf of the Board of Directors may determine;

– to hold the Company's shares and subsequently deliver them in payment or exchange in connection with any external growth transactions, merger, demerger or contribution;

– to cancel any or all of the Company's shares owned by the Company itself in order to reduce the share capital;

– to implement any market practice accepted by the AMF and in general carry out any transaction in compliance with applicable regulations.

The maximum unit purchase price may not be greater than €54, excluding costs.

However, the Board of Directors may, in the event of a corporate action, and in particular a change in the par value of shares, a capital increase by the capitalisation of reserves followed by the creation and allocation of free shares, a stock split or a reverse stock split, adjust the above-mentioned maximum purchase price to take into account the impact of such transactions on the value of the Company's shares.

The purchase, sale or transfer of such shares may be effected and paid for by any means permitted under applicable regulations, on a regulated market, on a multilateral trading facility, with a systematic internaliser or over the counter, in particular through block purchases or sales, through the use of options or other financial derivatives, warrants or, more generally, transferable securities granting entitlement to shares in the Company, at such times as the Board of Directors may determine, except during a public offering for the Company's securities.

The Board of Directors is fully authorised, with the right of delegation permitted by law, to proceed, in compliance with the relevant statutory and regulatory provisions, with allocations and, as applicable, permitted reallocations of shares repurchased for one of the programme's objectives to one or more of its other objectives, or to sell them on or off the market.

In accordance with the legal requirements, the Board of Directors shall inform the Company's General Shareholders' Meeting of the transactions carried out.

On 5 March 2021, Horizon Investment Holdings sold a stake of about 9% in the Company, by way of accelerated bookbuilding, as part of which the Company bought back 2.1 million of its shares.

19.1.4 Other securities providing access to share capital

At the date of this Universal Registration Document, the Company had not issued any equity securities other than the ordinary shares described in Section 16.1 of this Universal Registration Document.

19.1.5 Conditions governing any acquisition rights and/or any obligations attached to capital subscribed but not paid up

None.

19.1.6 Share capital of any Group company under option or agreed to be put under option

None

19.1.7 Changes in the Company's capital over the past three years

Date	Type of transaction	Capital before transaction	Number of shares before transaction	Number of shares after transaction	Par value	Capital after transaction
20/09/2019	Capital increase	137,513,520.60	229,189,201	230,144,132	€1.69	388,943,583
20/09/2019	Combination of shares	388,943,583.08	230,144,132	115,072,066	€3.38	388,943,583
07/10/2019	Capital increase and reduction	388,943,583.08	115,072,066	118,393,942	€3.38	400,171,524
25/06/2020	Capital increase	400,171,523.96	118,393,942	119,458,941	€3.38	403,771,221
09/07/2020	Capital increase	403,771,220.58	119,458,941	123,272,819	€3.38	416,662,128

19.2 Memorandum and Articles of Association

19.2.1 Corporate purpose

The Company's corporate purpose, in France and other countries, is as follows:

– the purchase, subscription, holding, management, transfer or contribution of shares or other transferable securities in all French and foreign companies;

– any provision of services and consulting in the fields of human resources, information technology, management, communication, finance, law, marketing and purchasing for its subsidiaries and holdings;

– the ownership, management and disposition of the Company's trademarks, patents and intellectual property rights and those of its subsidiaries and holdings;

– the provision of any type of financial assistance as Group finance company to companies belonging to the same corporate group as the Company;

– the granting of any surety bonds or guarantees for the benefit of any company in its group or within the normal course of business of any company in its group;

– and in general, any transaction, whether financial, commercial, industrial, civil, of real estate or other, directly or indirectly related to the above-mentioned corporate purpose and to any similar or connected purpose, and able to facilitate, directly or indirectly, the object pursued by the Company, its expansion, development and corporate assets.

19.2.2 Provisions of the Articles of Association relating to administrative and management bodies – Internal Rules of the Board of Directors

The description below summarises the main provisions of the Articles of Association and internal rules relating to the Board of Directors, in particular its mode of operation and powers.

In addition to the provisions relating to the Board of Directors mentioned below, the Internal Rules set out how the Board's committees are organised and run, as well as define their powers and responsibilities (see chapter I of the Corporate Governance Report appearing in Annex I of this Universal Registration Document).

(a) Board of Directors (Articles 15, 16 and 17 of the Articles of Association and Articles 1, 2 and 5 of the Internal Rules)

Composition

The Company will be managed by a Board of Directors with at least three members and no more than eighteen members, subject to the exceptions permitted by law.

The Board of Directors shall ensure that at least one third of its members are independent. It shall further ensure that at least two thirds of the members of the Audit Committee and more than half of the members of the Appointments and Compensation Committee are independent.

Directors representing employees do not count when determining the percentage of independent members.

Upon each re-election or appointment of a member of the Board of Directors, and at least once a year before the Board prepares its report on corporate governance, the Board of Directors shall assess the independence of each of its members (or candidates). During this assessment, the Board of Directors, after consulting the Appointments and Compensation Committee, shall examine on a case-by-case basis the qualifications of each of its members (or candidates) in light of the criteria referred to below, the specific circumstances and the position of the person concerned in relation to the Company. The findings will be disclosed to shareholders in the report on corporate governance and, where appropriate, at the General Shareholders' Meeting when members of the Board of Directors are elected.

The Board of Directors may appoint one or more non-voting members; however, it may not have more than two non-voting members. Non-voting members may be natural or legal persons, but need not be shareholders. The term of office of non-voting members shall be four years, unless they resign or the Board decides to terminate the appointment early. The duties of non-voting members, including any remuneration, shall be decided by the Board of Directors. Non-voting members shall be eligible for re-election. They shall be invited to meetings of the Board of Directors and shall participate in discussions in an advisory capacity.

Appointment

During the Company's existence, directors shall be appointed, re-elected or removed from office under the conditions laid down by applicable laws and regulations and by the Articles of Association.

Each member of the Board of Directors shall hold at least one hundred (100) shares throughout his or her term of office and in any event within six (6) months of his or her appointment. This requirement does not apply to directors representing employees of the Group or, following a decision of the Board of Directors, to directors representing shareholders whose internal procedures prohibit the direct holding of shares by their representatives. Loans of shares by the Company to members of the Board of Directors will not be permitted. Upon assuming office, members of the Board of Directors shall register the securities they hold. The same will apply for any securities subsequently acquired.

Duties

Directors shall serve a four-year term of office.

Directors will be eligible for re-election. They may be removed at any time by the Ordinary General Meeting.

Directors must not be more than 75 years of age (it being specified that the number of directors who are over the age of 70 may not exceed one third of the directors in office) and shall be subject to applicable laws and regulations on multiple appointments.

Identity of directors

Directors may be natural persons or legal persons. Upon being appointed, legal persons shall appoint a permanent representative who will be subject to the same conditions and requirements and have the same responsibilities as if he or she were a director in his or her own right, without prejudice to the joint and several liability of the legal person he or she represents.

The term of office of the permanent representative will be the same as that of the legal person he or she represents.

If the legal person revokes the mandate of its permanent representative, it will be required to inform the Company of such revocation immediately by registered letter, together with the name of its new permanent representative. The same will apply in the event of the death, resignation or prolonged incapacity of the permanent representative.

Directors representing employees

In accordance with the provisions of Article L. 225-27-1 of the French Commercial Code, the Board of Directors shall include a director representing employees. This director will be elected from among the employees of the Company and its direct or indirect subsidiaries whose registered office is in France, subject to the conditions laid down in Article L. 225-28 of the French Commercial Code.

If the number of members of the Board of Directors exceeds the number of directors mentioned in the first paragraph of Article L. 225-27-1-II of the French Commercial Code, and provided that this criterion is still met on the date of the appointment, a second director representing employees will be appointed by the European Works Committee.

Directors representing employees shall be appointed for a four-year term expiring at the end of the General Shareholders' Meeting approving the financial statements for the previous financial year, held in the year in which their term of office expires. The term of office of directors representing employees will be renewable.

Chairman of the Board of Directors

The Board of Directors shall elect one of its members as chairman, provided that member is a natural person.

The chairman shall be appointed for the duration of his or her term of office as director. He or she will be eligible for re-election.

Deliberations of the Board of Directors

The Board of Directors shall perform the duties and exercise the powers conferred on it by law, by the Company's Articles of Association and by the Internal Rules of the Board of Directors. The Board of Directors shall determine and monitor the implementation of the Company's overall business strategy. It shall examine any and all matters pertaining to the efficient operation of the Company and make decisions about any and all issues concerning the Company, within the limits of the Company's corporate purpose and except for those issues that, by law, can only be decided upon by shareholders at a General Meeting. The Board of Directors shall perform any inspections and audits it deems necessary.

The Board of Directors shall be convened by the chairman or by one of its members as often as the interests of the Company so require; the frequency and duration of meetings of the Board of Directors shall be such as to permit a thorough examination and discussion of the matters within the Board's remit. The Board of Directors shall meet at least four times a year.

The Board of Directors may legitimately conduct business, even without being formally convened, if all members are present or represented.

Certain decisions of the Board of Directors can be taken by written consultation of directors, in the conditions of the applicable legislatives and regulatory provisions.

At least half of the Board members must be present for decisions taken at Board meetings to be valid. Decisions will be taken by a simple majority of directors present or represented. In the event of a tie, the chairman of the meeting shall have the deciding vote.

The following will be subject to prior authorisation by the Board of Directors acting by a simple majority of members present or represented:

– approval and/or amendment of the Group's medium-term business plan and annual budget (including the Group's hedging policy);

– any investment (excluding acquisitions) exceeding the Group's annual budget, for a total amount in excess of €10 million;

– any transaction involving the acquisition or disposal of assets or securities totalling more than €10 million and the formation, modification or termination of joint ventures or partnerships representing more than €10 million in revenue or investments;

– any decision to participate in an operation outside the usual scope of the Group's operations and any decision to discontinue or significantly reduce the Group's principal operations;

– the creation of security interests for the benefit of a third party (i.e., a company outside the Group), except for security interests granted to authorities or public bodies in the normal course of business;

– any decision to participate in a project or to enter into any contract with a term of more than five years (including contracts with guaranteed income) for a total amount in excess of €50 million;

– any decision to settle or initiate litigation with more than €5 million at stake or litigation that has a material impact on the Group's reputation;

– any additional debt transaction exceeding €50 million;

– any amendments to the Articles of Association of the Company or of Significant Subsidiaries (except amendments of an administrative nature); the term "**Significant Subsidiaries**" means any subsidiary of the Company whose consolidated revenue represented, in the previous financial year, more than 5% of the Company's consolidated annual revenue;

– any merger/demerger/liquidation of a Significant Subsidiary, except for intra-group restructuring;

– any issuance of shares or transferable securities giving immediate or deferred access to the Company's capital, as well as any issuance of shares or securities giving immediate or deferred access to the capital of a Significant Subsidiary, in each case for the benefit of a third party to the Group;

– any purchase or sale of real estate assets for an amount in excess of €10 million;

– any distributions, excluding distributions between wholly owned subsidiaries;

– any recruitment, suspension or removal of members of the Group's Executive Committee, any significant change in their compensation (including with regard to retirement plans, incentive plans or specific severance terms) and the conclusion, amendment or termination of an agreement with any of them;

– the introduction or amendment of stock option plans or free share plans for the Company or any Group company (or any other similar instrument) for the benefit of the Group's executives and/or employees or certain categories of them;

- the conclusion or amendment of any pension plan or any restructuring of the workforce resulting in a total cost to the Group of more than €10 million;
- any material change in the accounting policies applied by Group companies when preparing their financial statements, except for changes required by law or under applicable accounting standards;
- the appointment, re-appointment or dismissal of the Company's statutory auditors;
- the acquisition of treasury shares by the Company;
- the delisting of the Company and the listing of a Group company;
- the implementation of any insolvency, winding-up or liquidation proceedings (or similar proceedings in each applicable jurisdiction) in respect of the Company or its Significant Subsidiaries.

Unless otherwise stated, the decisions referred to above relate to the Company and its controlled subsidiaries within the meaning of Article L.233-3 of the French Commercial Code.

Compensation of members of the Board of Directors

On the recommendation of the Appointments and Compensation Committee, the Board of Directors:

- shall freely distribute among its members the remunerations allocated to the Board of Directors by the General Shareholders' Meeting, taking into account the actual participation of directors at Board and committee meetings;
- shall determine the amount of the Chairman's compensation;
- may, in addition, allocate special compensation to some of its members for specific duties or assignments entrusted to them.

The Board of Directors shall examine whether the level of allocated remuneration is appropriate in view of the duties and responsibilities of each director.

(b) Executive management (Article 18 of the Articles of Association)

Management model

The Company's executive management shall be the responsibility either of the Chairman of the Board of Directors or of another individual appointed by the Board of Directors (from among its members), who shall have the title of Chief Executive Officer.

The Board of Directors may choose between these two executive management models at any time, and at least upon the expiration of the term of office of the Chief Executive Officer or the term of office of the Chairman of the Board of Directors, if the Chairman is also responsible for executive management of the Company.

Shareholders and third parties will be informed of this choice in accordance with regulatory conditions.

If responsibility for the Company's executive management is assumed by the Chairman of the Board of Directors, the provisions that follow regarding the Chief Executive Officer will also apply to the Chairman. He or she will then have the title of Chairman and Chief Executive Officer.

Executive management

Following a proposal from the Chief Executive Officer, the Board of Directors may appoint one or more individuals to assist the Chief Executive Officer, who will have the title of Deputy Chief Executive Officer.

There may not be more than two Deputy Chief Executive Officers.

Age limit – Term of office – Compensation

The Chief Executive Officer and the Deputy Chief Executive Officers may not be more than 65 years of age.

The term of office of the Chief Executive Officer or Deputy Chief Executive Officers shall be determined upon their appointment, but may not exceed their term of office as director, where applicable.

Removal from office

The Chief Executive Officer may be removed from office by the Board of Directors at any time. The same shall apply, following a proposal from the Chief Executive Officer, to the Deputy Chief Executive Officers.

If the Chief Executive Officer ceases or becomes unable to perform his or her duties, the Deputy Chief Executive Officers will retain their duties and powers until the new Chief Executive Officer is appointed, unless otherwise decided by the Board.

The Board of Directors shall determine the compensation of the Chief Executive Officer and the Deputy Chief Executive Officers.

Powers of the Chief Executive Officer and Deputy Chief Executive Officers

The Chief Executive Officer will be fully empowered to act on behalf of the Company in any and all circumstances. The Chief Executive Officer shall exercise those powers within the scope of the corporate purpose and subject to the powers expressly reserved by law for shareholder meetings and for the Board of Directors.

He or she represents the Company in its dealings with third parties. The Company will be bound by the actions of the Chief Executive Officer even if such actions are beyond the scope of the corporate purpose, unless the Company can prove that a third party knew that the action concerned was beyond the scope of the corporate purpose or had constructive knowledge thereof in view of the circumstances. The publication of the Articles of Association alone may not be deemed to constitute evidence of such knowledge.

Decisions of the Board of Directors limiting the powers of the Chief Executive Officer will not be binding on third parties.

In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and duration of the powers granted to Deputy Chief Executive Officers. The Deputy Chief Executive Officers shall have the same powers with respect to third parties as the Chief Executive Officer.

The Chief Executive Officer or the Deputy Chief Executive Officers may, within the limits set by applicable legislation, delegate such powers as they deem appropriate, for one or more specified purposes, to any representatives, even outside the Company, individually or meeting as a committee or commission, with or without the possibility of substitution, subject to the limitations provided by law. Such powers may be permanent or temporary, and may or may not include the possibility of substitution. Any authority thus delegated shall remain in full effect notwithstanding the expiration of the term of office of the person granting them.

19.2.3 Rights, privileges and restrictions attached to shares (Articles 10, 11, 12 and 13 of the Articles of Association)

Fully paid-up shares will be in registered or bearer form, at the shareholder's option, under the conditions laid down by applicable regulations.

Each share confers the right to a share of the Company's profits and net assets in proportion to the percentage of the share capital it represents. In addition, each share carries the right to vote and the right to representation at General Shareholders' Meetings, according to the statutory conditions and the Articles of Association.

A double voting right shall be established for fully paid-up registered shares that have been continuously held by the same shareholder for a minimum period of two (2) years. For the purpose of calculating this period, any period during which the Company's shares were held prior to the date on which the Company's shares are admitted to trading on the regulated market of Euronext Paris will not count.

In accordance with the provisions of the second paragraph of Article L. 225-123 of the French Commercial Code, in the event of a capital increase by capitalisation of reserves, profits or issue premiums, a double voting right shall be granted upon their issuance to new shares allocated free of charge to a shareholder on the basis of his or her existing shares with a double voting right.

This double voting right may be exercised at any General Meeting.

The double voting right will automatically lapse when the share is converted to bearer form or ownership is transferred.

Shareholders shall only bear losses to the extent of their contributions.

The rights and obligations attached to the share will be transferred to the new owner in the event of a change of ownership. Ownership of a share is deemed to imply acceptance of the Articles of Association and of the decisions of General Shareholders' Meetings.

Whenever it is necessary to hold several shares in order to exercise a particular right, holders of single shares or of fewer shares than the required number will have no rights in respect of the Company, the shareholders being responsible in this case for arranging to group together the necessary number of shares.

The Company regards its shares as indivisible.

Co-owners of shares will be represented at General Shareholders' Meetings by one of the co-owners or by a sole representative. In the event of disagreement, the representative will be appointed by a court of law at the request of the co-owner who first takes action.

If the shares are subject to usufruct, their book entry will mention the existence of the usufruct. Unless otherwise agreed and notified to the Company by registered letter with acknowledgement of receipt, the voting right will belong to the usufructuary at Ordinary General Meetings and to the bare owner at Extraordinary General Meetings.

Registered and bearer shares will be freely negotiable, unless otherwise provided by laws or regulations. Shares will be recorded in book-entry form. The sale of shares involving the Company or third parties will take place by account transfer, in accordance with the terms defined by the applicable laws and regulations.

19.2.4 Changes in share capital and rights attached to shares

Unless otherwise stipulated in the Articles of Association, changes to the rights attached to shares will be subject to statutory provisions.

19.2.5 General Shareholders' Meetings (Article 19 of the Articles of Association)

Notice of meeting and venue

General Shareholders' Meetings will be convened in accordance with the statutory conditions, forms and time frames.

They will be held at the registered office or at any other venue indicated in the notice of meeting.

Agenda

The General Meeting agenda will be set out in the notice of meeting and shall be set by the person calling the meeting.

The General Meeting may only deliberate upon matters included on the agenda; nevertheless, it may, in all circumstances, remove one or more directors from office and replace them.

One or more shareholders, representing at least the percentage of the share capital required by law, and acting in accordance with the statutory conditions and time frames, may request the inclusion of draft resolutions on the agenda.

Access to General Meetings

All shareholders will have the right to attend General Meetings and to participate in deliberations, either in person or by proxy.

All shareholders may participate in General Meetings, in person or by proxy, in accordance with the regulatory conditions, subject to proof of their identity and ownership of their securities in book-entry form under the conditions laid down in the applicable laws and regulations.

If the Board of Directors authorises the use of means of telecommunication, as published in the notice of meeting, shareholders who participate in the General Meeting by video-conference or by means of telecommunication or remote transmission, including the internet, enabling them to be identified under the conditions laid down by applicable regulations, will be deemed present for the purpose of calculating the quorum and majority.

Any shareholder may vote by post or by proxy in accordance with applicable regulations using a form issued by the Company and sent to the Company under the conditions laid down in applicable regulations, including by electronic means or by means of remote transmission, if authorised by the Board of Directors. Said form must be received by the Company in accordance with the regulatory conditions in order to be taken into account.

The minutes of General Meetings will be drawn up and copies shall be certified and issued in accordance with applicable regulations.

The legal representatives of shareholders without legal capacity and natural persons representing corporate shareholders may take part in meetings, irrespective of whether or not they personally are shareholders.

Attendance register, officers, minutes

An attendance register will be kept at each General Meeting containing the information required by law.

General Meetings will be chaired by the Chairman of the Board of Directors or, in his/her absence, by a director specially appointed for this purpose by the Board. Failing this, the Meeting shall elect its own chairman.

The role of scrutineer will be performed by the two members of the General Meeting, present and accepting this role, who have the most votes either personally or as proxies.

The meeting officers will appoint a secretary, who need not be a shareholder.

The meeting officers will have the task of verifying, certifying and signing the attendance register, ensuring that the meeting takes place in an orderly fashion, resolving matters that arise during the meeting, monitoring the voting process, ensuring that it is properly applied, and overseeing the drafting of the minutes.

Minutes of Board meetings and copies or extracts of said minutes are prepared, and certified copies are made in accordance with the applicable regulations.

Ordinary General Meeting

The Ordinary General Meeting is required to take all decisions that do not have the effect of amending the Articles of Association. The Ordinary General Meeting shall be held at least once a year, within six months of each financial year-end, to approve the financial statements for that financial year and the consolidated financial statements.

It will only be deemed to be quorate when first called if the shareholders present or represented, or having voted by post, possess at least one fifth of the shares with voting rights. No quorum is required when a meeting is convened for a second time.

The meeting shall act by a majority of the votes of the shareholders present or represented or who voted by post.

Extraordinary General Meeting

The Extraordinary General Meeting alone is authorised to amend the provisions of the Articles of Association. However, it may not increase the commitments of shareholders, except in the context of transactions resulting from a reverse stock split lawfully carried out.

It shall only be quorate if the shareholders present, represented or having voted by post possess at least one quarter of voting shares at first call and one fifth of voting shares at second call. In the absence of this second quorum, the second meeting may be postponed until a later date, which may be no more than two months after the date on which it was originally convened.

It shall act by a two-thirds majority of the votes of the shareholders present, represented or having voted by post.

However, the Extraordinary General Meeting may not under any circumstances, except by unanimous agreement of the shareholders, increase the commitments of shareholders, nor interfere with the equality of their rights

19.2.6 Provisions that delay, postpone or prevent a change of control of the Company

The Articles of Association contain no provisions that delay, postpone or prevent a change of control of the Company.

19.2.7 Ownership threshold disclosures and identification of shareholders (Article 14 of the Articles of Association)

While the Company's shares are admitted to trading on a regulated market, in addition to the ownership threshold disclosures expressly provided for by applicable laws and regulations, any natural or legal person who directly or indirectly holds, alone or in concert, a percentage of the capital or voting rights (calculated in accordance with the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code and the provisions of the AMF General Regulation) equal to or greater than 1% of the capital or voting rights, or any multiple thereof, even if above the thresholds stipulated in the statutory and regulatory provisions, shall notify the Company of the total number (i) of shares and voting rights that he or she holds, directly or indirectly, alone or in concert, (ii) of securities giving access in future to the Company's capital that he or she owns, directly or indirectly, alone or in concert, and the voting rights potentially attaching thereto, and (iii) of existing shares in issue that such person may acquire by virtue of an agreement or financial instrument mentioned in Article L. 211-1 of the French Monetary and Financial Code. Said notification must be made by registered letter with acknowledgement of receipt within four trading days of breaching the relevant threshold.

The requirement to inform the Company will also apply, within the same time frame and under the same conditions, if the shareholder's interest in the capital or voting rights falls below one of the above-mentioned thresholds.

In the event of non-compliance with the threshold disclosure requirement referred to above and at the request, recorded in the minutes of the General Shareholders' Meeting, of one or more shareholders representing at least 3% of the Company's capital or voting rights, shares exceeding the percentage that should have been disclosed shall be deprived of voting rights for a period of two years following the date of disclosure.

The Company reserves the right to inform the public and shareholders either of the information disclosed to it or of the failure of the person concerned to comply with the above-mentioned requirement.

19.2.8 Identification of securities holders (Article 10 of the Articles of Association)

While the Company's shares are admitted to trading on a regulated market, the Company is entitled to require the identification of holders of securities conferring the right to vote immediately or in the future at its shareholders' meetings, as well as the quantities of securities held, under the conditions provided for by the laws and regulations in force.

In accordance with the provisions of Article L. 228-3-3 of the French Commercial Code, where the person who is the subject of a request referred to above has not sent the information within the time provided for by the legislative and regulatory provisions in force or has sent incomplete or erroneous information relating either to his or her capacity, or to the owners of the securities, or to the quantity of securities held by each of them, the shares or securities giving immediate or deferred access to the share capital and for which this person has been registered will be deprived of voting rights for any shareholders' meeting held until the date on which identification request has been fulfilled. The payment of the corresponding dividend will also be deferred until that date.

19.2.9 Special clauses governing changes in share capital

Regarding changes in share capital, the Company's Articles of Association contain no specific provisions that are more stringent than the statutory provisions.

20. IMPORTANT CONTRACTS

See Section 8.2.2 "*Financial liabilities*" of this Universal Registration Document.

21. DOCUMENTS AVAILABLE TO THE PUBLIC

The Company's Articles of Association, minutes of General Shareholders' Meetings and other statutory documents, as well as any valuation or statement made by an independent expert at the Company's request that must be made available to shareholders in accordance with applicable regulations, may be consulted at the Company's registered office.

GLOSSARY

Latin America	Includes production plants located in Brazil, Argentina and Chile.
Bag-in-box	Means a supple pouch equipped with a tap and enclosed in a 3 to10 litter box, used for selling and conserving wine.
Cullet	Means the crushed glass added to the raw materials used in the production of glass.
Capex	Short for "capital expenditure", represents purchases of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demand or to environmental and health and safety constraints, or to increase the Group's capacity. It excludes the purchase of securities. Capex corresponds to the item "Purchases of property, plant and equipment and intangible assets" in the consolidated statement of cash flows.
Operational cash flows	Defined as cash flows plus the change in operational working capital requirement.
Cash flows	Defined as (i) operating profit restated for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, effects of hyperinflation, costs related to management share plans, impacts of disposals and subsidiary risks, site closure and carve-out costs, and other items (i.e., adjusted EBITDA) less (ii) Capex.
Deposit	Is an additional sum of money paid by the consumer for the packaging and refunded upon return of the packaging to the store.
Organic growth	Corresponds to revenue growth at constant exchange rates and scope.
Cash conversion	Defined as the ratio between cash flows and adjusted EBITDA.
Carbon leakage	A situation where a company, in order to avoid the costs of climate policies, moves its production to another country with less stringent emissions rules.
Adjusted EBITDA	Corresponds to operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plans, disposal-related effects and subsidiary contingencies, closing and carve-out expenses, and other items.
EHS	Refers to the "Environment, Hygiene and Safety" policy.
Northern and Eastern Europe	Includes production plants located in Germany, Russia, Ukraine and Poland.
Southern and Western Europe	Includes production plants located in France, Italy, Spain and Portugal.
Feeders	Fireproof distribution channels that take glass from a furnace to forming machines. Feeders allow conditioning of glass at the right temperature corresponding to the viscosity level necessary to work with the glass.

Forming	Means the technique through which a compact mass of molten glass (gob) is transformed into a hollow shape using a metal plunger or blown air.
Melting	Means the first step in the melting of glass in production furnaces.
kT	Kilotonnes.
Adjusted EBITDA margin	The adjusted EBITDA margin corresponds to the amount of adjusted EBITDA in relation to revenue.
IS machine	An industry-standard hollow glass forming machine made up of "sections" that work in parallel. An IS machine normally consists of between 6 and 16 sections and can form 1, 2, 3 or 4 items simultaneously in each section – these are referred to as "single, double, triple or quadruple gob". A machine with 10 forming sections that produces two gobs each is abbreviated as an IS 10 DG, and has 10 x 2 = 20 finishing moulds.
Blank mould	Refers to the mould used in the production of hollow glass, which is used to transform the material into a hollow partially formed container.
Finishing mould	Refers to the mould used in the hollow glass manufacturing process to give the final shape to the product.
New products	Products that have been produced and marketed for a period of less than five years at the date of this Universal Registration Document.
Finishing	Means the decoration of glass using various techniques.
Gob	Means a compact mass of molten glass.
PET	Refers to polyethylene terephthalate, a rigid, transparent plastic used in packaging.
Net financial debt/Adjusted EBITDA ratio	Refers to the relationship between (i) net financial indebtedness as included in note 17.1 of the Group's consolidated financial statements for the year ended 31 December 2019 and (ii) adjusted EBITDA.
Net external financial debt/Adjusted EBITDA ratio	Refers to the relationship between (i) net financial indebtedness as included in note 17.1 of the Group's consolidated accounts for the year ended 31 December 2019, taking into account only debt incurred with third parties and (ii) adjusted EBITDA.
Satin-finishing	Means a decoration technique that consists of making glass opaque via a chemical treatment (acid bath) or an electrostatic and thermal treatment (sand blasting).
Screen-printing	Refers to a decoration technique that uses ceramic enamels to vary the thickness, color and substance of the glass.

Spread Represents the difference between (i) the increase in selling prices applied by the Group after, passing on any increases in its production costs, and (ii) the increase in its production costs. The spread is positive when the increase in selling prices applied by the Group is greater than the increase in its production costs.

CAGR Stands for "compound annual growth rate".

ANNEXES

ANNEX I

Report of the Board of Directors on corporate governance (Articles L. 225-37 and following of the French Commercial Code)

Verallia
A French joint-stock company (*société anonyme*) with capital of €416,662,128.22
Registered Office: 31 Place des Corolles, Carpe Diem Tower, North Esplanade, 92400 Courbevoie
Trade and Companies Register Nanterre 812 163 913
(The "**Company**")

Board of Directors' Report on Corporate Governance
(Articles L. 225-37 et seq. of the French Commercial Code)

This report has been prepared in accordance with the provisions of Articles L. 225-37 et seq. of the French Commercial Code, to supplement the management report. In addition, this report has been communicated to the Company's statutory auditors for the preparation of their report on this report in accordance with the provisions of Article L.22-10-71 of the French Commercial Code.

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1. CORPORATE GOVERNANCE

1.1 Corporate Governance Code

The Company refers to and, subject to the following, complies with the Corporate Governance Code of listed companies developed by the Association française des entreprises privées (the "AFEP") and the Mouvement des Entreprises de France (the "MEDEF") in its version updated in January 2020 (the "AFEP-MEDEF Code").

The AFEP-MEDEF Code to which the Company refers is available online at http://www.medef.com. The Company keeps copies of the AFEP-MEDEF Code at the permanent disposal of the members of its corporate bodies.

The Company applies the AFEP-MEDEF Code (as revised in January 2020), except for the following recommendation:

Recommendation of the AFEP-MEDEF Code	Comment from the Company
Recommendation 14.2 of the AFEP-MEDEF Code **"The timing of terms of office shall be organised in such a way as to avoid block renewal and to promote a harmonious renewal of directors."**	With the exception of the terms of office of the employee-representative directors, the terms of office of the other Company directors will all expire at the General Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2022. Therefore, the terms of office will not be staggered in accordance with recommendation 14.2 of the AFEP-MEDEF Code, which recommends avoiding a block renewal of directors, as all directors were appointed simultaneously at the time of the initial public offering of the Company or, as the case may be, have been co-opted in replacement of a resigning director for a duration not exceeding the duration of the mandate of the resigning director. While considering that the absence of phased renewal does not impede the proper functioning of the Board of Directors, the Company expects the Board of Directors to review the term of the next bulk renewals by possibly providing shorter term periods for some directors.

1.2 Board of Directors

1.2.1 Rules for the composition of the Board of Directors

The Articles of Association provide that the Company's Board of Directors (the "**Board**" or the "**Board of Directors**") shall consist of between three and eighteen members, subject to the exceptions permitted by law. As of 31 December 2020, the Board was composed of 12 members.

In accordance with Article 15 of the Articles of Association, the term of office of director shall be four years renewable. This duration complies with the recommendations of the AFEP-MEDEF Code. Directors shall not be older than 75 years of age (it being specified that the number of directors over the age of 70 may not exceed one third of the directors in office) and shall be subject to applicable laws and regulations on multiple appointments.

Directors are appointed by the General Shareholders' Meeting on the proposal of the Board of Directors, which itself receives proposals from the Appointments and Compensation Committee. They may be removed from office at any time by the Ordinary General Shareholders' Meeting. The term of office of each director shall expire at the end of the Ordinary General Shareholders' Meeting, called to approve the financial statements for the past financial year and held in the year in which the term of office expires.

1.2.2 Internal Rules of the Board of Directors

The Board of Directors has Internal Rules to set out the operating procedures of the Board of Directors, in addition to the applicable legal and regulatory provisions and the Company's Articles of Association. The provisions of the Internal Rules entered into force on 7 October 2019, the date on which the Company's shares were admitted to trading on the Euronext Paris regulated market, and were updated on 30 July 2020. The Internal Rules of the Audit Committee, the Internal Rules of the Nomination and Compensation Committee and the Internal Rules of the Sustainable Development Committee are also provided for in the annex to the Internal Rules of the Board of Directors.

The Internal Rules of the Board of Directors are in line with marketplace recommendations aimed at ensuring compliance with the fundamental principles of corporate governance, and in particular those referred to in the AFEP-MEDEF Code. These Internal Rules describe the manner of operation, powers and duties of the Board of Directors and specify the rules of ethics applicable to its members. It includes rules for the holding of meetings of the Board of Directors, as well as provisions relating to the frequency of meetings, the attendance of directors and their disclosure obligations with regard to the rules governing multiple appointments and conflict of interest.

The Company's Articles of Association and Internal Rules are available on the Company's website (www.verallia.com).

1.2.3 Duties of the Board of Directors

The Board of Directors shall determine and monitor the implementation of the Company's overall business strategy, in accordance with its corporate interest. It examines and decides on important transactions. Board members are informed of market developments, the competitive environment and key issues, including the Company's social and environmental responsibility.

The Board of Directors shall perform the duties and exercise the powers conferred on it by law, the Company's Articles of Association and the Internal Rules of the Board of Directors. The Board of Directors shall determine and assess the implementation of the Company's business strategy, objectives and performances. It shall examine any and all matters pertaining to the efficient operation of the Company and make decisions about any and all issues concerning the Company, within the limits of the Company's corporate purpose and except for those issues which, by law, can only be decided upon by shareholders at a General Meeting.

The Board of Directors shall also carry out the controls and checks that it deems appropriate and may be provided with the documents it considers useful for the performance of its duties.

The Board of Directors shall set the limitation of the powers of the Chairman and Chief Executive Officer, as the case may be, in accordance with its Internal Rules, with regard to operations for which the prior authorisation of the Board of Directors is required (for further details, see paragraph 1.4.2 “Powers of the Chairman and Chief Executive Officer” of this report).

The Board of Directors shall ensure the good corporate governance of the Company and the Group as well as the quality of the information given to shareholders and investors.

The Internal Rules define information procedures for directors. In particular, it states that the Chairman of the Board of Directors shall provide to the members of the Board of Directors, within a sufficient period of time and except in emergencies, with the information or documents in his or her possession to enable them to carry out their duties effectively. Any member of the Board of Directors who has not been able to knowingly deliberate on an issue has a duty to inform the Board of Directors and to demand the information necessary for the performance of his or her duties.

1.2.4 Meetings and deliberations of the Board of Directors

The Internal Rules of the Board of Directors provide for the terms and conditions of the Board of Directors' meetings. Thus, the Board of Directors is called by its Chairman or one of its members, by any means, even orally. The person who convenes the meeting shall set the agenda for the meeting.

For the purpose of increasing efficiency of the preparation and holding of meetings of the Board of Directors and its committees, the Company, since its initial public offering, uses an electronic and collaborative portal, which secures the availability of documents necessary for active and permanent communication with the members of the Board of Directors.

The Board of Directors meets at least four (4) times a year and, at any other time, as often as the interests of the Company require. The frequency and duration of the meetings should be such that they allow for a thorough review and discussion of matters within the competence of the Board of Directors.

The Board of Directors' meetings are chaired by the Chairman. In the event of the absence of the Chairman, the meetings shall be chaired by a member of the Board of Directors appointed by the Board of Directors.

At least half of the Board members must be present for decisions taken at Board meetings to be valid. Members participating in meetings shall be deemed to be present, for the purposes of quorum and majority calculations, by means of video conferencing or telecommunications, enabling their identification and ensuring their effective participation, under the conditions set out in applicable laws and regulations. Under conditions set out by applicable legislative and regulatory provisions, certain decisions of the Board of Directors may be taken by way of written consultation.

Each meeting of the Board of Directors and of the committees must be long enough to allow productive and thorough discussion of the agenda. Decisions shall be taken by a majority of directors present or represented. In the event of a tie, the Chairman of the meeting shall have the deciding vote.

The Internal Rules of the Board of Directors also recall the obligations of the members of the Board of Directors, as described in the AFEP-MEDEF Code. The Internal Rules provide, in particular, that the members of the Board of Directors, upon appointment, may benefit from additional training on the specific characteristics of the Company and the companies it controls, their business lines and business sector, and that they may occasionally receive reports from the Group's main executive staff, who may be called upon to attend Board meetings.

Finally, the Board of Directors is required to be regularly informed of the financial situation of the Company and the Group and the Chairman-CEO shall communicate on a permanent basis to the directors any information concerning the Company that he/she is aware of and deems useful or relevant. The Board of Directors and the Committees also have the possibility to hear experts in their respective areas of expertise.

Under the Internal Rules, each member of the Board of Directors is required to inform the Board of any conflict of interest situation, even potential, and must refrain from attending the debate and taking part in the vote on the corresponding deliberation.

1.2.5 Independence of directors

In accordance with the AFEP-MEDEF Code to which the Company refers, the Board of Directors examines the situation of each of its members (or candidate) with regard to the independence criteria adopted by the Company at the time of each renewal or appointment of a member of the Board of Directors and at least once a year before the publication of the Company's corporate governance report. During this assessment, the Board of Directors, after consulting the Nomination and Compensation Committee, shall examine on a case-by-case basis the qualifications of each of its members (or candidates) with respect to the criteria of the AFEP-MEDEF Code, the specific circumstances and the position of the person concerned in relation to the Company. The findings shall be disclosed to shareholders in the annual report and, where applicable, to the General Shareholders' Meeting when members of the Board of Directors are elected.

Following the December 2020 sale by Horizon Investment Holdings of a part of its stake in the capital of the Company to Brasil Warrant Administração de Bens e Empresas S.A. (BWSA) (acting through Lepton Fund), the stake of Horizon Investment Holdings in the Company changed from 46.89% to 36.90% of the Company' share capital and of voting rights and the stake of BWSA changed from approximately 12% to 22.23% of the Company' share capital and voting rights.

The Board of Directors, at its meeting of 23 February 2021, considering that the Company no longer could be deemed "controlled" by Horizon Investment Holdings within the meaning of article L.233-3 of the French Commercial Code, in view of its level of shareholding in the Company following the above-mentioned sale, decided to apply provisions of the AFEP-MEDEF Code stipulating that "independent directors should account for half the members of the Board of Directors in widely held corporations without controlling shareholders", versus a share of directors of at least one-third in controlled companies.

At its meeting on 23 February 2021, the Board of Directors also proceeded with the review and evaluation of the independence of the members of the Board of Directors against all the criteria set out in the AFEP-MEDEF Code.

As a result of this analysis, the Board of Directors has concluded that Pierre Vareille could be qualified as independent director, in particular given that:

– the possible conflict of interest that may have existed due to his double quality as selling shareholder in the context of the Company's admission to trading on the regulated market Euronext Paris and as member of the Board of Directors of the Company in the context of the setting of the price of the Company's initial public offering by the Board of Directors was eliminated once the Company was listed on the stock market; and

– there is no contractual relation between Apollo and Pierre Vareille, who therefore cannot be considered as a representative of Apollo on the Board of Directors. Moreover, Pierre Vareille is not, and has not been in the last five years, an employee, executive officer, corporate officer or service provider of Horizon Investment Holdings, of other Apollo companies in the shareholding structure of Horizon Investment Holdings or of any entity consolidated by the above-mentioned entities.

As at the date of this registration document, five directors (José Arozamena, Marie-José Donsion, Virginie Hélias, Cécile Tandeau de Marsac and Pierre Vareille) are therefore qualified as independent, which is one-half of directors, which is in line with the recommendation of the AFEP-MEDEF Code, which provides that independent directors should account for half the members of the Board of Directors in widely held corporations without controlling shareholders.

1.2.6 Shares held by directors

Under Article 2 of the Board of Directors' Internal Rules, each member of the Board of Directors shall hold at least 100 shares of the Company throughout his or her term of office and in any event within six months of his or her appointment. This requirement does not apply to employee-representative directors or, following a decision of the Board of Directors, to directors representing shareholders for whom the internal procedures prohibit the direct holding of shares by their representatives (which is notably the case for directors appointed at the proposal of Apollo and Bpifrance Participations). Loans of shares by the Company to members of the Board of Directors are not permitted in order to fulfil this obligation. Upon assuming office, members of the Board of Directors shall register the securities they hold in the nominative form. The same shall apply for any securities subsequently acquired.

1.2.7 Operation of Board committees

(a) Composition: members of the Board of Directors as of 31 December 2020

The table below reflects the composition of the Board of Directors of the Company as of 31 December 2020:

Name	Nationality	Date of first appointment	Date of the Shareholders' Meeting deciding on the last appointment	Date term expires	Current main position within the Company	Number of offices in listed companies other than the Company	Number of shares held at 31 December 2020
Michel Giannuzzi	French	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022	Chairman and Chief Executive Officer	1(1)	2,547,093
Robert Seminara(2)	American	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022	Director	0	0(3)
Brasil Warrant Administração de Bens e Empresas S.A., represented by Marcia Freitas	Brazilian	General Shareholders' Meeting of 3 October 2019	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022	Director	0	27,405,390(4)
BW Gestão de Investimentos Ltda., represented by João Salles	Brazilian	General Shareholders' Meeting of 20 September 2019(5)	General Shareholders' Meeting of 3 October 2019	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022	Director	2	27,405,390 (4)
Bpifrance Investissement, represented by Sébastien Moynot	French	General Shareholders' Meeting of 3 October 2019	General Shareholders' Meeting of 3 October 2019	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022	Director	2	0(3)

Marie-José Donsion	French and Spanish	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022	Independent director(6)	0	100
Virginie Hélias	French and Swiss	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022	Independent director(6)	0	103
Cécile Tandeau de Marsac	French	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022	Independent director(6)	2	103
José Arozamena	American and Spanish	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022	Independent director(6)	0	150(7)
Pierre Vareille	French	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting of 20 September 2019	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022	Director	2	120,000
Dieter Müller	German	23 January 2020	N/A	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2023	Employee-representative director	1(1)	0

Sylvain Artigau(8)	French	14 February 2020	N/A	General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2023	Employee-representative director	0	0

(1) Within the Supervisory Board of Verallia Deutschland, a subsidiary of the Company.

(2) Director appointed on the proposal of Apollo.

(3) Pursuant to article 2.10 of the Internal Rules of the Board of Directors, directors representing shareholders, the internal procedures of which prohibit the direct holding of shares by their representatives, shall not be subject to the obligation to hold at least 100 Company shares during their term of office.

(4) BW Gestão de Investimentos Ltda. having been co-opted, with effect as of 17 December 2020, in replacement of Claudia Scarico, who had been appointed by the General Shareholders' Meeting held on 20 September 2019.

(5) Acting through Lepton Fund Ltd., a fund managed by BW Gestão de Investigmentos Ltda., a wholly-owned subsidiary of Brasil Warrant Administração de Bens e Empresas S.A.

(6) Within the meaning of the AFEP-MEDEF Code.

(7) In addition, Cambium USA Inc., an investment company of which José Arozamena is the Chief Executive Officer, holds 86,267 shares of the Company at 31 December 2020.

(8) Sylvain Artigau resigned from his position as employee-representative director on 3 February 2021.

The composition of the Board is thus consistent with the recommendation of the AFEP-MEDEF Code, which recommends that the number of independent directors be at least one-half in companies with dispersed capital structure and without controlling shareholders. The composition of the Board of Directors is also compliant with the recommendation of the French Financial Markets Authority on the diversification of directors in terms of international experience; thus, more than half of the directors are foreign nationals (American, Swiss, Spanish, German and Brazilian), as at the date of the Universal Registration Document.

In accordance with article L.225-27-1 of the French Commercial Code, and to the extent that the Board of Directors comprises more than eight directors, the Board of Directors includes two employee-representative directors: thus, in 2020, Dieter Müller was designated as a employee-representative director by the Group's European Works Council, and Sylvain Artigau was elected as employee-representative director by the employees of the Company and its direct or indirect subsidiaries with a registered office located in French territory, under the conditions set out in article L.225-28 of the French Commercial Code. Sylvain Artigau resigned from his position as employee-representative director on 3 February 2021; he was replaced in this position by his deputy, Corinne Destrain, also elected in the above-mention election, who also resigned on 11 February 2021.

(b) Personal information and the list of other mandates of members of the Board of Directors.

Michel Giannuzzi, Chairman of the Board of Directors

56 years

M

French

Michel Giannuzzi has been Verallia's CEO since September 2017. Thanks to the development and successful implementation of a value creation strategy, he successfully led Verallia's initial public offering on the Euronext Paris market in October 2019. Before joining Verallia, he served as Chairman of the Management Board of Tarkett, a world leader in innovative solutions for floor coverings and sports surfaces, from 2007 to 2017. During his term, he implemented a profitable and sustainable growth strategy, leading to Tarkett's initial public offering on the Euronext Paris market in 2013. Prior to that, Michel Giannuzzi held a series of executive positions at the Valeo and Michelin groups. He is a graduate of École Polytechnique and Harvard Business School.

Offices and positions held within the Verallia Group	Offices held outside the Group
Verallia – Chairman of the Board of Directors and CEO, member of the Sustainable Development Committee Verallia Packaging – Président Verallia Italia SpA – Chairman of the Board of Directors Rayen Cura S.A.I.C - Chairman of the Board of Directors Verallia Deutschland A.G. - Chairman of the Supervisory Board Vidrieras de Canarias S.A. – Permanent representative of Verallia Packaging Terms of office that expired in the last five years: Horizon Intermediate Holdings S.C.A. - Delegate to the day to day management Horizon Holdings I - Président Horizon Holdings II - Président Verallia France - Chairman, CEO and dire	Factory Mutual Insurance Company (FM Global) - Member of the Board of Directors and of the Audit Committee Terms of office that expired in the last five years: Sequana - Member of the Board of Directors and of the Audit Committee Tarkett – Chairman of the Supervisory Board

•

Robert Seminara, Director (representing Apollo)

49 years

M

American

Robert Seminara, born in 1972, holds a degree in economics from the University of Pennsylvania's Wharton School of Business. From 1994 to 1996, he held the position of financial analyst at Lazard Frères & Co. within the Media & Communications division. In 1996, he joined the Private Equity department of Evercore Partners where he held the position of Vice President. In 2003 he joined Apollo as partner in the Private Equity department. Since 2012, he has been senior partner in the Private Equity department at Apollo Management International LLP. In addition, he has been Head of Europe and Head of European Private Equity at Apollo Management International LLP since 2018.

Offices and positions held within the Verallia Group

Verallia – Director Terms of office that expired in the last five years
Verallia – CEO
Verallia Packaging – CEO
Horizon Holdings I – CEO
Horizon Holdings II – CEO

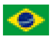
Offices held outside the Group

Apollo Advisors V (EH), LLC – Vice President
Greenhouse Holdings, Ltd. – Vice President
Overwood GP, LLC – Vice President
Overbloom GP, LLC – Vice President
Apollo Asset Management Europe PC LLP – Director
Apollo Asset Management Europe LLP – Director
Luminescence Cooperatief U.A - Director
Terms of office that expired in the last five years:
SL Aviation Group S.à r.l. - Director
Redleaf, Ltd. – Vice President
Airopack Technology Group AG – Director
NCL Corporation Ltd. - Director
Norwegian Cruise Line Holdings Ltd. - Director
Berry Global Inc. – Director
Covalence Specialty Materials Corp. - Director
Smart & Final Holdco LLC – Vice President

Marcia Freitas, permanent representative of Brasil Warrant Administração de Bens e Empresas S.A. (BWSA), Director and member of the Audit Committee

54 years

F

Brazilian 

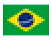
Marcia Freitas has been Executive Director and member of the Executive Committee of Brasil Warrant S.A. (BW) since 2013, where she is responsible for overseeing all legal, tax and regulatory matters of the holding company and of BWGI, the group's asset management subsidiary. Before joining BW, Marcia Freitas worked for more than 25 years as a lawyer in the Brazilian financial industry, 15 of which as head of legal and general counsel for Unibanco and HSBC Brazil. Marcia Freitas obtained her law degree at the Rio de Janeiro State University (UERJ) in 1988 and has an LLM in corporate law from the New York University School of Law (1993). She also attended the Corporate Governance and Capital Markets for Executives Program at B.I. In 2014. International, in partnership with Columbia University and Johns Hopkins University

Offices and positions held within the Verallia Group	Offices held outside the Group
Verallia - permanent representative of Brasil Warrant Administração de Bens e Empresas S.A. Director, and member of the Audit Committee Terms of office that expired in the last five years: None	Brasil Warrant Administração de Bens e Empresas S.A. – CEO Brasil Warrant, LLC – CEO BW Gestão de Investimentos LTDA. – CEO Cambuhy Agrícola LTDA. – CEO Cambuhy Alpa Holding LTDA. – CEO Companhia e. Johnston de Participações – CEO Imopar Participações Imobiliárias LTDA. – CEO Itaparica S/A. Empreendimentos Turísticos – Chairwoman of the Board of Directors Marilia Investimentos Ltd. - Director Patizeiro Participações Ltda. – CEO Santana Investimentos Ltd. - Director Santo Aleixo Empreendimentos Agropecuários Ltda. – CEO São Gregório Representação E Participações Ltda. – CEO São Vicente Representação E Participações Ltda. – CEO Triz Design Ltda. – CEO Unicorp International Finance Corporation – Director Baryon Fund Ltd. - Director Lepton Fund Ltd. - Director Mantiqueira Overseas Fund Ltd. - Director Meson Fund Ltd. - Director Amityville Overseas Corp. - Director Art Corporation – Director Atom Ltd. - Director Blue Mountains Limited – Director Brattleboro Overseas Limited – Director Duetto Holdings Ltd – Director Groveport International Corp. - Director Hoffsfield Finance Ltd – Director Jabuticaba Investment Ltd – Director Jamboree Holdings Ltd – Director Meson Investment Ltd. - Director Meson LLC – Director Mooresville Ltd – Director Orionis Ltd – Director Santo Andre Investimentos Ltd – Director São Carlos Investimentos Ltd – Director São João Investimentos Ltd – Director São Lucas Investimentos Ltd – Director São Marcos Investimentos Ltd – Director Sprigtree Consultants Ltd – Director Tandem Fund Ltd – Director Vesperi Ltd – Director Kirkiville Investment Corp. - Director Malui International Corp. - Director Terms of office that expired in the last five years: None

João Salles, permanent representative of BW Gestão de Investimentos Ltda (BWGI), Director, member of the Nomination and Compensation Committee

39 years

M

Brazilian 

João Salles, born in 1981, holds a B.A. in Economics from INSPER, an M.A. in Economics and an M.S. in Finance both from Columbia University in New York, and a Ph.D. in Economics from the University of São Paulo. He has been a Managing Director at BWSA, a holding company, since 2017, and a member of the Investment, Risk and Management Committees of asset management firm BWGI since 2014. João Salles currently holds positions as Board Member of Itaú Unibanco, of IUPAR (which controls Itaú Unibanco), and is also a member of the Finance Committee of Alpargatas. Between 2013 and 2018, João Salles was a Partner, Investment Professional and member of Cambuhy Investimentos' Investment Committee. Prior to that, he worked at the investment bank J.P. Morgan in New York, focusing on M&A, ECM and DCM.

Offices and positions held within the Verallia Group

Verallia - permanent representative of BW Gestão de Investimentos Ltda, Director and member of the Nomination and Compensation Committee Terms of office that expired in the last five years: Verallia - permanent representative of Brasil Warrant Administração de Bens e Empresas S.A Director, and member of the Nomination and Compensation Committ

Offices held outside the Group

Brasil Warrant Administração de Bens e Empresas S.A. – CEO
BW Gestão de Investimentos Ltda.– CEO Itaú Unibanco Holding S.A. - Directo
IUPAR – Itau Unibanco Participações S.A. - Director
Alpargatas – Member of the Financial Committee of the Board of Directors Terms of office that expired in the last five years
Cambuhy Investimentos Ltda. – Associat
XP Investimentos – Director

Sébastien Moynot, permanent representative of Bpifrance Investissement, Director, member of the Sustainable Development Committee

48 years

M

French

Sébastien Moynot, born in 1972, is an alumnus of the École Normale Supérieure in Paris and a graduate of the École Nationale de la Statistique et de l'Administration Économique. Since 2013, he has been a member of the Capital Development Steering Committee at Bpifrance Investissement, where he is in charge of equity investments in midcaps and large corporates. Previously, Sébastien Moynot spent around 10 years working in various roles at the Ministry of Finance Treasury Department. He was notably in charge of the transport sector at the Agence des Participations de l'État, and was previously Head of Strategy and then Market Operations at the Agence France Trésor.

Offices and positions held within the Verallia Group

Verallia – permanent representative of Bpifrance Investissement, Director and member of the Sustainable Development Committee
Terms of office that expired in the last five years: Verallia – permanent representative of Bpifrance Participations, Directo

Offices held outside the Group

Albioma – Director
Altrad Investment Authority SAS – Director
Bénéteau – Director
Cosmeur SAS – Chairman of the Board of Directors
Green Yellow – Member of the Board of Auditors
Vivescia Industries – Non-voting member of the Supervisory Board
Nexteam – Non-voting member of the Supervisory Board
Terms of office that expired in the last five years:
Farinia SA – Director
AD Industries SAS – Non-voting member

Marie-José Donsion, Independent Director, Chairwoman of the Audit Committee

49 years

F

French and Spanish 

Marie-José Donsion, born in 1971, graduated from the European School of Management (Paris) business school and currently serves as Chief Financial Officer of Arkema. Prior to that, she was a director on the Arkema Board of Directors and Chairwoman of its Audit Committee. Prior to that, within the Alstom Group, she was Chief Financial Officer of the Group, after holding various financial positions within several subsidiaries in France and abroad. Prior to joining Alstom, Marie-José Donsion had begun her career with Pricewaterhouse Coopers in the audit branch.

Offices and positions held within the Verallia Group	Offices held outside the Group
Verallia – Independent director and Chairwoman of the Audit Committee Terms of office that expired in the last five years: None	Arkema – Chief Financial Officer Terms of office that expired in the last five years: Arkema – Director and Chairwoman of the Audit and Accounts Committee

Virginie Hélias, Independent Director, Chairwoman of the Sustainable Development Committee

55 years

F

French and Swiss

Virginie Hélias, born in 1965, alumna of HEC Paris (Hautes Etudes Commerciales), has been Vice President in charge of sustainable development in the Procter & Gamble Group since 2016. She has been a member of the Procter & Gamble Group Executive Committee since January 2020. She began her career in 1988 in the same group, where she held various positions in France, the United States and Switzerland in marketing, brand management, sales, innovation and digital, before creating, in 2011, a sustainable development position at the intersection between brand management and the environment department.

Offices and positions held within the Verallia Group

Verallia – Independent director and Chairwoman of the Sustainable Development Committee
Terms of office that expired in the last five years:
None

Offices held outside the Group

None
Terms of office that expired in the last five years:
None

Cécile Tandeau de Marsac, Independent Director, Chairwoman of the Nomination and Compensation Committee

57 years

F

French 

Cécile Tandeau de Marsac, born in 1963, a graduate of NEOMA Business School, holds a Master’s degree in Economics and has been an independent director on the Board of Directors of the Sodexo Group since 2016, of which she chairs the Nomination Committee and the Compensation Committee. From 2012 to 2019, she was General Manager in charge of Human Resources for the Solvay Group in Belgium. From 2011 to 2012, she led the integration of the Rhodia and Solvay groups. Prior to that, she held various positions in the Rhodia Group in the Human Resources Department from 2007 to 2011, and at Nestlé in marketing, sales, communication and human resources from 1987 to 2006.

Offices and positions held within the Verallia Group

Verallia – Independent director and Chairwoman of the Nomination and Compensation Committee
Terms of office that expired in the last five years:
None

Offices held outside the Group

Sodexo – Director, Chairwoman of the Compensation Committee and Chairwoman of the Nomination Committee
Daher – Director, member of the Governance Committee
Groupe BEL – Member of the Nomination and Compensation Committee
Terms of office that expired in the last five years: Solvay – General Manager in charge of human resource

José Arozamena, Independent Director, member of the Audit Committee and member of the Nomination and Compensation Committee

60 years

M

Spanish and America 

José Arozamena, born in 1960, an industrial and systems engineer graduate from the University of Southern California in Los Angeles, California, founded Cambium in 1996, a family investment vehicle that has invested in various companies in the United States, Europe and Latin America. José Arozamena is also Chairman and CEO of Arglass Yamamura in Georgia, USA. Between 2005 and 2018, José Arozamena was an operating partner of various private equity firms, including Lindsay Goldberg and Lehman Brothers Merchant Banking Funds III and IV. From 2003 to 2005, he led investments in American Rice and Mineraqua-Agua Castello. From 1995 to 2003, José Arozamena was Chairman and Chief Officer of Alpha Private Equity Group, a private investment vehicle.

Offices and positions held within the Verallia Group	Offices held outside the Group
Verallia - Independent director, member of the Audit Committee and member of the Nomination and Compensation Committee Terms of office that expired in the last five years: None	Cambium USA, Inc – CEO Arglass Yamamura SE, LLC – CEO Arglass Yamamura – Director Terms of office that expired in the last five years: Lindsay Goldberg, LLC – Affiliate Partner SGI Cambium, LLC – Partner Hydrogen Engine Center, Inc. – Director Mineraqua Portugal Lda – Director North Sails – Director

Pierre Vareille, Independent Director, member of the Nomination and Compensation Committee

63 years

M

French

Pierre Vareille, born in 1957, is a graduate of the École Centrale de Paris and an alumnus of the Université de la Sorbonne and Sciences Po. He was CEO of several international corporations, including Wagon Automotive, a British automotive supplier traded on the London Stock Exchange, and FCI, one of the world's leading manufacturers of electronic connectors. Pierre Vareille served as Chief Executive Officer of Constellium, a global supplier of value-added aluminium products, traded on the New York Stock Exchange until July 2016. He is currently Chairman of the Board of Directors of Bic and director of Outokumpu Oyj, in Finland

Offices and positions held within the Verallia Group

Verallia – Independent director and member of the Nomination and Compensation Committee
Terms of office that expired in the last five years:
None.

Offices held outside the Group

Bic – Chairman of the Board of Directors Outokumpu Oyj – Director
Terms of office that expired in the last five year
Constellium NV – CEO
Ferroglobe plc – Director
Etex SA – Director
Vectra – Director

Dieter Muller, Employee-representative director, member of the Sustainable Development Committee

62 years

M

German

Dieter Müller, born in 1958, has worked for Verallia Deutschland since 1988, where he began his career as a sheet metal operator. He is a member of the Industriegewerkschaft Bergbau-Chemie-Energie (IG-BCE) trade union. In 1993, Dieter Müller was elected as a member of the Essen Works Committee, of which he became Secretary in 1996. In 2010, Dieter Müller was elected Secretary of the Verallia Deutschland Central Works Committee. Since 2017, he was also a member of the Verallia European Works Committee, of which he was elected Deputy Secretary. He resigned from these positions when he was appointed by the Group's European Works Committee. Dieter Müller has also been a member of the Supervisory Board of Verallia Deutschland for almost 20 years and its Vice-President for more than 10 years.

Offices and positions held within the Verallia Group

Verallia – Director and member of the Sustainable Development Committee
Verallia Deutschland A.G. – Vice President of the Supervisory Board
Terms of office that expired in the last five years: Verallia Deutschland A.G. – Secretary of the central Works Council
Verallia Group – Deputy Secretary of the European Committee

Offices held outside the Group

Honorary Judge of the Industrial Tribunal of Essen
Terms of office that expired in the last five years:
None.

Sylvain Artigau, Employee-representative director, member of the Sustainable Development Committee

48 years

M

French

Sylvain Artigau, born in 1972, has worked in the shipping department of VOA – Verrerie d'Albi, a subsidiary of Verallia France since 1997. He is a member of the Conféderation générale du travail (CGT) trade union and has served as an employee representative on the VOA. He was a trade union delegate from 2004 to 2016. From 2017 to 2019, Sylvain Artigau was seconded to the Departmental Union of the CGT trade unions of the Tarn region to take up the position of Secretary-General. He resigned from all these positions when he was elected by the employees of the Group companies that have registered offices in France. Since January 2020, he has rejoined the shipping department of VOA – Verrerie d'Albi.

Offices and positions held within the Verallia Group	Offices held outside the Group
Verallia – Director and member of the Sustainable Development Committee Terms of office that expired in the last five years: VOA – trade union delegate	None. Terms of office that expired in the last five years: Departmental Union of CGT syndicates of Tarn – General Secretar

(c) Integration and training of members of the Board of Directors

Each member of the Board, upon his/her nomination, may benefit from a site visit as well as training on the specificities of the Company and the companies it controls, their activities and sectors of activity. Moreover, when new Directors are integrated, they can meet the Group's main executives.

As part of the integration in 2020 of two employee-representative directors, the Company organized their enrolment:

– with respect to Dieter Müller, in different external training programs in English, in French company law/governance and in finance;

– with respect to Sylvain Artigau, an external training program offered by Sciences-Po Paris to employee-representative directors.

(d) Activities of the Board of Directors during the year ended 31 December 2020

In 2020, the Board of Directors met seven times (including once in absence of the Chairman and CEO) and discussed the following subjects:

– the accounting and financial information;

– the budget for 2021 and the medium-term business plan;

– the Group's CSR strategy to a 2025 time horizon;

– the Group's financing;

– projects for strategic investments and joint-ventures;

– say-on-pay matters;

– the update of the performance share plan;

– the continuation of the employee shareholding program;

– the convening of the Company's General Shareholders' Meeting; and

– regulatory compliance (including the filing of the Universal Registration Document and the adoption of the internal charter on related party transactions and on the procedure of assessment of agreements relating to ordinary transactions carried out under normal conditions).

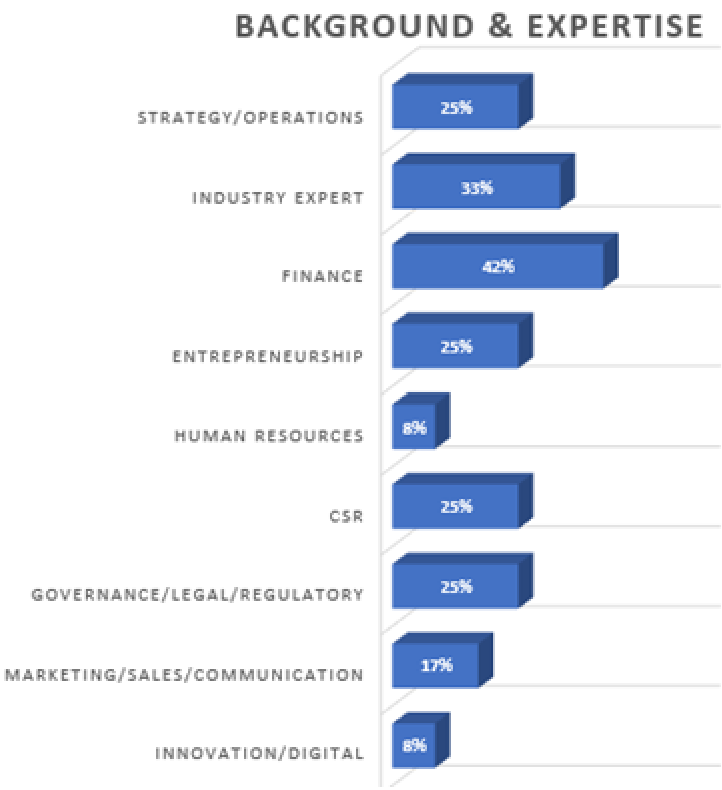
The attendance rate for all directors was 88%.

The following table presents the attendance rate per director at Board meetings:

Director	Presence at session	Total number of sessions	Individual attendance rate	
Michel Giannuzzi	7	7	100	%
Robert Seminara	6	7	86	%
Claudia Scarico	6	7	86	%
Pierre Vareille	6	7	86	%
Bpifrance Investissement, represented by Sébastien Moynot	7	7	100	%
Cécile Tandeau de Marsac	7	7	100	%
Marie-José Donsion	6	7	86	%
Virginie Hélias	7	7	100	%
José Arozamena	7	7	100	%
Brasil Warrant Administração de Bens e Empresas S.A., represented by João Salles until 17 December 2020 and then by Marcia Freitas from 17 December 2020	6	7	86	%
BW Gestão de Investimentos Ltda., represented by João Salles (Director co-opted as of 17 December 2020)	N/A	N/A	N/A	
Dieter Müller	7	7	100	%
Sylvain Artigau	2	7	29	%

(e) Description of the diversity policy within the Board of Directors as defined in article L.22-10-10 2° of the French Commercial Code

The directors of the Company come from different backgrounds and have varied experience and expertise reflecting the objectives of the Board of Directors and various long-term challenges of the Group’s strategy. The presentation of each director provided in paragraph 1.2.7(b) above and the following chart better illustrates this diversity and complementarity of experience.



The Board shall ensure the balance of its composition and that of its ad hoc committees, in particular in terms of diversity (international experience, expertise, etc.). Based on recommendations made by the Nomination and Compensation Committee, directors shall be appointed on the basis of their qualifications, professional skills and independence of mind at General Shareholders' meetings or by co-optation.

(f) Information on the balanced representation of women and men within the Board of Directors.

As at 31 December 2020, there are four women on the Board of Directors: Marie-José Donsion, Virginie Hélias, Cécile Tandeau de Marsac and Marcia Freitas (in her capacity as permanent representative of Brasil Warrant Administração de Bens e Empresas S.A.) representing 40% of directors (excluding employee-representative directors pursuant to article L.225-27-1 of the French Commercial Code).

The Company thus complies with the provisions of Law no. 2011-103 of 27 January 2011 on the balanced representation of women and men on boards of directors and supervisory boards and professional equality, and the proportion of female directors is at least equal to 40%, in accordance with the provisions of articles L.225-18-1 and L.22-10-3 of the French Commercial Code.

(g) Annual assessment of the Board of Directors

The Internal Rules of the Board of Directors provide for the terms and conditions by which the Board of Directors must assess its ability to meet shareholder expectations by periodically analysing its composition, organization and operation. To this end, once a year, the Board of Directors shall, on the report of the Nomination and Compensation Committee, devote an item on its agenda to the assessment of its operating procedures, to ensure that important issues are properly prepared and discussed within the Board of Directors, as well as to the extent of each member's effective contribution to the work of the Board of Directors with regard to their competence and involvement in the deliberations. This assessment is carried out on the basis of replies to an individual and anonymous questionnaire sent to each member of the Board of Directors once a year.

The Board of Directors carried out for the first time, during the first quarter of 2021, the assessment of the composition, organization and operation of the Board of Directors and its Committees by means of discussion within the Nomination and Compensation Committee as well as at a meeting of the Board of Directors, based on discussions and responses to an individual questionnaire sent to each Board member by an external independent consultant and followed by individual interviews. Following such assessment, the Board of Directors considers it has the appropriate characteristics to fulfil its duties. In particular:

- in relation to its composition: the members of the Board of Directors come from different backgrounds and have varied experience and expertise; therefore, the composition of the Board of Directors is balanced and the skills identified as necessary or useful within such a corporate body are duly represented; the engagement of Board members is strong and its collegial spirit translates into rich and fruitful debates;

– in relation to its organization: under the wise leadership of its Chairman, the Board of Directors is well-informed, its meetings are very structured and key Group decisions are submitted to its review in a timely manner; and

– in relation to its operation: the Board of Directors has the appropriate structure to meet shareholders and other stakeholders' expectations; however, it has expressed the wish to dedicate more time to discussing the Group's medium- and long-term strategy. Setting up a Strategic Committee is an option that will be discussed

–

1.2.8 Compensation of directors

The Company's General Shareholders' Meeting held on 20 September 2019, in its 5th resolution, decided to set the total amount of compensation allocated to the Board of Directors at €600,000 for the financial year 2019 as well as for subsequent financial years, until further decision of the General Shareholders' Meeting. The Company's General Shareholders' Meeting held on 10 June 2020, in its 9th resolution, approved this director compensation policy, as presented in the corporate governance report pursuant to article L.225-37 of the French Commercial Code and appended as Annex I to the 2019 Universal Registration Document of the Company.

On the recommendation of the Nomination and Compensation Committee, the Board of Directors freely distributes among its members the compensation allocated to the Board by the General Shareholders' Meeting.

For the years 2019 and 2020, it had therefore defined compensation criteria taking into account the effective participation of the directors in the Board and in the Committee meetings; a portion set by the Board and deducted from the amount of compensation allocated to the Board was paid to the members of the Committees, also taking into account their effective participation in the Committee meetings. Thus, the basic compensation for 2019 and 2020 was set at €30,000 per year, calculated on a prorata temporis basis for the terms of office that ended or took effect during the year. In addition, fixed compensation of €15,000 per year was allocated to the Chairperson of each Committee, as remuneration for his or her position. In addition to this basic compensation, a variable amount of €3,000 was paid for each Board and Committee meeting attended by the director concerned.

All criteria for the allocation of directors' compensation was reviewed on 23 February 2021 by the Board of Directors upon recommendation of the Nomination and Compensation Committee. The allocation criteria applicable from financial year 2021 are presented in paragraph 2.1.3 "Components of directors' compensation" of this report.

The table below shows the compensation for the term of office of directors and other compensation received by the non-executive members of the Board of Directors for the 2019 and 2020 financial years:

Table 3 AMF nomenclature

Table of compensation received by non-executive officers		
Non-executive officers	**Amounts paid for 2019**	**Amounts paid for 2020**
José Diego Arozamena		
Compensation for term of office as director	€85,068	€78,000
Other compensation*	€43,004	0
Sylvain Artigau		
Compensation for term of office as director	0	0
Other compensation*	0	0
Bpifrance Investissement, represented by Sébastien Moynot		
Compensation for term of office as director	0	0
Other compensation	0	0
Brasil Warrant Administração de Bens e Empresas S.A.		
Compensation for term of office as director	€22,068	€63,000
Other compensation	0	0
BW Gestão de Investimentos Ltda.		
Compensation for term of office as director	0	0
Other compensation	0	0
Marie-José Donsion		
Compensation for term of office as director	€25,603	€78,000
Other compensation	0	0
Virginie Hélias		
Compensation for term of office as director	€19,603	€81,000
Other compensation	0	
Dieter Müller		
Compensation for term of office as director	0	0
Other compensation	0	0
Claudia Scarico		
Compensation for term of office as director	0	0
Other compensation	0	0
Robert Seminara		
Compensation for term of office as director	0	0
Other compensation	0	0
Cécile Tandeau de Marsac		
Compensation for term of office as director	€25,603	€81,000

Other compensation	0	0
Pierre Vareille		
Compensation for term of office as director	€60,000	€60,000
Other compensation*	€3,054	€550

** The amounts paid represent the reimbursement of expenses.*

The components of the Chairman's compensation for his term of office as Chairman and Chief Executive Officer are described in Chapter 2 of this report.

1.2.9 Non-voting Board members

Pursuant to Article 15 of the Articles of Association, the Board of Directors may appoint one or more non-voting members, up to a maximum number of two. Non-voting members may be legal entities or individuals but need not be shareholders. The term of office of non-voting members shall be four years, unless they resign or the Board decides to terminate the appointment early. The duties of non-voting members, including any compensation, shall be decided by the Board of Directors. Non-voting members shall be eligible for re-election. They shall be invited to meetings of the Board of Directors and shall participate in discussions in an advisory capacity. The procedures relating to conflicts of interests implemented by the Company in respect of directors are also applicable to non-voting members.

By decision of the Board of Directors dated 3 October 2019, Fabrice Nottin and Guilherme Bottura were appointed as non-voting members for a term of four years. As Fabrice Nottin resigned from his position as non-voting member on 16 December 2020, Claudia Scarico was appointed as a non-voting member for a period of four years by decision of the Board of Directors of 17 December 2020.

Non-voting members do not receive any remuneration for their mandate.

Guilherme Bottura	**Non-voting Board member**
41 years **M** **Brazilian**	Guilherme Bottura, born in 1979, graduated from the Polytechnic School of the University of São Paulo with a bachelor's degree in production engineering. He is the Managing Director of BWGI, the global asset management division of BWSA, and has been a member since 2018 of BWGI's Investment Committee, Risk Committee and Management Committee. Guilherme Bottura is currently a director, a member of the Finance Committee and the Audit Committee of Eneva SA and a member of the Finance Committee of Alpargatas SA and a member of the Audit Committee of Fundo Patrimonial Amigos da Poli, an endowment fund affiliated with the Polytechnic School of the University of São Paulo. Between 2011 and 2018, Guilherme Bottura was a partner and member of the Investment Committee of Cambuhy Investimentos. Before that, he was a portfolio manager at Lanx Capital between 2009 and 2011, and Vice-President at Goldman Sachs between 2005 and 2009.

Claudia Scarico	**Non-voting Board member**
33 years **F** **Italian**	Claudia Scarico, born in 1987, holds a master's degree in finance from the University of Bocconi in Italy. Claudia Scarico began her career as an analyst with Morgan Stanley, a position she held from 2011 until 2014. Since 2014, she has been Principal at Apollo Management International LLP.

1.2.10 Statement relating to administration bodies

In addition, to the Company's knowledge, in the last five years: (i) none of the members of the Board of Directors or the Chairman and CEO of the Company have been convicted of fraud, (ii) none of the members of the Board of Directors or the Chairman and CEO of the Company have been associated with a bankruptcy, sequestration, liquidation or placement of a company under court-ordered administration, (iii) none of the members of the Board of Directors or the Chairman and CEO of the Company have been found guilty and/or been subject to official public sanction by judicial or administrative authorities (including designated professional bodies) and (iv) none of the members of the Board of Directors or the Chairman and CEO of the Company have been prevented by a court to act as a member of an administration, management or supervisory body of an issuer or be involved in the management or conduct of business of an issuer.

1.2.11 Conflicts of interest

To the Company's knowledge, at the date of this Universal Registration Document, there are no potential conflicts of interest between the obligations of members of the Board of Directors or the Chairman and CEO of the Company towards the Company and their private interests and/or other obligations.

1.2.12 Information on service agreements linking the members of the Board of Directors to the company or any of its subsidiaries

To the Company's knowledge, at the date of this Universal Registration Document, there are no service agreements linking the members of the Board of Directors to the Company or any of its subsidiaries and involving the granting of benefits.

1.3 Specialized Board committees

At its meeting on 7 October 2019, the Board of Directors decided to set up three Board committees: an Audit Committee, a Nomination and Compensation Committee and a Sustainable Development Committee, to assist it in some of its tasks and to contribute effectively to the preparation of specific matters submitted to it for approval. Each of these Committees has Internal Rules (appended to the Internal Rules of the Board of Directors).

The meetings of the specialized Committees of the Board of Directors are regularly reported to the Board of Directors. The composition of these specialized Committees, detailed below, is in line with the recommendations of the AFEP-MEDEF Code.

1.3.1 Audit Committee

(a) Composition of the Audit Committee as of 31 December 2020

Under Article 2 of its Internal Rules, the Audit Committee shall consist of three members, two of whom shall be appointed from among the independent members of the Board of Directors, on the proposal of the Nomination and Compensation Committee. The Board of Directors may alter the composition of the Audit Committee, which in any event must be altered in the event of a change in the overall composition of the Board. In accordance with applicable legal provisions, members of the Audit Committee shall have special financial and/or accounting skills. The term of office of Audit Committee members is the same as their term of office on the Board of Directors. It may be renewed at the same time as their re-election to the Board.

The Chairperson of the Audit Committee is appointed from among the independent members after a specific examination by the Board of Directors, acting on a proposal from the Nomination and Compensation Committee. No executive corporate officer may serve on the Audit Committee. The Audit Committee is chaired by an independent director.

As at 31 December 2020, the Audit Committee had three members: Marie-José Donsion (Chairwoman and Independent Director), José Arozamena (Independent Director) and Brasil Warrant Administração de Bens e Empresas S.A. (Director), represented by Marcia Freitas (it is specified that Claudia Scarico resigned from her position as member of the Audit Committee on 16 December 2020 and was replaced, from 17 December 2020, by Brasil Warrant Administração de Bens e Empresas S.A., represented by Marcia Freitas).

The secretariat for the work of the Audit Committee is provided by the Group Director of Audit and Internal Control.

(b) Duties of the Audit Committee

Pursuant to Article 1 of the Audit Committee's Internal Rules, the Audit Committee is tasked with overseeing matters pertaining to the preparation and control of accounting and financial information and the effectiveness of the operational risk monitoring and internal control system, in order to enable the Board of Directors to carry out the relevant monitoring and investigations.

In this respect, the Audit Committee primarily has the following duties:

- Monitoring the process used to prepare financial information;
- Monitoring the effectiveness of internal control, internal audit and risk management systems relating to accounting, financial and extra-financial information;
- Monitoring the audit of the Company statutory financial statements and consolidated financial statements by the Company's Statutory Auditors;
- Monitoring the independence of the Statutory Auditors; and
- Monitoring of compliance procedures in place.

Pursuant to the Internal Rules, the Audit Committee shall regularly report to the Board of Directors on its work and immediately inform it of any difficulties encountered.

(c) Meetings and work of the Audit Committee during the financial year ended 31 December 2020

Under the Internal Rules of the Audit Committee, the Audit Committee shall meet at least twice a year to prepare the annual, half-year and, where relevant, quarterly financial statements.

During 2020, the Audit Committee met five times, and discussed the following subjects:

- the audit of accounting and financial information;
- the mapping, assessment and hierarchy of risks;
- internal control procedures;
- compliance (including: ethics code, anti-corruption and influence peddling policy, competition law and trade association policy, agents and intermediaries policy, anonymous whistleblowing system accessible to employees and third parties, trainings); and
- monitoring the statutory audit of the accounts, the renewal of the mandate of PricewaterhouseCoopers Audit as auditor of the Company, the independence of the statutory auditors and the rules of approval and procedures applicable to the provision of services that could be entrusted to statutory auditors and to their networks.

The following table shows the attendance rate per member at the Audit Committee meetings:

Director	**Presence at session**	**Total number of sessions**	**Individual attendance rate**
Marie-José Donsion	5	5	100%
José Arozamena	5	5	100%
Claudia Scarico	5	5	100%

1.3.2. Nomination and Compensation Committee

(a) Duties of the Nomination and Compensation Committee as at 31 December 2020

Under Article 2 of its Internal Rules, the Nomination and Compensation Committee shall consist of four members, including three independent members of the Board of Directors. The Board of Directors appoints them from among its members in view of their independence and expertise in the selection or compensation of the executive officers of listed companies. The Nomination and Compensation Committee may not include any executive corporate officer. The Board of Directors may alter the composition of the Nomination and Compensation Committee, which in any event must be altered in the event of a change in the overall composition of the Board of Directors. The term of office of members of the Nomination and Compensation Committee is the same as their term of office on the Board of Directors. It may be renewed at the same time as their re-election to the Board.

As at 31 December 2020, the Nomination and Compensation Committee had four members, three of whom were independent as of the date of the Universal Registration Document: Cécile Tandeau de Marsac (Chairwoman and Independent Director), José Arozamena (Independent Director), Pierre Vareille (Independent Director) and BW Gestão de Investimentos Ltda. (Director), represented by João Salles (it is specified that Brasil Warrant Administração de Bens e Empresas S.A. resigned from its position as member of the Nomination and Compensation Committee on 16 December 2020 and was replaced, from 17 December 2020, by BW Gestão de Investimentos Ltda., represented by João Salles).

The secretariat for the work of the Nomination and Compensation Committee is provided by the General Secretary of the Group.

(b) Duties of the Nomination and Compensation Committee

- committees; and
- Annual review of the independence of Board members.

With regard to compensation, the Nomination and Compensation Committee primarily has the following duties:

- Review and proposal to the Board of Directors concerning all the components and conditions of compensation of the Group's main corporate executives:
- Review and proposal to the Board of Directors on the method for allocating directors’ compensation; and
- Consultation for recommendation to the Board of Directors on any exceptional compensation for any special assignments that the Board may entrust, as the case may be, to some of its individual members.

(c) Meetings and work of the Nomination and Compensation Committee during the financial year ended 31 December 2020

As required by its Internal Rules, the Nomination and Compensation Committee shall meet as often as required and, in any event, at least twice a year, prior to the meeting of the Board of Directors reviewing the position of Board members in the light of the independence criteria adopted by the Company, and prior to any Board meeting setting the compensation of executive corporate officers or allocation of compensation for directors.

During 2020, the Nomination and Compensation Committee met five times, and discussed the following subjects:

- the compensation policy for the Chairman and Chief Executive Officer of the Company;
- the variable compensation of members of the Executive Committee;
- the compensation policy for the members of the Board of Directors;
- talent retention and recognition of performance (through the update of the performance share plan);
- the continuation of employee shareholding plan; and
- the self-assessment of the Board of Directors.

Following the changes that occurred within the Executive Committee in 2020, the Nomination and Compensation Committee examined and reviewed for the first time the succession plan of the Chairman and Chief Executive Officer of the Company and the members of the Executive Committee at its meeting of 23 February 2021.

The following table shows the attendance rate per member at the Nomination and Compensation Committee meetings:

Director	Presence at session	Total number of sessions	Individual attendance rate
Cécile Tandeau de Marsac	5	5	100%
José Arozamena	4	5	80%
Brasil Warrant Administração de Bens e Empresas S.A., represented by João Salles	5	5	100%
Pierre Vareille	4	5	80%

1.3.3 Sustainable Development Committee

(a) Composition of the Sustainable Development Committee as of 31 December 2020

Pursuant to Article 2 of its Internal Rules, the Sustainable Development Committee shall consist of five members, including the Chairman of the Board of Directors, the two employee-representative directors sitting on the Board of Directors, and one member appointed from among the independent members of the Board of Directors. The Board of Directors may alter the composition of the Committee, which in any event must be altered in the event of a change in the overall composition of the Board of Directors. The term of office of Sustainable Development Committee members is the same as their term of office on the Board of Directors. It may be renewed at the same time as their re-election to the Board.

As at 31 December 2020, the Sustainable Development Committee had five members, including one independent member: Virginie Hélias (Chairwoman and Independent Director), Michel Giannuzzi (Chairman of the Board of Directors), Bpifrance Investissement, represented by Sébastien Moynot (Director), Dieter Müller (employee-representative director) and Sylvain Artigau (employee-representative director, it being specified that Sylvain Artigau resigned from his position as member of the Sustainable Development Committee on 3 February 2021).

The secretariat for the work of the Sustainable Development Committee is provided by the Group General Counsel.

(b) Duties of the Sustainable Development Committee

Under Article 1 of its Internal Rules, the Sustainable Development Committee is a specialised committee of the Board of Directors, the main tasks of which are to (i) ensure that social and environmental responsibility issues are taken into account in the Group's strategy and in its implementation, (ii) consider the report referred to in articles L.225-102-1 and L.22-10-36 of the French Commercial Code and relating to sustainable development and (iii) review the Group's commitments on sustainable development, with regard to the issues specific to its activities and objectives.

(c) Meetings and work of the Sustainable Development Committee during the financial year ended 31 December 2020

Pursuant to its Internal Rules, the Sustainable Development Committee meets as often as required, and in any event at least once a year.

During 2020, the Sustainable Development Committee met five times, and discussed the following subjects:

– the Extra-Financial Performance Statement for 2019;

– the purpose of the Group, based on the reflection conducted with all of its stakeholders;

– the Group's CSR strategy to a 2025 time horizon; and

– the guidelines of the Group's donation policy.

The following table shows the attendance rate per member at the Sustainable Development Committee meetings:

Director	**Presence at session**	**Total number of sessions**	**Individual attendance rate**
Virginie Hélias	5	5	100%
Michel Giannuzzi	5	5	100%
Bpifrance Investissements, represented by Sébastien Moynot	5	5	100%
Dieter Müller	4	5	80%
Sylvain Artigau	2	5	40%

1.4 Procedures and operation of supervisory and management bodies

1.4.1 Method of Executive Management – Chairmanship of the Board of Directors

The positions of Chairman of the Board of Directors and Chief Executive Officer of the Company are combined.

At its meeting held on 20 September 2019, the Board of Directors appointed Michel Giannuzzi as Chairman of the Board of Directors and Chief Executive Officer of the Company for a period equivalent to the duration of his term of office as director, until the end of the meeting of the Company's ordinary General Shareholders' Meeting, which will be called upon to decide on the financial statements for the financial year ended 31 December 2022, to be held in 2023.

1.4.2 Powers of the Chairman and Chief Executive Officer

The positions of Chairman of the Board of Directors and Chief Executive Officer of the Company are combined since the initial public offering of the Company. In accordance with the law, the Company's Articles of Association and the Internal Rules of the Board of Directors, the Chairman and CEO of the Company shall preside over the meetings of the Board of Directors and oversee the proper functioning of the Company's bodies, in particular ensuring that directors are able to fulfil their mission.

The Chairman and Chief Executive Officer shall be fully empowered to act on behalf of the Company in any and all circumstances. He or she shall exercise those powers within the scope of the corporate purpose and subject to the powers expressly reserved by law for General Shareholder Meetings and for the Board of Directors.

He or she represents the Company in its dealings with third parties. The Company shall be bound by the actions of the Chairman and Chief Executive Officer even if such actions are beyond the scope of the corporate purpose, unless the Company can prove that a third party knew that the action concerned was beyond the scope of the corporate purpose or had constructive knowledge thereof in view of the circumstances. The publication of the Articles of Association alone may not be deemed to constitute evidence of such knowledge.

Decisions of the Board of Directors limiting the powers of the Chairman and Chief Executive Officer shall not be binding on third parties.

The Chairman and Chief Executive Officer may, within the limits set by applicable legislation, delegate powers as he or she deems appropriate, for one or more specified purposes, to any representatives, even outside the Company, individually or meeting as a committee or commission, with or without the possibility of substitution, subject to the limitations provided by law. Such powers may be permanent or temporary, and may or may not include the possibility of substitution. Any authority thus delegated shall remain in full effect notwithstanding the expiration of the term of office of the person granting them.

Under Article 3.2 of its Internal Rules, the Board of Directors shall give its prior approval, acting by a simple majority of its members present or represented, for any act or decision of the Chairman and Chief Executive Officer concerning:

- The approval of, and/or change in, the medium-term Group Business Plan and annual budget (including hedging policy);
- Any investment (excluding acquisitions) exceeding the Group annual budget, for an aggregate amount exceeding 10 million euros;
- Any acquisition or disposal of assets or securities for an amount exceeding 10 million euros and the entry into, amendment or termination of joint-ventures or partnerships representing more than 10 million euros of revenues or capex;
- Any decision to take part in an activity which falls outside the usual frame of activities of the Group and any decision to stop or significantly reduce material activities of the Group;
- Any decision to grant guarantees or security interests to third parties (i.e. not a Group Company), to the exception of guarantees or security interests granted to public administrations or state-owned entities in the ordinary course of business;
- Any decision to participate in a project or to enter into an agreement with a maturity exceeding 5 years (including contracts with guaranteed rents) for an aggregate amount exceeding 50 million euros;

- Any decision to settle or to initiate a dispute relating to a claim for an amount exceeding 5 million euros or a claim having a material reputational impact on the Group;
- Additional financial indebtedness exceeding 50 million euros;
- Changes to the articles of association of the Company or of any of its Material Subsidiaries (except for amendments of administrative nature); the term Material Subsidiaries means any subsidiary of the Company which consolidated revenue represents, for the previous financial year, more than 5% of the Company's consolidated annual revenue;
- Merger/demerger/winding up of a Material Subsidiary, excluding intra-Group reorganizations;
- Issue of shares or securities granting access, whether immediately or in the future, to the Company's share capital, as well as any issue of shares or securities granting access, whether immediately or in the future, to the share capital of a Material Subsidiary, in each case to the benefit of a third party to the Group;
- Purchase or sale of real estate assets for an amount exceeding 10 million euros;
- Any distributions, excluding distributions between wholly-owned subsidiaries;
- Any recruitment, suspension or dismissal of the members of the Group executive committee, any significant change in their compensation (including pension plans, profit-sharing plans or special departure conditions) and the entry into, amendment or termination of an agreement with any of them;
- The creation or amendment to stock option plans, stock subscription plans or plans for the attribution of free shares of the Company or of any other Group company (or any other similar instrument) to the benefit of the officers and/or employees of the Group or of certain categories of them;
- The implementation or change in any pension plan or any reorganisation of the workforce resulting in total restructuring costs for the Group exceeding 10 million euros;
- Any significant change in the accounting principles applied by the Group companies for the preparation of their financial statements, except for amendments imposed by applicable law or accounting standards;
- The appointment, renewal or dismissal of the statutory auditors of the Company;
- Acquisition by the Company of its own shares;
- Delisting of the Company, listing of a Group company;
- The implementation of any insolvency procedure, dissolution or winding-up (or any similar procedure in each applicable jurisdiction), of the Company or any of its Material Subsidiaries.

1.4.3 Group Executive Committee

Under the responsibility of the Chairman and Chief Executive Officer, the Executive Committee constitutes the management body of the Group.

Focused on operations, it steers and ensures the operational implementation of the Group's strategy (as approved by the Board of Directors of the Company), the monitoring of performance and the coordination of projects and priorities in the Group's various countries and regions. The Executive Committee notably ensures the adequacy of the organization with respect to changes in the environment and expectations of stakeholders.

The Executive Committee includes 10 members. In addition to the Chairman and Chief Executive Officer, it is composed of the functional and operational managers of the Group, and namely:

- at Group level, the Chief Financial Officer, the General Secretary, the Vice President of Operations and the General Counsel, each of them having clearly defined areas of responsibility; and
- the directors in charge of various geographical regions and countries.

The Executive Committee meets approximately once a month, thus favoring communication, sharing and close exchanges among its members within their respective areas of responsibility.

As at 31 December 2020, the Executive Committee includes two women (one more than in 2019, as Nathalie Delbreuve became Chief Financial Officer through internal promotion), therefore representing 20% of its members. The share of women sitting on the Executive Committee should reach 30% during the course of 2021. The composition of the Executive Committee also reflects the geographical diversity of the Group's production regions and markets, since 40% of its members are of foreign nationality (Italian, Portuguese, Mexican and Dutch).

The Group is very attentive to both the diversity, in all respects, and gender balance of its teams. The diversity policy described in chapter 15.1.4 applies not just to the Executive Committee, but also to all the teams of the Group. To reinforce compliance with the principle of gender equality, the Group proposes concrete measures to increase the share of women in the Group, enable them to build a professional career and access executive positions up to the highest level, and among others:

– encourages professional diversity throughout the recruitment process right from the career guidance stage in order to attract female talents under-represented among the candidatures to our activities;

– guarantees professional equality by supporting the access of women to management positions; and

– provides for measures to fight against stereotypes and measures to promote diversity, in order to contribute to the shift in mentality regarding gender equality.

2. COMPENSATION AND BENEFITS TO CORPORATE OFFICERS

2.1 Compensation policy for executive officers

The following developments constitute the compensation policy for the Company's corporate officers, notably for 2021. They describe the components of fixed and variable compensation and explain the decision-making process used to determine, review and implement it.

In accordance with the provisions of article L. 22-10-8 of the French Commercial Code, the compensation policy presented below is subject to approval by the Combined General Shareholders' Meeting to be held on 15 June 2021. For the record, the latest annual approval of the compensation policy for the Chairman and Chief Executive Officer was by decision of the Combined General Shareholders' Meeting held on 10 June 2020.

2.1.1 Principles and decision-making processes followed to identify, review and implement the Group's compensation policy

The Group's compensation policy, including the compensation of its corporate executive officer, is intended, in accordance with the Company's corporate purpose, and in accordance with market and industry practices, to ensure competitive compensation levels while maintaining a strong link to company performance and maintaining the balance between short-term and medium/long-term performance in support of the Group's business strategy and sustainability.

The Group has thus implemented a compensation policy consisting of (i) a base salary, to compensate the position held, that is attractive for recruiting and retaining talent, and for the relevant employees, and (ii) a variable annual portion, which compensates individual and collective performance based on the achievement of ambitious objectives while being limited by a maximum level in order to avoid excessive risk-taking. This variable annual portion, a source of motivation for teams, is based on annual criteria, including safety, the environment, financial and operational performance, and individual goals.

In addition to this variable annual compensation, the Group intends to link all its employees to its growth through a stake in its share capital; the employee share ownership program is thus a strategic pillar to support the Group's profitable and sustainable growth, which the Group intends to pursue actively (as at 31 December 2020, employee shareholding in the Company (via the Verallia employee investment fund (FCPE) and direct shareholding) represented 3.2% of the Company's share capital). In particular, during the first half of 2021, the Company intends to offer Group employees the possibility of subscribing to another share capital increase reserved for them, in particular via the Verallia employee investment fund (FCPE), under conditions providing a discount and employer matching contribution approved by the Board of Directors.

For its executive corporate officer and senior executives, the Group has also set up a performance share plan, which involves them in the creation of value over a long-term period and whereby the final vesting is subject to ambitious performance conditions, in accordance with the principles of good governance and the recommendations of the AFEP-MEDEF Code to which the Group refers.

Within the Group, the compensation policy for the corporate executive officer shall be set by the Board of Directors upon proposal of the Nomination and Compensation Committee. The Nomination and Compensation Committee is chaired by an independent director and is composed mainly of independent directors within the meaning of the AFEP-MEDEF Code. In the context of its considerations, it relies in particular on benchmarking carried out on companies of similar size and industry, where appropriate with the assistance of one or more external consultants. The members of the Nomination and Compensation Committee were selected for their technical skills, as well as for their understanding of current standards and emerging trends. The Nomination and Compensation Committee shall ensure at the beginning of the year the level of achievement of the performance criteria set for the previous year, on which the variable compensation is based. The Board of Directors and the Nomination and Compensation Committee shall ensure that the compensation of corporate officers is consistent with the recommendations of the AFEP-MEDEF Code.

Finally, as part of the 'say on pay' arrangement, the compensation policy of the Company's corporate executive officer, as well as the components of compensation and benefits that were awarded to him during the past financial year, described in this chapter 2, are submitted annually, in accordance with the provisions of articles L.22-10-8 and L.22-10-34 of the French Commercial Code, to the approval of the Company's General Shareholders' Meeting.

2.1.2 Components of the compensation of the Chairman and Chief Executive Officer

By a decision of the sole shareholder dated 27 August 2019, the compensation and benefits of the Chairman and Chief Executive Officer for his duties as from the Company's initial public offering, were set for the next three financial years, i.e. until December 2022.

In this context, the components of the compensation of the Chairman and Chief Executive Officer for 2021 were confirmed by the Board of Directors on 23 February 2021 as follows:

(a) A fixed compensation

The Board of Directors, upon proposal of the Nomination and Compensation Committee, shall determine the fixed annual compensation of the Chairman and Chief Executive Officer, in particular with regard to a detailed study of the fixed and variable compensation of executives of comparable listed companies carried out by an external firm.

On this basis, the gross annual fixed portion of the compensation of the Chairman and Chief Executive Officer for 2021 was set by the Board of Directors at an amount of €1,100,000, unchanged from the decision of the Company' sole shareholder on 27 August 2019.

(b) Variable compensation

The Board of Directors, upon proposal of the Nomination and Compensation Committee, shall determine the variable annual compensation of the Chairman and Chief Executive Officer on the basis of quantitative and qualitative criteria. For the 2021 financial year, the Board of Directors of 23 February 2021 set the annual variable portion at an amount equal to 100% of the fixed annual compensation, i.e. €1,100,000, if the targets are fully achieved, and, in the event that the set targets are exceeded, at a maximum amount equal to 140% of the annual fixed compensation, i.e. €1,540,000.

80% of the variable portion of the compensation is calculated based on quantitative elements, to which a weighting is applied, and 20% on qualitative factor.

In accordance with the provisions of article L.22-10-34 of the French Commercial Code, the payment of this variable compensation shall be subject to the favorable vote of the ordinary General Shareholders' Meeting convened in 2022 to approve the financial statements for the financial year ended 31 December 2021.

– Quantitative criteria:

They are based on indicators that the Board of Directors, upon proposal of the Nomination and Compensation Committee, deemed most relevant for assessing the Group's financial performance. For 2021, the quantitative criteria represent 80% of variable compensation, of which 55% are linked to the achievement of an adjusted EBITDA threshold[1] and 45% are linked to the achievement of an operational cash flow threshold[2] for the financial year ended 31 December 2021.

If the stipulated quantitative criteria are exceeded, this annual variable compensation (i.e. €880,000 gross) will be increased on a linear basis up to a maximum amount corresponding to 120% of the annual fixed compensation (i.e. €1,320,000 gross).

– Qualitative criteria:

They are based on indicators that the Board of Directors, upon proposal of the Nomination and Compensation Committee, deemed most relevant for assessing the Group's social and environmental performance. For 2021, qualitative criteria are related to safety and sustainable development objectives, including (i) for 50%, a safety criterion, linked to the improvement of a workplace accident frequency rate with or without lost days (known as AF2) to a level equal to or below 2.3[3] and (ii) for 50%, a sustainable development criterion, related to the increase in the rate of cullet use to at least 56.6%.

(c) Allocation of performance shares

The Group conducts a compensation policy aimed at retaining and motivating the Group's talent and associating managers with its performance, including through a long-term incentive plan in the form of free share grants subject to performance criteria related to the Group's long-term strategy.

To this end, the Company, at the time of its initial public offering on the Euronext Paris regulated market in October 2019, set up a performance share plan over a three-year period from 2019 to 2021 ("2019-2021 Plan"), representing a maximum of 0.99% of the Company's share capital, to be granted in three installments.

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[1] Adjusted EBITDA corresponds to operating profit adjusted for certain expenses and/or income of a non-recurring nature such as depreciation and amortisation, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management shareholding plans, disposal effects, site closure expenses, and other non-recurring items.

[2] Operational cash flow represents cash flow plus the change in operating working capital requirements (see section 8.5.1.4 of the Universal Registration Document).

[3] It is specified that in the event of a fatal accident, the achievement rate for the objective related to the security criterion will be considered to be zero.

Executive corporate officers and employees of the Company and its affiliates (within the meaning of article L. 225-197-2 of the French Commercial Code) are eligible for the 2019-2021 Plan, including in particular the Chairman and Chief Executive Officer of the Company.

The definitive award of the shares granted each year under the 2019-2021 Plan will be, with no discount, (a) subject to the continued employment of the employee or executive concerned and (b) subject to performance criteria linked (i) for 70%, to adjusted EBITDA and net debt targets before dividend payments or share buybacks, measured over the last two previous years combined, and (ii) for 30%, to a targeted evolution of the Company' share price, after the initial public offering, relative to the evolution of the share price of companies in the SBF 120 index on Euronext Paris.

A first allocation of shares up to a maximum amount of €8,700,000, including a number of shares allocated to the Chairman and Chief Executive Officer representing a maximum amount of €1,750,000, was carried out in July 2019, subject in particular to the achievement of the above-mentioned performance conditions. The number of shares granted on their final grant date (i.e. after a two-year vesting period) will be determined (subject to the achievement of the aforesaid performance conditions) by dividing the above amounts by the average stock market price of the Company' shares on the Euronext Paris regulated market at the close of the 20 days preceding and following the publication of the annual financial statements during the final award year, in view of the fact that the total definitive number of shares allocated may not exceed 390,700, of which 78,140 shares may be awarded to the Chairman and Chief Executive Officer. For information, on the basis of the above formula and a closing price for the Verallia share of €29.05 on 31 December 2020, the total number of shares allocated in the first tranche of 2019-2021 Plan would be 271,601, of which a maximum of 60,241 to the Chairman and CEO within the limit of 20% of allocated shares (i.e. up to 20% of 0.33% of the Company's share capital), subject in particular to the achievement of the above-mentioned performance conditions.

The Board of Directors, acting pursuant to the authorization conferred by the 17th resolution of the Company's Extraordinary General Shareholders' Meeting held on 20 September 2019, proceeded, under the second tranche of the 2019-2021 Plan, to the allocation of shares up to a maximum amount of €6,264,000 for the benefit of the corporate officer and certain employees of the Company and its subsidiaries, including a number of shares allocated to the Chairman and Chief Executive Officer representing a maximum amount of €1,650,000, subject in particular to the achievement of the above performance conditions and on the understanding that the total definitive number of shares allocated may not exceed 390,700, of which 78,140 shares to the Chairman and Chief Executive Officer. For information, on the basis of the formula referred to in the above paragraph and a closing price for the Verallia share of €29.05 on 31 December 2020, the total maximum number of shares allocated in the second tranche of the 2019-2021 Plan would be 198,417, of which a maximum of 56,799 to the Chairman and Chief Executive Officer within the limit of 20% of allocated shares (within the limit of 20% of 0.33% of the share capital of the Company) and subject in particular to the achievement of the above performance conditions.

Shares granted under the 2019-2021 Plan are subject to a two-year vesting period, without a retention period, except for the Chairman and Chief Executive Officer, subject to a 30% retention obligation of shares vested, for the duration of his term of office, and for the members of the Executive Committee of the Group, subject to a 20% retention obligation of shares vested, as long as they are members of the Executive Committee.

The Board of Directors, in order to pursue its policy of linking the corporate executive officer and other main executives of the Group in its long-term value creation, and in line with the principles of good governance and the recommendations of the AFEP-MEDEF Code, to which the Group refers, decided at its meeting of 23 February 2021 to set up two new performance share plans, respectively spread over a period of two years from 2021 to 2022 (the "2021-2022 Plan") and over a period of three years from 2021 to 2023 (the "2021-2023 Plan"). Considering the establishment of these two new plans, the Board of Directors also decided to cancel the third tranche of performance shares of the 2019-2021 Plan.

Executive corporate officers and employees of the Company and its affiliates (within the meaning of article L. 225-197-2 of the French Commercial Code) are eligible for the 2021-2022 Plan and the 2021-2023 Plan, including in particular the Chairman and Chief Executive Officer of the Company.

The final allocation of shares granted each year under the 2021-2022 Plan and the 2021-2023 Plan will be done without discount, on the condition of presence of the employee or executive concerned. The 2021-2022 Plan and the 2021-2023 Plan are aligned with the evolution of market practices, in particular in terms of performance criteria retained and based on:

- for 50%, a theoretical value creation target (defined as the increase in the following aggregate: 8 times adjusted EBITDA minus the net financial debt before payment of dividends and/or buy-back of shares), measured between 2020 and 2022 for the 2021-2022 Plan and measured between 2020 and 2023 for the 2021-2023 Plan;
- for 20%, a Total Shareholder Return (TSR) target for the Company' share relative to the evolution of the TSR of companies included in the SBF 120 index on Euronext Paris, measured between 2020 and 2022 for the 2021-2022 Plan and measured between 2020 and 2023 for the 2021-2023 Plan;
- for 10%, a ROCE (Return On Capital Employed) target[4]; and

[4] Equal to or exceeding 21% for the 2021-2022 Plan and equal to or exceeding 22% for the 2021-2023 Plan.

– for 20%, sustainable development objectives, in line with the objectives defined in the Extra-Financial Performance Statement attached to this Universal Registration Document and broken down as follows:

  – a CO2 emissions reduction target of 10%[5]; and

  – an objective to increase the gender equality index up to 10%[6].

If the theoretical value creation target is exceeded, the allocation may be increased by 20% for this criterion, raising the allocation for this indicator from 50% to 60% and leading to the allocation of a maximum total of 110% of the target allocation.

The 2021-2022 Plan and the 2021-2023 Plan also include the commitment by corporate executive officers benefiting from performance shares not to use personal risk hedging until the end of the retention period of these shares.

Acting in virtue of the authorization conferred by the 22nd resolution of the Extraordinary General Shareholders' Meeting held on 10 June 2020, the Board of Directors proceeded:

– under 2021-2022 Plan, to the allocation of a maximum number of 257,328 shares to the Chairman and Chief Executive Officer and approximately 170 members of staff of the Company and its subsidiaries;

– under 2021-2023 Plan, to the allocation of a maximum number of 247,433 shares to the Chairman and Chief Executive Officer and approximately 170 members of staff of the Company and its subsidiaries,

(the total of shares attributable to the Chairman and Chief Executive Officer under the 2021-2022 Plan and the 2021-2023 Plan not exceeding 20% of the 3 698 184 attributable shares), in both cases, subject to meeting the above-mentioned performance conditions.

Shares granted under 2021-2022 Plan are subject to a two-year vesting period, without a retention period, except for the Chairman and Chief Executive Officer, subject to a 30% retention obligation of shares vested, for the duration of his term of office, and for the members of the Executive Committee of the Group, subject to a 20% retention obligation of shares vested, as long as they are members of the Executive Committee.

Shares granted under 2021-2023 Plan are subject to a three-year vesting period, without a retention period, except for the Chairman and Chief Executive Officer, subject to a 30% retention obligation of shares vested, for the duration of his term of office, and for the members of the Executive Committee of the Group, subject to a 20% retention obligation of shares vested, as long as they are members of the Executive Committee.

(d) Benefits in kind

The Chairman and Chief Executive Officer benefits from a company car, an executive unemployment insurance scheme (GSC) and a complementary health plan.

(e) Pension plan

The Company has not implemented a supplementary pension plan, preferring to give preference to the allocation of performance shares. Therefore, the Chairman and CEO does not benefit from a supplementary pension plan.

(f) Severance and non-compete benefits

Severance pay

The Chairman and Chief Executive Officer shall receive a gross termination benefit of up to 150% of the amount of fixed and variable compensation for the 12 months preceding the effective termination of his mandate. This would be due in the event of his removal from office, unless he is dismissed for gross negligence or serious misconduct. The performance conditions applicable to such severance pay are based on the average rate of achievement of the targets set with respect to the quantitative and qualitative criteria of the variable compensation of the Chairman and Chief Executive Officer (as referred to in section 2.1.2(b)) over the 2 years preceding the effective termination of his mandate, such average rate having to be equal to or to exceed 70% for the severance pay to be fully paid. In the event where such average rate is below 70% over the 2 years preceding the effective termination of his mandate, no severance pay shall be paid to the Chairman and Chief Executive Officer.

In accordance with the recommendations of the AFEP-MEDEF Code, no severance pay will be due to the Chairman and Chief Executive Officer if he leaves the Company at his own initiative to take up a new position, or changes position within the Group, or invokes his retirement rights, or has reached the age of 65.

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[5] Verallia aims to reduce its CO2 emissions by 27.5% by 2030 on the basis of 2019, meaning a reduction in CO² emissions at Group level of 77KT per year on average.

[6] By 2025, Verallia aims to increase the gender equality index by 15 points, so as to reach 75 points in all countries where the Group is present.

Non-compete indemnity

The Chairman and Chief Executive Officer would be subject to a 12-month non-compete obligation and as such would receive a fixed monthly benefit equal to 1/12th of 70% of the amount of his fixed and variable compensation for the last 12 months preceding the effective termination of his mandate. In the event of the combined application of the severance benefit described above and the non-compete benefit, the aggregate amount of the two benefits will be capped at an amount corresponding to the sum of the fixed and variable compensation received by the Chairman and Chief Executive Officer during the two years preceding the effective termination of his mandate.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors has provided that it can renounce the implementation of the non-compete agreement upon departure of the Chairman and Chief Executive Officer and that the payment of the non-compete indemnity will be excluded if the Chairman and Chief Executive Officer invokes his retirement rights or has reached the age of 65.

Summary table of fixed and variable items comprising the compensation of the Chairman and Chief Executive Officer

Compensation components	Principle	Criteria of definition
Fixed compensation	The Chairman and Chief Executive Officer shall receive fixed compensation in 12 monthly instalments.	For the 2021 financial year, the gross annual amount is set at €1,100,000.
Annual variable compensation	The Chairman and Chief Executive Officer shall receive variable compensation determined in view of the Group's performance. This compensation shall be paid during the corporate financial year following that in which performance was recorded. In accordance with the provisions of article L.22-10-34 of the French Commercial Code, the payment of variable compensation is conditional on the approval by an ordinary General Shareholders' Meeting of the compensation components of the Chairman and Chief Executive Officer under the conditions set out in articles L.22-10-8 and L.22-10-34 of the French Commercial Code.	The annual variable portion of the compensation of the Chairman and Chief Executive Officer shall be €1,100,000 if the targets are fully achieved, and, in the event that the targets set are exceeded, a maximum amount equal to 140% of the annual fixed compensation, i.e. €1,540,000. 80% of the variable portion of the compensation is calculated based on quantitative elements, (55% related to the achievement of an adjusted EBITDA threshold and 45% related to the achievement of an operational cash flow threshold), and 20% on qualitative factors related to safety and sustainable development objectives (including (i) for 50%, a safety criterion, linked to the improvement of a workplace accident frequency rate with or without lost days (known as AF2) to a level equal to or below 2.3 and (ii) for 50%, a sustainable development criterion, related to the increase in the rate of cullet use to at least 56.6%).
Long-term compensation (performance shares)	The Chairman and Chief Executive Officer is entitled to free Company shares, subject to the achievement of performance criteria.	The number of performance shares allocated and transferred to each beneficiary at the end of the vesting period varies according to the level of achievement of the objectives detailed in section 2.1.2 (c) above.
Long-term compensation (stock options)	N/A	N/A
Additional pension plan	The Company has not implemented a supplementary pension plan, preferring to give preference to the allocation of performance shares.	The Chairman and Chief Executive Officer does not benefit from any additional pension scheme.

Severance and non-compete benefit	The Chairman and Chief Executive Officer shall be entitled to a severance pay in the event of the termination of his duties.	The Chairman and Chief Executive Officer shall receive a gross severance pay of up to 150% of the amount of fixed and variable compensation for the 12 months preceding the effective termination of his mandate. Such severance pay would be due in case of revocation (unless in case of revocation for gross negligence or serious misconduct). No severance pay shall be paid in the event where (i) the average rate of achievement of the targets set with respect to the quantitative and qualitative criteria of the variable compensation of the Chairman and Chief Executive Officer over the 2 years preceding the effective termination of his mandate is below 70% or (ii) if he leaves the Company at his own initiative to take up a new position, or changes position within the Group, or invokes his retirement rights, or has reached the age of 65.In the event where the average rate of achievement of the targets set with respect to the quantitative and qualitative criteria of the variable compensation of the Chairman and Chief Executive Officer is equal to or exceeds 70%, the severance pay shall be fully paid. The Chairman and Chief Executive Officer would be subject to a 12-month non-compete obligation (which the Board of Directors may waive) and as such would receive a fixed monthly benefit equal to 1/12th of 70% of the amount of his fixed and variable compensation for the last 12 months preceding the effective termination of his mandate. The payment of the non-compete indemnity will be excluded if the Chairman and Chief Executive Officer invokes his retirement rights or has reached the age of 65. In the event of the combined application of the severance pay described above and the non-compete benefit, the aggregate amount of the two benefits will be capped at an amount corresponding to the sum of the fixed and variable compensation received by the Chairman and Chief Executive Officer during the two years preceding the effective termination of his mandate.
Benefits in kind	The Chairman and Chief Executive Officer benefits from a company car, an executive unemployment insurance scheme ('GSC') and a complementary health plan.	N/A

Draft resolution prepared by the Board of Directors pursuant to articles L.225-100 and L.22-10-8 of the French Commercial Code submitted to the Combined General Shareholders' Meeting to be held on 15 June 2021

"SEVENTH RESOLUTION

(Approval of the compensation policy of the Chairman and Chief Executive Officer)

The General Shareholders' Meeting, voting under the conditions of quorum and majority required for ordinary General Shareholders' Meetings, after reviewing the corporate governance report referred to in article L.225-37 of the French Commercial Code, set out in Annex I of the Company's 2020 Universal Registration Document, approves the compensation policy of Michel Giannuzzi, the Chairman and CEO of the Company, as presented in the aforementioned report."

2.1.3 Items that make up the compensation of directors

The Company's General Shareholders' Meeting held on 20 September 2019, in its 5th resolution, decided to set the total amount of compensation allocated to the Board of Directors at €600,000 for the financial year 2019 as well as for subsequent financial years, until further decision of the General Shareholders' Meeting. The Company's General Shareholders' Meeting held on 10 June 2020, in its ninth resolution, approved this director compensation policy, as presented in the corporate governance report referred to in article L.225-37 of the French Commercial Code and appearing in Annex I of the 2019 Universal Registration Document of the Company.

Upon recommendation of the Nomination and Compensation Committee, the Board of Directors freely distributes among its members the compensation allocated to the Board by the General Shareholders' Meeting, mainly taking into account, in accordance with the recommendations of the AFEP-MEDEF Code, the effective participation of directors in Board and Committee meetings. A portion set by the Board and deducted from the amount of compensation allocated to the Board shall be paid to the members of the Committees, also mainly taking into account their effective participation in Committee meetings.

The basic compensation for the year 2021 was set at €20,000 annually and, if applicable, will be calculated prorata temporis for terms of office ending or becoming effective during the year. In addition, a fixed compensation of €15,000 per year shall be allocated to the Chairperson of each Committee, in compensation for his or her position.

In addition to this basic compensation, a variable amount of €4,500 is paid for each Board and Committee meeting attended by the director concerned.

Draft resolution prepared by the Board of Directors pursuant to articles L.225-100 and L.22-10-8 of the French Commercial Code submitted to the Combined General Shareholders' Meeting to be held on 15 June 2021

"NINTH RESOLUTION

(Approval of the directors' compensation policy)

The General Assembly, voting under the conditions of quorum and majority required for ordinary general meetings, after reviewing the corporate governance report referred to in article L.225-37 of the French Commercial Code, set out in Annex I of the Company's 2020 Universal Registration Document, approves the directors' compensation policy, as presented in the aforementioned report. "

2.2 Compensation and benefits to executive officers during the year ended 31 December 2020

The Annual General Shareholders' Meeting shall decide on a draft resolution on the information referred to in article L.22-10-9 I of the French Commercial Code, to be included in the corporate governance report, including the components of compensation paid for the term of office during the past financial year or allocated for the term of office for the same financial year, that is, the financial year ended 31 December 2020. These components are presented in sections 2.2.1 and 2.2.2 below for the Chairman and Chief Executive Officer and directors.

The Annual General Shareholders' Meeting shall decide on the fixed, variable and exceptional components making up the total compensation and benefits of any kind paid during the past financial year or allocated for the same financial year, in a separate resolution for each corporate officer. As regards the Chairman and Chief Executive Officer, these components are presented in section 2.2.1 below.

It will therefore be proposed to the Combined General Shareholders' Meeting to be held on 15 June 2021 to decide, in separate resolutions, on the one hand on the information referred to in article L.22-10-9 I of the French Commercial Code, including in particular the components presented in sections 2.2.1 and 2.2.2 below, and on the other hand, on the compensation paid or allocated for the financial year ended 31 December 2020 to the Chairman and Chief Executive Officer, as set out in paragraph 2.2.1 below.

2.2.1 Chairman and Chief Executive Officer

(a) Fixed compensation

The fixed compensation paid to the Chairman and Chief Executive Officer during the 2020 financial year amounts to €1,100,000.

(b) Annual variable compensation

The Board of Directors of 23 February 2021, upon proposal of the Nomination and Compensation Committee which met on 23 February 2021, after having reviewed the results of the Company and the qualitative results of the Chairman and CEO during the year ended 31 December 2020, has fixed the quantitative portion of the variable compensation due to the Chairman and Chief Executive Officer for the financial year ended 31

December 2020 at €666,697, i.e. 75.8% of the quantitative share target[73], and the qualitative share of this compensation to 0% of the target of the qualitative share[74], i.e. €0 (for a total of €666,697, or 60.6% of the target).

With regard to the quantitative portion, representing 80% of the variable compensation, the Board of Directors therefore noted that entitlement to variable compensation rights follow the grid below:

Objective	Weighting	Achievement of the target (in % of the objective) during the year ended 31 December 2020	Amount of variable compensation (in % of target amount)
Adjusted EBITDA	55%	94%	15.0%
Operating cash flows	45%	124.1%	150.0%

The quantitative portion was thus reached at 107.6% of the objectives, giving entitlement to variable compensation of 75.8% of the amount of the quantitative portion of the target, i.e. €666,697.

Regarding the qualitative portion, representing 20% of the variable compensation, the following qualitative objectives were reviewed by the Nomination and Compensation Committee, which estimated that they were not met and did not give entitlement to a bonus for the qualitative share: (i) for 50%, a safety criterion, relating to the accident rate being maintained below a predefined threshold, and (ii) for 50%, a sustainability criterion, such as the reduction in the Group's CO^2 emissions.

Objective	Weighting	Achievement of the target (in % of the objective) during the year ended 31 December 2020	Amount of variable compensation (in % of target amount)
Work accident frequency rate (AF2)	10%	Not reached (4.6 versus an objective of 3.1)	— %
Reduction of CO2 emissions	10%	Not reached (1.6% below the target: 0.523 versus a target of 0.515)	— %

The payment of the variable compensation shall be conditional upon the approval by the Company's General Shareholders' Meeting to be held on 15 June 2021 of the components of the Chairman and Chief Executive Officer under the conditions set out in articles L.225-100 and L.22-10-9 of the French Commercial Code.

In any event, in light of the ongoing health crisis, the Chairman and Chief Executive Officer accepted, as early as 7 April 2020, that his upcoming compensation be amended, by way of cancellation of his annual variable compensation in relation to the financial year ended on 31 December 2020. Such amendment was formalized by way of, among others, an official and public announcement through a press release dated 7 April 2020, which was also part of the report on corporate governance appended to the Company's 2019 Universal Registration Document filed with the French Financial Markets Authority on 29 April 2020. Such amendment was then approved by the Ordinary General Shareholders' Meeting held on 10 June 2020 (7th resolution). Therefore, the amount of 666,697 euros, while due, will not be paid to the Chairman and Chief Executive Officer.

All other members of the Executive Committee have also contributed to this collective effort by renouncing 15% of their total target annual remuneration, by implementation of a ceiling of their maximum bonus amount.

These sums were donated locally in countries where the Verallia Group operates.

[73] i.e. €880,000 (see section 2.1.2 of the Company's 2019 Universal Registration Document)

[74] i.e. €220,000 (see section 2.1.2 of the Company's 2019 Universal Registration Document).

(c) Exceptional bonus

None.

(d) Compensation for term of office as director

None.

(e) Allocation of performance shares

The Board of Directors, acting in accordance with the authorization granted by the 17th resolution of the Extraordinary General Meeting of Shareholders of the Company held on 20 September 2019, proceeded with the allocation of a number of shares representing a maximum amount of €1,650,000, or, for indicative purposes, a maximum number of 56,799 shares based on the closing price of the Verallia share of €29.05 on 31 December 2020, to the Chairman and Chief Executive Officer, as part of the second tranche of the 2019-2021 Plan described in subsection 2.1.2(c) above. The shares shall be fully vested after a period of two years, i.e. on 23 March 2022 and subject to (a) the continued presence of the Chairman and Chief Executive Officer within the Company and (b) subject to performance criteria linked (i) for 70%, to adjusted EBITDA and net debt targets before dividend payments or share buybacks, measured over the last two previous years in aggregate, and (ii) for 30%, to a target of evolution of the Company share price, as from the initial public offering, relative to the evolution of the share price of companies in the SBF 120 index on Euronext Paris.

The Chairman and Chief Executive Officer is subject to a 30% retention obligation for vested shares, for a period expiring at the end of his term of office.

(f) Severance and non-compete benefits

See subsection 2.1.2(f) above.

(g) Interest and employer matching contribution

For the year ended 31 December 2019, Michel Giannuzzi received, during the year ended 31 December 2020, a profit-sharing bonus of €3,857 and a gross matching contribution of €3,000, for a gross total of €6,857.

For the year ended 31 December 2020, he was not a beneficiary of the profit-sharing agreement for employees of Verallia Packaging.

(h) Benefits in kind

During financial year 2020, the Chairman and Chief Executive Officer benefited from a company car, an executive unemployment insurance scheme (GSC) and a complementary health plan.

(i) Summary tables of fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid during the year ended 31 December 2020 or allocated for the same year to the Chairman and Chief Executive Officer

Fixed compensation	€1,100,000
Variable compensation	€1,250,115 (paid during the year ended 31 December 2020 but allocated in relation to the year ended 31 December 2019)
Exceptional bonus	N/A
Compensation for term of office as director	N/A
Performance shares	Maximum amount of €1,650,000, or, as an indication, a maximum number of 47,965 shares based on the closing price of the Verallia share of €34.40 on 23 March 2020 for the second tranche of the 2019-2021 Plan
Pension plan	N/A
Severance pay	Compensation in the event of departure, of a gross amount equal to the maximum of 150% of the sum of the gross annual fixed compensation over the last 12 months preceding the end of his mandate and the variable compensation paid in respect of the year preceding the end of his mandate. No benefit will be due if the average amount of variable compensation as referred to above during the two years preceding the termination of the Chief Executive Officer's mandate is less than 30% of the target amount. If the average variable compensation paid is equal to 30% or more of the target amount, the termination benefit will be paid in full.
Non-compete benefit	A one-year non-compete obligation, compensated by a fixed monthly benefit equal to 1/12th of 70% of the amount of his fixed and variable compensation for the 12 months preceding the effective termination of his mandate. In the event of the combined application of the termination benefit described above and the non-compete benefit, the aggregate amount of the two benefits will be capped at an amount corresponding to the sum of the fixed and variable compensation received by Mr. Giannuzzi during the two years preceding the effective termination of his mandate.
Interest and employer matching contribution	€3,857 gross for the incentive and €3,000 gross of matching contribution, i.e. a total gross amount of €6,857 (paid during the year ended 31 December 2020 but allocated in relation to the year ended 31 December 2019).
Benefits in kind	Company car Benefit of an executive unemployment insurance scheme ("GSC") and a complementary health plan.

Furthermore, the following tables set out the compensation paid to Michel Giannuzzi, the Chairman and Chief Executive Officer, by the Company and by any other Group company during the years ended 31 December 2019 and 2020:

Table 1 (AMF nomenclature)

Summary of compensation and options granted to each executive officer		
(amounts paid in euros)	**Financial year 2020**	**Financial year 2019**
Michel Giannuzzi		
Compensation for the year (see Table 2 for details)	€1,782,999	€2,142,873
Value of multi-year variable compensation paid during the year	N/A	N/A
Value of stock options granted during the year (see Table 4 for details)	N/A	N/A
Value of performance shares granted (see Table 6 for details)	€1,434,345	€1,560,125
Total	€3,217,344	€3,702,998

Table 2 (AMF nomenclature)

Summary of compensation paid to each executive officer				
(amounts paid in euros)	**Financial year 2020**		**Financial year 2019**	
	Amounts owed	**Amounts paid**	**Amounts owed**	**Amounts paid**
Michel Giannuzzi				
Fixed compensation	€1,100,000	€1,100,000	€875,000	€875,000
Annual variable compensation(1)	€666,697	€1,250,115	€1,250,115	€1,160,240
Multi-year variable compensation	—	—	—	—
Exceptional bonus	—	—	—	—
Benefits in kind(2)	€16,302	€16,302	€17,758	€17,758
Total(1)	**€1,116,302**	**€2,366,417**	**€2,142,873**	**€2,052,998**

(1) Annual variable compensation is subject to performance conditions linked to the achievement of adjusted EBITDA and operational cash flow thresholds, as well as a safety objective (workplace accident rate), and as of 2020, a sustainable development target. The Chairman and Chief Executive Officer accepted, as early as 7 April 2020, that his upcoming compensation be amended, by way of cancellation of his annual variable compensation in relation to the financial year ended on 31 December 2020. Therefore, the amount of 666,697 euros, while due, will not be paid to the Chairman and Chief Executive Officer.

(2) Benefits in kind consist of a company car and the executive unemployment insurance scheme (GSC).

In addition, for the financial year ended 31 December 2019, Michel Giannuzzi received during the year ended on 31 December 2020 a gross profit-sharing bonus of €3,857 and a gross matching contribution of €3,000, for a gross total of €6,857.

Table 11 (AMF nomenclature)

Executive officers	**Employment contract**		**Supplementary pension plan**		**Termination benefits[1]**		**Non-compete indemnity[1]**	
	Yes	No	Yes	No	Yes	No	Yes	No
Michel Giannuzzi		X		X	X		X	

(1) The conditions for payment of the severance pay of Michel Giannuzzi and the compensation due under his non-compete undertaking are described in section 2.1.2(f) of this report.

Stock option grants

Table 4 (AMF nomenclature)

Stock options granted during the year to each executive officer by the issuer and by any Group company						
Name of executive officer	**Plan no. and date**	**Type of options (purchase or subscription)**	**Value of the options according to the method used for the consolidated financial statements**	**Number of options granted during the year**	**Exercise price**	**Exercise period**
Michel Giannuzzi	N/A	N/A	N/A	N/A	N/A	N/A

Table 5 (AMF nomenclature)

Stock options exercised during the year by each executive officer			
Name of executive officer	**Plan no. and date**	**Number of options exercised during the year**	**Exercise price**
Michel Giannuzzi	N/A	N/A	N/A

Table 8 (AMF nomenclature)

Past stock option plans				
Information about stock options				
Date of General Shareholders' Meeting	Plan no. 1	Plan no. 2	Plan no. 3	etc.
Date of Board meeting	N/A			
Total number of shares under option, including the number that may be subscribed for or purchased by:				
Starting date of exercise period				
Expiry date of exercise period				
Exercise price				
Exercise procedures (if the plan includes several tranches)				
Number of shares subscribed for at […] (most recent date)				
Cumulative number of cancelled or forfeited options				
Options outstanding at year-end				

Table 9 (AMF nomenclature)

Stock options granted to the top ten employees who are not corporate officers and options exercised by them	Total number of options granted/shares subscribed for or purchased	Weighted average price	Plan no. 1	Plan no. 2
Options granted during the year by the issuer and any companies included in the stock option plan to the ten employees of the issuer or of those companies who received the most options (aggregate)		N/A		
Options held in the issuer and in the above-mentioned companies that were exercised during the year by the ten employees of the issuer or of those companies who exercised the most options (aggregate)				

Performance share grants

Table 6 (AMF nomenclature)

Performance shares granted to each corporate officer						
Performance shares granted during the financial year to each corporate officer by the general shareholders' meeting of the issuer and of any Group company (list of names)	**Plan no. and date**	**Number of shares granted during the financial year**	**Value of the shares according to the method used for the consolidated financial statements**	**Vesting date**	**End of lock-up period**	**Performance conditions**
Michel Giannuzzi	2019-2021 Plan (first tranche) 24/07/2019	60,241 (2)	€1,534,400	24/07/2021	24/07/2021 with the obligation to hold 30% of vested shares over the term of office	Performance conditions related to adjusted EBITDA objectives and net financial debt before payment of dividends or redemption of shares (for 70%) and a stock price increase target (for 30%)
Michel Giannuzzi	2019-2021 Plan (second tranche) 23/03/2020	56,799 (3)	€1,434,345	23/03/2022	23/03/2022 with the obligation to hold 30% of vested shares over the term of office	Performance conditions related to adjusted EBITDA objectives and net financial debt before payment of dividends or redemption of shares (for 70%) and a stock price increase target (for 30%)

(1) Performance share plan spread over a period of three years from 2019 to 2021, representing a maximum of 0.99% of the share capital of the Company, awarded in two tranches. The third tranche was cancelled because two new performance share plans have been set up, respectively spread over a period of two years from 2021 to 2022, and a period of three years from 2021 to 2023 (see subsection 2.1.2(c) of this report).

(2) For information purposes only, for a maximum share amount of €1,750,000 and on the basis of the closing price of the Verallia share of €29.05 on 31 December 2020 (see section 2.1.2(c) of this report).

(3) For information purposes only, for a maximum share amount of €1,650,000 and on the basis of the closing price of the Verallia share of €29.05 on 31 December 2020 (see section 2.1.2(c) of this report).

Table 7 (AMF nomenclature)

Performance shares released from lock-up for each corporate officer	Plan no. and date	Number of shares released from lock-up during the year	Vesting conditions
Michel Giannuzzi	N/A		

Table 10 (AMF nomenclature)

History of performance share grants		
Information on performance shares		
Performance share plan	2019-2021 Plan (first tranche)(1)	2019-2021 Plan (second tranche)(1)
Date of the allocation decision	24/07/2019	23/03/2020
Total number of performance shares granted, of which the number granted to:	271,601 shares(2)	198,417 shares(5)
Michel Giannuzzi (maximum number of shares)	60,241 shares(3)	56,799 shares(6)
Share vesting date	24/07/2021	23/03/2022
End of lock-up period	None(4)	None(4)
Number of shares vested as at 31/12/2020	0	0
Cumulative number of cancelled or expired shares	0	0
Outstanding performance shares awarded at year-end (maximum number of shares)	271,601 shares(2) on 31/12/2020 for an initial allocation number of 322,222 shares(7)	198,417 shares(5) on 31/12/2020 for an initial allocation number of 182,093 shares(8)

(1) First and second tranches of the performance share plan spread over a period of three years from 2019 to 2021, representing a maximum of 0.99% of the share capital of the Company, awarded in two tranches. The third tranche was cancelled because two new performance share plans have been set up, respectively spread over a period of two years from 2021 to 2022 and a period of three years from 2021 to 2023 (see the subsection 2.1.2(c) of this report).

(2) For information purposes only, for a maximum share amount of €8,700,000 and on the basis of the closing price of the Verallia share of €29.05 on 31 December 2020 (see section 2.1.2(c) of this report).

(3) For information purposes only, for a maximum share amount of €1,750,000 and on the basis of the closing price of the Verallia share of €29.05 on 31 December 2020 (see section 2.1.2(c) of this report).

(4) Subject to the obligation of the Chairman and Chief Executive Officer to retain 30% of the vested shares for a period expiring at the end of his term of office and the obligation of the members of the Executive Committee to retain 20% of the vested shares as long as they remain Members of the Executive Committee.

(5) For information purposes only, for a maximum share amount of €6,264,000 and on the basis of the closing price of the Verallia share of €29.05 on 31 December 2020 (see section 2.1.2(c) of this report).

(6) For information purposes only, for a maximum share amount of €1,650,000 and on the basis of the closing price of the Verallia share of €29.05 on 31 December 2020 (see section 2.1.2(c) of this report).

(7) For information purposes only, for a maximum share amount of €8,700,000 and on the basis of the price of the Company's initial public offering of €27(see section 2.1.2(c) of this report).

(8) For information purposes only, for a maximum share amount of €6,264,000 and on the basis of the closing price of the Verallia share of €34.40 on 20 February 2020 (see section 2.1.2(c) of this report)..

(j) Draft resolution prepared by the Board of Directors pursuant to article L.22-10-9 I 1° of the French Commercial Code submitted to the Combined General Shareholders' Meeting to be held on 15 June 2021

"SIXTH RESOLUTION

(Approval of the fixed, variable and exceptional components comprising the total compensation and benefits of any kind paid during the year ended 31 December 2020 or awarded for the same year to the Chairman and Chief Executive Officer of the Company)

The General Shareholders' Meeting, voting under the conditions of quorum and majority required for the Ordinary General Shareholders' Meetings, after reviewing the corporate governance report referred to in article L. 225-37 of the French Commercial Code, set out in Annex I of the Company's 2020 Universal Registration Document, approves the fixed, variable and exceptional components that make up the total compensation and benefits of any kind paid in the previous financial year or allocated in the same financial year to Mr. Michel Giannuzzi, Chairman and CEO of the Company, as presented in the aforementioned report. "

2.2.2 Directors

The table below shows the compensation paid to directors for their term of office and other compensation during the financial year ended 31 December 2020 or awarded for their term of office for the same year:

Director	Amounts paid in financial year 2020 or allocated in financial year 2020
José Diego Arozamena	
Compensation for term of office as director	€78,000
Other compensation*	0
Sylvain Artigau	
Compensation for term of office as director	0
Other compensation*	0
Bpifrance Investissement, represented by Sébastien Moynot	
Compensation for term of office as director	0
Other compensation	0
Brasil Warrant Administração de Bens e Empresas S.A.	
Compensation for term of office as director	€63,000
Other compensation*	0
BW Gestão de Investimentos Ltda.	
Compensation for term of office as director	0
Other compensation*	0
Marie-José Donsion	
Compensation for term of office as director	€78,000
Other compensation*	0
Virginie Hélias	
Compensation for term of office as director	€81,000
Other compensation*	0
Dieter Müller	
Compensation for term of office as director	0
Other compensation*	0
Claudia Scarico	
Compensation for term of office as director	0
Other compensation*	0
Robert Seminara	
Compensation for term of office as director	0
Other compensation*	0
Cécile Tandeau de Marsac	
Compensation for term of office as director	€81,000
Other compensation*	0
Pierre Vareille	

Compensation for term of office as director	€60,000
Other compensation*	€550

** The amounts paid represent the reimbursement of expenses.*

2.3 Ratio of the Chairman and Chief Executive Officer's level of compensation to the average and median compensation of the Group's employees

For the calculation of the ratios presented below in accordance with article L.22-10-9 I 6° of the French Commercial Code, the Company referred to the AFEP-MEDEF Guidelines dated 28 January 2020.

In particular:

- The ratios below were calculated on the basis of the fixed and variable compensation paid during the financial years mentioned and performance shares allocated during the same periods and valued at their book value at the time of awarding and prorated on the financial year based on the plan duration. Performance shares grants are subject to presence conditions and performance conditions. The valuation at the time of granting does not necessarily reflect the value of the shares at the end of the vesting period, in particular if the performance conditions are not met. The compensation described below is taken into account including social and employers contributions charged on this compensation;

- For employees, the compensation taken into account is full-time equivalent compensation;

- Are included in the calculation of the equity ratios: the Company, its direct French subsidiary Verallia Packaging, as well as all its indirect French glass-making subsidiaries, i.e. Verallia France and VOA Verrerie d'Albi, with this scope covering 96% of the total payroll in France (headcount as at 31 December 2020 is provided out in section 15.1.1 of the Company's Universal Registration Document);

- The consolidated adjusted EBITDA is a performance indicator used by the Group in analyzing and valuing its operations and trends, measuring their performance, preparing earnings forecasts and making strategic decisions.

Comparison of executive **officers' compensation with Group employees' compensation**

	Financial year 2020	**Financial year 2019**	**Financial year 2018**
Average compensation cost ratio	58	41	30
Median compensation cost ratio	66	46	33

Annual evolution of executive officers' and employees' compensation regarding the performance of the Company

	Financial year 2020	**Financial year 2019**	**Financial year 2018**
Cost of compensation of the Chairman and Chief Executive Officer (in thousands of euros, including social and employers contributions charged on this compensation)(1)	4,737	3,189	2,291
Consolidated adjusted EBITDA (in thousands of euros)	625,700	615,200	543,300
Cost of average compensation of employees on a full-time equivalent basis (in thousands of euros, including social and employers contributions charged on this compensation)	82	78	76

(1) In the context of its initial public offering on the regulated market of Euronext Paris in October 2019, the Company has implemented a long term incentive policy of its main executives, in particular its Chairman and Chief Executive Officer, aimed at retaining and motivating the Group's talent and associating managers with its performance, with a performance share allocation plan over a three-year period from 2019 to 2021, the first tranche of which was granted in 2019 and valued pro rata in the compensation of the Chairman and Chief Executive set out above. During the 2018 financial year, no similar plan was in place, which principally explains the evolution of the compensation of the Chairman and Chief Executive Officer and the ratios set out above between 2018 and 2019.

Draft resolution prepared by the Board of Directors pursuant to article L.225-100 II. of the French Commercial Code submitted to the Combined General Shareholders' Meeting to be held on 15 June 2021.

"EIGHTH RESOLUTION

(Approval of information referred to in article L.22-10-9 I. of the French Commercial Code)

The General Shareholders' Meeting, voting under the conditions of quorum and majority required for the Ordinary General Shareholders' Meetings, after reviewing the corporate governance report referred to in article L. 225-37 of the French Commercial Code, set out in Annex I of the Company's 2020 Universal Registration Document, approves the information referred to in article L.22-10-9 I. of the French Commercial Code as presented in the aforementioned report. "

3. OTHER INFORMATION

3.1 Related party transactions

The Group's related parties mainly include the Company's shareholders, unconsolidated subsidiaries, associated companies (companies accounted for by the equity method), and entities over which the various Group corporate executives exercise at least significant influence.

The figures specifying the relationships with these related parties are set out in Note 22 to the consolidated financial statements for the year ended 31 December 2020, contained in Section 18.1.1 of the Universal Registration Document.

The Board of Directors met on 28 April 2020 in accordance with the provisions of article L.22-10-12 of the French Commercial Code, in order to establish a procedure for the annual assessment of agreements on transactions which are deemed usual and carried out at arm's length. As part of this assessment, during its meeting held on 23 February 2021 and dedicated, among others, to the review of the annual financial statements, the Board of Directors reviewed the criteria for determining usual agreements carried out at arm's length to ensure that they are always appropriate and in line with market practices and, more specifically, analysed the normal character of the financial conditions of the agreements it assessed.

3.1.1 Agreements and commitments authorised and concluded in the past financial year

No related party agreement within the meaning of article L. 225-38 of the French Commercial Code has been concluded in the past financial year.

3.1.2 Agreements and commitments approved in previous years, which continued to be implemented in the past year

None.

3.2 Procedures for participation in General Meetings

3.2.1 Meeting notice and participation in General Meetings

Shareholder decisions are taken at General Meetings. The Ordinary General Meeting is required to take all decisions that do not amend the Articles of Association. The Ordinary General Meeting shall be held at least once a year, within six months of the end of each financial year, to approve the financial statements for that financial year and the consolidated financial statements.

The Extraordinary General Meeting alone is authorized to amend all provisions of the Articles of Association.

General meetings shall be convened by the Board of Directors under the conditions and time limits provided for by law. General Meetings shall be held at the registered office or at any other venue indicated in the notice of meeting.

All shareholders may attend General Meetings, in person or by proxy, upon proof of their identity and ownership of their securities in book-entry form under the conditions provided for in the applicable laws and regulations. Any shareholder may vote remotely or give a proxy in accordance with the applicable regulations.

General Meetings shall be chaired by the Chairman of the Board of Directors or, in his or her absence, by a director specially appointed for this purpose by the Board of Directors. Failing this, the meeting shall elect its own chairman.

The role of scrutineers shall be performed by the two members of the General Shareholders' Meeting, present and accepting this duties, who have the greatest number of votes either by themselves or as proxy holders.

The bureau shall appoint a secretary, who need not be a member of the General Meetings.

3.2.2 Exercise of voting rights, double voting rights, voting rights limitations

Each ordinary share entitles the holder to a share in the Company's profits and net assets in proportion to the percentage of the share capital it represents. In addition, each share gives the right to vote and the right to be represented at General Shareholders' Meetings, according to the statutory conditions and the Articles of Association.

A double voting right is granted to fully paid-up registered ordinary shares that have been continuously held by the same shareholder for a minimum period of two (2) years. For the purpose of calculating this holding period, any period during which the Company's ordinary shares were held prior to the date on which the Company's ordinary shares were admitted to trading on the Euronext Paris regulated market, i.e. 7 October 2019, shall not count.

In accordance with the second sub-paragraph of article L. 225-123 of the French Commercial Code, in the event of a capital increase by capitalization of reserves, profits or issue premiums, a double voting right shall be granted upon their issuance to new ordinary shares allocated free of charge to a shareholder on the basis of his or her existing shares with a double voting right.

This double voting right may be exercised at any General Meeting.

The double voting right shall automatically lapse when the ordinary share is converted to bearer form or ownership is transferred.

3.3. Delegations and authorizations granted by the General Shareholders' Meetings in respect of capital increases

The Company's General Shareholders' Meeting held on 10 June 2020 adopted the following financial delegations:

Type of delegated authority	Maximum duration	Maximum nominal amount
Authorization to trade in the Company's shares	18 months	Capped at 10% of the total number of shares constituting the share capital or 5% of the total number of shares for the purpose of holding them and subsequently delivering them as payment or exchange in connection with any external growth transactions
Authorization granted to the Board of Directors to reduce the share capital by cancelling treasury shares	26 months	Capped at 10% of the share capital in any 24-month period
Delegation of authority to the Board of Directors to increase the share capital by capitalisation of reserves, profits or premiums or any other amount for which capitalisation is allowed	26 months	€80 million (approximately 20% of the share capital)
Delegation of authority to the Board of Directors to decide to increase the share capital by issuing shares and/or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, with application of pre-emption rights	26 months	€200 million(1) (approximately 50% of the share capital) €750 million for debt securities(3)
Delegation of authority to the Board of Directors to decide to increase the share capital by issuing shares and/or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, by way of a public offering other than that specified in Article L. 411-2 of the French Monetary Code, with waiver of pre-emption rights(4)	26 months	€80 million(1) (2) (approximately 20% of the share capital) €750 million for debt securities(3)
Delegation of authority to the Board of Directors to decide to issue, with waiver of pre-emption rights, shares and/or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, in the context of the private placements provided for in point 1 of Article L. 411-2 of the French Monetary and Financial Code	26 months	€80 million(1) (2) (approximately 20% of the share capital) €750 million for debt securities(3)
Authorization to the Board of Directors, in the event of issuance with waiver of pre-emption rights, by way of a public offering, to set the issue price in accordance with the terms and conditions defined by the General Shareholders' Meeting	26 months	10% of the capital per year
Authorization to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without pre-emption rights	26 months	Regulatory limit (currently 15% of the original issue)(1)
Delegation of authority to the Board of Directors to issue shares or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, without pre-emption rights, in return for contributions in kind	26 months	10% of the capital(1) €750 million for debt securities(3)
Delegation of authority to the Board of Directors to decide to issue shares reserved for members of an employee savings plan with waiver of pre-emption rights in favor of those members	26 months	€12 million(1) (approximately 3% of the share capital)
Delegation of authority to the Board of Directors to increase the share capital by issuing shares with waiver of pre-emption rights in favor of a specific category of beneficiaries (employees and corporate officers of the Company and its affiliated entities)	18 months	€12 million(1) (approximately 3% of the share capital)
Authorization to the Board of Directors to grant new or existing shares free of charge, with waiver of pre-emption rights, to employees and corporate officers of the Company and its affiliated entities	38 months	3% of the capital(1)

(1) The aggregate maximum nominal amount of capital increases that may be carried out pursuant to this delegation shall count towards the overall limit of €200 million of the capital for immediate and/or future capital increases.

(2) The aggregate maximum nominal amount of capital increases that may be carried out pursuant to this delegation shall count towards the sub-ceiling fixed at €80 million of the capital for capital increases with waiver of pre-emption rights by tender to the public.

(3) The aggregate maximum nominal amount of debt securities that may be issued pursuant to this delegation shall count towards the overall limit of €750 million applicable to the issuance of debt securities.

(4) Including as part of a public exchange offer initiated by the Company (article L.225-148 of the French Commercial Code, now article L.22-10-54).

At its meeting held on 30 July 2020, the Board of Directors closed its additional report, drafted in accordance with the provisions of articles L.225-129-5 and R.225-116 of the French Commercial Code, relating to the share capital increase of the Company, with waiver of pre-emption right, by way of share issuance reserved to employees of the Group, for a total nominal amount of 3,599,696.62 euros, with a share premium of 16,496,834.51 euros, completed on 25 June 2020 under the delegation pursuant to the Board of Directors in connection with the fifteenth resolution of the Combined General Shareholders' Meeting held on 20 September 2019.

At its meeting held on 29 October 2020, the Board of Directors made use of the following financial delegations:

- the delegation granted to the Board of Directors in connection with the twentieth resolution of the Combined General Shareholders' Meeting of the Company held on 10 June 2020, in respect of the continuation of the Group's employee ownership plan, through the issuance of new shares reserved for eligible employees and officers of the Company and/or companies related to the Company within the meaning of Articles L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code who are members of a Verallia Group/Corporate Savings plan; and
- the delegation granted to the Board of Directors pursuant to the eleventh resolution of the Combined General Meeting of Shareholders of the Company held on 10 June 2020, in respect of the Company's buyback of its own shares. In this context, the Company increased the amount allocated to the liquidity contract signed on 20 December 2019 with Rothschild Martin Maurel from €2,500,000 to €3,400,000, in accordance with the market practice accepted by the Financial Markets Authority on 2 July 2018, to ensure liquidity and make the market for the Company's securities (see subsection 3.4.6 below).

On 5 March 2021, the Company bought back 2.1 million of its shares, as part of the sale by Horizon Investment Holdings of a stake of about 9% in the Company by way of accelerated bookbuilding, in accordance with the authorization granted by the Board of Directors to the Chairman and Chief Executive Officer as part of the eleventh and twelth resolutions of the Combined General Shareholders' Meeting of the Company held on 10 June 2020. The shares will be used by the Group to meet future employee share ownership programs and long-term incentive plans in order to prevent any dilutive impact arising therefrom.

Summary table of delegations on capital increases proposed at the General Shareholders' Meeting to be held on 15 June 2021:

Type of delegated authority	Maximum duration	Maximum nominal amount
Authorization to trade in the Company's shares	18 months	Capped at 10% of the total number of shares constituting the share capital or 5% of the total number of shares for the purpose of holding them and subsequently delivering them as payment or exchange in connection with any external growth transactions
Authorization granted to the Board of Directors to reduce the share capital by cancelling treasury shares	26 months	Capped at 10% of the share capital in any 24-month period
Delegation of authority to the Board of Directors to increase the share capital by capitalisation of reserves, profits or premiums or any other amount for which capitalisation is allowed	26 months	€83 million (approximately 20% of the share capital)
Delegation of authority to the Board of Directors to decide to increase the share capital by issuing shares and/or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, with application of pre-emption rights	26 months	€208 million(1) (approximately 50% of the share capital) €750 million for debt securities(3)
Delegation of authority to the Board of Directors to decide to increase the share capital by issuing shares and/or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, by way of a public offering other than that specified in Article L. 411-2 of the French Monetary and Financial Code, with waiver of pre-emption rights(4)	26 months	€83 million(1) (2) (approximately 20% of the share capital) €750 million for debt securities(3)
Delegation of authority to the Board of Directors to decide to issue, with waiver of pre-emption rights, shares and/or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, in the context of the private placements provided for in point 1 of Article L. 411-2 of the French Monetary and Financial Code	26 months	€83 million(1) (2) (approximately 20% of the share capital) €750 million for debt securities(3)
Authorization to the Board of Directors, in the event of issuance with waiver of pre-emption rights, by way of a public offering, to set the issue price in accordance with the terms and conditions defined by the General Shareholders' Meeting	26 months	10% of the capital per year
Authorization to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without pre-emption rights	26 months	Regulatory limit (currently 15% of the original issue)(1)
Delegation of authority to the Board of Directors to issue shares or equity securities giving access to other equity securities and/or conferring the right to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, without pre-emption rights, in return for contributions in kind	26 months	10% of the capital(1) €750 million for debt securities(3)
Delegation of authority to the Board of Directors to decide to issue shares reserved for members of an employee savings plan with waiver of pre-emption rights in favour of those members	26 months	€12 million(1) (approximately 3% of the share capital)
Delegation of authority to the Board of Directors to increase the share capital by issuing shares with waiver of pre-emption rights in favour of a specific category of beneficiaries (employees and corporate officers of the Company and its affiliated entities)	18 months	€12 million(1) (approximately 3% of the share capital)

(1) The aggregate maximum nominal amount of capital increases that may be carried out pursuant to this delegation shall count towards the overall limit of €208 million of the capital for immediate and/or future capital increases.

(2) The aggregate maximum nominal amount of capital increases that may be carried out pursuant to this delegation shall count towards the sub-ceiling fixed at €83 million of the capital for capital increases with waiver of pre-emption rights by tender to the public.

(3) The aggregate maximum nominal amount of debt securities that may be issued pursuant to this delegation shall count towards the overall limit of €750 million applicable to the issuance of debt securities.

(4) Including as part of a public exchange offer initiated by the Company (article L.22-10-54 of the French Commercial Code).

3.4 Items that may have an impact in the event of a public offer

The following are the items that may have an impact in the event of a public offer.

3.4.1 Structure of the Company' capital

As at 31 December 2020, the Company's share capital is €416,662,128.22, divided into 123,272,819 ordinary shares, with a par value of three euros thirty-eight cents (€3.38), fully paid up, all of the same class.

The table below provides a breakdown of the Company's share capital at 31 December 2020:

Shareholders	Total number of shares	% of capital and voting rights
Horizon Investment Holdings(1)	45,477,896	36.9%
Bpifrance Participations	9,189,887	7.5%
Brasil Warrant Administração de Bens e Empresas S.A. (BWSA)(2)	27,405,390	22.2%
Employees (FCPE Verallia and direct shareholdings)	3,957,833	3.2%
Public	37,107,908	30.1%
Total	123,272,819	100%

(1) Company wholly owned by Horizon Parent Holdings S.à.r.l., which is wholly owned by AIF VIII Euro average, L.P., an investment fund managed by an affiliate of Apollo Global Management, Inc.

(2)Acting through Lepton Fund Ltd., a fund managed by BW Gestão de Investimentos Ltda., a wholly-owned subsidiary of Brasil Warrant Administração de Bens e Empresas S.A

At 31 December 2020, the number of registered shareholders is 1,209 individuals or legal entities.

At the close of the financial year ending 31 December 2020, employee share ownership as defined in article L. 225-102 of the French Commercial Code represented 3.2% of the Company's share capital.

To the Company's knowledge, with the exception of Bpifrance Participations, BWSA and Horizon Investment Holdings, no other shareholder holds more than 5% of the share capital or voting rights.

Major Holding Notification

While the Company's shares are admitted to trading on a regulated market, in addition to the ownership threshold disclosures expressly provided for by applicable laws and regulations, any natural or legal person who directly or indirectly holds, alone or in concert, a percentage of the capital or voting rights (calculated in accordance with the provisions of articles L.233-7 and L.233-9 of the French Commercial Code and the provisions of the General Regulation of the French Financial Markets Authority) equal to or greater than 1% of the capital or voting rights, or any multiple thereof, including if above the thresholds stipulated in the statutory and regulatory provisions, shall notify the Company of the total number (i) of shares and voting rights that he or she holds, directly or indirectly, alone or in concert, (ii) of securities giving access in future to the Company's share capital that he or she owns, directly or indirectly, alone or in concert, and the voting rights potentially attaching thereto, and (iii) of existing shares in issue that such person may acquire by virtue of an agreement or financial instrument mentioned in article L.211-1 of the French Monetary and Financial Code. Such notification shall be made by registered letter with acknowledgement of receipt within four trading days of breaching the relevant threshold.

The requirement to inform the Company shall also apply, within the same time frame and under the same conditions, if the shareholder's interest in the capital or voting rights falls below one of the above-mentioned thresholds.

In the event of non-compliance with the threshold disclosure requirement referred to above and at the request, recorded in the minutes of the General Shareholders' Meeting, of one or more shareholders representing at least 5% of the Company's share capital or voting rights, shares exceeding the percentage that should have been disclosed shall be deprived of voting rights for a period of two years following the date of disclosure.

The Company reserves the right to inform the public and shareholders either of the information disclosed to it or of the failure of the person concerned to comply with the above-mentioned requirement.

During 2020, the Company was informed of the following threshold crossing as provided for by law and Articles of Association:

- by letter dated 20 March 2020, the Caisse des Dépôts et Consignations declared that it had exceeded, on 17 March 2020, indirectly, through CDC Croissance, the statutory threshold of 1% of the share capital and voting rights of the Company and indirectly holds 10,056,937 shares of the Company representing 10,056,937 voting rights, or 8.49% of the share capital and voting rights of the Company;
- by letter dated 26 June 2020, the company Brasil Warrant Administraçao de Bens e Empresas (BWSA) (acting through Lepton Fund) declared its intention to exceed the legal and statutory thresholds of 9% and 10% of the share capital and voting rights of the Company in the context of the acquisition by BWSA from Luxembourg-incorporated limited liability company Horizon Investment Holdings (HIH) of 2,427,175 shares in the Company, representing all new shares to be issued by the Company in favour of HIH in the context of the latter's choice of payment of the 2019 dividend in shares of the Company on 9 July 2020;
- by letter dated 17 July 2020, the Amundi asset management company declared holding 3,782,164 Company shares in the Verallia employee investment fund (FCPE), thereby exceeding the statutory threshold of 3% of the share capital and voting rights of the Company in the context of the election by FCPE Verallia of payment of the 2019 dividend in shares of the Company;
- by letter dated 7 August 2020, HIH declared having fallen below, on 6 August 2020, the statutory thresholds of 55% and 54% of share capital and voting rights of the Company in the context of the transfer to BWSA of 2,427,175 Company shares, representing all new shares issued by the Company on 9 July 2020 in favour of HIH in the context of the election by the latter of payment of the 2019 dividend in shares of the Company;
- by letter dated 15 September 2020, HIH declared having fallen below, on 15 September 2020, the legal and statutory thresholds of 53%, 52%, 51%, 50%, 49%, 48% and 47% of share capital and voting rights of the Company in the context of the transfer of 7,700,000 Company shares outside of the trading platform in the framework of a private placement through accelerated bookbuilding;
- by letter dated 15 September 2020, BWSA (acting through Lepton Fund) declared having exceeded, on 15 September 2020, the statutory thresholds of 11% and 12% of share capital and voting rights of the Company in the context of the transfer of 2,083,000 Company shares outside the trading platform in the framework of a private placement through accelerated bookbuilding;
- by letter dated 15 September 2020, Threadneedle Asset Management Holdings Limited declared that the investment firms of the Ameriprise Financial group held 1,319,390 shares and voting rights of the Company and had therefore exceeded, on 15 September 2020, the statutory threshold of 1% of the share capital and voting rights of the Company;
- by letter dated 20 November 2020, the central bank of Norway (Norges Bank) declared having exceeded on 19 November 2020 the statutory threshold of 1% of share capital and voting rights of the Company and that it holds 1,647,019 Company shares;
- by letter dated 14 December 2020, BWSA (acting through Lepton Fund) declared its intention to exceed the legal and statutory thresholds of 13%, 14%, 15%, 16%, 17%, 18%, 19%, 20%, 21% and 22% of the share capital and voting rights of the Company in the context of the acquisition outside the market by BWSA of 12,327,282 Company shares from HIH;
- by letter dated 17 December 2020, HIH declared having fallen below, on 16 December 2020, the legal and statutory thresholds of 46%, 45%, 44%, 43%, 42%, 41%, 40%, 39%, 38% and 37% of capital and voting rights of the Company in the context of the transfer of 12,327,282 Company shares outside the market by HIH to BWSA (acting through Lepton Fund).

Since the end of the 2020 financial year, the Company has been informed:

- by letter dated 27 January 2021, that Lepton Fund (a fund managed by the company BW Gestão de Investimentos Ltda (BWGI), itself 99.955%-owned by BWSA, with the remaining 0.045% held by the BWSA's managers) had committed to transfer before 5 March 2021 13,177,554 Company shares to the Irish fund Kaon V (a sub-fund of Kaon Investment Fund ICAV, itself an Irish asset manager fully owned by BWSA and BWGI and having BWGI as its management company). Upon completion of this transaction, Lepton Fund has fallen below the statutory and legal thresholds of 22%, 21%, 20%, 19%, 18%, 17%, 16%, 15%, 14%, 13% and 12% and Kaon V has exceeded the statutory and legal thresholds of 1%, 2%, 3%, 4%, 5%, 6%, 7%, 8%, 9% and 10%.
- by letter dated 2 March 2021, that Lepton Fund had committed to transfer 14,227,836 Company shares to the Irish fund Kaon V. Upon completion of this transaction, Lepton Fund has fallen below the statutory and legal thresholds of 11%, 10%, 9%, 8%, 7%, 6%, 5%, 4%, 3%, 2% and 1% and Kaon V has exceeded the statutory and legal thresholds of 11%, 12%, 13%, 14%, 15%, 16%, 17%, 18%, 19%, 20%, 21% and 22%;

Following completion of the above operations, BWSA's total percentage of indirect holding (acting through funds managed by its subsidiary BWGI) of the capital and voting rights of the Company remained unchanged;

- by letter dated 8 March 2021, that BWSA (acting through funds managed by its subsidiary BWGI) intended to exceed the statutory thresholds of 23% and 24% of capital and voting rights of the Company in the context of the sale by HIH to BWSA of 2,600,000 Company shares outside the trading platform in the framework of a private placement through accelerated bookbuilding;
- by letter dated 9 March 2021, that HIH had fallen below, on 9 March 2021, the legal and statutory thresholds of 36%, 35%, 34%, 33%, 32%, 31%, 30% and 29% of capital and voting rights of the Company in the context of the sale by HIH of 10,500,000 Company shares outside the trading platform in the framework of a private placement through accelerated bookbuilding; and
- by letter dated 15 March 2021, that Lepton Fund had transferred 2,600,000 Company shares to the Irish fund Kaon V. Upon completion of this transaction, Lepton Fund has fallen below the legal and statutory thresholds of 2% and 1% and Kaon V has exceeded the legal and statutory thresholds of 23% and 24%; following completion of such operation, BWSA's total percentage of indirect holding (acting through funds managed by its subsidiary BWGI) of the capital and voting rights of the Company remained unchanged.

3.4.2 Statutory restrictions on the exercise of voting rights and transfers of shares or the provisions of agreements brought to the Company's attention pursuant to Article L. 233-11 of the French Commercial Code

Statutory restrictions on the exercise of voting rights and transfers of shares or the provisions of agreements brought to the Company's attention pursuant to article L.233-11 of the French Commercial Code, as well as the rules applicable to the appointment and replacement of the members of the Board of Directors and the agreements between shareholders of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights are described in sections 16.2 "Statement relating to control of the Company", 19.2.3 "Rights, privileges and restrictions attached to shares" and 19.2.7 "Ownership threshold disclosures and identification of shareholders" of the Universal Registration Document. The powers of the Board of Directors in particular the issuance or buyback of shares and agreements entered into by the Company that are amended or terminated in the event of a change in control of the Company are described in sections 16.2 and 19.2.6 respectively of the Universal Registration Document.

3.4.3 Direct or indirect interests in the capital of the Company of which it is aware under Articles L. 233-7 and L. 233-12 of the French Commercial Code

The direct or indirect interests in the share capital of the Company of which it is aware under articles L.233-7 and L.233-12 of the French Commercial Code are described in the stock ownership table above (see paragraph 3.4.1 "Capital Structure" of this report).

3.4.4 List of holders of any security with special control rights and the description of those rights and control mechanisms provided for in a potential employee ownership system, when the control rights are not exercised by the latter

There are no holders of securities with special control rights or control mechanisms provided for in any employee ownership system, when the supervisory rights are not exercised by the latter.

3.4.5 Agreements between shareholders of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights

A shareholders' agreement was concluded on 18 December 2019 between Bpifrance Participations and Horizon Investment Holdings S.à.r.l. A clause in the shareholders' agreement provides, inter alia, that as long as Bpifrance Participations and its affiliates hold a stake representing at least 5% of the Company's share capital, Bpifrance Participations may propose the appointment of a director to the Company' s Board of Directors, who will also be a member of the Company's Sustainable Development Committee. Horizon Investment Holdings S.à.r.l. undertakes to vote in favour of the above-mentioned appointment at the relevant General Shareholders' Meeting of the Company and to instruct its representatives on the Board of Directors of the Company to propose and vote in favor of the above-mentioned appointment to the Board of Directors of the Company (whether by convening a General Shareholders' Meeting of the Company on this agenda or through the co-optation process of the Board of Directors).

The Company was informed on 19 April 2021 that João Moreira Salles, the Kaon Investment Fund ICAV fund (acting only for its Kaon V sub-fund), the Lepton Fund Ltd., the company BW Gestão de Investimentos Ltda. and the company Brasil Warrant Administração de Bens e Empresas SA, on the one hand, and Michel Giannuzzi, Chairman and CEO of the Company, and the members of the Giannuzzi family group, on the other hand, had signed on 16 April 2021 a collective retention commitment under the Dutreil law relating to 32,305,694 Company shares, representing 26.21% of the Company' share capital and voting rights as at the date of the commitment. This retention commitment was entered into pursuant to article 787 B of the French General Tax Code for a period of two years, not renewable by tacit agreement. It does not contain any clause providing for preferential conditions for the sale or acquisition of Company shares in favor of the signatories and does not constitute a concerted action vis-à-vis the Company.

3.4.6 Powers of the Board of Directors in respect of capital increase and share buyback

Information on the powers of the Board of Directors with respect to capital increases is detailed in Section 3.3 "Delegations and current authorizations granted by the General Shareholders' Meeting with respect to capital increases" of this report.

Share buyback program

The General Shareholders' Meeting held on 10 June 2020 authorized, for a period of 18 months from the date of the meeting, the Board of Directors with the right to sub-delegate as permitted by law, in accordance with the provisions of articles L.22-10-62 et seq. of the French Commercial Code, to purchase, on one or more instalments and at such times as it shall determine, a number of shares of the Company not exceeding 10% of the total number of shares constituting the share capital at any given time, or 5% of the total number of shares constituting the share capital if they are shares acquired by the Company with a view to their retention and subsequent delivery in payment or exchange as part of a merger, spin-off or contribution. However, under no circumstances may the number of shares held by the Company result in the Company holding at any time more than 10% of the shares constituting its share capital.

The Board of Directors may decide to acquire shares in order:

- to ensure the liquidity and make the market for the Company's securities through an investment service provider acting independently under a liquidity contract in accordance with the market practice adopted by the French Financial Markets Authority on 2 July 2018;
- to allocate shares to employees of the Company and other Group entities, and particularly in the context of (i) profit-sharing, (ii) any Company stock option plan under the provisions of articles L.225-177 et seq. of the French Commercial Code, or (iii) any savings plan in accordance with articles L.3331-1 et seq. of the French Labour Code or (iv) any awarding of performance shares under the provisions of articles L.225-197-1 et seq. of the French Commercial Code, and to carry out any hedging in relation to such transactions, under the conditions set out by the market authorities and at such times as the Board of Directors or the person acting on behalf of the Board of Directors may determine;
- to deliver the Company's shares when exercising rights attached to transferable securities conferring entitlement by way of redemption, conversion, exchange, presentation of a warrant or any other means to the allotment of the Company's shares under applicable regulations, and to carry out any hedging in relation to such transactions, under the conditions set out by the market authorities and at such times as the Board of Directors or the person acting on behalf of the Board of Directors may determine;
- to hold the Company's shares and subsequently deliver them in payment or exchange in connection with any external growth, merger, spin-off or contribution transactions;
- to cancel the Company's shares in order to reduce the share capital;
- to implement any market practice accepted by the French Financial Markets Authority and in general carry out any transaction in compliance with applicable regulations.

The maximum unit purchase price may not exceed €54, excluding costs.

However, the Board of Directors may, in the event of transactions affecting the Company’s share capital, and in particular a change in the par value of shares, a capital increase by the capitalization of reserves followed by the creation and allocation of performance shares, a stock split or a reverse stock split, adjust the above-mentioned maximum purchase price to take into account the impact of such transactions on the value of the Company' shares.

The purchase, sale or transfer of such shares may be effected and paid for by any means permitted under applicable regulations, on a regulated market, on a multilateral trading facility, with a systematic internaliser or over the counter, in particular through block purchases or sales, through the use of options or other financial derivatives, warrants or, more generally, transferable securities granting entitlement to shares in the Company, at such times as the Board of Directors may determine.

The Board of Directors is fully authorised, with the right to sub-delegate as permitted by law, to proceed, in compliance with the relevant statutory and regulatory provisions, with the permitted reallocation of shares repurchased for one of the programme's objectives to one or more of its other objectives, or to sell them on exchange or over the counter.

In accordance with the legal requirements, the Board of Directors shall inform the General Shareholders' Meeting of the transactions carried out.

It will be proposed to the Combined General Shareholders' Meeting of the Company to be held on 15 June 2021 to renew the share buyback programme, under the same conditions, in the tenth resolution.

Liquidity contract

On 20 December 2019, the Company entered into a liquidity agreement with Rothschild Martin Maurel in accordance with the market practice adopted by the French Financial Markets Authority on 2 July 2018 to ensure liquidity and make the market for the Company's stock. This liquidity agreement entered into force on 6 January 2020, for an initial period of 12 months renewable by tacit renewal for successive periods of 12 months. As part of the implementation of this liquidity agreement, an amount of €2.5 million was credited to the liquidity account. This amount was increased to €3.4 million by way of an amendment to the liquidity agreement, entered into on 9 November 2020.

Share buy-back as part of the sale of a stake by Horizon Investment Holdings by way of accelerated bookbuilding

On 5 March 2021, Horizon Investment Holdings sold a stake of about 9% in the Company by way of accelerated bookbuilding, as part of which the Company bought back 2.1 million of its shares. The shares will be used by the Group to meet future employee share ownership programs and long-term incentive plans in order to prevent any dilutive impact arising therefrom.

3.4.7 Agreements entered into by the Company that are amended or terminated in the event of a change in control of the Company

The agreements entered into by the Company that are amended or terminated in the event of a change in control of the Company are detailed in Section 8.2.2 "Financial liabilities" of the Universal Registration Document.

3.4.8 Agreements providing for indemnifying members of the Board of Directors or employees of the Company if they resign or are dismissed without real and serious cause or if their employment ends due to a public offer

The Group has put in place agreements providing for indemnity for the termination of office of the Chairman-Chief Executive Officer. Detailed information is contained in section 2.2.1 of this report.

3.4.9 Summary statement of the transactions referred to in Article L. (18-2) of the French Monetary and Financial Code carried out during financial year 201 9

The table below presents a summary statement (article 223-26 of the General Regulation of the French Financial Markets Authority) of the transactions referred to in Article L.621-18-2 of the French Monetary and Financial Code carried out during financial year 2020:

Interested person	Financial instrument	Type of transaction	Transaction date	Transaction place	Unit Price (€)	Transaction amount (€)
Lepton Fund(1)	Shares	Acquisition	2 March 2020	Euronext Paris	30.42	157,091
Lepton Fund(1)	Shares	Subscription	9 July 2020	Outside the trading platform	22.94	8,661,777
Bpifrance Participations(3)	Shares	Subscription	9 July 2020	Outside the trading platform	22.94	7,532,303
Horizon Investment Holdings(2)	Shares	Subscription	9 July 2020	Outside the trading platform	22.94	55,679,394
Lepton Fund(1)	Shares	Acquisition	6 August 2020	Outside the trading platform	27.00	65,533,725
Lepton Fund(1)	Shares	Pledge	6 August 2020	Outside the trading platform	—	12,995,108
Horizon Investment Holdings(2)	Shares	Disposal	6 August 2020	Outside the trading platform	27.00	65,533,725
Lepton Fund(1)	Shares	Acquisition	15 September 2020	Outside the trading platform	24.00	49,992,000
Horizon Investment Holdings(2)	Shares	Disposal	15 September 2020	Outside the trading platform	24.00	184,800,000
Lepton Fund(1)	Shares	Acquisition	16 December 2020	Outside the trading platform	28.00	345,163,896
Horizon Investment Holdings(2)	Shares	Disposal	16 December 2020	Outside the trading platform	28.00	345,163,896

(1) Legal person related to Brasil Warrant Administração de Bens e Empresas, director.

(2) Legal person related to Robert Seminara, director, and Claudia Scarico, director at the transaction date.

(3) Legal person related to Bpifrance Investissement, director.

Board of Directors

Annex II

Extra-financial performance statement 2020

verallia

RE-IMAGINE glass

FOR A SUSTAINABLE FUTURE

Statement of Extra-Financial Performance

2020

SOMMAIRE

EDITORIAL

Michel Giannuzzi
Chairman and Chief Executive Officer, Verallia Group

In a world that is moving towards a carbon-neutral society, Verallia aims to be a driving force in the transformation of the glass packaging sector. That is why, in 2020, we formally set out our purpose as "Re-imagine glass for a sustainable future". Developed in close collaboration with all our stakeholders, this purpose reflects the Group's ambitions.

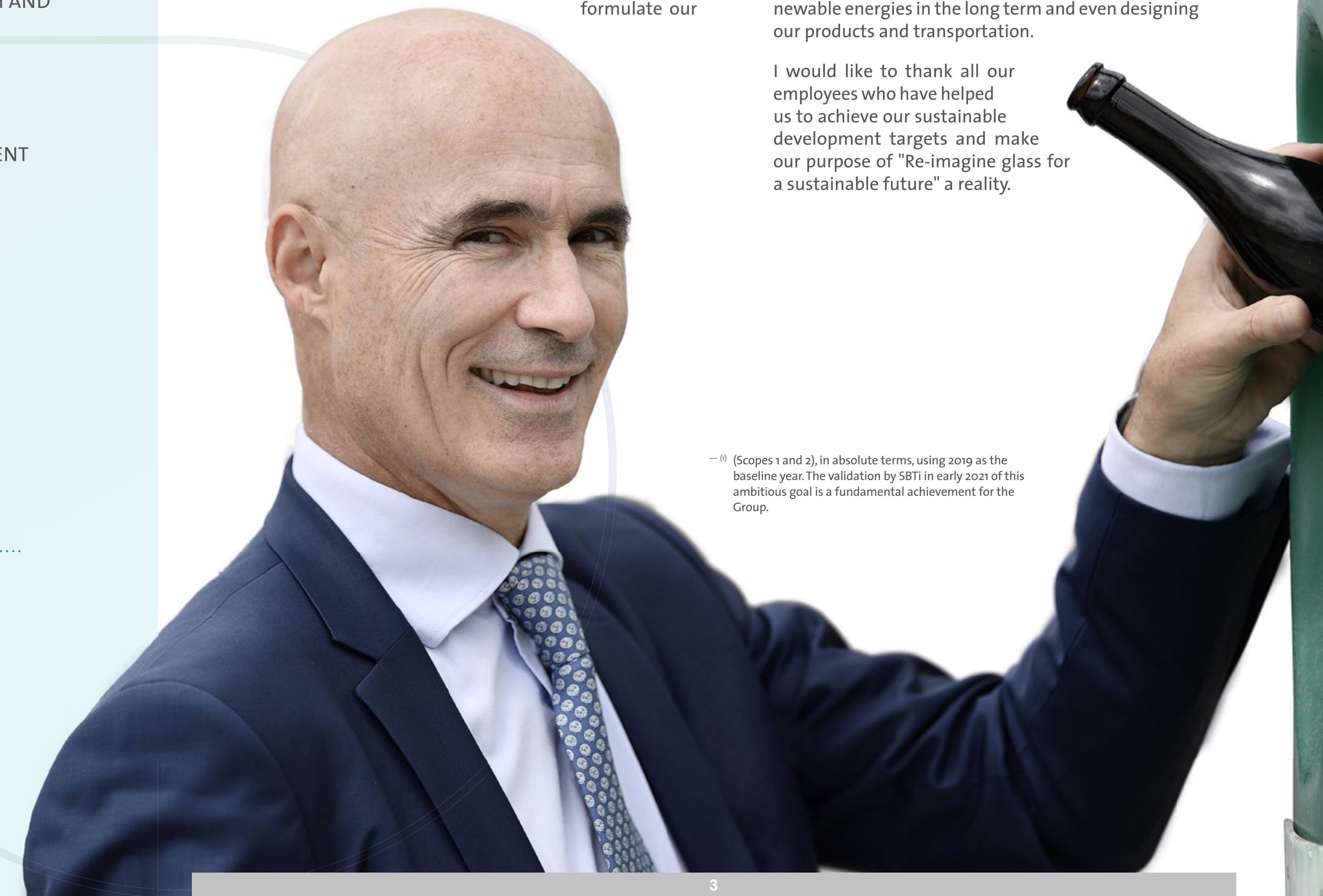
This purpose is the bedrock of our strategy. It is in line with our core business, our values and our mission, but is also ambitious because it places the circular economy and our contribution towards a carbon neutral society at the heart of our strategy and our actions. It involves stepping up the pace of innovation within our value chain, making re-use a winning solution for the planet and glass packaging, and lastly encouraging the entire industry to use more recycled glass.

Our sustainable development strategy is the natural continuation of our purpose, attesting to our desire to transform the glass packaging sector. 2020 was an opportunity for us to formulate our new commitments between now and 2025 in terms of sustainable development. These commitments are a crucial step in addressing the challenges our planet is facing.

In response to the climate emergency, we have decided to align our CO_2 emission reduction targets by following the Science Based Targets initiative (SBTi) and joining the well-below 2°C trajectory, which aims to limit the rise in temperatures to less than 2 degrees Celsius above pre-industrial temperatures. Our new target is therefore to reduce our CO_2 emissions by 27.5% by 2030[1].

Fulfilling the commitments we have set ourselves would not be possible without the involvement and engagement of our staff, despite the COVID-19 pandemic. Demonstrating their agility and responsiveness, they have been involved in each stage of our value chain and stepped up the pace of innovation in all plans, whether in terms of energy consumption, the efficiency of our production facilities, introducing renewable energies in the long term and even designing our products and transportation.

I would like to thank all our employees who have helped us to achieve our sustainable development targets and make our purpose of "Re-imagine glass for a sustainable future" a reality.



— (1) (Scopes 1 and 2), in absolute terms, using 2019 as the baseline year. The validation by SBTi in early 2021 of this ambitious goal is a fundamental achievement for the Group.

OUR SUSTAINABLE BUSINESS MODEL: AT THE HEART OF THE CIRCULAR ECONOMY

OUR RESOURCES

EMPLOYEES WHO MAKE VERALLIA SUCCESSFUL

- Nearly 10,000 employees
- **4 shared values**: care for customers, respect for individuals, law and the environment, empowerment and accountability, teamwork
- **177** professions[1]
- **475** employees hired in 2020 including **150** women
- **10%** managers and senior executives

OCCUPATIONAL SAFETY

- Frequency rate of TF2 workplace accidents: **4,6**[2]

PARTNERS WHO SHARE OUR VALUES

- FEVE (European Container Glass Federation)
- Ellen MacArthur Foundation
- ABIVIDRO Associação Brasileira das Indústrias de Vidro
- BPI France

AN INTERNATIONAL INDUSTRIAL PRESENCE IN 11 COUNTRIES

- **32** glass production facilities
- **57** furnaces
- **8** cullet processing centres
- **3** decoration plants
- **5** technical centres
- **13** development centres

A LOCAL PLAYER

- **More than 280 employees** in the sales teams[3]

Extraction and processing

of raw materials (sand, limestone, sodium carbonate)

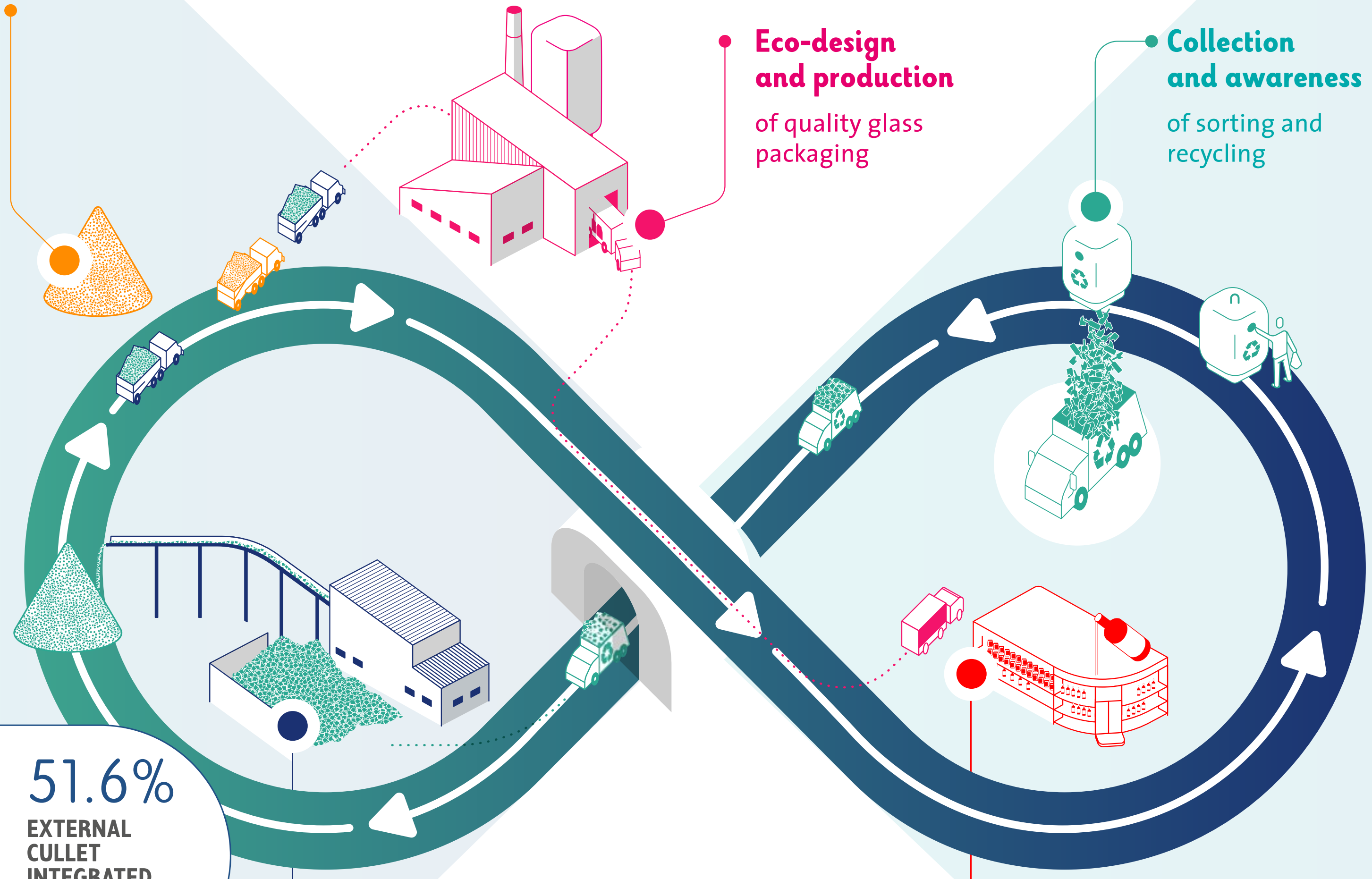
MORE THAN
16 BILLION
BOTTLES AND JARS PRODUCED

Eco-design and production

of quality glass packaging

Collection and awareness

of sorting and recycling



51.6%
EXTERNAL CULLET INTEGRATED INTO OUR PRODUCTION

Processing of collected glass into cullet

through the recovery of household glass at processing plants (of Verallia or its partners)

Packaging and marketing

Verallia helps to showcase its customers' products and contributes to the well-being of end consumers

RESULTS FOR SHARED GROWTH

A HEALTHY FINANCIAL SITUATION

- Net profit of **€210 million**
- Equity of **€578 million**
- Cash and cash equivalents of **€476 million**
- Operating cash flow of **€442 million**

CLIENTS

- **€2.5 billion** in revenue
- **16.2 billion** bottles and jars produced
- **15.6%** of sales from the Ecova range[4]

SALARIES

- **€492 million** in wages paid (incl. social security contributions)[5]
- Associated costs: **approx. €124m or around 25%**
- An average of **25 hours** of training per employee

SUPPLIERS

- **€1.6 billion** in purchases
- **€250 million** in capital expenditure

INVESTORS

- **€101 million** of dividends paid[6]
- (**€0,85** per share)

SPECIAL ATTENTION PAID TO THE ENVIRONMENT

- Water consumption: **0.587 m³/tpg (-4.4% vs 2019)**[7]
- Energy consumption: **1.89 MWh/tpg**
- Percentage of recycled waste at glass plants: **60%**[8]
- CO_2 emissions: **0.523 tons/tpg scope 1 and 2 (-1.5% vs 2019)**[9]

— (1) Categories: technical production, trade, R&D, purchasing, supply chain, Environment/Hygiene/Safety, internal audit and internal control, finance.
— (2) TF2 refers to the ratio of the number of accidents with and without time off work per million hours worked.
— (3) Functions identified in the sales and marketing channels.
— (4) Proportion of total sales from the Ecova and EGO ranges.
— (5) €492m including employee benefits (profit sharing) excluding temporary staff.

— (6) Dividends paid in 2020 for 2019 financial year. € 101 million of dividends : € 87,490,361.32 in newly issued shares and € 13,144,489.38 in cash contribution.
— (7) tpg = ton of packed glass or 'ton of good glass': One ton of packed glass corresponds to one ton of pulled glass measured straight out of the furnace and taking into account production losses linked in particular to shutdowns of the furnace or other equipment for maintenance or quality issues.
— (8) Including waste from furnace reconstructions.
— (9) Scope 1 "Direct emissions" = CO_2 emissions within the physical boundaries of the plant = carbonated raw materials, heavy and domestic fuel, natural gas (fusion and non-fusion). Scope 2 "Indirect emissions" = emissions related to electricity consumption required for the plant's operation.

OUR PURPOSE

In October 2020, Verallia unveiled its purpose:

RE-IMAGINE GLASS FOR A SUSTAINABLE FUTURE

In response to the environmental challenges facing the planet, as well as changes in consumption, **this approach marks the Group's desire to be a driving force in the transformation of the packaging sector and to go even further, even more quickly, by enhancing the circular and positive aspect of glass packaging.**

By means of its purpose, the Group is hoping to redefine how glass is produced, reused and recycled in order to make it one of the most sustainable packaging materials.

Glass, an ancestral material made by man, is obtained using a manufacturing process that has remained more or less unchanged over the centuries. The Group is therefore not looking to reinvent the modern definition of glass. However, to turn it into one of the most sustainable materials, it is necessary to rethink the entire value chain. This transformational process requires us to be open to new ideas and models in terms of production, reusing and recycling of glass packaging. Innovation and creation in particular will play a decisive role. This is how the Group, with its partners, will re-imagine glass for a sustainable future.

In order to implement its purpose, Verallia intends to:

- **Step up the pace of innovation in its value chain:** the Group is committed to using ever more innovative solutions to reduce carbon emissions from the design to the transportation of its products and thereby helping its customers to reduce their own impact on the environment.
- **Making re-use a winning solution for the planet and glass packaging:** the Group wants to support and ensure the continuation of initiatives aiming to re-use glass packaging in order to address the growing expectations of its customers and consumers.
- **Taking action to increase the use of recycled glass:** the Group wants to collaborate with its partners to improve collection and recycling systems in all its markets.

These three areas are looked at in more detail in our sustainable development strategy in chapter 2.2.

CREATING OUR PURPOSE

In December 2019, the teams at Verallia started to think about the company's purpose. All the Group's stakeholders were then consulted and involved in this process. Several dozen clients from different countries, a large number of suppliers, local authorities, professional associations, NGOs, shareholders and investors that Verallia works with on a day-to-day basis took part. In addition to round table sessions organised in each region, more than 1,500 Verallia employees responded to the online consultation in February 2020 to help to jointly develop the Group's purpose.

OUR VALUES

Care for customers

We try to anticipate our customers' needs and uphold the promise we make to them: design, quality and logistics service. Each of our employees is actively involved in doing their best, under any circumstances, to meet the commitments made.

Respect for people, laws and the environment

Respect for individuals forms the basis of the relationship between members of our Group. This involves in particular listening and open dialogue, as well as protecting the health and safety of our employees. All our companies are committed to applying the law and regulations that apply in the countries in which they operate and all adhere to an active policy of protecting and respecting the environment.

Empowerment and accountability

We encourage all our employees to take initiative, and support the expression, sharing and respect of everyone's opinions as part of an overall policy of responsibility.

Teamwork

We believe in teamwork as a way of ensuring the collective success of the Group. Helping each other, courtesy and teamwork are encouraged and valued.

OUR SUSTAINABLE DEVELOPMENT GOVERNANCE

Verallia's Sustainable Development strategy is ensured at Group level in accordance with the following governance framework:

The Board of Directors

- **Role in terms of Sustainable Development:** monitors progress made in terms of the Sustainable Development strategy
- **Subjects reviewed during the year and discussed by the Board in 2020:**
  - Approval of the purpose
  - Approval of the Sustainable Development targets

Number of meetings: **7**

Attendance rate **88%**

The Executive Committee

- **Role in terms of Sustainable Development:** Responsible for the Company's performance relative to the targets of the sustainable development strategy
- **Subjects reviewed during the year and discussed by the Board in 2020:**
  - Preparation of the purpose
  - Preparation of the Sustainable Development targets
  - Climate emergency Interactive training workshop on climate change

Number of meetings: **11**

The Sustainable Development Committee

- **Members:** the Sustainable Development committee is made up of five members, including the Chairman of the Board of Directors, the two employee representatives with seats on the Board of Directors and one member appointed from among the independent members of the Board of Directors. At 31 December 2020, the Sustainable Development committee had five members, including one independent member: Virginie Hélias (Chair and independent director), Michel Giannuzzi (Chairman of the Board of Directors) and Bpifrance Investissements, represented by Sébastien Moynot (director), Dieter Müller and Sylvain Artigau, employee representatives.
- **Duties:** the Sustainable Development committee is a specialist committee of the Board of Directors, the main duties of which are to ensure that subjects relating to social and environmental responsibility are taken into account in the Group's strategy and in the implementation thereof, to review the report required under Article L. 225-102-1 of the French Commercial Code concerning sustainable development and to review the Group's commitments in terms of sustainable development in the light of the challenges faced in terms of its operations and its targets.
- **Activities and work in 2020:**
  - Review of the Statement of Extra-Financial Performance
  - Review of the purpose
  - Review of the Sustainable Development targets (inclusion, disability, climate change, eco-design)

Number of meetings: **5**

The Sustainable Development department and its network

The Group's head of Sustainable Development works on a day-to-day basis in coordination with the network of **eight Sustainable Development correspondents from each country** (e.g. Germany, France, Italy) or region (e.g. Iberia = Spain and Portugal) in order to respond to specific demands from customers, investors etc. The diversity of correspondents' functions (HR, EHS, Marketing) and skills allow experience to be shared on a variety of issues relating to the company's social responsibility. A conference call is organised every two months to discuss progress made and difficulties, and to check that the Group's strategy is being rolled out accordingly on a local level.

NOTE

20% of variable compensation paid to the Chairman and Chief Executive Officer includes sustainable development criteria. For 2020, these criteria relate to safety and sustainable development targets, with a safety criterion relating to a frequency rate of workplace accidents with or without time off work (known as TF2) below a predefined threshold making up one half, and sustainability criterion, namely reducing the Group's carbon dioxide emissions, making up the other half.

OUR CERTIFICATIONS, RATINGS AND PARTNERSHIPS

verallia

UN Global Compact	CDP – Disclosure Insight Action – A-	Science Based Targets – Driving ambitious corporate climate action – "COMMITTED" STATUS	ecovadis Gold 2020 Sustainability Rating – TOP 5% SCORE 67/100	Sedex	Ellen MacArthur Foundation Member	Sustainalytics – LOW RISK
SINCE 2016	SINCE 2020	SINCE 2020	SINCE 2013	SINCE 2016	SINCE 2020	SINCE 2020

SITES CERTIFICATIONS

	ENVIRONMENT ISO 14001	HEALTH AND SAFETY OHAS 18001 ISO 45001	ENERGY ISO 50001	QUALITY ISO 9001	FOOD SAFETY ISO 22000 FSSC 22000
GERMANY					
ESSEN	●	●	●	●	●
NEUBURG	●	●	●	●	●
WIRGES	●	●	●	●	●
BAD WURZACH	●	●	●	●	●
ARGENTINA					
MENDOZA	●	●	●	●	●
BRAZIL					
CAMPO BON	●	●		●	
PORTO FERREIRA	●	●		●	●
JACUTINGA	●	●		●	
CHILE					
ROSARIO	●	●		●	
SPAIN					
SEVILLA	●	●		●	●
AZUQUECA DE HENARES	●	●		●	●
BURGOS	●	●		●	●
LAS PALMAS GRAN CANARIA	●	●		●	●
MONTBLANC	●	●	●	●	●
ZARAGOZA	●	●	●	●	●

	ENVIRONMENT ISO 14001	HEALTH AND SAFETY OHAS 18001 ISO 45001	ENERGY ISO 50001	QUALITY ISO 9001	FOOD SAFETY ISO 22000 FSSC 22000
FRANCE					
ALBI	●	●		●	●
CHALON SUR SAÔNE	●	●		●	●
COGNAC	●	●		●	●
LAGNIEU	●	●		●	●
OIRY	●	●		●	●
SAINT ROMAIN LE PUY	●	●		●	●
VAUXROT	●	●		●	●
ITALY					
CARCARE	●	●		●	●
DEGO	●	●		●	●
GAZZO VERONESE	●	●		●	●
LONIGO	●	●		●	●
PESCIA	●	●		●	●
VILLA POMA	●	●		●	●
PORTUGAL					
FIGUERA DA FOZ	●	●	●	●	●
RUSSIA					
KAMYSHIN	●	●		●	●
KMS-STRAVOPOL	●	●		●	●
UKRAINE					
ZORYA	●	●		●	●

OUR STRATEGY: BE A DRIVING FORCE IN THE CIRCULAR ECONOMY

OUR MAIN SUSTAINABLE DEVELOPMENT RISKS AND OPPORTUNITIES

In 2018, a materiality analysis was performed in three stages:

- **Identification of priority issues**
  based on the analysis of the available documentation and interviews of the main stakeholders in the Group (analysis of Group activities and environment), supplemented by an industry benchmark conducted by a consulting firm – sector risk bases (MSCI and SASB) and working with the Risk department at Verallia Group level.
- **Sharing of these issues**
  with the main stakeholders.
- **Prioritisation of these issues**
  by comparing the expectations of stakeholders and the vision of the Group's management. A rating scale was defined by criteria, in conjunction with the Risk department. Different components were taken into account to determine the priority risks and opportunities. The impact on people, operations, the environment, the image/reputation of the Group was discussed and factored in. A consensus was reached by using the results of an electronic vote carried out during a joint workshop led by a consultancy firm, where the participants included the members of the Group's Executive Committee as well as the main support and operational functions of the French and Spanish entities.

In order to make them easier to read, the issues identified were grouped and summarised in 2018, then updated in 2020 based on the three pillars of long-term commitment associated with Sustainable Development:

- **Enhance the circularity** of glass packaging
- **Significantly reduce our CO_2 emissions** across our operations
- **Provide a safe and inclusive place** to work

The materiality matrix reflects the Group's identity as well as the specific issues relating to its activities and local presence. It also made it possible to highlight seven key sustainable development risks and opportunities for the Group within these priority issues – see table opposite. Indicators for monitoring these risks have been defined in order to measure their development and the achievement of the improvement targets set by Group management.

The materiality matrix will be updated in 2021 to take account of changes in the expectations of our various stakeholders and changes in the environment, factoring in climate change, declining resources and the impact on biodiversity.

PILLAR OF THE SUSTAINABLE DEVELOPMENT STRATEGY	KEY RISKS AND OPPORTUNITIES
ENHANCE THE CIRCULARITY OF GLASS PACKAGING	• Making the circular economy a more significant part of our value chain
	• Optimising water use and reducing waste
SIGNIFICANTLY REDUCE OUR CO_2 EMISSIONS ACROSS OUR OPERATIONS	• Energy efficiency and carbon footprint of our operations
	• Quality of our products
	• Eco-design of our products
PROVIDE A SAFE AND INCLUSIVE PLACE TO WORK	• Occupational health and safety
	• Employee commitment

Our Group's sustainability is inconceivable without flawless ethics. In accordance with the regulatory expectations for the Statement of Extra-Financial Performance, the section entitled *Ensure that applicable regulations are respected in our activities and value chain* (pages 14 to 17) takes into account our main risks and opportunities in terms of combatting corruption and tax evasion, and respecting human rights.

Note that more detail on combatting corruption and tax evasion can be found in Chapter 3.4.1 of our URD: Risks related to environmental regulation, compliance and tax.

OUR SUSTAINABLE DEVELOPMENT STRATEGY AND SCORECARD

2020 marked a turning point for Verallia with the redefinition of its Sustainable Development strategy.

Verallia's strategy has been adjusted as the natural continuation of our purpose:

"RE-IMAGINE GLASS FOR A SUSTAINABLE FUTURE."

Glass, a material with exceptional qualities, 100% and infinitely recyclable, with no alteration regardless of the number of times it is recycled, is one of the most sustainable materials. Our priority at present is therefore to produce healthy and sustainable packaging while also having a positive impact on the environment.

"In a world that is moving towards a carbon-neutral society, we want to be a driving force in the transformation of the packaging sector. By going even further and even more quickly, we are enhancing the circular and positive aspect of glass packaging."

Michel Giannuzzi,
Chairman and Chief Executive Officer

This strategy is based on quantified targets that aim to reduce our impact as well as that of the glass industry. Centred around three core pillars, this will guide our internal transformation over the next five years:

1 ENHANCE THE CIRCULARITY OF GLASS PACKAGING

We firmly believe that glass is one of the most sustainable materials. The circular economy is central to our strategy and in the light of this our work is centred around three main priorities: increasing glass recycling, optimising the use of cullet and developing the re-use of our packaging.

Our targets for between now and 2025 are as follows:

Contributing actively to the plan to **increase the glass recycling rate** in the EU to achieve the target of **90% in 2030**.

Increase the use of external cullet in our worldwide production by 10 points compared to 2019.

Trialling at least **one pilot bottle re-use project** in France.

2 SIGNIFICANTLY REDUCE OUR CO_2 EMISSIONS ACROSS OUR OPERATIONS

Aware of the climate emergency, we have decided to make reducing our carbon footprint a key focus of our Sustainable Development strategy.

Our bottle and jar production process entails a high level of energy consumption and CO_2 emissions. We therefore involve all our staff in a process of constant innovation in order to reduce these at each stage of our value chain, from using raw materials like cullet, to optimising the efficiency of our furnaces and recycling our waste.

We have also decided to commit ourselves to a carbon trajectory that consists of limiting the increase in temperatures to 2 degrees above pre-industrial levels.

Between now and 2030, we are committed to **reducing our CO_2 emissions (scopes 1 and 2) by 27.5%** in absolute terms, using 2019 as the baseline year.

As regards our products, we want to **reduce the weight of our standard and non-returnable bottles and jars by 3%** between now and 2025.

3 PROVIDE A SAFE AND INCLUSIVE PLACE TO WORK

We want to offer our staff a safe and inclusive working environment. Making safety a constant concern for all employees, so that they protect themselves and their colleagues, is one of the Group's priority objectives. The same applies to inclusion, which is key. This involves in particular pursuing our goal of equality between men and women and promoting diversity in terms of education, experience and nationality, which enrich the Group on a day-to-day basis. It also involves encouraging as much as possible the recruitment and well-being of disabled workers.

Between now and 2025, our goals are as follows:

Aiming for a **zero accident rate and a TF2 rate of less than 2.**

Increasing the gender equality index by 15 points at Group level (vs. 60 in 2019).

Encouraging the integration of disabled workers by doubling the rate of disabled employees (vs. 3% in 2019).

Doubling the level of employee share ownership (vs. 2.6% in 2019)

SUSTAINABLE DEVELOPMENT SCORECARD

Key risks and opportunities	Pillars of the strategy	United Nations Global Compact Sustainable Development Goals (SDGs)	Commitments	Goals	Performance indicators	Values 2020	Values 2019	Values 2018	Change
Incorporate the circular economy into our value chain	ENHANCE THE CIRCULARITY OF GLASS PACKAGING	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 17 PARTNERSHIPS FOR THE GOALS	**Promote the circular economy by being a driving force in the collection and use of cullet**	Increase the use of external cullet in our worldwide production by 10 points between 2019 and 2025	Rate of use of external cullet in production (at our 32 glassmaking plants)	51.6%	49%	47%	↗
				Contribute actively to the plan to increase the glass recycling rate in the EU to achieve the target of 90% in 2030	Proportion of used domestic glass recycled in the European Union	N/A	N/A	76%	
				Develop re-use as a viable business model	Trial at least one pilot project in France between now and 2025 to validate the business model	NEW	–	–	
Energy efficiency and carbon footprint of our operations	SIGNIFICANTLY REDUCE OUR CO_2 EMISSIONS ACROSS OUR OPERATIONS	13 CLIMATE ACTION; 15 LIFE ON LAND; 17 PARTNERSHIPS FOR THE GOALS	**Improve energy efficiency and reduce our CO_2 emissions**	Reduce our CO_2 emissions (scope 1 &2) by 27.5% by 2030 compared to 2019	Scope 1 & 2 CO_2 emissions (tons)	2,941k(1)	3,090k(1)	3,045k	↘
Eco-design of our products			**Promote the eco-design of our products**	Reduce the weight of our standard and non-returnable bottles and jars by 3% between now and 2025 (Alpha index)	Alpha index (= weight / volume^0.8 in accordance with standard NF-H35077)	16	16	15.5	=
Preservation of the ecosystem			**Help to preserve forests and offset our business trips**	Plant 100,000 trees a year and offset emissions caused by our business trips	Number of trees planted Number of certified carbon credits	100,000 30910t**	100,000 30910t(2)	–	=
Occupational health and safety	PROVIDE A SAFE AND INCLUSIVE PLACE TO WORK	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 17 PARTNERSHIPS FOR THE GOALS	**Ensuring the health and safety of all**	Move towards "zero accidents" Achieve a TF2 rate of less than 2 by 2025	TF2	4.6	5.5	4.8	↘
Employee commitment			**Encourage gender equality**	Increase the gender equality index at Group level by 15 points, applying the obligations of French law to all companies (vs. 60 in 2019)	Gender equality index (as defined by French law)	70	60	N/A	↗
			Encourage the integration of disabled workers	Double the level of disabled workers (vs. 3% in 2019)	Proportion of disabled workers	3.3%	3%	N/A	↗
			Encourage employee share ownership	Double employee share ownership by 2025 (vs. 2.6% in 2019)	Proportion of employees owning Verallia shares (directly or via the corporate mutual fund)	3.3%	2.6%	N/A	↗

NOTE

We are committed to reporting each year on the progress made in these three areas using indicators that are summarised in the scorecard below. This scorecard will be reviewed on a quarterly basis by the Executive Committee.

— (1) For scope 2 CO_2 emissions, "Market-based" will be the calculation method to follow our commitments. Definitions from GHG standard protocol.
Market-based method = based on GHG emissions emitted by the generators from which Verallia contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own. Location-based method was used until 2019 = based on average energy generation emission factors for defined geographic locations, including local, subnational, or national boundaries. 2019 scope 2 location based = 487 825, market-based = 610.653

— (2) 1% of our total scope 1 and 2 emissions N-1 .

COMPLIANCE WITH REGULATIONS AND RESPONSIBLE PROCUREMENT FOR VERALLIA

1. ENSURING COMPLIANCE WITH APPLICABLE REGULATIONS IN OUR ACTIVITIES AND OUR VALUE CHAIN

Complying with applicable regulations and anti-corruption measures

Verallia's sustainability is inconceivable without sharing values common to the entire Group. In 2017, Verallia reasserted the principles that have guided all its companies and teams since 2000 by means of the four core values that form the basis of the Code of Conduct: care for customers, respect for individuals, law and the environment, empowerment and accountability, and teamwork.

This Code of Conduct is the foundation of the Group's actions in terms of business ethics, which is the common thread that unites the community of people who work at and for Verallia. Its objective is compliance with laws and regulations as well as the policies and values of the Group.

The compliance culture that drives the Group is expanding through this code and is bolstered by a compliance programme that strengthens the value of respecting laws and their related obligations.

Finally, the Group is acting in accordance with the tax rules in the countries in which it operates and fulfilling its reporting obligations on time. The Verallia Group does not use any complex financial packages or tax havens with the aim of obtaining unfair tax benefits (see chapter 3, risks).

Governance

The implementation of the Group compliance programme is based on adopting policies drawn up at Group level in the various regions and countries in which it operates by means of a network of compliance correspondents:

Group legal department > **Role:** Prepares and validates policies.

Regional and country legal departments > **Role:** Propose and implement policies.

Group risk committee

Members:
- Chairman and Chief Executive Officer,
- Chief Financial Officer,
- General Secretary,
- Industrial Director,
- Legal Director (Executive Committee),
- Group Head of Compliance,
- Head of Internal Control,
- Head of Risk.

Role:
- Carries out regular compliance reviews.
- Follows up on measures taken.
- Validates the themes to be pursued and future action plans.
- Proposes additional measures to ensure the effectiveness of the implementation of the Code of Conduct and to comply with applicable laws and policies in the areas of, among others, competition law, prevention of corruption and financial embargoes and sanctions.

Regional and country compliance committees

Members:
- Chief Executive Officer of the company or region,
- Chief Financial Officer,
- Legal Director,
- Director of Human Relations,
- Risk officers,
- Audit and internal control managers,
- Compliance correspondents.

Role:
- Suggest ways to improve the effectiveness of implementing the Code of Conduct and to ensure compliance with the applicable laws, regulations and policies in the areas covered by the Group's compliance programme or any other that they may identify.
- Coordinate the actions of compliance correspondents.
- Assist compliance correspondents in disseminating and implementing policies.

Audit and internal control department

Role: Checks the effective application of rules and procedures and training of employees in compliance programmes.

50 compliance correspondents

Role:
- Ensure policies are disseminated and lead operational teams on compliance issues.
- Coordinate compliance actions.

To strengthen the governance of the Group's compliance programme following the admission to trading of the ordinary shares comprising the share capital of Verallia SA on the Euronext Paris regulated market, as of 2020, the compliance programme is monitored by the Board of Directors of the Company established as a result of this admission to trading.

A compliance programme, the basis of the Group's policies

All Group compliance policies are disseminated through the regions and subsidiaries.

To date, the compliance programme has been monitored by the compliance network organised around the following main topics:

- **Prevention of corruption,**
- Compliance with **competition law,**
- Compliance with rules **on economic sanctions and embargoes.**

OUR KEY TARGETS

TRAIN 100% :

of employees exposed to competition risk , in the training programme: competition law (COMPLY)

of new employees exposed to corruption risk to anti-corruption measures in their first year of working with the Group (ABC)

Prevention of corruption

A first action programme to prevent corruption was implemented in the early 2010s. It has recently been expanded based on French law on transparency, anti-corruption and influence peddling and modernisation of economic life. This programme is based on the **eight priorities set out in the table below:**

RISK MAPPING	An initial corruption risk mapping exercise was carried out in 2017. This was then updated in 2018 and 2020 with the help of a specialist external firm. Risk mapping is based on interviews with key functions (finance, accounting, sales, internal control, tax, risk, procurement, IT) and by means of a questionnaire sent to all Group subsidiaries.
CODE OF CONDUCT AND POLICIES	A number of policies have been drawn up to control corruption risks: the anti-corruption and anti-influence peddling policy (2018) plus the conflicts of interest policy (2016, last updated in 2018), the agents and intermediaries policy (2016, last updated in 2020), the gifts and invitations policy (2016, last updated in 2018). These policies are sent to all newly hired employees. They are also made available to all employees on the Verallia Compliance internal platform. In order to make it easier to access these documents, email communications are sent out regularly by HR teams to remind employees where to find these policies.
TRAINING	Regular training programmes are offered to employees. In 2020, a face-to-face training programme was run in all countries for employees exposed to corruption risks. In addition, an e-learning module has been offered to all employees exposed to this risk since 2017 (updated in 2020) in all of the Group's languages via the UNIVERA training platform, where all e-learning programmes are installed. This platform, open to all countries in which the Group operates, makes it possible to see the percentage of registered employees who completed the training and the success rate.
INTERNAL CONTROL	Control processes are included in the Group's Internal Control Manual.
AUDITS	Internal audit programmes regularly include a number of audits in order to ensure the correct implementation of the Group's anti-corruption processes and policies. Specific audits are also performed. These specific audits related to compliance with the sales agents/intermediaries policy in 2019 and to sponsorship and patronage in 2020. On the basis of the results of these audits, action plans have been adopted at the Group's companies.
THIRD PARTY VETTING	Procedures to vet suppliers were implemented by the Procurement Department in the second half of 2020 on the basis of supplier ethics with the help of questionnaires managed and evaluated by external providers.
WHISTLEBLOWING HOTLINE	A whistleblowing hotline is available in all countries in the relevant local language via the internet. This allows employees to report any compliance breaches observed.
DISCIPLINARY PROCEDURE	Failure to comply with procedures can result in sanctions, as set out in the Rules of Procedure or the applicable collective bargaining agreement.

Compliance with competition law

The action plan concerning compliance with competition law is based **on the six principles presented in the table below:**

RISK MAPPING	Competition-related risks are included in the Group's risk map (see chapter 3, risks).
POLICY	To control risks relating to competition, an anti-competition guide and a Professional Associations policy have been compiled. These documents are sent to all newly hired employees. They are also made available to all employees on the Verallia Compliance internal platform, and employees are regularly reminded of where they can be found via emails, as with anti-corruption policies.
TRAINING	Training is offered to all managers as well as employees identified as belonging to a population exposed to risk. The COMPLY competition law training programme is continuing to be rolled out across this population in all of the Group's languages via the UNIVERA training platform. In addition, a new training module covering sales representatives' relationships with their distribution circuit was developed in 2020 in all of the Group's languages on the UNIVERA platform and rolled out across sales teams in all countries. A specific training programme on managing information relating to competition is in the process of being developed internally and will be rolled out on the UNIVERA platform in all of the Group's languages in the first half of 2021.
INTERNAL CONTROL	Control processes are included in the Group's Internal Control Manual.
AUDITS	Internal audit programmes regularly include a number of audits in order to ensure the correct implementation of the Group's competition law policies. External audits can also be performed by specialist firms to ensure that these rules are implemented within Verallia.
WHISTLEBLOWING HOTLINE	The whistleblowing hotline used within the framework of anti-corruption procedures is also used for reporting anti-competitive behaviours.

2021 TRAINING TARGETS

TRAIN 100% OF EMPLOYEES EXPOSED:

- **to the risk of violation** of economic sanctions and embargoes
- **to the risk of corruption**

TRAIN 100% OF NEW EMPLOYEES EXPOSED :

- **to competition law** in their first year of working with the Group

Compliance with rules on economic sanctions and embargoes

The action plan concerning compliance with rules relating to economic sanctions and embargoes is based **on the five principles presented in the table below:**

RISK MAPPING	Risks relating to embargoes are included in the Group's risk map (see chapter 3, risk).
POLICY	A policy on compliance with rules on economic sanctions and embargoes was established in 2016 and updated in 2020. This is sent to all newly hired employees and is also available for all employees on the Verallia Compliance internal platform.
TRAINING	Face-to-face training sessions have already been held in all countries for employees in past years using training materials provided by Verallia. A new training module on compliance with rules on economic sanctions and embargoes was offered on the UNIVERA platform in 2020. It has been translated into all of the Group's languages in order to facilitate dissemination in all countries. In addition, a global training programme intended for all positions that are most exposed to this risk (finance, accounting, sales, procurement) was launched on 15 December 2020 and will continue in the first half of 2021.
INTERNAL CONTROL	Control processes are included in the Group's Internal Control Manual.
AUDITS	Internal audit programmes regularly include a number of audits in order to ensure the correct implementation of the Group's processes and policies in terms of economic sanctions and embargoes. The AEB screening tool has been made available to the populations most exposed to embargo and sanction risks at all Group subsidiaries. This tool can be used within the framework of audits of new suppliers and new customers. This tool also allowed for the launch of an audit of all supplier and customer databases in 2020 at all Group subsidiaries.

OUR RESULTS

	Target 2021	2020	2019	2018
% of the defined population[1] trained in our competition programme (COMPLY)	100 %	98.3%	56 %	73 %
% of the defined population[2] hired during the year trained in our anti-corruption programme (ABC)	100 %	98.7%	57 %	77 %

ANALYSIS OF OUR RESULTS

On the basis of the 2019 results, the training targets for newly hired managers have been maintained and reinforced: training 100% of exposed employees in competition law programmes (Comply) and 100% of newly hired managers in the anti-corruption programme (ABC) in the first year of working with the Group. It was also decided that a programme would be relaunched for targeted managers in 2019 who had not taken the online training.

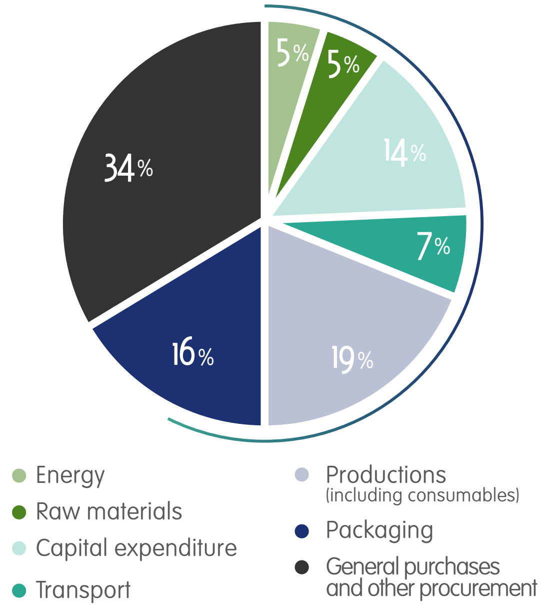
— [1] Employees exposed to risk (managers and employees of the procurement, marketing, communications, sales and customer service departments).

— [2] New hires exposed to risk.

2. HAVING RESPONSIBLE PROCUREMENT PRACTICES

Although responsible procurement management was not identified in Verallia's risk analysis, this nonetheless represents a major issue due to the volumes and diversity of the Group's procurement. Procurement represents annual spending of €1.6 billion and 8,000 active suppliers, mainly located in the countries in which the Group operates (Europe, Latin America, Russia). Half of procurement spending relates to energy and raw materials. Most of these suppliers are local, except for suppliers of soda ash or certain chemicals. The other main spending segments are capital expenditure, transport, production including consumables, packaging and general purchases, and low-value procurement (see chart below).

Breakdown of 2019 CO_2 emissions by scope



Having established the Group Responsible Procurement policy in 2019, the roll-out of this process and the associated tools was stepped up in 2020. The supplier CSR risk mapping exercise initiated in 2019 allowed for supplier assessments and audits to be launched in 2020 and the identification of corrective measures to be taken in 2021. The Group has also carried out work to reduce its supplier base with the aim of improving control over its supply chain and ensuring better monitoring of suppliers

Our Procurement Department governance

Group Procurement Director

Role:
- Defines the Group's procurement strategy.
- Defines targets and tracks progress.

Group Responsible Procurement and Supplier Quality Manager

Role:
- Structures and leads the Responsible Procurement process.
- Coordinates the team of Responsible Procurement correspondents.
- Designs and deploys training.

Directors/ Heads of central procurement categories

Role:
- Set the strategy and coordinate the procurement process for the segments concerned together with the regions/countries;
- Negotiate directly with international suppliers.

Subsidiary and regional procurement department

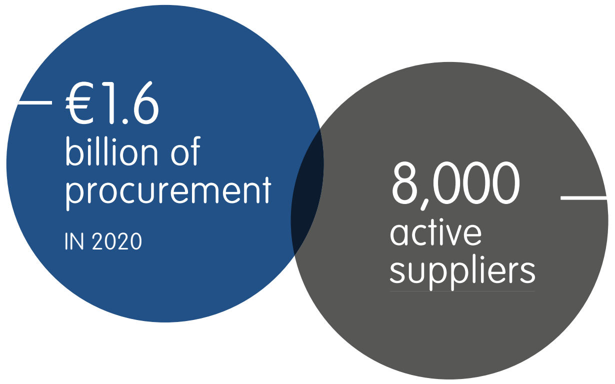
Role:
- Pools procurement at the country and regional levels.
- Drives procurement at the local level.

11 country Responsible Procurement correspondents

Role:
Track targets and action plans.

90 buyers

Role:
Manage procurement segments at the local level.



In 2020, **a network of 11 Responsible Procurement correspondents** covering all Verallia entities worldwide was set up. In addition, the Group Supplier Quality team in charge of Responsible Procurement was strengthened further with the arrival of a dedicated person to coordinate the Responsible Procurement network and associated actions.

Our procurement risk map

In 2019, Verallia acquired a supplier risk mapping tool developed by AFNOR. Tested conclusively in 2019, the tool was rolled out in 2020 at all Group countries at the same time as the implementation of the supplier CSR performance assessment process using the EcoVadis and ACESIA tools.

The risk map is based on external data and allows for the identification of a level of CSR risk for each procurement category and country in which suppliers are located.

It is made available to the community of procurement officers, who refer to it regularly to determine suppliers for which a performance assessment is necessary, which may result in an audit.

In 2020, during the first wave, 260 suppliers were identified worldwide as presenting a potential CSR risk to be addressed as a priority. These suppliers mainly cover three procurement categories: raw materials, chemicals and civil engineering/construction.

The AFNOR CSR risk map crosses "country" risk and "procurement family" risk, broken down into three areas: ethics, environment and social. This allows for assessments to be oriented towards suppliers concerned by the categories/countries most at risk.

Regular supplier assessment process

Our entire supplier base is checked systematically using the mapping tool described above. When a new supplier joins, their level of CSR risk is determined.

The results of this mapping are then used to target more specifically suppliers presenting a high risk and requiring an assessment of their CSR performance.

In order to calibrate assessments as best possible, we have chosen to use two different tools depending on the size of the targeted entities:

- **EcoVadis**
  for suppliers with **more than 250 employees.**
- **ACESIA**
  for those with **fewer than 250 employees.**

In 2020, assessment programmes were launched concerning 260 suppliers within the most at-risk suppliers category. At the end of 2020, 151 assessments had been finalised and 91 assessments were still in progress. In order to go even further in the assessment of its suppliers, Verallia plans to extend the EcoVadis and ACESIA assessments in 2021 to suppliers presenting a lower level of risk according to the risk mapping tool.

EcoVadis and ACESIA (AFNOR) are two service providers specialising in responsible procurement.Their assessments are based on criteria grouped into four themes:

— Environment
— Labour and Human Rights
— Ethics
— Responsible Procurement.

Measures to mitigate and prevent severe violations and monitoring procedure

Risk management process

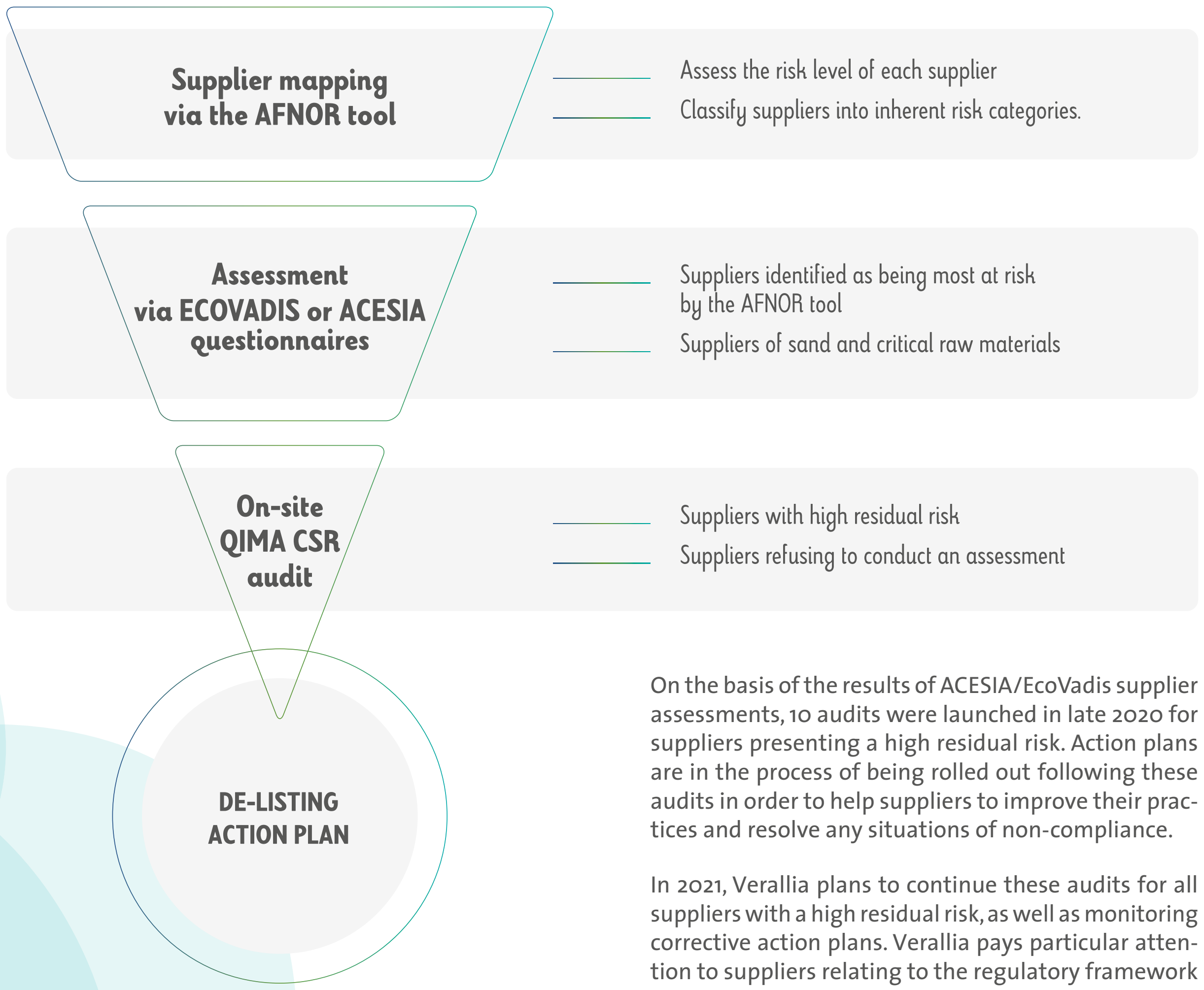
Verallia endeavours to ensure that its values are respected and to convey its values and commitments to its suppliers. To do this, in 2018, the Group formally set out its requirements with regard to its suppliers in terms of compliance with international norms and standards in its Supplier Charter. This charter, which is disseminated to all Verallia suppliers and which must be signed above a certain threshold set by each Verallia entity, requires suppliers to adhere to the following principles unconditionally: respecting the right to development, respecting the right of employees, respecting health and safety, environmental commitment, respecting laws.

Verallia also wishes to make suppliers aware of this from the tender process onwards.

To do this, CSR criteria are included in procurement procedures relating to conducting calls for tenders in order to take account of suppliers' CSR approach in the selection process. These CSR criteria are then set out formally in CSR clauses in contracts signed with suppliers. For example, waste recycling and recovery criteria are included in calls for tenders and procurement contracts concerning IT equipment.

In order to target and address the most significant CSR risks of its existing suppliers, Verallia has created a risk management process.

This comprises risk mapping, assessment of suppliers (EcoVadis/ACESIA), external on-site CSR audits based on SMETA international standards, corrective action plans in the event of proven non-compliance and a delisting process in the event of major non-compliance or failure to comply with corrective action plans. This approach is described in the following chart:



On the basis of the results of ACESIA/EcoVadis supplier assessments, 10 audits were launched in late 2020 for suppliers presenting a high residual risk. Action plans are in the process of being rolled out following these audits in order to help suppliers to improve their practices and resolve any situations of non-compliance.

In 2021, Verallia plans to continue these audits for all suppliers with a high residual risk, as well as monitoring corrective action plans. Verallia pays particular attention to suppliers relating to the regulatory framework for conflict materials. The assessment campaign launched in 2019 was finalised in 2020 *(example: sourcing monitoring for tin-containing surface treatment solutions to ensure that our suppliers are not sourcing from conflict areas).*

Supplier training

In order to ensure the successful roll-out of the CSR risk management process, all Procurement staff at our subsidiaries have been trained.

This training was rolled out via the network of Responsible Procurement correspondents and targeted the approach and tools used, i.e. use of the AFNOR risk mapping matrix and use of the ECOVADIS and ACESIA assessment platforms. A shared documentation base provides buyers with all the support and reference documents concerning responsible procurement.

In addition, all buyers, newcomers and employers exposed to relations with suppliers are made aware of CSR issues. In particular, they must complete a "Purchasing for All" training module, which has a CSR section, and sign the "supplier relations" charter at the end of the module. This also includes a chapter dedicated to CSR issues.

OUR RESULTS

	Target 2021	2020	2019	2018
% of amount of procurement covered by signature of the Supplier Charter(1)	80 %	73%	N/A	N/A
Percentage of suppliers currently identified as at priority risk according to the AFNOR matrix in the assessment process (ECOVADIS or ACESIA assessment initiated or completed)	100 %	91 %	23 %	N/A
Number of on-site audits	10	8	N/A	N/A

ANALYSIS OF OUR RESULTS

With 73% of procurement covered, our main suppliers worldwide have signed the charter.

By deploying our methodology in all countries (as outlined above), 91% of suppliers have been assessed or are being assessed (238 suppliers)

We have a dynamic approach, and the remaining 9% are suppliers identified in Q4 2020 that have yet to accept the invitations sent via our ACESIA and ECOVADIS platforms.

The fact that the target was not met can be attributed primarily to delays in audits (postponed to January 2021) owing to the health situation (COVID-19) in India.

— (1) Obtaining a signed supplier charter is a way of formally securing our suppliers' adherence to our CSR commitments. Should suppliers refuse to sign, Verallia will endeavour to change suppliers. With regard to public companies or state monopolies (for energy in particular), there are no possible alternatives, so signing our charter can no longer be a condition for us to do business with these organisations. For this reason, we chose to exempt them from this obligation. In addition, so we do not post misleading figures, we chose to consider these organisations as signatories. They will be separated in 2021.

1

ENHANCE THE CIRCULARITY OF GLASS PACKAGING

BEING A KEY PLAYER IN THE CIRCULAR ECONOMY

The circular economy is an economic model that aims to produce in a sustainable manner, limiting consumption and waste of resources (raw materials, water, energy), as well as waste production. This therefore means breaking away from the linear economy model (extract, manufacture, consume, throw away).

Glass is an inert material that is 100% and infinitely recyclable into new packaging, making Verallia a key player in the circular economy. **External cullet, a key link in the glass industry circular chain**, is made from glass obtained from selective collection: individuals, cafés, hotels and restaurants. Use of **external cullet** in our production is therefore a major way of reducing Verallia's carbon footprint.

CULLET reduces the consumption of natural raw materials such as sand, or synthetic materials such as sodium carbonate. There is a direct impact on protecting natural resources but also on reducing carbon dioxide emissions on two levels. It reduces the energy consumption required for melting and therefore the carbon dioxide it emits; it also reduces the use of raw materials, the melting of which also emits carbon dioxide. As a result, the increase in the level of cullet in raw materials saves energy and mainly natural raw materials, leading to **a reduction of 2.5% in a furnace's energy consumption and 5% in carbon dioxide emissions for each additional 10% of cullet**[1].

SAVINGS

+10 points of cullet

=

-5% of CO_2 emissions

-2.5% of energy consumption[1]

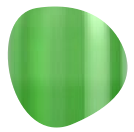
For Verallia, playing a part in increasing the rate of collection will enable us to increase the rate of recycled glass used in our production. Our aim is to increase the percentage of external cullet as much as possible for all colours of glass.

In 2020,

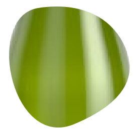
51.6% **of external cullet** in our yields, all colours and all models combined

RATE OF EXTERNAL CULLET USED BY GROUPS OF VERALLIA GLASS COLOURS WORLDWIDE IN 2020:

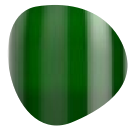
WHITE **29%**



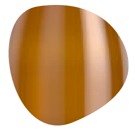
OXIDISED GREEN **42%**



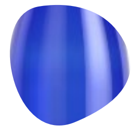
REDUCED GREEN **85%**



REDUCED DARK GREEN **77%**



AMBER **75%**



BLUE **33,5%**

When referring to the rate of cullet used, we mean only the use of external cullet, excluding internal cullet. A high percentage of internal cullet would not be positive in terms of the environmental impact as this involves bottles that have already been produced being reintroduced into a second production process without having been used by consumers.

BUT WHERE DOES GLASS RECYCLING CURRENTLY STAND?

In 2019, Europe had 160 glass manufacturing plants and now has the highest glass recycling rate in the world:

- The rate of **collection** for recycling in Europe (collection by individuals and CHR: Cafés Hotels Restaurants) was **76%** in 2018[2].
- The glass **recycling** rate at European level was **52%**[3].

The challenge is therefore to raise the collection rate in order to raise the recycling rate.

The EU directive on packaging and packaging waste sets demanding targets. : for glass packaging, **the recycling target for Europe is 70% in 2025 and 75% in 2030 for member states.**

In order to reach this recycling target at European level, the quality and quantity of glass collected must increase significantly. To this end, FEVE, the European Container Glass Federation, created the "Close the Glass Loop" programme, an ambitious effort to boost glass collection and recycling[3]. This initiative brings together different stakeholders in the glass value chain through a shared platform and two main targets: reducing disparity in terms of collection and improving the quality of recycled glass (cullet). The end goal is to guarantee the availability and quality of recycled glass resources as part of a system of closed loop production.

The targets set for 2030 are:

- **90%** of the EU's container glass collection rate (compared to the current **76%**[2]);
- **Improved quality of recycled glass,** which would allow for the use of more cullet in the production loop.

"We are very proud to have been able to lay the foundations of such an ambitious programme, which benefits from considerable support from members of our organisation and fully responds to the United Nations' sustainable development goals and the European Commission's European Green Deal,"

Adeline Farrelly,
General Secretary of FEVE

— (1) Press release from the European Container Glass Federation (FEVE) on 29/10/2019.
— (2) 76% corresponds to 2018 data which is the most recent available data ¬online on the FEVE website.
— (3) https://feve.org/about-glass/introducing-close-the-glass-loop/

GOVERNANCE

The Group's Executive Committee defines the "cullet" strategy with the purchasing and industrial departments, which then deploy it locally. The industrial department is in charge of investments concerning cullet processing sites.

The Raw Materials Procurement Director coordinates the cullet purchases from different countries. Its aim is to implement and coordinate all local measures to help to maximise the use of external cullet worldwide. Achieving this target represents 25% of their individual variable compensation.

THE CIRCULAR ECONOMY AT THE HEART OF OUR EHS POLICY

Verallia's EHS policy includes a chapter dedicated to the circular economy with the target of reducing the Group's environmental footprint.

This policy is based on **four core principles**:

- **Produce 100% infinitely recyclable container glass.**
- **Promote glass recycling on every internal and external occasion.**
- **Preserve natural resources.**
- **Improve our energy consumption and reduce emissions at all our production sites.**

OUR KEY TARGETS

INCREASE USE OF EXTERNAL CULLET BY 10 POINTS

in our production worldwide between 2019 and 2025.

CONTINUE INVESTING IN CULLET PROCESSING CENTRES

by leveraging the best technologies available on the market.

HELP IMPROVE THE COLLECTION RATE

to achieve the target set at European level by FEVE: 90% of bottles and jars collected for recycling by 2030.

HELP IMPROVE THE QUALITY OF THE GLASS COLLECTED

through awareness-raising activities through the collection agencies, local authorities and the Group's employees (interventions in schools, at our sites).

OUR ACTION PLANS

INVEST IN CULLET PROCESSING CENTRES

Verallia is recognised for its expertise in recycling cullet. The Group currently operates eight household glass processing centres located in Europe (two in France, three in Italy, one in Germany and two in Spain), where collected glass is transformed into cullet.

Verallia makes a long-term investment in its cullet processing centres in order to improve cullet processing (better quality, better yield, minimum waste) and thereby increase its use in production.

€15 million
INVESTED OVER THE PERIOD 2018-2020

SHARING BEST PRACTICES BETWEEN SITES

Verallia relies on the expertise of its sites around the world to share best practices and knowledge and to optimise the sorting, processing and the integration of cullet into its production.

+10% OF EXTERNAL CULLET IN ITALY

For example, in 2020, Verallia increased its external cullet use rate in Italy by 10% compared to 2018. This was thanks to investment in its cullet processing centres with the aim of improving productivity and the quality of processed cullet. A number of measures are taken to limit undesirables as much as possible (primarily ceramic). The aim is to limit the creation of waste during processing and thereby increase the proportion of usable glass in its furnaces.

EDUCATE CUSTOMERS AND END USERS ABOUT THE IMPORTANCE OF GLASS RECYCLING

Consumers choose glass as packaging for their food products. This is the result of an independent survey conducted in January 2020 of more than 10,000 consumers in 13 European countries, at the request of Friends of Glass and FEVE. In 2020, more than half of consumers bought more products in glass packaging than in 2016 and nine out of ten recommend glass as the best packaging, an increase of 11 points in 10 years.

European consumers are increasingly aware of recyclability and environmental considerations when buying products:

- **buy glass for its recyclability compared with other packaging materials.**
- **33% buy glass for the guarantee that it will preserve and not contaminate food products.**
- **31% choose glass for their health as well as for the planet.**

Continuing to raise awareness about recycling is therefore a priority for the Group.

The industry has also decided to move forward by creating a symbol that reminds consumers of the advantages of glass when making a purchase. A new logo – the Glass Hallmark – is offered to brands and retail chains as a means of communicating the infinite recyclability of glass. It will also be targeted by an information campaign for consumers.

In addition, Verallia takes advantage of all events (fairs, inaugurations, customer events and training, talks at schools, student designers, etc.) to encourage sorting and recruit new recycling ambassadors.

Verallia works in partnership with glass industry associations (FEVE in Europe, ABIVIDRO in Brazil), local authorities, glass eco-organisations (CITEO in France, ECOVIDRIO in Spain, COREVE in Italy, etc.) and cullet processing companies. In the absence of a household glass collection system, such as in Chile or Argentina, Verallia acts on its own behalf by launching collection campaigns in partnership with cities close to plants.

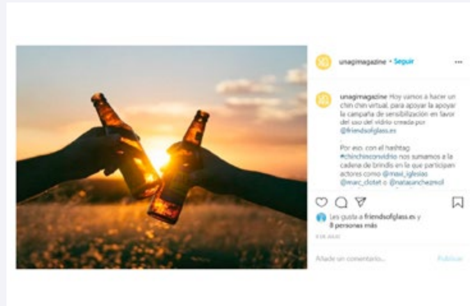
In 2020, the **Friends of Glass** consumer platform launched various national campaigns, such as "Vote for Glass" in France and "Grandi Stazioni" in Italy - coordinated on a European level by FEVE with the aim of playing an active role in the debate on environmental impact and health, and the choice of packaging.

Friends of Glass – French Initiative #Votezleverre

Via the Friends of Glass community, on 15 September 2020 Verallia launched its engaged and quirky **#Votezleverre** campaign on social media. Comprising eight videos, the campaign reminds wine lovers of the advantages of glass; such as its composition, its infinite recyclability, its preservation qualities, and its variety of shapes, colours and capacities. This campaign received more views[3] and people on social media (192 K via Facebook[3], 294 K via Instagram and 17 K via Twitter).

Friends of Glass – Spanish Initiative via Anfevi

In Spain via the Friends of Glass - Anfevi - community, the CHIN campaign was launched on social media from June to September 2020. Thanks to a YouTube video and posts on Instagram and TikTok, the campaign registered more than 5.6 million views.



ENCOURAGING THE RE-USE OF GLASS PACKAGING AND DEVELOPING RETURN SCHEMES

Aware that re-use is one of the major components of the circular economy, Verallia wants to be a driving force in developing the return scheme for glass packaging. Return schemes have existed for a long time in CHR (Cafés, Hotels and Restaurants) in France and are being increasingly developed for end consumers in some of the Group's regions such as Germany and Brazil. Verallia's desire to play a part in developing re-use and returns is conveyed by its Chairman and Chief Executive Officer: "Re-use and returns are one of the major components of the circular economy and a huge social trend. Re-use and returns are being developed more in some of our markets, such as Germany, than in others. This trend is inevitable regardless of the market and we need to contribute to this and promote it by working with our local partners in particular."

ENCOURAGING RETURNS AT GEROLSTEINER IN GERMANY

The design of the 0.75l new mineral water bottle for Gerolsteiner Brunnen is sustainable because it can be returned and its weight has been optimised. This means that it is as light as is possible for a reusable bottle. The bottle weighs 6% less than the standard returnable bottle. Furthermore, the bottle's modern design makes it highly ergonomic.

— (1) https://www.friendsofglass.com/fr/ecology-fr/soucieux-de-lenvironnement-les-consommateurs-europeens-achetent-de-plus-en-plus-demballages-en-verre/
— (2) Source FEVE : enquête indépendante InSites a été menée fin 2019 et finalisée en 2020 par la société d'études de consommation InSites Consulting, ciblant les consommateurs âgés de 25 à 65 ans dans 13 pays européens.

— (3) more than 15 seconds.

KEY FIGURES

51.6%
external cullet integrated into our production[1]

76%
In 2018, the household glass collection rate was 76%in the EU-28, making it the most recycled goods packaging in Europe (FEVE)

2.9 MILLION TONS
of external cullet used by our sites in 2020

OUR RESULTS

	Target in 2025	2020	2019	2018
External cullet usage rate in production (at our 32 glassmaking sites, all plants, all colours and all models)	59 %	51.6%	49 %	47 %
Household glass collection rate in Europe	90 %[2]	N/A	N/A	76 %
Tons of external cullet reused by sites	N/A	2.9 Mt	2.9 Mt	2.8 Mt

ANALYSIS OF OUR RESULTS

As a reminder, the availability of cullet in each country varies depending on the volume collected, its quality and local processing capacity.

Note, the rate of use of external cullet worldwide has increased by 5.3% (51.6% in 2020 versus 49% in 2019).

Signature of a partnership agreement focusing on the circular economy

Verallia's collaboration with the Ellen MacArthur Foundation was announced on 16 October 2020. The Foundation's inspirational leadership and expertise in the circular economy will help it to step up the rate of progress in the three areas in which it works: accelerating innovation in the glass value chain, encouraging re-use and taking action to use more recycled glass.

This collaboration is an excellent opportunity for Verallia to work with leading thinkers and even more closely with all partners in the value chain, to lead the transition towards the glass circular economy. Joining the Ellen MacArthur Foundation constitutes an exciting new step forward in making glass the most sustainable material.

ELLEN MACARTHUR FOUNDATION
Member

— (1) All colors, all plants.
— (2) Target in 2030. https://feve.org/about-glass/introducing-close-the-glass-loop/

OPTIMISING WATER USE AND REDUCING WASTE

Protecting water resources is one of the most important environmental issues for Verallia. Although consumption has been optimised and reduced, use of water is an essential part of the glassmaking process, primarily for cooling glass during melting and for equipment.

OUR KEY TARGETS

REDUCE BY 5 % WATER CONSUMPTION PER TPG

in glassmaking plants worldwide between **2015-2020** et **2020-2025**

GOVERNANCE

EHS officials manage water and waste governance. Executive management is the decision-maker on investment *(see EHS simplified organisation chart in the chapter "Ensuring the health and safety of all")*.

A POLICY TO REDUCE USE OF WATER

Verallia's policy with regard to preserving water resources aims to take action on both the quantitative and qualitative aspects. This should allow it to reduce its consumption, avoid disruption caused by spills and respect its emission limits. Redefined in 2018, this has allowed for the alignment of action plans for all Verallia sites around shared targets.

OUR ACTION PLANS

WATER

REDUCE WATER USE FOR PRODUCTION

To cool cullet or equipment and thereby save water resources, Verallia's water circuits operate as semi-closed loops. At most of its plants, water is treated and then recycled for numerous cooling uses. Some of the water used is evaporated, thereby concentrating the impurities. In order to ensure that the glass produced is of satisfactory quality, external supplies of water are needed.

The largest use of water is for the cooling of production waste. If part of the production does not have the expected level of quality, the glass considered as waste is cooled before it is transported and then recycled in the furnace. The cooling water is cleaned of oil and particle residues and then reused to cool new production waste. This process of reuse can be carried out several times using concentration control; losses are offset by additions.

Cooling water from equipment (compressors, for example) is the second most important item of water consumption. These circuits operate in closed loops thanks to air cooling towers.

Other occasional water uses are intended for the reconstruction of furnaces.

The "Water standard" comprises 17 golden rules for preserving water resources. They describe how sites should reduce their consumption in particular by means of:

- **maintaining their network:** precise monitoring of consumption, periodical searches for leaks and connection problems.
- **reducing losses and consumption:** recovering rainwater from roofs and reducing losses in water cooling circuits. Production procedures are also optimised to reduce water consumption. Cooling of the blades used to cut molten glass to create the glass gobs intended to become bottles has been optimised so as to reduce water consumption by 80%.
- **re-use:** for example deconcentration water from cooling towers is used to cool production waste. The quality demands of cooling water for equipment are higher than for cooling water for production waste. This water can therefore be cooled using equipment cooling effluents.

ENSURING THE QUALITY OF OUR WASTEWATER

The quality of wastewater is ensured thanks to measurement of the quality of effluents by independent laboratories. Sites need to ensure that their used wastewater complies with their regulatory limits.

The "Water Standard" also includes requirements for protecting the natural environment. To avoid pollution accidents, sites need to ensure:

- correct labelling of all products stored,
- provision of containment tanks and verification of their condition
- the quality of runoff water.

DEPLOYMENT OF THE WATER STANDARD AND ONGOING IMPROVEMENT

Using the same approach as that applied to safety and quality issues, the "Water" standard is rolled out on a site-by-site basis. This is reinforced by coaching of local teams by experts from each region, or by experts from the group, as part of shared monitoring of environment, health and safety issues.

Any major incident is the subject of a root cause analysis, which will then make it possible to adjust the implementation of standards, or even the standards themselves if necessary, following the continuous improvement approach used by Verallia.

OUR RESULTS

	Target in 2025	2020	2019	2018
Water consumption (m³/ton of packed glass)	-5 % vs 2020	0.582 (-7.6% vs 2019)	0.630 (+8.1% vs 2018)	0.583 (+2.5% vs 2017)
Total water extractions (m³)	N/A	3,273,730	3,671,417	3,389,114

ANALYSIS OF OUR RESULTS

In 2020 the water consumption of Verallia group reached 0.582 m³ per ton of packed glass. This is a reduction of 7.6% vs. 2019, and 5.5% vs. 2015 level. Verallia has thus reached its objective of 5% of reduction vs. 2015 for 2020.

In addition, a specific effort has been done in the areas of high hydric stress (South of Europe and Latin America) where water consumption in 2020 was reduced by more than 10% vs. 2019.

WASTE RECYCLING AT VERALLIA

CONTINUE TO RECYCLE OUR WASTE

Glassmaking plants generate little waste, insofar as 100% of raw materials are transformed into glass, which is recycled if there are any faults. In addition to this limited waste, however, at regular intervals there is waste from furnace reconstructions. Verallia endeavours to maximise recycling of all this waste.

In 2020, the recycling rate was 60%, including reconstruction waste, and the group's target is to increase it by 1% a year between now and 2025. Each of the group's sites has adopted indicators and monitoring of recycling rates, and is working on local solutions to recover waste.

OUR KEY TARGETS

INCREASE OUR RECYCLING RATE BY 1 POINT EACH YEAR

2

SIGNIFICANTLY REDUCE OUR CO_2 EMISSIONS ACROSS OUR OPERATIONS

Verallia site in Bad Wurzach, Germany

OUR COMMITMENT CONCERNING THE SCIENCE BASED TARGETS INITIATIVE

We are strengthening our environmental strategy in the light of major climate change, with the aim of minimising the environmental footprint of our products to meet the demands of our customers and the aspirations of consumers.

Glass is a healthy, infinitely recyclable material with no loss of value, which has the primary role of packing, protecting and transporting food and beverages. However, its manufacture currently entails a significant carbon footprint. In 2020, each ton of packed glass represented emissions of 0.5 tCO_2. It is therefore essential for current production facilities to evolve with a view to reducing CO_2 emissions[1].

Our highest emission station in our plants is the glass melting station (as melting entails raising the temperature of solids – sand, cullet, soda ash, calcium carbonate – to achieve a homogeneous vitrified mixture). The simplified diagram below shows the distribution of our carbon emissions; percentages are for information purposes and may change. The percentages for scopes 1 and 2 are provided with respect to the total (fusion and non-fusion).

FUSION			HORS FUSION	
ÉNERGIE DE FUSION		MATIÈRES PREMIÈRES VIERGES		
Fuel lourd + Gaz naturel	Électricité	Carbonate de sodium + Carbonate de calcium + Coke + Dolomite	Gaz naturel	Électricité
70% du CO_2 scope 1	**25%** du CO_2 scope 2	**20%** du CO_2 scope 1	**10%** du CO_2 scope 1	**75%** du CO_2 scope 2

— [1] Emissions related to extraction, production and transportation of fuels used by Verallia.

In 2020, the Group wanted to strengthen its commitment to combatting climate change and define a carbon trajectory compatible with the Paris Agreement's target of keeping the rise in the average temperature of the plant well below 2°C above pre-industrial levels. This desire is reflected by Verallia joining the Science Based Targets initiative. Verallia has therefore made a commitment to reduce its scope 1 and 2 carbon emissions by 27.5% by 2030 compared to 2019, representing a reduction of 2.5% a year in greenhouse gas emissions (GHG) compared to the baseline year.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

OUR TARGET

-27.5%

REDUCTION IN SCOPE 1 & 2 EMISSIONS
between 2019 and 2030.

Verallia defined this trajectory based on the assessment of its carbon footprint in 2019, which allowed it to identify the main emission items, as well as on a roadmap combining improvement in industrial facilities in order to make them more energy efficient, eradicating energy losses, factoring climate concerns into the design of its products and carbon offsetting.

This reduction target is in addition to the climate programme proposed by the Chairman and Chief Executive Officer and validated by the Sustainable Development committee in 2019, which set targets for reducing GHG emissions by 2030. These targets cover all Verallia's activities, with the exception of emissions from offices, decoration plants and cullet processing plants, which represent less than 5% of total scope 1 and 2 GHG emissions.

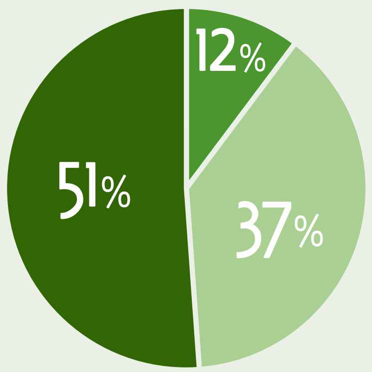
CDP
DISCLOSURE INSIGHT ACTION

NOTE: A-

This year, the Group also confirmed its commitment to combatting climate change and its desire to go even further in identifying ways of mitigating climate risk. This is reflected in particular by Verallia taking part in the CDP Climate Change report for the first time, obtaining a score of A-.

2019 VERALLIA CARBON FOOTPRINT

In 2020, the Group completed the assessment of its overall carbon footprint on a 2019 year base, by estimating its scope 3 emissions in order to understand emission items across its entire value chain and target its actions with the aim of reducing its carbon footprint. Verallia's CO_2 emissions break down as follows:



SCOPE 1 : 2.479.512

SCOPE 2 : 610.653

SCOPE 3 : 1.809.918 (estimées)

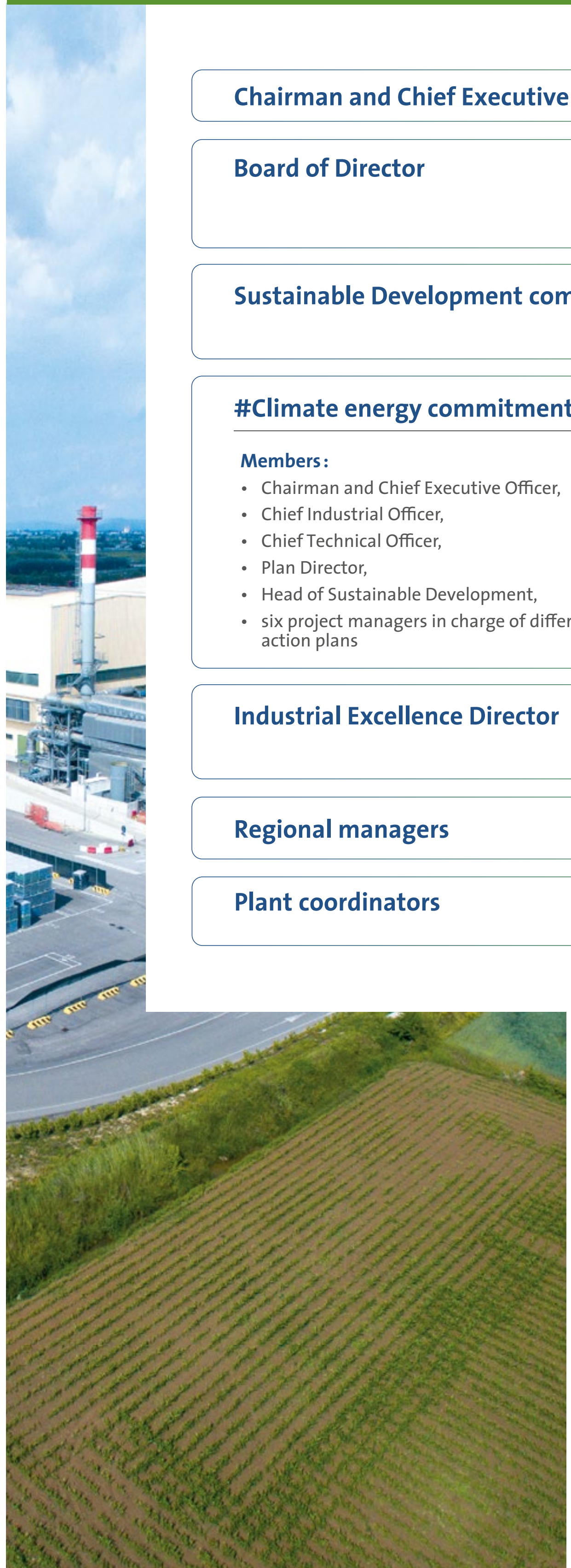
The estimate of our scope 3 emissions showed that these are mainly due to the following:

- Purchases of products and services *(45% of scope 3 emissions)*
- Emissions related to energy not included in scopes 1 and 2[1] *(21% of scope 3 emissions)*
- Transport and distribution[2] *(14% of scope 3 emissions)*

This initial estimation of scope 3 emissions has therefore made it possible to identify the main areas of emissions outside Verallia's operations and begin to think about the action plans to be implemented in order to further reduce the Group's carbon footprint.

— [1] Emissions related to extraction, production and transportation of fuels used by Verallia.
— [2] Upstream, internal and downstream transportation and distribution.

REDUCING OUR CARBON FOOTPRINT



GOVERNANCE

In order to align its targets and action all of the various ways of reducing its carbon footprint, Verallia has adopted a robust governance structure based on a special #Climate energy commitment organisation to ensure that climate issues are taken into account in the Group's strategy. This governance structure is shown in the chart below:

Chairman and Chief Executive Officer > **Role:** Determines the overall climate strategy.

Board of Director > **Role:** Reviews the climate strategy, policies, action plans and targets proposed with the Sustainable Development committee, validates them and ensures that they are monitored by CSR correspondents for each region.

Sustainable Development committee > **Role:** Reports quarterly to the Board of Directors on the main climate challenges and targets and their alignment with the group's overall strategy.

#Climate energy commitment steering committee

Members:
- Chairman and Chief Executive Officer,
- Chief Industrial Officer,
- Chief Technical Officer,
- Plan Director,
- Head of Sustainable Development,
- six project managers in charge of different action plans

Frequency of meetings: at least once per quarter.

Role: ensures operational monitoring of the roll-out of climate projects.

Industrial Excellence Director > **Role:** Leads monthly reviews of the different action plans and ensures sharing of best practices and innovations tested locally with a view to rolling them out across the group as a whole.

Regional managers > **Role:** Ensure that the targets of regional teams are monitored.

Plant coordinators > **Role:** Oversee the application of action plans and the achievement of targets.

OUR POLICIES AND ACTION PLANS

Verallia's plan to reduce its CO_2 emissions is based on three key priorities:

1 Raw materials

Reduce emissions related to **raw materials** that go into the composition of glass

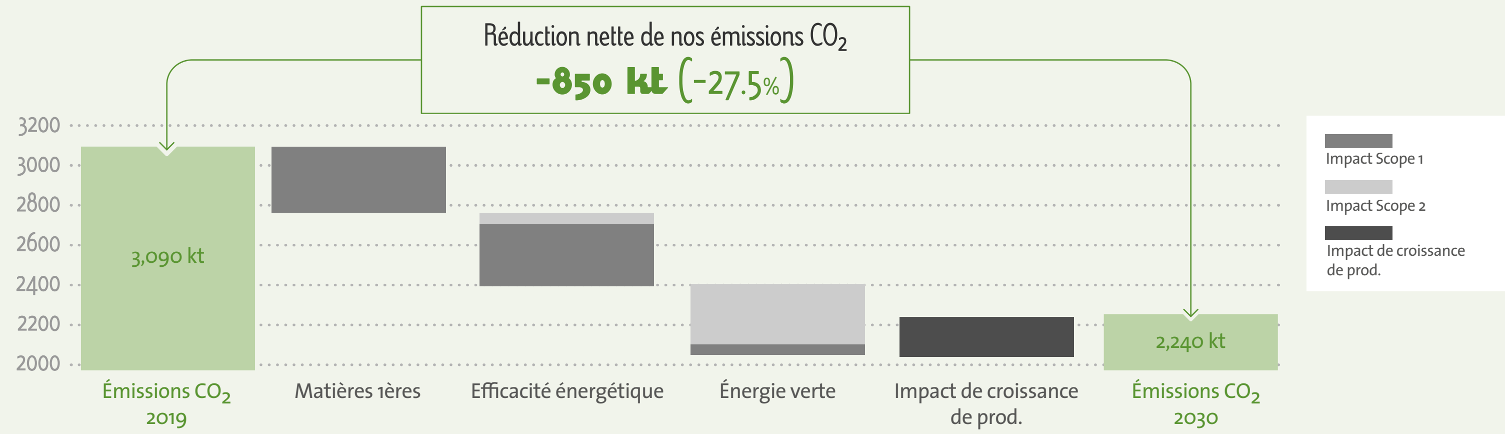
2 Industrial sites

Make **industrial sites** more energy efficient

3 Renewable energy

Use **renewable or low-carbon energy**

Verallia's aim is to achieve a reduction of 34.5% in scope 1 and 2 emissions in 2030 compared to 2019 by means of these key priorities, which will allow it to absorb a 7% increase in volumes over the same period, with a reduction in absolute terms of 27.5%.



PLAN D'ACTIONS EN LIGNE AVEC L'OBJECTIF DE RÉDUCTION SBT -27.5%

Des investissements d'environ 220 millions d'euros jusqu'en 2030

1 ACTION PLANS RAW MATERIALS (SCOPE 1)

MAXIMISING THE USE OF RECYCLED GLASS

The first lever involves increasing the use of recycled glass (cullet) in the creation of glass at Verallia. Cullet helps to reduce CO_2 emissions in two ways: Its energy requirement for melting is lower, which means it can reduce the energy consumption of the melting process, and it does not emit CO_2 during melting, unlike limestone and calcium carbonate.

Verallia therefore aims to achieve a cullet use rate of 66% in 2030, compared to 49% in 2019, generating a reduction in CO_2 emissions of around 8%. To achieve this target, Verallia invests in all stages of recycling: promoting collection, in collaboration with local authorities or glass associations, improving the recycling process at its own recycling plants or in close collaboration with recycling suppliers, optimising the melting process at its plants in order to maximise the use of recycled glass without impacting the quality of the finished products.

USING LOW-CARBON RAW MATERIALS

The second way of reducing the carbon footprint is to develop alternatives to carbon-bearing raw materials used in addition to cullet in the composition of glass, in particular calcium carbonate and sodium carbonate.

To do this, Verallia's R&D teams are going to test different potential alternatives that are either low-carbon or renewable, and Verallia is investing in particular in a trial laboratory at the Chalon-sur-Saône technical centre in France.

Verallia's aim is to achieve a 3% reduction in its CO_2 emissions by using these alternative materials.

2 ACTION PLAN FOR INDUSTRIAL SITES (SCOPE 1 AND 2)

The reduction in emissions relating to production facilities is directly connected to energy efficiency and consists of a number of factors, with the aim of improving both fusion and non-fusion. All these improvements should allow for a reduction of around 11% in the Group's CO_2 emissions between 2019 and 2030.

REDUCTION IN MELTING EMISSIONS BY DECREASING FUEL OIL CONSUMPTION

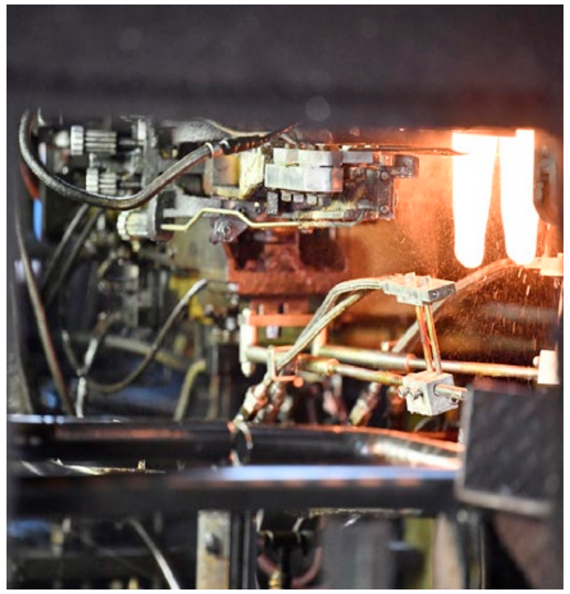
In the past, glass furnaces burned fuel oil to heat the elements making up the glass and to enable them to melt. In the last few years, natural gas has replaced fuel oil, allowing for a reduction in CO_2 for the same quantity of energy, but requiring changes in how furnaces are managed.

At present, all plants operate with 84% gas, 10% fuel oil and 6% electricity on the fusion side, and five countries have finished their complete conversion with furnaces operated with 95% gas and 5% electricity (Germany, Ukraine, Russia, Spain - excluding the Canary Islands - and Portugal).

Verallia's aim is to completely eliminate the use of fuel oil and continue to reduce emissions by increasing the proportion of electricity or including hydrogen in natural gas. These changes result in various development trials at the Group's sites, with the management of furnaces having to be redefined each time and validated across all industrial performances.

IMPROVING EXISTING INDUSTRIAL FACILITIES

Throughout the service life of our furnaces (10 to 12 years, or even 14 years), the Group makes improvements to reduce energy consumption. This can be achieved through improvements in sealing and thermal insulation, glass temperature optimisation, combustion settings, and adjustment of combustion air volume.



ERADICATING ALL ENERGY LOSSES

A structured method has been put in place to enable comprehensive identification of energy losses. This programme uses different types of tools (energy auditing, equipment efficiency, leak detection, etc.).

The next step made it possible to define projects to eradicate the identified losses, at each site, which entails defining targets, putting together a team, a work schedule and industrial performance indicators.

Performance is measured every month. Since each site faces different problems, this local approach makes it possible to identify improvements across all production facilities, which are then swiftly implemented at all sites.

In order to reduce the amount of cooling air getting into furnaces, Verallia has developed deflectors that protect the parts of furnaces that are most sensitive to cold air getting in, a source of energy loss. This new equipment is installed in all the Group's new furnaces (starting to operate between 2019 and 2021), and when repairing existing furnaces.

USE OF INDUSTRY 4.0 FACILITIES TO OPTIMISE ENERGY CONSUMPTION

As energy is consumed primarily when melting glass, investment in industry 4.0 represents a key way of limiting the Group's impact on the environment. It is therefore changing its plants by incorporating Augmented Intelligence (AI) into its production facilities in order to achieve industrial excellence by using as few resources as possible, while also increasing customer satisfaction.

This modernisation of production facilities responds to an overall aim of controlling the manufacturing process at each stage: productivity, energy gains, quality, maintaining and reducing operational risk. This entails two major changes:

- **Digitisation of production facilities:** by installing connected instruments throughout the production chain, the Group collects real time data that allows it to regulate, stabilise and improve the manufacturing process automatically, improve the quality of its glass packaging and above all optimise energy consumption and consumption of raw materials.
- **Management of furnaces assisted by Augmented Intelligence software:** this advanced control system in place at all sites is based on connected instruments, data analysis, machine learning and smelters' experience to provide semi-automatic management of furnaces. The majority (53%) of furnaces are now equipped and the first year of operation showed gains in energy consumption of up to 2%.

"THE FURNACE OF THE FUTURE": AIMING FOR A 50% REDUCTION IN CO_2 EMISSIONS RELATING TO GLASS PACKAGING PRODUCTION

Verallia has joined forces with 19 other European glass packaging producers to develop and finance a pilot project to build the first large-capacity hybrid electric furnace running on 80% green electricity. Extensive use of low-carbon electricity as a replacement for fossil fuels will help to reduce CO_2 emissions associated with producing glass packaging by 50%.

Furthermore, with this new hybrid technology, the industry will be able to produce more than 300 tons of glass packaging per day in different colours using high levels of recycled glass. The first furnace is due to be built in Germany in 2022 and an assessment of the initial operating results is planned for 2025.

PATRICE SIATCHOUA AWARDED THE RH&M ARTIFICIAL INTELLIGENCE TROPHY

On 24 September, Patrice Siatchoua, Data Scientist at Verallia, was awarded the Artificial Intelligence and Enterprise Trophy on behalf of the Group. This award, organised by the RH&M Group, highlights the transformational role of Augmented Intelligence within organisations. It attests to the advances made by Verallia in terms of transforming its production facilities and using Augmented Intelligence to achieve industrial excellence.

— [1] A feeder is a long channel that brings molten glass from the furnace basin to the forming machines.

STRIVING FOR EXCELLENCE IN THE QUALITY OF OUR PRODUCTS

The quality of products is an essential part of Verallia's efforts to combat climate change. A poor quality product that cannot be sold represents unnecessary energy expenditure and a waste of production. To address this issue, a quality improvement plan initiated in 2019 has been rolled out at Group level. Taking account of the lessons learned concerning the problems encountered, this plan is reviewed each year. It is based on the following two principles:

1 Detecting faults in finished products

In order to improve detection of situations that may result in manufacturing faults and thereby poor quality glass packaging, Verallia has reassessed its glass jar and bottle control machinery. These machines can be used to check the quality of products according to their technical specifications and customers' aesthetic demands. This plan concerns more than 1,200 machines and will be completed in 2021.

2 Control of the production process

Anticipating glass faults involves working on production processes in order to make them more rapidly operational and stable following production changes in particular. To do this, Verallia has developed a software package allowing it to act on production parameters in order to avoid risky situations that could affect product quality. This software is used to set the parameters of the production process (sequencing of micro-operations when forming bottles and jars) upstream of the start of production. The software is able to anticipate potential risky situations relating to the parameters set and therefore correct and optimise them upstream of the start of production to prevent these situations from arising. At the end of 2020, the use rate of this programme by Verallia sites was 90%.

AUGMENTED INTELLIGENCE TO IMPROVE THE QUALITY OF GLASS

In 2020, an augmented intelligence tool was developed to allow for faster detection and identification of inclusions in glass. Inclusions are due to the presence of a material that did not melt during the melting process and have the appearance of a stone. By means of a microscopic image of the inclusion, the tool is able to determine the type of inclusion observed (type of stone contained in the glass) and thereby help operators to identify the source of the inclusion in order to correct it. This tool needs to be rolled out at all of Verallia's glassmaking plants.

Due to the growing use of cullet and the Group's desire to optimise the inclusion of external cullet and glass sand in production, the Group has decided to launch a project to align quality demands between glassmaking plants and cullet processing plants in France. The launch of an external cullet and glass sand quality plan aiming to control these resources is therefore planned for 2021.

WASTE HEAT RECOVERY

Initiatives based on circular economy principles enable the recovery of energy consumed, by extracting the waste heat from installations to heat the buildings of the Group or neighbouring cities, as implemented in Germany a few years ago or in France recently.

USING HEAT FROM FUMES FOR ENERGY PURPOSES | MAHOU-SAN MIGUEL & VERALLIA ESPAÑA

The installation of a heat recovery boiler allows for fumes from the Burgos furnace to be used to generate dry saturated steam that is used for the production lines of customer and neighbour Mahou-San Miguel. This represents a 60% reduction in the customer's natural gas consumption and CO_2 emissions, and for Verallia, a 40% reduction in the residual temperature resulting from the melting process.

This project makes it possible to:

- **Generate** steam for Mahou-San Miguel's production lines.
- **Reduce** San Miguel's natural gas consumption and therefore its CO_2 emissions.
- **Establish** a synergy between the two plants to optimise resources and the environmental benefits for the town.

Mariano NAVARRO - Mahou San Miguel and Paolo PINTO TAVARES

3 ACTION PLAN USING RENEWABLE OR LOW-CARBON ENERGY

The third main aspect of the plan to reduce Verallia's emissions focuses on using renewable energies. The Group's aim is to reduce its emissions by around 12% by 2030 thanks to these actions compared to 2019.

TOWARDS "GREENER" ELECTRICITY

The electricity consumption of glassmaking and non-glassmaking sites represents the Group's biggest source of scope 2 CO_2 emissions.

Sustainable access to competitive renewable energy sources therefore represents an important means of achieving the goal of reducing CO_2 emissions. Thus, reducing the carbon content of the electricity mix will complement the virtuous effect of improving the energy efficiency of production units.

That is why in 2020 the Group established a supply strategy favouring renewable electricity. Its implementation will depend on what is available in each country. Verallia's aim is to attain 40% certified renewable electricity in its overall mix by 2025.

ELECTRICITY OF CERTIFIED RENEWABLE ORIGIN: A STRATEGY ALREADY IN PLACE

Wherever possible, Verallia favours buying certified renewable energy. By applying this strategy, a number of countries have already been able to benefit from this possibility. In Brazil, the electricity bought by the Group is 100% hydroelectric.

For sites in Spain and Portugal, the Group has managed to secure 100% certified renewable supplies for all of 2021.

Lastly, the Mendoza site in Argentina covers 50% of its needs using wind power.

USING BIOGAS AS AN ALTERNATIVE TO NATURAL GAS

Natural gas burned in furnaces is still by far the main source of CO_2 generation from Verallia's plants. Replacing it with biogases like methane would make this combustion neutral in terms of CO_2 thanks to this renewable means of production.

Two projects are being reviewed in France and Germany to validate the technical and economic aspects of this type of fuel. Once validated, using methane will only be viable if the methane is produced close to glassmaking plants.

Finally, this methane production will require raw material, for example waste that will need to be supplied. An entire ecosystem needs to be put in place that is fully in keeping with the Group's circular economy logic. **Verallia's aim is to fuel the equivalent of three furnaces with 100% biogas in 2030.**

ELECTRICITY GENERATION AT THE GROUP'S PLANTS

The Group is looking into the possibility of fitting some of its plants with solar panels in order to produce onsite some of the electricity needed for the plants to operate. An initial project has been launched at the Figueira da Foz plant in Portugal and other facilities are being considered, in particular at sites in southern Europe.

SOLAR PANELS: INITIAL PROJECT IN PORTUGAL

At the Figueira da Foz plant, solar panels will be fitted on warehouse roofs, as well as on some non-built areas of the site, representing a total surface area of 31,000m². This should cover around 12% of the plant's needs and allow for a 1.5% reduction in the plant's CO_2 emissions. It is due to become operational at the end of 2021.

KEY FIGURES

A **27.5%** REDUCTION OF OUR SCOPE 1 & 2 CO2 EMISSIONS *in absolute terms between 2019 and 2030*

38% of the R&D budget invested in furnace energy efficiency

28% of sites ISO 50001 certified

100% of sites ISO 9001 certified

CDP DISCLOSURE INSIGHT ACTION

A - CDP score *(rating on 8 December 2020)*

SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

"committed" STATUS

GOLD 2020 ecovadis Sustainability Rating

GOLD MEDAL **67/100**

OUR RESULTS

	Target 2025	2020	2019	2018
Direct CO_2 emissions (scope 1)	–	2,378,086	2,479,512	2,548,698
Indirect CO_2 emissions (scope 2)	–	562,108[1]	610,653[1]	496,217
Scope 1 and 2 emissions absolute	2.626k in line with the well below 2°C trajectory[2] = -27.5% over 2019-2030	2,940,194[1]	3 090 165[1]	3,044,915
tCO_2 emitted per ton of packed glass (scope 1 & 2)	–	0.523	0.531	0.523
% improvement in complaints	-50% in 2020 compared to 2017 -35% in 2025 compared to 2020	-53% versus 2017	-46% versus 2018	-25% versus 2017
Renewable or low carbon energy rate	Achieve 60% in 2025	34%	N/A	N/A
External cullet use rate	+10 points compared to 2019	51.6%	49%	47%

ANALYSIS OF OUR RESULTS

In 2020, Verallia exceeded its target of reducing the quantity of CO_2 emissions, with a 4% reduction for scope 1 and 7.8% for scope 2, representing a total of 4.8% for scopes 1 and 2, compared to the target of 2.5% a year needed to achieve the SBT targets for 2030.

However, the reduction per ton of glass failed to achieve the target of 2.5% at just 1.5%. It should be noted that the target was achieved in all countries in which the Group operates apart from France. The impact of COVID-19 was more significant in France, resulting in forming lines being shut down (increasing CO_2 per ton of glass, since the furnace still needs to remain active), as well as industrial action that did not occur in other countries.

The Group's quality results continued to improve, with a further significant reduction in the number of complaints. The Group therefore achieved its target of a reduction of more than 50% compared to 2017, with complaints down 53% between 2017 and 2020. The Group will nevertheless continue with these efforts in order to significantly reduce losses on its production lines.

— [1] To report on targets and results concerning scope 2 CO_2 emissions, the calculation method used shall be "market based" in accordance with the GHG standard protocol definition.

This "market-based" method takes account of greenhouse gas emissions from producers from which Verallia buys electricity under contract.

The "location-based" calculation method was used until 2019. This took account of average emission factors from energy by region. In 2019, the difference between the two calculation methods was: scope 2 "location based" = 487,825 tons of CO_2, "market based" = 610,653 tons of CO_2.

— [2] Well below 2°C.

DEVELOPING ECO-DESIGN FOR RESPONSIBLE PRODUCTS

OUR KEY TARGET

REDUCE BY 3% THE WEIGHT OF STANDARD AND NON-RETURNABLE BOTTLES AND JARS

by 2025 (Alpha index)[1]

BACKGROUND AND ACTION PLAN

In the food and beverage sector, glass packaging is essential: it ensures containment, quality and safety and conveys product identity. The glass container – healthy and inert – is already in itself a model of circular economy because it is 100% and infinitely recyclable. However, the application of a rigorous eco-design approach reduces its environmental footprint, including its carbon impact.

Verallia aims to reduce its carbon footprint by improving the environmental performance of its products. This desire is shared and intensified by the expectations of its stakeholders.

This is reflected by the inclusion of recycled glass or "cullet", since the more recycled materials are added, the fewer raw materials are used and the lower the CO_2 emissions, as detailed in chapter ***Being a key player in the circular economy.***

This is reflected by eco-design work with the aim in particular of optimising bottles and jars while also maintaining an equivalent level of value as perceived by the end consumer. Choices relating to a product's characteristics can therefore significantly improve its impact throughout its lifecycle, such as the shape or use which impact the weight, choice of colour, optimisation of palletisation and choosing of short circuits where possible. All of these factors are taken into account when developing products.

To continue to change the weight of standard bottles and jars in the catalogue, Verallia uses the development of the alpha coefficient[2], which is commonly used by glass manufacturers, as an indicator. This can be used to standardise the weight compared to a certain capacity and thereby compare the degree of reduction in weight of the various containers in the catalogue.

Lastly, Verallia's desire to improve the environmental performance of its products involves raising the awareness of all stakeholders. Our customers define their own specification (aesthetics, resistance, etc.) and thereby guide the development of the design of their new products. Some have a mature eco-design approach, while some need help. Raising awareness about eco-design principles is therefore key. Raising awareness about the challenges of sustainable development and eco-design continued in 2020 despite the unfavourable context relating to the COVID-19 pandemic, by means of targeted communications and talks in a variety of formats.

GOVERNANCE

The eco-design approach is decentralised and integrated within each subsidiary. Each country has its own organisation to roll this out. This is often carried out by 13 product development centres working on eco-designed products. R&D supports the design offices and provides design tools that are tailored to the challenges of eco-design such as resistance simulation tools.

The Sustainable Development team raises awareness among local representatives of the importance of the product in reducing the carbon footprint. Marketing is involved for standard products and sales are involved for customer specificities in order to help countries to devise action plans and thereby enable them to achieve their eco-design targets.

In 2020, the Group decided to set a target to reduce the average weight of its non-returnable standard products by 2025. A new indicator has therefore been defined in order to monitor Verallia's performance in terms of eco-design: the alpha index.

This indicator, which is monitored overall, allows for an assessment of the weight/capacity ratio of the Group's glass packaging. This provided the basis for defining the Group's target of reducing the weight of its standard non-returnable bottles and jars by 3% by 2025. 2021 will be devoted to defining action plans to achieve this target.

— [1] Alpha index: the alpha coefficient is used by various glass production sites (cf NF H 35077). It determines the lightweight nature of an item independently of its capacity, and therefore allows the comparison of several items. Calculation formula: weight /volume^0.8 as per NF-H35077 norm.

OUR POLICIES AND ACTION PLANS

ROLL OUT A RIGOROUS ECO-DESIGN APPROACH IN PARTNERSHIP WITH CUSTOMERS AND RAISE THEIR AWARENESS ABOUT ECO-DESIGN

Verallia acts on environmental impact improvement levers, and in particular those related to its "standard" articles, developed internally and available to all customers.

Verallia has been a pioneer in its sector with the launch in 2009 of an eco-design approach selling eco-designed product ranges under **the name ECOVA: "Eco" for eco-design and "Va" for value added.**

The ECOVA range has been optimised and developed to maximise the number of articles per pallet. These eco-designed products reduce CO_2 emissions relating to production and transportation by an average of 15%[2].

nearly 24 billion bottles
have been sold, since ECOVA range launch in 2009.

nearly 2.4 billion bottles
sold by Verallia in 2020

In Chile, Verallia developed a range of bottles in 2015 called **Enhanced Geometric Objects (EGO)** to meet the demand for high-end wines without violating its environmental pledge.

The EGO range is characterised by:

- Bottles with **very deep push-up (61 mm)** create an optical effect to keep the impression of weight and preciousness of high-end bottles.
- Bottles on average **20% lighter** than similar-looking bottles.

A premium eco-design range with sales up from 100,000 in 2015 to over 7.7 million bottles in 2020.

Verallia's room for manoeuvre is narrower for "specific" container glass, also known as "customer specialities," which are developed at the customer's request based on detailed specifications.

The development of eco-designed "customer specialities" therefore depends directly on customer choice. Verallia provides advice while developing these "specialities" and recommends, where relevant, including eco-design characteristics. In addition, customers are factoring more and more environmental performance criteria into their specifications.

Lastly, Verallia endeavours to involve its customers in making eco-designed products together. These collaborations give rise to products meeting the strict demands of Verallia's customers while also having a reduced impact on the environment.

OUR RESULTS

	Target in 2025	2020	2019	2018
Number of bottles and jars sold from the Ecova and EGO ranges (millions of bottles and jars)	–	**2,386**	2,202	2,159
Alpha index[1]	15.5 in 2025	**16**	16	15.9

Note: as regards the indicator "Number of bottles and jars sold from the ECOVA and EGO ranges: in this table, 2018 and 2019 figures have been adjusted compared to the figures provided in the 2019 statement of extra-financial performance as certain ECOVA items were not correctly named (ECV or ECO rather than ECOVA) and therefore were not counted. For 2018, the number was 1,876 million bottles and jars compared to 2,159 (including products that were not counted). The same applies to 2019, with 1,894 versus 2,202 including this number.

ANALYSIS OF OUR RESULTS

Sales of Ecova products increased by 8% in 2020, primarily thanks to strong growth in sales of Ecova Standard products in the "Still Wines" category. The Alpha index for standard non-returnable products remained stable versus 2019.

JOINT CREATION OF A LIGHTER BOTTLE WITH OUR CUSTOMER CONCHA Y TORO IN CHILE

For the launch of its Casillero del Diablo wine, Chilean producer Concha y Toro wanted to develop an eco-designed "speciality" bottle based on the model of a bottle from the EGO range. The weight was reduced by 9% compared to the old bottle used by Concha y Toro (675g versus 745g).

This allows for a saving of 210 tons of glass per year and a reduction in the total weight of lorries of 2.7 tons. The bottle nevertheless maintains all the premium characteristics of its design and in particular a very deep push-up with an engraved devil.

JOINT DESIGN OF ECO-DESIGNED SYRUP BOTTLES WITH VÉDRENNE

In 2020, Verallia continued its collaboration with Védrenne syrups to develop eco-designed bottles. This joint design approach arose from the shared desire to reduce the impact of the syrups on the environment.

Verallia developed a bottle that is 10% lighter than the original model, allowing for a reduction in CO_2 emissions of around 10%.

The reduced diameter also allows for optimised packing. Each lorry now carries 11% more containers, which represents a significant reduction in the road impact of this product.

The bottle deliberately follows the principle of short production circuits: it is produced at Verallia's Chalon-sur-Saône plant, just 30 km from Védrenne's bottling plant. The ergonomic and aesthetic new design reflects the brand's authenticity and its sensitivity to environmental concerns.

— (1) Alpha index: the alpha coefficient is used by various glass production sites (cf NF H 35077). It determines the lightweight nature of an item independently of its capacity, and therefore allows the comparison of several items. Calculation formula: weight /volume^0.8 as per NF-H35077 norm.

— (2) compared to products of similar use and appearance on a given market.

HELPING TO PRESERVE FORESTS AND OFFSETTING 1% OF OUR CO_2 EMISSIONS

For Verallia, combatting climate change is not a way of standing out but an obvious choice. In addition to its commitment to reducing CO_2 emissions, the Group finances tree planting projects close to its sites, as well as carbon capture projects by means of certified programmes.

OUR KEY TARGETS

- FINANCE 100,000 TREES PER YEAR
- OFFSET 1%(1) OF CO_2 EMISSIONS EACH YEAR

Verallia has established a climate programme based on three aspects:

- **PLANTING TREES** in order to restore ecosystems and play an active role in combatting climate change while also supporting farming communities.
- **CARBON OFFSETTING PROJECTS** thanks to the support of agroforestry and reforestation programmes in Latin America, where the tropical climate means that trees grow quickly and therefore allows for effective carbon capture. This offsetting, which can be quantified in carbon credits, contributes to social projects supporting local communities.
- **A PROGRAMME TO INTEGRATE VERALLIA'S PRODUCTION PLANTS INTO THEIR LOCAL ENVIRONMENT** in order to preserve the local ecosystem and integrate sites as best possible thanks to landscaping projects that contribute to employee wellbeing.

PUR

This programme is conducted in collaboration with **PUR Projet**. The aim is to support and finance small producers, farmers, foresters and agricultural organisations in order to promote the conservation and restoration of ecosystems and areas in danger thanks to committed companies.

TREE PLANTING PROJECTS

more than 200,000
TREES PLANTED SINCE 2019
IN SIX COUNTRIES

In order to step up its commitment to combatting climate change and **support projects with a significant environmental and social impact**, Verallia carries out tree planting projects primarily favouring countries where the Group has production operations.

Planting and growing a tree is one of the best ways of restoring the carbon balance on Earth. Agroforestry and reforestation are among the most effective means of combatting climate change.

In 2020, **in partnership with PUR Projet, Verallia financed seven different reforestation and agroforestry projects in six countries for a budget of €215,625. These projects have been implemented in partnership with local communities and are designed to ensure a significant social and environmental impact.**

Project	Country
La Fazenda (ONFI)	Brazil
Nordesta	Brazil
Organic Coffee for Peace	Colombia
Espana Organica	Spain
PUR Hexagone	France
Aprosacao	Honduras
Jubilación Segura - San Martin Ecosphere	Peru

In Brazil, Verallia supports the Nordesta project, which takes action to protect water resources, biodiversity and education in Minas Gerais, near its plant in Jacutinga. This consists of restoring forests next to the Rio São Francisco river, which are essential for maintaining the quantity and quality of the river's water.

Brazil, Minas Gerais
Photo: young plants for the 2020 planting wave

Agroforesty projects also encourage farmers to change their farming models to include more sustainable practices. They allow them to make themselves more resilient to the effects of climate change and provide them with additional income.

(1) 1% of total scope 1 and 2 CO_2 emissions calculated compared to the previous year's emissions.

CARBON OFFSETTING

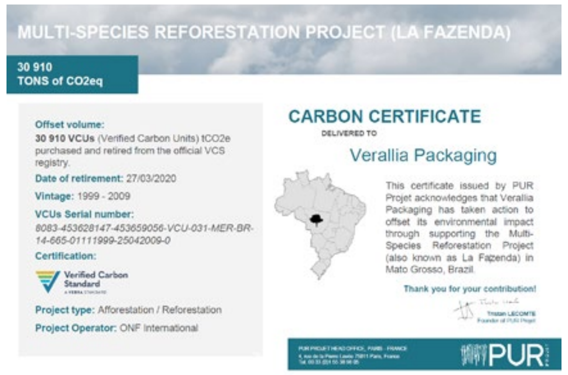
61,820
CARBON CREDITS BOUGHT SINCE 2019

Carbon offsetting consists of buying carbon credits that can be used to finance projects to avoid[1] or capture greenhouse gas (GHG) emissions.

A carbon credit represents one ton of CO_2 equivalent not emitted or captured thanks to a certified environmental project.

Project certification ensures the positive impact as a result of financing and the permanence of the project over the long term. Certified projects operated by PUR Projet represent commitments over thirty years during which the teams work with local communities and farmers to encourage them to maintain and grow trees.

Buying carbon credits by means of projects certified by international frameworks such as Verified Carbon Standard (VCS) ensures that carbon is measured in accordance with a recognised system (GHG Protocol). Verallia therefore applies international standards relating to carbon offsetting.


MULTI-SPECIES REFORESTATION PROJECT (LA FAZENDA)

30 910
TONS of CO2eq

Offset volume:
30 910 VCUs (Verified Carbon Units) tCO2e purchased and retired from the official VCS registry.

Date of retirement: 27/03/2020

Vintage: 1999 - 2009

VCUs Serial number:
8083-453628147-453659056-VCU-031-MER-BR-14-665-01111999-25042009-0

Certification:
Verified Carbon Standard

Project type: Afforestation / Reforestation

Project Operator: ONF International

CARBON CERTIFICATE
DELIVERED TO
Verallia Packaging

This certificate issued by PUR Projet acknowledges that Verallia Packaging has taken action to offset its environmental impact through supporting the Multi-Species Reforestation Project (also known as La Fazenda) in Mato Grosso, Brazil.

Thank you for your contribution!

Tristan LECOMTE
Founder of PUR Projet

PUR PROJET HEAD OFFICE, PARIS - FRANCE

PUR

As of 2021, Verallia will amend its initial offsetting target of "Offset 1% of total CO_2 emissions" to "Offset all CO_2 emissions relating to business trips". Since business trips are limited in the current context of the Covid-19 crisis, the Group is committed to keeping its CO_2 offsetting at least equivalent to 1% of emissions until travel picks up again.

PROGRAMME TO INTEGRATE VERALLIA PRODUCTION PLANTS INTO THEIR LOCAL ENVIRONMENT

AT PRESENT, **4** PROJECTS
ARE IN PLACE IN THREE DIFFERENT COUNTRIES.

As part of its Climate programme, Verallia has implemented symbolic projects at its production plants in order to assert its local presence and take action as close as possible to its employees. Production plants face specific local challenges. Different types of projects are planned to provide a relevant response and as many benefits as possible for Verallia employees and local communities and ecosystems.

In collaboration with PUR Projet, Verallia has created a set of specifications to guide project development focusing on **the positive social and environmental impact.** Each year, a call for projects is opened up to the Group's 32 sites, which put forward projects suited to the local context and requirements. The projects are then assessed on the basis of their relevance to the specifications.

In 2019, the Seville plant in Spain and the Cognac plant in France were selected.

In 2020, PUR Projet helped the Rosario plant in Chile and the Azuqueca de Henares plant in Spain on to design and implement these symbolic green projects.

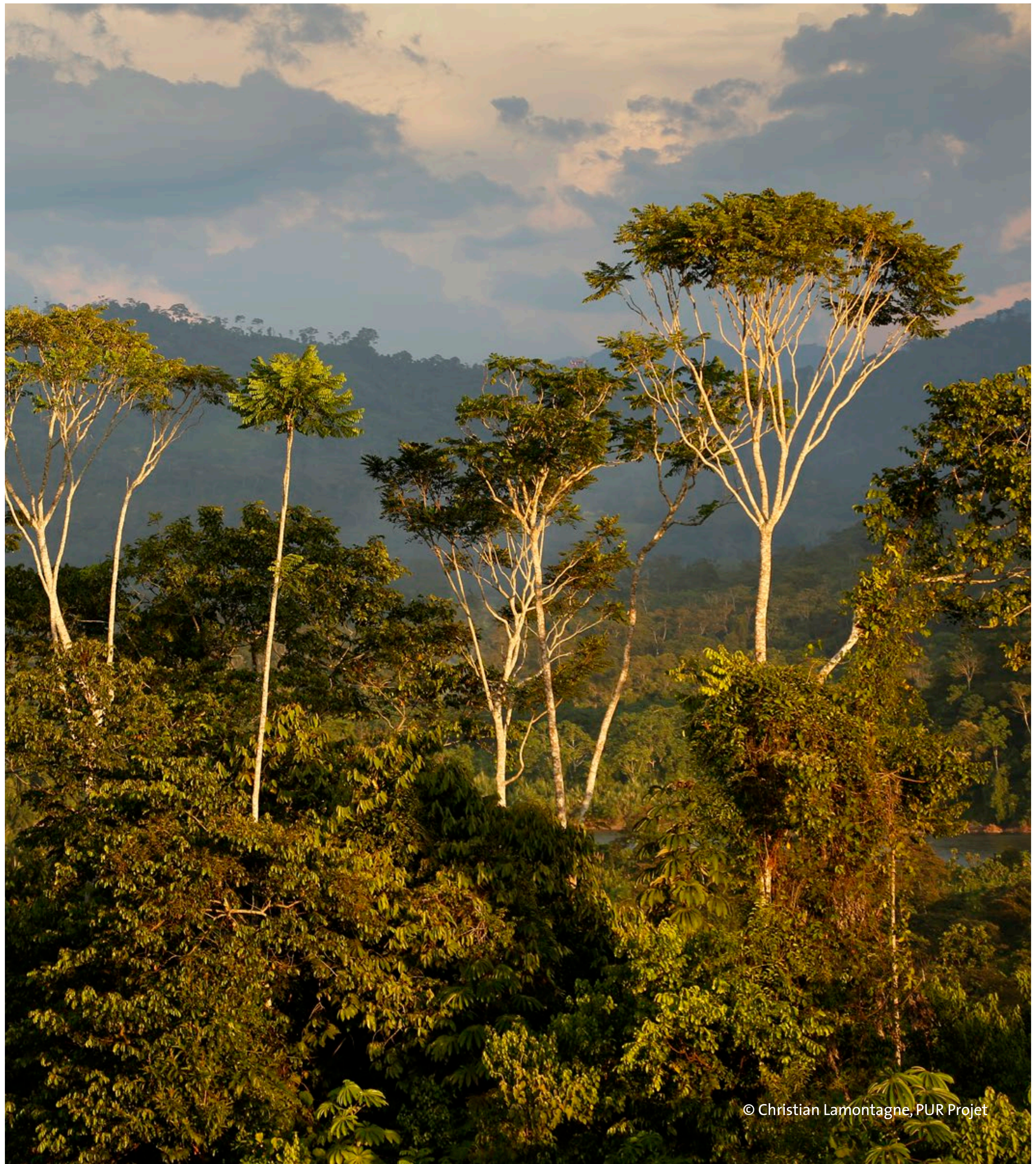
The two projects have selected suitable plant species that require little watering while also having a positive impact on local ecosystems.

The Chilean site has a large unused area around the plant. The project therefore aims to plant this area with various suitable plants in order to increase biodiversity, enhance the area and create a dedicated external space for employee wellbeing.

[1] Avoided emissions are the difference in the level of emissions generated by an avoidance project (forest conservation, renewable energies, improved stoves etc.) and a counterfactual scenario that would have occurred without the project.

OUR RESULTS

	Target in 2025	2019 + 2020
Number of trees financed	700,000	+200,000
Certified carbon credits	To be defined according to emissions relating to business trips	61,820



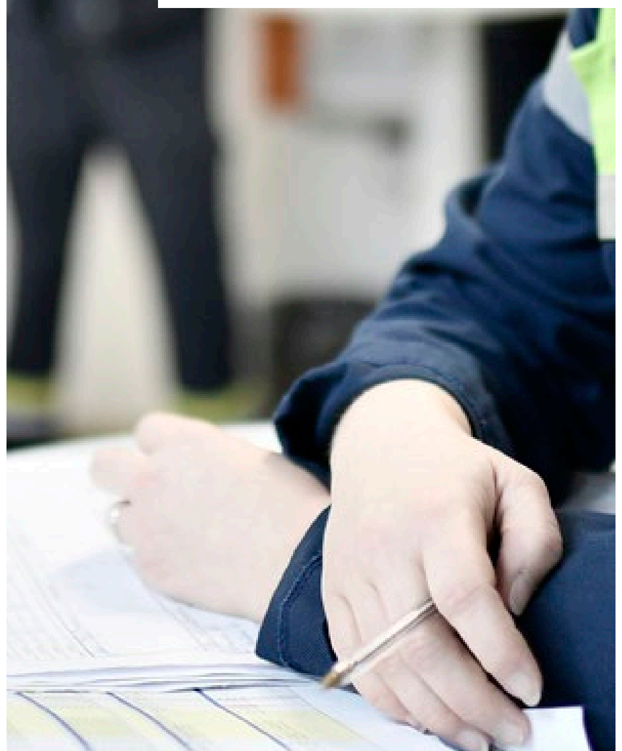
3

PROVIDE A SAFE AND INCLUSIVE PLACE TO WORK

ENSURING THE HEALTH AND SAFETY OF ALL

The industrial processes used at our sites expose employees to accidental events that could have consequences for their health and/or safety (such as cuts, burns, exposure to noise pollution or to high temperatures).

Respect for people's health and safety at the workplace is one of Verallia's four values. Making safety a constant concern for all employees, so that they protect themselves and their colleagues, is therefore one of the Group's priority targets. The Group supports each man and woman working on its sites by providing them with the information and tools necessary for their protection.



COVID-19

Against the specific backdrop of Covid-19, measures have been taken at all sites, with facilities and procedures adapted to avoid the virus spreading. Specific measures in each country were implemented at first, followed by the sharing of best practices allowing them to move beyond the recommendations defined in each country. For example, Verallia has provided its employees with the necessary equipment for barrier measures (hand sanitiser, face masks) and amended how work is organised (development of working from home, different organisation of duties to respect social distancing, etc.).

GOVERNANCE

Group level

Chairman and Chief Executive Officer

Role: Takes part in the monthly industrial performance review for each region.

Group Operations Director

Member of the Executive Committee

Role: Takes part in the monthly industrial performance review for each region.

Group EHS officer

Role:
- Manages reporting,
- Leads EHS activities.

Regional level

5 regional industrial directors

Role: Take part in the monthly industrial performance review for each region.

Regional Chief Executive Officers

Role: Take part in the monthly industrial performance review for each region.

5 regional EHS officers

Role: Manage the implementation of EHS tools in their region.

Site EHS officers

Role: Manage the implementation of EHS tools at their site.

Occupational health and safety indicators are reviewed each month as part of each region's industrial performance review in the presence of the Chairman and Chief Executive Officer, the Group Operations Director and industrial and general directors for each region.

OUR KEY TARGETS

OUR AMBITION: MOVE TOWARDS "ZERO ACCIDENTS"

In our worldwide production by 2025 compared to 2019.

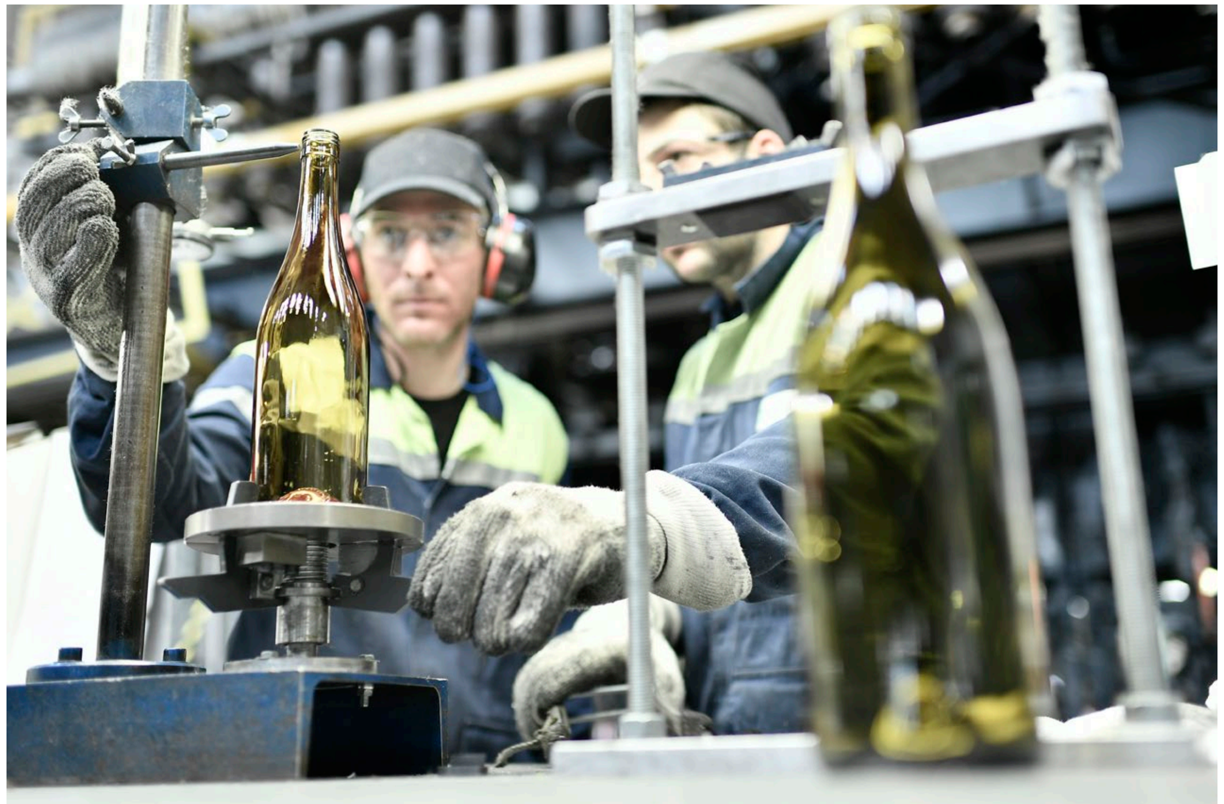
2025 TARGET: ACHIEVE A TF2 RATE OF LESS THAN 2

(reduction of 57% compared to 2020)
In 2020, Verallia reduced its TF2 by 17%, which is in line with the 2025 goal.

AN EHS POLICY AIMING FOR "ZERO ACCIDENTS"

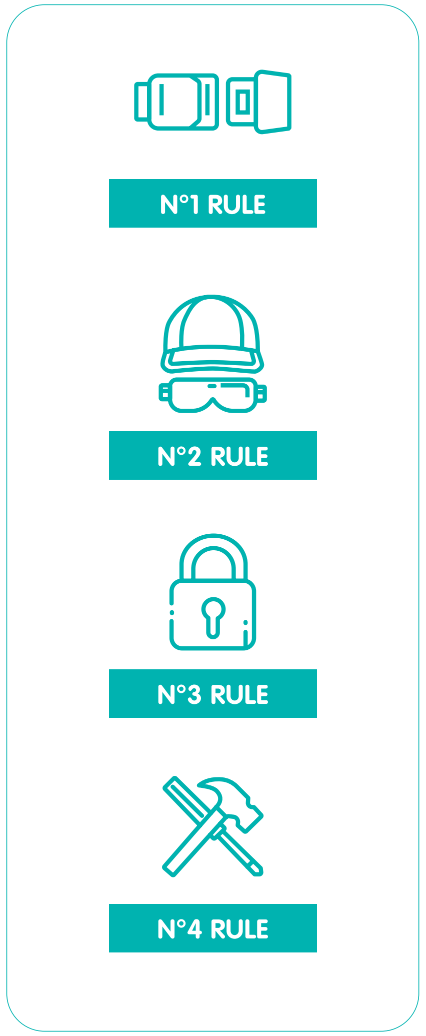
Updated in 2018, the EHS (Environment, Industrial Hygiene-Health, Safety) policy targets zero accidents, based on compliance with rules, commitment and dialogue. As part of the Group's industrial excellence programme, this policy concerns all people working on the sites (Verallia employees, temporary workers and subcontractors).

The Health and Safety policy is based on around 20 EHS standards, including 17 safety standards and one health standard defined by the Group. These standards cover machine safety, employee movement on sites, maintenance operations and risk management. They were updated in 2018 from a more operational perspective and translated into all languages spoken within the Group. They form the basis of the EHS framework for all our sites.



THE ROLL-OUT OF THE EHS POLICY IS BASED ON THREE CORE PRINCIPLES

- Risk analysis: this analysis is performed at each site and concerns all duties carried out by employees. Sites update this risk analysis once a risky situation is identified. In addition to this risk analysis, the "minute of reflection" is used by employees at the start of each task to be performed in order to take account the changing environment in which they operate when identifying the risks.
- Respect and application of the four golden rules, in order to limit the risk of the most common and most serious accidents:
  - Do not disable or render ineffective safety devices
  - Always wear suitable personal protection equipment
  - Apply the LoTo (Lock out Tag out) procedure for all interventions
  - Do not misuse equipment or tools
- Internal audits and the site evaluation system: internal audits are planned by the Group EHS manager and conducted by himself and the regional EHS managers. The purpose of the audits is to assess the application of the rules at the sites using the Group EHS audit framework and they also lead to the systematic implementation of an action plan.



In addition to the tools detailed above, the whole Safety management and improvement system will enable Verallia to achieve its target of zero accidents. The way in which this is organised is detailed in the Safety Roadmap launched in 2020, the implementation of which will help the Group to achieve its targets. This roadmap details the various tools (such as standards, risk analysis or the golden rules), as well as the associated management system, the various stages of instilling a safety culture in which each employee contributes to their own safety and the safety of their colleagues.

LEVEL 4 – Sustainable

Interdependent safety culture.

- Employees carry out health and safety activities on their own initiative and take care of all their colleagues.

LEVEL 3 – Proactive

Managers are safety agents and employees support agents who become safety agents themselves.

- SMAT is a management routine also practised by employees

LEVEL 2 – Prevention

We have rules and we know where the risks are.

- The golden rules, health and safety standards and standardised operating procedures are implemented visually. Risk assessments are performed.

LEVEL 1 – Reactivity

We know why and where we have accidents.

- Accident analysis is structured. Countermeasures are developed and rolled out horizontally.

OUR ACTION PLANS

The Group and regions give their support to sites to ensure the correct application of standards, make technical improvements thanks to R&D and launch communications and awareness-raising operations for employees on what to do to avoid any risky situations.

ACCIDENT MONITORING AND TRAINING OPERATORS

Each accident that occurs at a Verallia site is analysed using the Root Causes Analysis methodology, whether it concerns a Verallia employee or a subcontractor. This analysis makes it possible to eliminate any risk of recurrence by eliminating the causes of the accident and also identifying why the risk was not identified and addressed prior to the accident.

These factors enhance training plans for operators and subcontractors, as well as risk prevention and analysis plans.

R&D ACTIONS FOR EMPLOYEE HEALTH

A variety of projects have been led by Verallia's R&D teams to reduce or eliminate certain risks inherent to its production procedures:

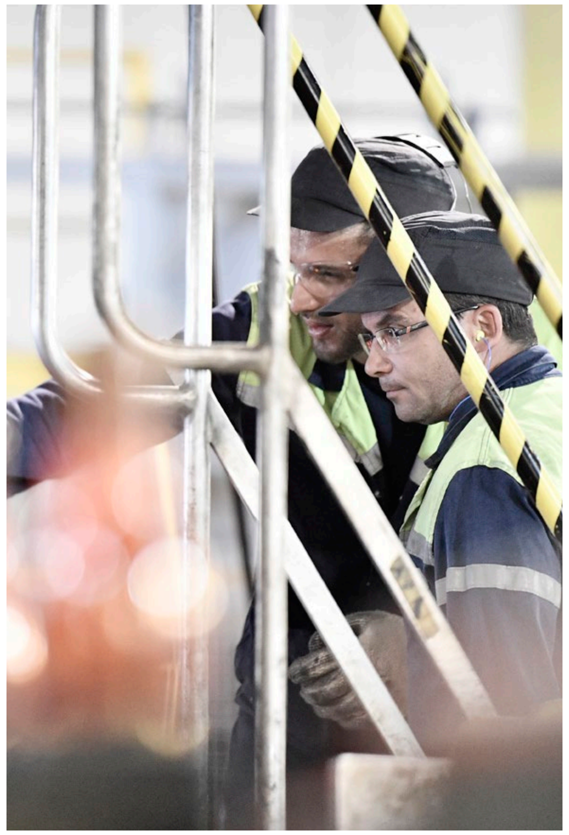
- Automatic mould lubrication, which is continuing to be rolled out at its sites. The aim of this is to reduce the frequency of mould lubrication by operators, thereby reducing the risk of accidents relating to this operation as well as exposure to noise, heat and oil vapours. It also reduces the risk of a large amount of grease accumulating on machines and thus the risk of fire.
- Mould cooling optimisation, which aims to reduce noise at the workstation.
- Optimisation of hot treatment tunnels, which limits operators' exposure to chemicals.

QUARTERLY COACHING OF MANAGERS

Training and manager involvement are the main levers for improving our results, by ensuring that the rules are applied.

Following the update of health and safety standards in 2018, a phase of coaching site EHS managers focusing on analysing the root causes of accidents was rolled out throughout 2020.

In 2020, the EHS standard coaching schedule had to be amended due to the Covid-19 crisis and resulting travel restrictions. Each site, apart from three sites in Russia and Ukraine, nevertheless received at least one coaching session. Some non-glassmaking sites were also included. Some coaching sessions were held remotely and a total of around 50 sessions took place in 2020.



2020 EHS
INTERNATIONAL ENVIRONMENT HEALTH AND SAFETY DAY

"HEALTH AND SAFETY ROADMAP" AND "MINUTE OF REFLECTION"

At the EHS Day on 8 October 2020, two films were shown internally: the first explains Verallia's "Health and safety roadmap", which is essential for achieving its accident reduction target.

The second film, "Minute of reflection", explains the principle of the "Minute of reflection" and states when and how this should be used.

AWARENESS CAMPAIGNS

Through these campaigns, the sites encourage their employees to ensure their own safety and that of their colleagues by reporting each EHS danger (to the department manager or the person concerned) and intervening immediately in the event of a situation or behaviour deemed to be hazardous. Since 2017, there has been a five-fold increase in the number of alerts, thereby eliminating a number of risks at production units.

In 2021, Verallia plans to focus its EHS action plans on securing unsafe situations, reinforcing the role of management and feedback given to employees if an accident occurs.

KEY FIGURE

100%
of our glassmaking sites are **ISO 14001** (environment) and **OHSAS 18001** (health and safety) certified

OUR RESULTS

	Target in 2025	2020	2019	2018
Frequency rate 1 (TF1)	N/A	4.4	5.2	4.4
Frequency rate 2 (TF2)	< 2 (en 2025)	4.6	5.5	4.8
% of certified glassmaking sites ISO 14001 and OHSAS 18001	100 %	100%	100%	100%

ANALYSIS OF OUR RESULTS

Following an increase in 2019, the frequency of accidents fell by 17% in 2020.

Analysis of accident areas and victims shows a significant improvement in furnace rehabilitation sites, non-glassmaking plants and subcontractors, with reductions of 83%, 50% and 43% in the number of accidents respectively. These improvements are in line with the specific points targeted in 2020.

However, there is no material improvement in the level of accidents related to forming machines (which have by far the most accidents) and bottle control lines (cold end). As a result, a specific action plan will be rolled out in 2021 in these two areas, which are also high potential accident areas.

Furthermore, analysis of the root causes of accidents shows three main factors on which the Group's efforts will be focused:

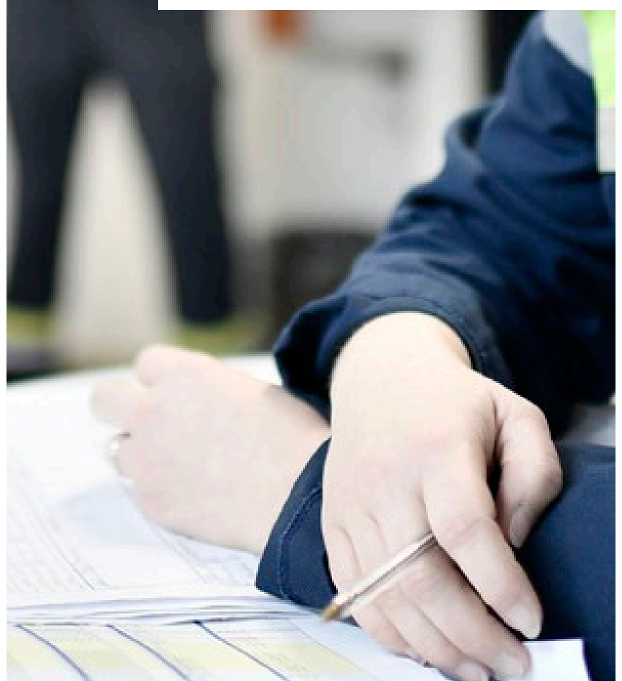
- Failure to apply rules in connection with the lack of monitoring of application by management is the most common root cause. The rules that are most frequently neglected are those related to forming machines (lubrication or intervention) and pedestrian/motorised vehicle traffic rules. To change this situation, expectations of management in terms of implementing the rules will be reiterated and reinforced, and the analysis of the root causes will include the analysis of this role in 2021.
- Insufficient or incomplete risk assessment, whether for routine or non-routine activities, is also a major cause. The "Minute of reflection" before each intervention was introduced in 2020 and it will be encouraged even more in 2021.
- Not fully taking account of issues relating to ergonomics, particularly during non-repetitive interventions, results in around 20% of accidents. To improve this situation, in 2021 the group will roll out an ergonomic risk analysis system and a series of best practices to be implemented when a risk is identified.

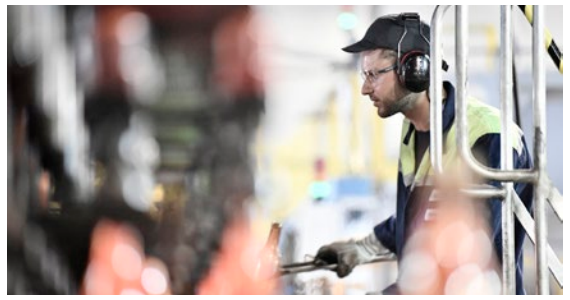
These factors form part of the health and safety roadmap for achieving the target of a TF2 rate of less than 2 in 2025.

ENSURING AN INCLUSIVE WORKING ENVIRONMENT

The Group's "Glo-Cal" operating model is based on a combination of the strength of its international network, as illustrated by its industrial presence in 11 countries, with 32 glass production sites comprising 57 furnaces, 3 decoration plants, 5 technical centres, 13 product development centres and 8 cullet processing centres as at 31 December 2019 (two of which are a joint venture), and the local relationship maintained with customers by more than 10,000 employees, with strong sales teams of more than 300 employees.

The Group strives to develop diversity and talent among its staff and contributes actively to protecting the environment and community development.





The glassmaking sector requires permanent commitment and cutting edge technical expertise. The Group's staff are therefore key in its development and ensuring ongoing profitable growth. The Group makes their safety an essential priority and is also committed to supporting them in their professional development in order to develop a strong entrepreneurial culture.

The Group also endeavours to encourage taking responsibility, being able to act quickly and responsiveness among its staff, in particular helping those in charge of production plants to become real managers and developing communication within teams, by organising cross-functional workshops based on specific targets and in-depth comparative analysis. The Group also wants to continue with its training efforts, drawing in particular on passing on the expertise of its most experienced technical staff in order to improve the learning capacity of its teams and train them in project management in particular. Lastly, the Group may use external talent in order to further increase its know-how and diversity among its staff.

OUR KEY TARGETS FOR 2025

INCREASE THE GENDER EQUALITY INDEX BY 15 POINTS AT GROUP LEVEL,

applying the obligations of French law to all companies (vs. 60 in 2019)

ENCOURAGE THE INTEGRATION OF DISABLED PEOPLE

by doubling the rate of disabled workers
6% disabled workers in 2025 versus 3% in 2019

GOVERNANCE

General Secretary > **Member of the Executive Committee**

Human Resources department > **Role:** Manages employee compensation and benefits, international mobility, the HR information system and international training.

Regional HR department
Role: Defines recruitment, staff administration, payroll, training and employee relations.

Country HR department

Plant HR manager > **Also reports to Plant director**

In 2016, the Group established a European body, the Verallia European Works Council (CEEV), of 16 employee representatives from the six European Union member countries where Verallia is industrially based (Germany, Spain, France, Italy, Portugal, and Poland). The committee helps with establishing regular and respectful dialogue with employee representatives, sharing best practices regarding health and safety, anticipating probable changes in employment and discussing new working methods. It meets once a year unless there are exceptional circumstances. Its select committee, composed of five representatives from the four main countries, meets two to three times a year to discuss primarily issues relating to health, safety, the Group's structure and its financial position, capital expenditure and employment.

AN HR POLICY AT THE HEART OF THE COMPANY'S STRATEGY

The human resources management policy is a key part of the Group's strategy. It seeks to anticipate skills requirements, ensuring that critical posts are filled, fostering the conditions for employee buy-in and meeting employee expectations, notably by taking their career plans and working conditions into account. The Group frames the compensation policy in line with the markets in which it operates, while respecting internal fairness.

PROMOTING INCLUSION AND DIVERSITY

The Group intends to assert itself as the glass packaging supplier of choice in the food and beverages production industry while also developing its teams, attaching particular importance to social matters including promoting diversity and integration into the local social fabric. Women made up close to 30% of management in 2020. In the same year, the proportion of people declared disabled in accordance with each country's definition was 3.3%.

Within this framework, the Group is a member of the United Nations Global Compact. Verallia is actively committed to gender equality as described in SDG 5, combatting discrimination and violence against women.

In 2020, the Group confirmed its desire to create an inclusive working environment at all levels, making this commitment part of its purpose.

OUR POLICIES AND ACTION PLANS AIMING TO PROMOTE DIVERSITY IN RECRUITMENT AND OPERATIONS

PROMOTING GENDER DIVERSITY

The Group's policy concerning gender equality in the workplace is based on a number of principles:

1 Recruitment

Verallia wants to ensure diversity of applications during the recruitment process. The process involves identical selection criteria that are based on initial training, professional experience, skills and potential for a given job description. If several applicants have skills that are considered identical, recruitment of the applicant whose gender is less represented in the desired role, whether male or female, is encouraged. Furthermore, communications and awareness-raising actions are implemented internally to encourage recruitment of women to roles that are traditionally male-dominated.

2 Compensation

Verallia supports the principle of equal pay with equal skills and work situation when hiring.

3 Promotion

The assessment and selection of talented employees must be based on identical and neutral criteria during preparation and the roll-out of career or succession plans. The Group supports female talent through training programmes, coaching and mentoring led by members of the Executive Committee and targeted actions to provide individual support to develop self-confidence and help them to assert their ambitions and take responsibility (theatrical training etc.). Particular attention is paid to this subject when choosing candidates for promotion during people reviews.

4 Combatting stereotypes

Job offers are non-discriminatory and written in a gender-neutral way, and do not convey any stereotypes relating to gender, age or any other discriminatory criteria.

In order to permanently move forward as regards professional equality, a "Women at Verallia" network has been created. This network has two aims: to advise and provide guidance for businesswomen in their career development goals by sharing their experiences, and to work on the theme of professional equality by suggesting improvements allowing for better inclusion of women in positions of responsibility.

In order to continue with its performance in terms of gender diversity, calculation of the gender equality index - which is mandatory in France - has been extended voluntarily to all countries in which the Group operates. In 2020, the Group's global gender equality index was 70/100, 10 points higher than in 2019.

PATRONAGE OF THE MAISON DES FEMMES

Since 2020, Verallia has been a patron of the Maison des Femmes (Saint-Denis hospital centre) with the aim of continuing with awareness-raising initiatives and supporting women in difficulty or who have been victims of violence.

MEASURES AIMING TO PROMOTE THE INCLUSION OF DISABLED PEOPLE

As regards promoting disability, the Group strives to raise awareness among all employees in order to avoid discrimination of any form and aims to go beyond its regulatory obligations in terms of hiring disabled people.

Diversity relating to disability is taken into account during the recruitment process and particular attention is paid to this subject when choosing candidates for promotion during twice-yearly "people reviews".

The Group also wants to raise employee awareness about disability. This is achieved through talks held throughout the year, in particular during disability week, when awareness-raising activities and materials are offered to employees, such as visuals and participation in the inter-company challenge launched by Fédération Française Handisport, in which Verallia had the highest employee participation rate. In France, quiz modules on raising awareness about disability were made available to employees at the end of 2020. The aim of these initiatives at various levels of the company is to change people's view of disability, facilitate recruitment and declare forms of disability within Verallia.

Lastly, the Group takes part in various initiatives around the world, such as sponsoring the French disabled rugby team, which has been selected for the Paralympic Games in Tokyo.

OUR RESULTS

	Target in 2025	2020	2019	2018
Gender equality index (as defined by French law)	75	70	60	N/A
Percentage of women in total workforce	N/A	16.5 %	N/A	N/A
Percentage of female managers	N/A	29.8 %	29 %	N/A
% of disabled employees	6 %	3.3 %	3 %	N/A

ANALYSIS OF OUR RESULTS

The gender equality index increased by 10 points year-on-year with significant progress in Latin America, which was significantly behind, and southern Europe, which achieved scores well above target, as with France.

The number of disabled employees increased slightly as a result of measures taken in 2020 to be more inclusive during recruitment, despite the health crisis and the lower number of hires.

MAINTAINING THE COMMITMENT OF OUR EMPLOYEES

The commitment and involvement of employees within Verallia are characterised by:

- The development, maintaining and conversion of skills by means of:
  - Transfer of knowledge from senior technical employees with high levels of technical expertise to new generations;
  - the acquisition upon hiring of specific skills with a strong impact on performance and quality;
  - the development of skills and the use of artificial intelligence in connection with industry 4.0 that will require a stronger fit between human skills and the technical input of machinery.
- Employee share ownership as a means of involving and aligning employees.
- An environment of dialogue with employee representatives in each country: there is a strong will in all companies and at the highest level of the Group to establish respectful dialogue and transparent communication.

Employee engagement is assessed every two years through a satisfaction survey (the last one carried out in March 2019) that results in corrective action plans.

OUR POLICIES AND ACTION PLANS TO PROMOTE EMPLOYEE COMMITMENT

COMPENSATION POLICY AND EMPLOYEE SHARE OWNERSHIP

The Group's compensation policy, including the remuneration of its executive director, aims to ensure competitive levels of compensation, in accordance with the Company's social interest and in line with market and industry practices. It also ensures that a strong link to the company's performance is preserved and that balance is maintained between short-term and medium/long-term performance, and contributes to supporting the Group's business strategy and future.

The Group has therefore implemented a compensation policy consisting, where appropriate, of:

- a base salary that pays for job holding and is attractive for recruiting and retaining talent;
- a variable annual share that pays for individual and collective performance based on the achievement of ambitious goals while being capped at a maximum level, therefore preventing excessive risk-taking. A source of motivation for teams, this variable annual share is based on annual criteria including safety, the reduction of CO_2 emissions, financial and operational performance, and personal goals.

In addition to Verallia's compensation policy, the employee share ownership policy is a strategic way of involving employees in the group's long-term development and performance. Employee share ownership aims to offer Verallia employees an opportunity to become shareholders in their company under special conditions approved by the Board of Directors (usual discount and employer contribution rates favouring small contributions) via the Verallia corporate mutual fund (FCPE). At 31 December 2020, the Verallia FCPE, comprising share ownerships of the Company's employees, held 3.2% of the Company's share capital.

OUR KEY TARGETS

DOUBLE EMPLOYEE SHARE OWNERSHIP BY 2025

(vs. 2.6% in 2019)

A PROACTIVE EMPLOYEE SHARE OWNERSHIP POLICY

Launched in 2016 under the leadership of Verallia's executive management and the Apollo and BPI France funds, then majority shareholders of Verallia, in the space of five years a number of employee share ownership campaigns have allowed 37% of employees to become shareholders of the Group and hold 3.3% of its share capital following the 2020 operation. The Group's aim is to continue with this policy of reserved employee share ownership offers over the years ahead, with the target of employees holding 5% of Verallia's share capital in 2025. In this regard, in 2021 Verallia will propose a reserved employee offer comprising a 20% discount on the share price and an employer contribution for each employee subscribing.

OUR RESULTS

	Target in 2025	2020	2019	2018
Percentage of permanent contracts	N/A	54 %	N/A	61%
Average training hours per person (permanent and temporary employees)	N/A	25 h	37 h	45 h
Voluntary turnover of permanent staff (resignations)	N/A	2.3 %	3.5 %	3.4 %
Engagement index (every two years)	60 %	N/A	43 %	N/A
Proportion of share capital held by employees	5 %	3.2 %	2.6 %	N/A
Absenteeism rate	N/A	5.5 %	N/A	N/A
Number of meetings organised with employee representatives / unions	N/A	1,136	N/A	N/A

ANALYSIS OF OUR RESULTS

The formula used to calculate the recruitment rate of permanent employees has changed in order to avoid any confusion: it now represents the number of permanent hires out of total hires. The number of hours of training per person was impacted by the health crisis, which resulted in a number of face-to-face training sessions being cancelled. The next engagement barometer will be in the first quarter of 2021 and the engagement index will be communicated in 2022. The proportion of share capital held by employees has increased thanks to the success of the 2020 offer extended to eight countries: 42% of eligible employees took part overall, that is 3,300 people. In France, the participation rate was 80%. The number of meetings with employee representatives allows for regular dialogue in all countries. A number of important meetings were held in France in 2020 due to the transformation plan. Dialogue with employee representatives also involves daily informal meetings at all workplaces, communications about companies' situations and managers listening closely to employees.

DIALOGUE WITH EMPLOYEE REPRESENTATIVES

In each country in which the Group operates, employees are represented at different levels by representatives of trade union organisations via various existing bodies depending on the regulations in different countries, such as works councils and health, safety and working conditions committees. Dialogue with employee representatives is therefore ensured on an ongoing basis within these bodies on a national and local level, at plants and at head office. It is the regional or country HR directors' responsibility to organise and host discussions.

In accordance with applicable EU regulations, a European works council has been in place since 2016 (see Governance section above). Furthermore, elections were held in 2019 at companies located in France and resulted in the creation of a Social and Economic Committee in accordance with applicable regulations.

CAREER MANAGEMENT

Verallia's training policy places employees at the heart of their learning and development path. This is based on an individual and collective training offering that can be customised, as well as tracking employees' career plans.

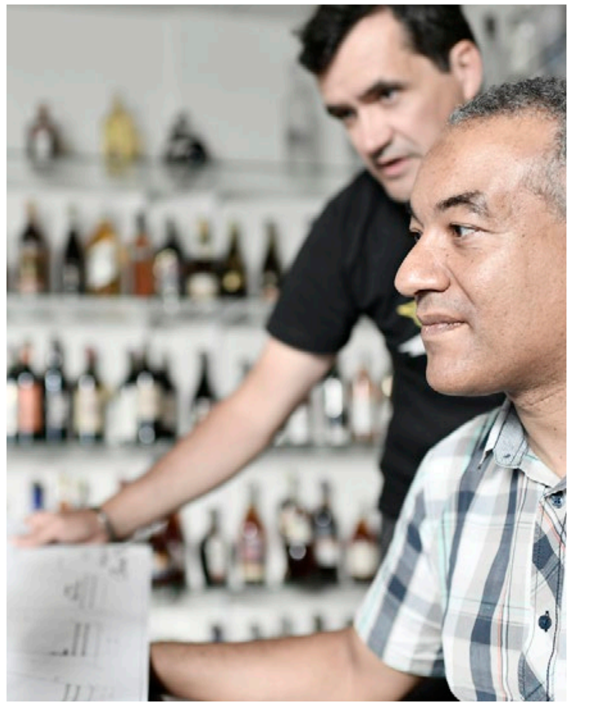
- **Management of career plans**

  Since 2019, the "people review" process has been used as a tool for managing talent. This process, which takes place biannually, assesses each employee's performance and potential, assesses their projection within the company, identifies their training needs and defines specific progression targets. These "people reviews" are an opportunity to implement specific training programmes responding to employees' needs and to define follow-up plans.

- **Employee training**

  The Group intends to continue with its training efforts, drawing in particular on passing on the expertise of its most experienced technical staff in order to improve the learning capacity of its teams and train them in project management in particular. Lastly, the Group may use external talent in order to further increase its know-how and diversity among its staff.

The health crisis largely impacted training programmes in 2020. Some face-to-face training courses had to be cancelled, while others were replaced by shorter e-learning programmes. To enable employees to take on board our purpose, a top-down deployment in groups of 6 or 8 was organised, mainly face-to-face, with all Group employees. The aim was to help employees understand the challenges and targets and how Verallia is committed to addressing these. Deployment is due to be completed by the end of the first quarter of 2021.



THE CHALON-SUR-SAÔNE TRAINING CENTRE

Established in 1969, the Chalon-sur-Saône training centre (France) guides the skill building of our workers and supervisors at our seven French plants. Internal trainers and expert instructors from across the value chain pass on their knowledge to promote the capitalisation and dissemination of glass-making expertise. Every year at the Chalon-sur-Saône site, some 400 trainees participate in 10,000 hours of internship training with particularly innovative teaching methods: virtual reality, use of school machines, role-play, etc.

Career path acceleration programmes are developed at the centre. This was the case with the "Verallia Glass School" created in 2013, which trained future technical managers and supervisors at our plants.

In the near future, the centre plans to integrate all managerial training into the core of its technical training programmes in order to broaden its scope and better guide our staff in the management of their teams.

The transformation plan in France enlisted management teams and staff representatives to support employees. Several meetings were required to draw up and steer this plan. As a result of the health crisis, we have put in place preventive measures, involving elected officials in all countries.

A number of training programmes are available and summarised in the table below:

TRAINING

LEADERS AT VERALLIA

Know-how training

Target

MANAGERS

Details

Feedback culture, management, leadership ability, embodiment of Verallia's four values.

MEET VERALLIA

Integration programme

Target

NEW HIRES

(less than one year's service / identified as future high potential / talent)

Details

This is a four-day integration course partly in France and in one other European country.

The aim of the programme is to:

- find out more about the Group (organisation, activity, targets) by visiting a plant and meeting a customer, in France or abroad;
- meet executives at the parent company and get a better understanding of Corporate functions;
- encourage sharing of ideas and develop the network at Group level;
- help to retain employees.

PROGRAMME INSERTION

Integration programme

Target

NEW HIRES

(maximum 6 months' service)

Details

This programme is held over three days at the Chalon-sur-Saône training centre.

The aim of the programme is to:

- find out about the glass industry;
- understand the production line process for a glass item;
- initiate dialogue between new hires and employees working on production lines.

BUSINESS LEADERS

Development programme

Target

FUTURE LEADERS

(Talent / high potential)

Details

This is a training programme developed in partnership with a business school in Berlin (ESMT). The programme lasts six days, with three days in Paris and the other three days at the Berlin school.

The aim of the programme is to:

- develop new skills to contribute to Verallia's strategy;
- help to create a new highly effective organisation;
- improve leadership and management skills;
- encourage development of the network and sharing of ideas between regions and functions.

GLASS-MAKING TECHNIQUES

Development programme

Target

YOUNG HIRES

Details

E-learning modules are developed by the Group and then rolled out locally by the training teams.

GLASS SCHOOL

Development programme

Target

STAFF WITH POTENTIAL

Details :

Technical training (industry 4.0, EHS, glass-making process) is available to employees according to their needs.

EXPERT CONTROL SYSTEM

Development programme

Target

R&D EMPLOYEES AND TECHNICAL TEAMS

Details

The roll-out of the expert control system at Verallia's plants forms an integral part of Verallia's industrial strategy. Digital technology is key in mastering processes and achieving industrial performance targets.

The aim of this e-learning module is to:

- improve the control of our processes with a view to improving stability,
- improve the management of our production and maintain competitiveness.
- help teams implementing this expert control system at plants and improve furnace performance while also developing their skills.

COMPLY ●

Compliance training

Target

MANAGERS | EMPLOYEES*

**employees of the marketing, communications and sales departments (including customer service)*

Details

This mandatory e-learning course looks at compliance with competition law and the consequences relating to failure to respect this law, whether the economic consequences for the Group or penalties for individuals.

ANTI-BRIBERY COURSE ●

Compliance training

Target

MANAGERS | EMPLOYEES*

**employees of the procurement department, sales (including customer service), heads of maintenance/logistics departments. EHS, technical, HR and all other employees exposed to a risk of corruption*

Details

This mandatory e-learning course looks at prevention of corruption and policies to guarantee practices that respect applicable laws in accordance with the Code of Conduct. It aims to improve the knowledge and vigilance of the target groups in this area.

RELATIONS WITH DISTRIBUTORS

Compliance training

Target

MANAGERS | EMPLOYEES*

** employees of sales departments (including customer service)*

Details

This e-learning training module complements the module relating to competition law, known as COMPLY. The aim of this module is to obtain a better understanding of which situations, in relations with distributors/resellers, would constitute a violation of competition law within the framework of the day-to-day activities of the target groups.

EMBARGOES AND FINANCIAL SANCTIONS

Compliance training

Target

MANAGERS | EMPLOYEES*

**employees of the accounting, treasury, procurement & supply chain, legal, internal control and sales departments (including customer service)*

Details

This e-learning training module looks at observance of regulations in terms of financial sanctions and embargoes.

The aim is to enable staff to know about and understand:

- the subject of economic sanctions and embargoes;
- the serious risks that may arise for employees individually and for Verallia from failure to observe these regulations;
- measures and behaviours to adopt in professional life on a day-to-day basis to control these risks in accordance with Verallia's policy in this area.

● *Mandatory*

APPENDICES

DEFINITION OF OUR KEY CSR RISKS AND OPPORTUNITIES

Pillar of the CSR strategy	Key risks and opportunities	Definition
Enhance the circularity of glass packaging	Incorporating the circular economy into our value chain	The Group is striving to reduce its environmental impact, in particular through the increasing use of external cullet, a key link in the circular chain of the glass industry made from glass from selective collection (from individuals and CHR): Cafés Hotels Restaurants.
	Optimising use of water and reducing waste	Water and waste are not currently identified among the major risks according to the criteria of the materiality analysis. However, the Group has set targets and associated performance indicators because reducing water consumption, as well as reducing waste and increasing its recycling contribute to the overall target of reducing the Group's environmental footprint. Preserving resources and, in particular, water resources in the context of climate change and increasing water stress zones is at the heart of Verallia's actions.
Significantly reduce our CO_2 emissions across our operations	Energy efficiency and carbon footprint of our operations	In a climate change context where energy consumption needs to be limited, reducing energy consumption and greenhouse gas emissions is a strategic priority for Verallia.
	Quality of our products	Faced with the climate emergency, in addition to securing our reputation with our customers, the quality of our products is a fundamentally environmental issue. Improving quality by getting it right the first time avoids any unnecessary waste of energy and production waste (energy expenditure for the manufactured product that will have to be reintegrated into a second production process). Improving quality therefore improves the Group's carbon footprint.
	Eco-design of our products	The need for more sustainable packaging requires Verallia to improve the environmental performance of its products under constant pressure from stakeholders. The Group supports its customers in their responsible approach through its range of eco-designed containers, consisting in particular of a reduction in the weight of containers.
Provide a safe and inclusive place to work	Occupational health and safety	The industrial processes used at our sites can expose employees to accidental events that could have consequences for their health and/or safety (such as cuts, burns, noise pollution or high temperatures).
	Employee commitment	The risk relating to human capital within the Verallia Group is characterised by the issue of attracting employees, the issue of developing, maintaining and transforming skills and an environment of social dialogue specific to certain countries. Diversity of skills and backgrounds is a key concern when it comes to creating an environment conducive to efficiency and commitment.

SCOPE OF ISSUES COVERED BY OUR STATEMENT OF EXTRA-FINANCIAL PERFORMANCE 2020

Given the nature of our operations, we deem that the following issues do not constitute primary CSR risks and do not, therefore, need to be elaborated upon in this Statement of Extra-Financial Performance: combatting food insecurity; respect for animal welfare; and the issue of responsible, fair and sustainable food.

Legal text	List of mandatory items	Addressed by Verallia in its Statement of Extra-Financial Performance 2020
Decree on implementing the transposition of the European Directive (No. 2017-1265)	Impact on climate change of the company's operations and the use of goods and services that it produces (contribution and adaptation)	*See section* **OPTIMISING WATER USE AND REDUCING WASTE** **pages 32-35** *See section* **SIGNIFICANTLY REDUCE OUR CO_2 EMISSIONS ACROSS OUR OPERATIONS** **pages 36-57**
	Circular economy	*See section* **ENHANCE THE CIRCULARITY OF GLASS PACKAGING** **pages 22-35**
	Combatting food waste	Given the nature of our operations, we deem that combatting food waste does not constitute one of the primary CSR risks, and it does not, therefore, need to be elaborated upon in this management report.
	Collective agreements entered into within the Group and their impact on economic performance and employees' work	*See section* **PROVIDE A SAFE AND INCLUSIVE PLACE TO WORK** **pages 66-75**
	Actions aimed at combatting discrimination and promoting diversity and measures taken to support people with disabilities	*See section* **PROVIDE A SAFE AND INCLUSIVE PLACE TO WORK** **page 66-75**
	Social commitments undertaken for sustainable development	*See section* **HELPING TO PRESERVE FORESTS AND OFFSETTING OUR BUSINESS** **page 56**
Law on sustainable food of 30 October 2018	Combatting food insecurity; respect for animal welfare; the issue of responsible, fair and sustainable food	Given the nature of our operations, we deem that the following issues do not constitute primary CSR risks and do not, therefore, need to be elaborated upon in this Statement of Extra-Financial Performance: combatting food insecurity; respect for animal welfare; and the issue of responsible, fair and sustainable food.

GLOSSARY

RCA
Root Cause Analysis

CULLET
Means the crushed glass added to the raw materials used in the production of glass.

EXTERNAL CULLET
Glass collected from individuals and cafés, hotels and restaurants (CHR).

INTERNAL CULLET
Glass from manufacturing scrap.

CORRIDOR OF BIODIVERSITY
All the habitats necessary for the functionally interrelated lifecycles of a species.

VERALLIA "DIVISIONS"
There are three:
- Southern and Western Europe,
- Northern and Eastern Europe,
- Latin America.

ECOVA
Range of bottles – "ECO" for eco-design and "VA" for value added.

ECOVADIS
Platform for rating the social and environmental performance of global supply chains.

EGO
Range of Chilean eco-designed products, standing for "Enhanced Geometric Objects".

EHS
Refers to the "Environment, Health and Safety" policy.

SALES TEAMS
Functions identified in the sales and marketing channels.

FEEDER
Distribution channel that feeds glass to the machines from the front end of the furnace. Its role is to maintain the temperature and homogenise the glass before it is fed into the machine.

FEVE
European Container Glass Federation.

FUSION
Means the first step in the melting of glass in production furnaces.
Fusion entails raising the temperature of solids – sand, cullet, sodium carbonate, calcium carbonate – to arrive at a homogeneous vitrified mixture.

INDEX ALPHA
The alpha coefficient is used by various glass production sites (cf NF H 35077). It determines the lightweight nature of an item independently of its capacity, and therefore allows the comparison of several items. Calculation formula: weight /volume^0.8 as per NF-H35077 norm.

INSETTING
This involves identifying business impacts (social, climate, water, biodiversity etc.) and engaging in socio-economic and environmental projects that mitigate the impacts.

ISO 22 000
Standard that guarantees that food risk to consumers is considered throughout the entire production process.

GOB
Means a compact mass of molten glass.

LCV
Lower Calorific Value.

VERALLIA "REGIONS"
There are five: France, Italy, Northern Europe, Iberian Peninsula, Latin America.

GLASS SAND
Very small cullet (fraction 0–4 mm).

SCOPE 1
"Direct emissions" = CO_2 emissions within the physical boundaries of the plant, meaning carbonated raw materials, heavy and domestic fuel, natural gas (fusion and non-fusion).

SCOPE 2
"Indirect emissions" = emissions related to the electricity consumption necessary for the plant's operation.

Excluded from Scope 1 and Scope 2 emissions, in accordance with the GHG Protocol and its emission categories, are emissions from office buildings, decoration plants and cullet processing centers, as they represent, according to our estimates and benchmark elements, less than 1% of total Scope 1 and 2 emissions.

SCOPE 3
"other indirect emissions" = all other greenhouse gas emissions that are not directly related to the operation of the plant operation of the factory, but from all other stages of the product's life cycle.

In accordance with the completeness requirements of the GHG Protocol, only non-significant sources have been excluded (application of the <1% threshold).

TF1
Number of accidents resulting in lost workdays per million hours worked.

TF2
Ratio of the number of accidents with and without lost workdays per million hours worked.

TPG
Ton of packaged glass or ton of good glass.

NOTE ON METHODOLOGY
AND REPORT OF THE INDEPENDENT THIRD-PARTY ORGANISATION

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Annex III

Table of concordance of the management report provided for in Articles L. 225-100 *et seq.* of the French Commercial Code

In order to facilitate the reading of this Universal Registration Document, the table of concordance below identifies the information relating to the annual management report of the Board of Directors to be presented to the General Meeting of Shareholders approving the accounts for each year ended, in accordance with Articles L. 225-100 et seq. of the French Commercial Code.

Management Report	Chapters/Sections of the Universal Registration Document
Activity report	
Position, activities and business developments of the Company and its subsidiaries during the past financial year	5, 7 and 18.2.1
Results of the Company and its subsidiaries during the past year (including debt situation)	7 and 8
Key financial performance indicators	7
Key risks and uncertainties	3
Information on market risk and financial risk management	3.3 and 18.1.1 Note 20
Acquisition of equity interests	7.1.2.7
Research and development, patents, licences	5.9.4
Predictable developments and future outlook	10 and 11
Post-balance sheet events	18.6
Capital and shareholding	
Composition and evolution of ownership and capital	16.1 and 19.1.7
Summary table of the outstanding delegations regarding capital increases and the use made of those delegations during the financial year	19.1.1
Acquisitions and disposals of treasury shares by the Company	19.1.3
Employee ownership of shares in the Company’s capital	15.4 and 15.5
Transactions carried out by executives and corporate officers on the Company's securities	Annex I §3.4.9
Items that may have an impact in the event of a public offer	Annex I Section 3.4
The name of controlled companies and the share of the Company’s capital held	6
Disposals of shares in order to sort out cross-shareholdings	N/A
Governance	
Executive management structure	Annex I §1.4.1
Composition of the Board of Directors	Annex I §1.2.7(a)
Remunerations of corporate officers and executives	
Remuneration of corporate officers and executives	Annex I Chapter 2
Details on pension commitments (other than basic and mandatory supplementary pension plans) and other benefits paid for the termination of duties in whole or in part in the form of an annuity, when these commitments are the responsibility of the company	Annex I Chapter 2
Corporate social and environmental responsibility	
Information on how the Company takes into account the social and environmental consequences of its business	Annex II
Key non-financial performance indicators, including environmental and social	Annex II
Information on installations classified in SEVESO “High threshold” category	N/A
Other legal and tax information	
Dividends distributed	18.4
Information on payment times for suppliers and customers	18.7.1
Key characteristics of internal control and risk management procedures relating to the development and processing of accounting and financial information	14 and 3.5.2
Injunctions or monetary penalties for anti-competitive practices	N/A
Lavish expenses	N/A
Information on the reincorporation of overhead costs in taxable profit	N/A
Table of results for the last five financial years	18.7.2

Table of concordance of the annual financial report provided for in Articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF General Regulation

This Universal Registration Document also constitutes the Company's annual financial report. In order to facilitate the reading of this Universal Registration Document, the table of concordance below identifies the information that constitutes the annual financial report to be published by listed companies in accordance with Articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF

Annual financial report	Chapters/Sections of the Universal Registration Document
1. Consolidated financial statements	**18.1.1**
2. Financial statements	18.2.1
3. Management report	Cf. table of concordance above
4. Declaration of the individual who bears responsibility for the annual financial report	1.2
5. Statutory Auditors' report on: - the consolidated financial statements - the financial statements	 18.1.2 18.2.2
6. Communication relating to the fees of the Statutory Auditors	18.1.1 Note 24
7. Report of the Board of Directors on corporate governance (Article L.225-37 of the French Commercial Code)	Annex I
9. Statutory Auditors' report on the report of the Board of Directors on corporate governance (Article L.225-37 of the French Commercial Code)	18.2.2