2021 CSR Report

Building our sustainable future



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EDITO



"Being a leader in our industry gives us a responsibility to address environmental challenges"

For 200 years, we have been putting our knowledge and passion

for glass production into practice. Every day, 10,000 people with a passion for their trade do everything they can so that consumers around the world can enjoy beverages and food with healthy, attractive and sustainable glass packaging. It is our mission to proudly offer innovative, customised and environmentally friendly solutions.

While the process of making glass has remained the same over the centuries, our world is changing at an accelerating pace. We must therefore align Verallia with society's broader challenges and expectations, from people matters (health and safety, diversity and inclusion, talent and skills, aspirations to "work differently") to the fundamental issues of the climate emergency and the depletion of natural resources.

With 32 glass production facilities in 11 countries, our Group is the European leader and the world's third largest producer of glass packaging. As a leader in our industry, we have a responsibility to address the environmental challenges facing the planet by going even further and working even faster to strengthen the circular and virtuous dimension of glass packaging.

Our purpose: Re-imagine glass for a sustainable future. This defines our ambition and strategy, which focus on three core pillars: enhancing the circularity of glass packaging, decarbonising our activities and ensuring a safe and inclusive work environment for all.

At Verallia, we are committed to ensuring that these drivers are more than **just messages.** They are part of the Group's DNA and give meaning to our actions. It is with this in mind that we decided to publish this report. Focused on our CSR actions, it explains how Verallia takes action in the best interest of its teams, its customers and society.

2021 key figures



and the world's third-largest producer of glass packaging for beverages and food products



2021 REVENUE BREAKDOWN



billion bottles and jars produced per annum

3.5% of capital held by employees





cullet treatment centres



glass production plants, 58 furnaces and 3 decoration plants

2 cullet treatment centres

66 /

GLOBAL GLASS LOCATIONS THREE MAJOR GEOGRAPHIC SEGMENTS



7 cullet treatment centres

2 decoration plants

3 cullet treatment centres

1 decoration plant

Our purpose

"Re-imagine glass for a sustainable

future". Our purpose guides us, motivates us and gives meaning to our commitment. It is a response not only to the environmental challenges facing the planet, but also to changing consumer habits.



OUR VALUES



CUSTOMER CARE





EMPOWERMENT AND ACCOUNTABILITY



lass, a material that is endlessly recyclable, lends itself to the manufacture of packaging that can itself be reused. Increasing the use of glass in our daily lives is a response to the environmental challenges facing the planet, as well as to changing consumer habits. To go even further and faster, and to enhance the circular and virtuous dimension of glass packaging, we need to rethink the entire value chain of this material and take a fresh look at the way it is produced, reused and recycled. We intend to play a leading role in the transformation of the packaging sector.

THE CO-CONSTRUCTION OF OUR PURPOSE

In December 2019, we initiated a process of reflection on the Group's purpose, in which we consulted and involved several dozen customers from different countries, a significant number of suppliers, local authorities, professional associations, NGOs and shareholders with whom we work on a daily basis. In addition to the round tables organised in each region, more than 1,500 stakeholders responded to the online consultation in February 2020, which resulted in the coconstruction of our purpose: **"Re-imagine glass for a sustainable future".**

INNOVATION FOR SUSTAINABLE GLASS

Taking concrete steps towards achieving this purpose means engaging in a transformation process that pushes us to be open to new ideas and new models.

To reduce our CO_2 emissions from product design to transportation, we are committed to integrating increasingly innovative solutions into our value chain. In doing so, we help our customers to reduce their own environmental impact.

We are also taking action to support and ensure the continuity of initiatives that are part of a strategy to reuse glass packaging. Making reuse a win-win solution for the planet, individuals and the glass packaging industry is part of our commitment and meets the expectations of our customers and consumers.

OUR STRATEGY

PURSUE DISCIPLINED GROWTH

INCREASE OPERATIONAL EXCELLENCE

INVEST WISELY FOR A SUSTAINABLE FUTURE

FOSTER A STRONG AND INCLUSIVE ENTREPRENEURIAL CULTURE

Our <u>approaches</u>

Among the strategic directions defined by the Group, Verallia intends to invest wisely for a sustainable future. This CSR ambition is expressed in concrete objectives and action plans.

CSR PILLARS	COMMITMENTS	OBJECTIVES
1. ENHANCING THE CIRCULARITY OF GLASS PACKAGING	 12 CONSIDERATION RESPONDED 13 CONSIDERATION RESPONDED 13 CONSIDERATION RESPONDED 13 CONSIDERATION RESPONDED 14 CONSIDERATION RESPONDED 15 CONSIDERATION RESPONDED 17 PREFERENCE 17 CONSIDERATION RESPONDED 18 CONSIDERATION RESPONDED 19 CONSIDERATION RESPONDED 19 CONSIDERATION RESPONDED 10 CONSIDERATION RESPONDED 10 CONSIDERATION RESPONDED 11 CONSIDERATION RESPONDED 12 CONSIDERATION RESPONDED 13 CONSIDERATION RESPONDED 14 CONSIDERATION RESPONDED 15 CONSIDERATION RESPONDED 16 CONSIDERATION RESPONDED 17 CONSIDERATION RESPONDED 18 CONSIDERATION RESPONDED 19 CONSIDERATION RESPONDED 19 CONSIDERATION RESPONDED 10 CONSIDERATION RESPONDED <l< th=""><th> Achieve an external cullet use rate of 66% across our global production by 2030. 2025 interim objective: 59% (+10 points compared to 2019). </th></l<>	 Achieve an external cullet use rate of 66% across our global production by 2030. 2025 interim objective: 59% (+10 points compared to 2019).
2. DECARBONISING OUR ACTIVITIES	 13 HEXERS FELATIVE 13 HEXERS FELATIVE 14 LILITECOMPARIANE 15 HEXERSE 15 HEXERSE 16 TRANSITION 17 PAREMARKATS 10 decarbonise scope 3, we are focusing primarily on the three main sources: raw materials, transportation and packaging. 	Reduce our CO ₂ emissions (scopes 1 & 2 ⁽¹⁾) by 46% in absolute terms by 2030 compared to 2019, i.e. from 3.09 million tonnes in 2019 to 1.67 million tonnes in 2030. 2025 interim objective: 2.62 million tonnes.
3. ENSURING A SAFE AND INCLUSIVE WORK ENVIRONMENT FOR ALL	 5 Guilt Units 5 Guilt Units 6 Guilt and inclusion drive our performance. To achieve this, three levers are being deployed: Guarantee the health and safety of everyone through targeted action plans, by improving working conditions and well-being. 9 Fromote diversity and inclusion, including gender equality and the inclusion of people with disabilities in the workplace. 9 Support our employees in their professional development, skill enhancement and career planning, and reward their involvement by ensuring a fair distribution of the value created. 	 Achieve a TF2⁽²⁾ below 1.5 by 2025. Reach 35% of women managers at Group level by 2025

1. Emissions produced directly by the company (scope 1) and indirectly via the energy it consumes (scope 2).

2. TF2 = Frequency rate 2 = Accidents (with and without work stoppages) per million hours worked.

OUR CERTIFICATIONS



Verallia has been EcoVadis certified since 2013, and in 2022 was awarded with the platinum medal for the first time.

Our Group is among the top 1% of the 85,000 most sustainable companies.



SCIENCE BASED TARGETS -46% CO₂ reduction target confirmed by SBTi for the 1.5°C trajectory in March 2022. **H**CDP

B rating based on 2020 reporting.

Our governance

Each of Verallia's management bodies contributes directly to the Group's CSR strategy and action plans.



• The Group's **Board of Directors** approves the sustainable development strategy and monitors its progress.

• The **Sustainable Development Committee** ensures that issues relating to social and environmental responsibility are considered in the Group's strategy and duly implemented.

• The **Executive Committee** defines the sustainable development strategy and ensures that the approved objectives are achieved.

• The **Sustainable Development Department**, in coordination with the network of representatives in countries or regions, works on a daily basis to deploy the Group's strategy at the global level, raise awareness among internal teams and respond to specific requests from customers, investors and third parties.

ETHICS AND COMPLIANCE: ESSENTIAL FOR TRUE ACCOUNTABILITY

Our **Code of Conduct**, which is based on our four values (see page 4), sets out the fundamental ideas behind our actions with regard to business ethics. It is a fundamental pillar of our CSR strategy, as is our **compliance programme**, which covers compliance with competition law, corruption prevention, compliance with economic sanctions and personal data protection legislation.

Our <u>responsible</u> purchasing policy

referenced suppliers

n 2018, Verallia established its Responsible Purchasing policy, which aligns the Group's code of conduct and values with its commitment to the United Nations Global Compact. This policy firmly expresses the duty of suppliers and employees to commit to human rights and respect for the environment. Based on the risk mapping carried out in 2019, we launched CSR assessments and audits of dozens of suppliers in 2020. The deployment of our responsible purchasing strategy accelerated in 2021 when the first action plans were implemented.

Assessing the CSR performance of our suppliers is also a priority. By the end of 2021, 89% of those identified as "priority risk" had been assessed by EcoVadis or ACESIA*. With a view to improving control of its supply chain, the Group has also made a major effort over the last three years to reduce its supplier base, condensing the number of referenced service providers by two thirds.

* EcoVadis and ACESIA are used to evaluate the CSR performance of suppliers.



Our key performance indicators for 2021

As proof that the momentum is there, we are making progress across all CSR areas.

Areas	Commitments	Key objectives	Performance indicators	2019	2021	2025 objective	2030 objective
Enhancing the circularity of glass	Be a major player in the circular economy	Achieve an external cullet rate of 59% in our production by 2025 (+10% compared to 2019) and 66% by 2030	External cullet use rate in production (average across our 32 sites)	49%	55%	59%	66%
	Develop eco-design for sustainable products	Reduce the weight of our standard and non-returnable bottles and jars by 3% by 2025 compared to 2019	Alpha Index (= weight/volume^0.8)	16	16	15.5	
packaging	Develop our capabilities for reusing glass	Test at least one pilot project for reuse in France by 2025	Number of pilot projects	N/A	N/A	1	
	Optimise water use	Reduce water consumption in glass plants by 5% between 2020 and 2025	M ³ of water consumed per tonne of packed glass (tpg)	0.63	0.53	0.55	
Decarbonising our activities	Reduce CO ₂ emissions (scopes 1 & 2) from our sites	Reduce our CO_2 emissions (scopes 1 & 2) by 46% in absolute terms by 2030 compared to 2019	CO ₂ emissions scopes 1 & 2 (kilotonnes)	3,090	2,833	2,626	1,669
	Reduce scope 3 emissions	Keep our scope 3 CO ₂ emissions below the bar of 40% of total Group emissions	Scope 3 CO ₂ emissions (%)	37%	36.6%	< 40 %	< 40%
	Develop renewable or decarbonised energy	Achieve 60% certified renewable or low-carbon electricity by 2025	% of certified renewable or low- carbon electricity out of total electricity consumed	N/A	45.6%	60%	
	Participate in soil regeneration	Plant a minimum of 100,000 trees per year until 2025	Number of trees planted since 2019	100,000	313,000	> 700,000	
Ensuring a safe and inclusive work environment for all	Guarantee the health and safety of everyone	Move towards zero accidents and achieve a TF2 of <1.5 by 2025	Frequency rate (with and without stoppages) TF2: number of accidents at work with and without stoppages per million hours worked	5.5	5.3	< 1.5	
	Encourage and increase the number of women in the Company	Increase the number of female executives in the Group to 35% by 2025	Percentage of female executives	29%	30.4%	35%	
	Embrace diversity	Increase the number of workers with disabilities to 4.5% by 2025	% of employees with disabilities	3%	3.4%	4.5%	
	Support our employees in their professional development and encourage their involvement	Double employee share ownership by 2025 compared to 2019	Capital held by employees	2.6%	3.5%	> 5%	

Our 2021 sustainab a key part of the

OUR RESOURCES

Employees who create Verallia's success

- Around 10,000 employees
- 4 shared values: customer care; respect for people, laws and the environment; empowerment and accountability; teamwork
- 177 job functions⁽¹⁾
- 1,168 employees recruited in 2021, including 336 women (29%)
- 10% managers and executives

Workplace safety

• Work accident frequency rate (TF2): 5.3⁽²⁾

Partners who share our values

- FEVE: European Container Glass Federation
- Ellen MacArthur Foundation
- Bpifrance

An international industrial presence

- 32 glass production plants
- 58 furnaces
- 12 cullet treatment centres
- 3 decoration plants
- 5 technical centres
- 13 development centres

A community player

More than 280 sales team employees⁽³⁾

Our resources

55% external cullet use

3. Functions identified in the sales and marketing divisions.



Extraction and

transformation

of raw materials

soda ash)

(sand, limestone,

Transformation of collected glass into cullet

through the recovery of domestic glass in the treatment plants (owned by Verallia or partners)

^{1. 177} job functions divided into various categories: technical/production, sales, R&D, purchasing, supply chain, HSE, HR, legal, CSR, audit and internal control, finance.

^{2.} TF2 represents the work accident frequency rate with or without lost days per million hours worked.

le <u>business model</u>, circular economy



Packaging and marketing

Verallia adds value to customers' products and contributes to the well-being of end consumers

RESULTS TO FOSTER SHARED GROWTH

A sound financial position

- €249 million in net income
- €800 million in equity
- €495 million in cash and cash equivalents
- €522 million in operational cash flow

Customers

- €2.6 billion in revenue
- €16.5 billion in bottles and jars produced
- 16.7% sales of the Ecova range⁽⁴⁾

Employees

- €511.5 million in salaries paid (with social security contributions)⁽⁵⁾
- CEmployer's contributions: approx.
 €128 million or 25%

Suppliers

- €1.6 billion in operating purchases
- €256 million in capital expenditure

Investors

- €114 million in dividends⁽⁶⁾
- €0.95 per share
- €221 million in share buybacks

Special attention to the environment

- Water consumption: 0.53 m³/tpg (-9% vs 2020)⁽⁷⁾
- Energy consumption: 1.8 MWh/tpg
- Proportion of non-glass waste recycled in the glass production plants: 68%⁽⁸⁾
- CO₂ emissions: 2,833 kt scopes 1 & 2 (-3.7% vs 2020)⁽⁹⁾

Sales of the Ecova and EGO ranges as a proportion of total sales.
 €492 million including employee benefits (profit sharing), excluding temporary staff.

6. Dividends paid in 2020 for fiscal year 2019. €101 million of dividends: €87,490,361.32 in newly issued shares and €13,144,489.38 in cash. 7. tpg = tonne of packed glass or "tonne of good glass". One tonne of packed glass corresponds to one tonne of pulled glass measured right out of the furnace and taking into account production losses linked in particular to shutdowns of the furnace or other equipment for maintenance or due to quality issues.

8. Including waste linked to furnace rebuilds.

9. Scope 1 "Direct emissions" = CO₂ b emissions at the physical perimeter of the plant = carbonated raw materials, heavy and domestic fuel oil, natural gas (melting and non-melting activities).

Scope 2 "Indirect emissions" = emissions linked to electricity consumption required for the operation of the plant.

Enhancing the circularity of glass packaging





2025 objective for the reduction in the average weight of non-returnable standard products compared to 2019.



he circular economy is emerging as a major societal trend. Both markets and consumers are seeing how relevant it is to saving natural resources and energy while reducing greenhouse gas emissions. This principle is being promoted at a European level, with one illustration in France being the adoption of the Anti-Waste and Circular Economy Law (Loi AGEC). Verallia has made this a major focus of its sustainability and climate change policy, along with the decarbonisation of its industrial sites. Glass recycling is obviously a key area for action. As an example, by increasing the volume of external cullet integrated into its production by 11% between 2020 and 2021, this is almost 81,000 tonnes of CO₂ avoided. The reuse of glass containers is also making significant progress as well as the eco-design of products, which is already a commercial success story.

SUMMARY

- P.12 ____ Maximise the use of cullet in our products
- P.14 ____ Expand glass reuse
- P.15 ____ Help raise awareness and expand glass recycling
- P.16 ____ Develop eco-design for sustainable products
- P.17 ____ Optimise water use and reduce our waste

Maximise the use of cullet in our products

Our Group has already demonstrated its knowledge and momentum in terms of developing the cullet sector and facilitating its integration into glass production. This is a key priority for reducing our carbon footprint. he use of cullet reduces sand and soda ash consumption and therefore directly contributes to natural resource conservation. It also reduces the amount of energy required for melting, thereby minimising the CO₂ emissions generated by glass production. With this in mind, we are increasing the number

of initiatives at all Group entities to incorporate more external cullet into our production. A "cullet committee" has been meeting quarterly since January 2021 to monitor the achievement of integration targets, the progress of strategies developed with suppliers and collection projects. Increasing the cullet rate is a priority for the Group, which includes it in the variable compensation criteria for all of its executives.





INVEST IN OUR TWELVE Cullet treatment centres

We already operate nine treatment centres in Europe (two in France, two in Germany, three in Italy and two in Spain) and three in the rest of the world (Argentina, Chile and Russia) where household glass, once collected, is processed into cullet.

These centres receive substantial investment. This is the case, for example, for the Everglass cullet treatment centre in Rozet-Saint-Albin (France), which recycles household glass collected by local authorities. The project involves increasing the flint cullet "demixing" capacity of this centre by 30,000 tonnes per annum, which will allow more flint cullet to be integrated into the production of flint glass. As the 2021 winner of the "Decarbonisation of processes and utilities in industry" call for projects launched as part of the French government's 2020–2022 recovery plan, this project received a subsidy from the French Environment and Energy Management Agency (ADEME) for 40% of the investment made.



COMMON CRITERIA, ACTION PLANS AND CONTINUOUS IMPROVEMENT

In 2021, the Verallia Quality Department, in conjunction with the whole Group, introduced cullet quality control parameters and sampling criteria to be used across all plants. The sharing of knowledge and best practices allows each entity to have specific objectives based on the most ambitious Group standards for each type of cullet (mixed, flint). An action plan specific to each country targets gaps, identifies possible obstacles and implements appropriate solutions. For example, in 2022, there are plans to intensify projects to improve cullet collection in countries with high development potential, such as Brazil.



A partnership that secures supplies in the long term

As part of a joint venture entered into in April 2021 with Remondis, a leading European specialist and supplier of glass and plastic processing, Verallia is jointly operating a cullet treatment centre in Germany. Consistent with the Group's strategy to maximise and secure the availability of cullet for its furnaces, this partnership enables the Group to meet the highest quality standards.



of Verallia Germany's revenue was generated by reusable bottles in 2021.



Expand glass reuse

The reuse of glass containers is an integral part of Verallia's strategy. The Group has taken this topic onboard and is preparing to address the complex challenges it poses for the industry. **G I boal solid waste generation is expected to increase by 70% by 2050*.** It is therefore becoming urgent to implement container reuse solutions. Faced with this challenge, we wish to act as a driver of change, whether by designing new reuse systems or improving existing ones.

A WHITE PAPER, BETWEEN THE CURRENT SITUATION AND THE FUTURE

Throughout 2021, we worked and were in discussions with experts from all sorts of backgrounds to advance thinking on the subject of reuse. The findings of these interactions were published in March 2022 in a **white paper entitled** *Re-imagining reuse for the Circular economy of glass: Stakeholder perspectives series.* A world first in the glass packaging industry, this summary document focuses on reuse from different perspectives and presents a comprehensive set of testimonials, expert opinions and figures. It identifies areas for action to develop glass reuse and encourage collaborations between various stakeholders.

THE RE-USE LAB TO EXPERIMENT AND MAKE THINGS HAPPEN

To promote further debate, we launched our **Re-use Lab.** This forum was held in Paris for the first time in March 2022. It is part of our CSR roadmap, and we aim to launch a pilot project for reuse in France by 2025. It is designed to be a place where stakeholders in the circular economy can hold open discussions. More generally, it will offer a possibility to consolidate ideas, compare points of view and review experiences in the field of glass reuse to determine what works best. The initiative will be extended to other countries.

THREE COMMITMENTS

Even though "traditional" reuse models may still work in some situations, new approaches are needed to make reuse an easy, sustainable and economically viable practice in the long term. Verallia has therefore made three major commitments, namely to encourage experimentation, collaborate to promote innovation, and share experiences and best practices. ●

Help raise awareness and expand glass recycling

Collecting glass after use for recycling is not a new idea, but it makes sense in the present day. With an emphasis on communication and education, we are actively exploring the potential of the "eco-circular momentum" currently shown by this sector.

he growing consumer interest in glass as a recyclable material is undeniable: according to an independent survey⁽¹⁾ conducted in January 2020 among more than 10,000 consumers in 13 European countries, 9 out of 10 consumers recommend glass as the best packaging (an increase of 11 points in ten years), and 42% buy glass for its recyclability. Encouraged by this finding, Verallia's teams are mobilizing around the world to remind consumers of the benefits of glass and to reinforce its use.

COMMUNICATE VIA SOCIAL NETWORKS

In Spain, we are an active member of Friends of Glass. This community, created by the European Container Glass Federation (*Fédération Européenne du Verre d'Emballage – FEVE*), brings together stakeholders in the glass value chain who value glass for three main reasons: health, taste and sustainability. As part of Friends of Glass, we use social media to promote glass to end consumers, especially younger ones. By 2021, these campaigns reached more than 26 million impacts and 10 million people.

SET UP COLLECTION POINTS

In Brazil, where only 25% of glass is collected for recycling (compared to 79% in Europe⁽²⁾), we signed an agreement with the City of Reno to encourage recycling. The Group has committed to setting up ten collection points in the municipality, mostly near schools. It should be noted that since there are no household glass collection systems in Latin America, Verallia is acting in its own name, launching collection campaigns in partnership with cities near the plants.

EVENTS AND PARTNERSHIPS

We also take advantage of events organised across the world, (trade fairs, inaugurations,

customer training courses, presentations in schools etc.) to encourage sorting and to recruit new recycling ambassadors. In 2021, several actions were carried out as part of the European Close the Glass Loop project, which aims to increase the collection rate of glass for recycling to 90% by 2030.

Since October 2020, we have been a member of the Ellen MacArthur Foundation, whose leadership and expertise in the circular economy inspires our Group to accelerate innovation in this area, encourage reuse and make every effort to recycle more glass.

1. Independent InSites survey finalized in 2020, available on the European Container Glass Federation (FEVE) website. 2. 2020 FEVE data.

São Paulo tests smart glass collection bins

In Brazil, Verallia is working alongside cullet producer Massfix on the Vidro Vira Vidro ("Glass becomes glass") project. The pilot phase, which was launched in January 2022, consisted initially of installing over 200 glass collection bins in the city of São Paulo. These bins are equipped with a technology that makes it possible to know how full they are in real time.



Develop eco-design for sustainable products

The application of a rigorous eco-design process further reduces the environmental footprint of glass, especially its carbon impact. This has been our commitment since 2009 with our Ecova range, and we are determined to continue this momentum.

n 2021, to ensure we achieve the objective of reducing the average weight of standard non-returnable products by 3% by 2025, Verallia established a roadmap, set up a dedicated organisation and structured its governance.

This roadmap has been rolled out in each region. It defines the number of products to be made lighter, the percentage weight reduction target and the alpha coefficient* to be achieved at the end of each year on an annual basis until 2025. The positive impact of the roadmap will be visible from 2022 onwards. Several initiatives have also been taken to develop new eco-designed standard products. The aim is to achieve a significant weight reduction (over 20%) compared to similar existing alternatives.

ECOVA, ECO-DESIGN AND VALORISATION

In 2009, Verallia established itself as a pioneer in eco-design in its sector by offering the new Ecova product range - with "Eco" meaning "eco-design" and "Va" coming from the French "valorisation", meaning "adding value". Designed to make items lighter and maximise the number of items per pallet, these eco-designed products reduce the CO₂ emissions associated with their production and transportation by up to 15%. In 2021, 2.6 billion bottles from the Ecova product range were sold, an increase of around 7% compared to 2020. As another example, based on one bottle from the Chilean eco-design EGO range (Enhanced Geometric Objects), Verallia has developed an ecodesigned version for the premium vintages of the Chilean winemaker Concha y Toro. The weight has been reduced by 9%, saving 210 tonnes of glass per year.

* The alpha index, which evaluates the weight/capacity ratio of glass packaging, is a new indicator specific to the glass industry which is used to monitor Verallia's eco-design performance.



Toward the world's lightest champagne bottle

Verallia and Maison de Champagne Telmont have launched a unique experiment to reduce the weight of a bottle from 835 grams to 800 grams, the challenge being the pressure exerted by the champagne on its container. At the end of this test and the ageing stage in the cellar, the first lightened bottles could be marketed from 2026 for the Telmont Réserve Brut (minimum ageing of three years).

Up to a **15%**

reduction in CO₂ emissions from production and transportation for Ecova's eco-designed products.

"Thanks to over 14 years of technical expertise from the Ecova range, we have been able to accelerate our product weight reduction programme. In France, our ambition is to make a quarter of our standard, non-reusable bottles and jars lighter by 2025. This requires extensive mobilisation, but it is how our Group, together with its customers, will meet its CO, reduction target."

Marie-Astrid Gossé Marketing Director of Verallia France

Optimise water use and <u>reduce</u> our waste

By limiting our water consumption (used to cool molten glass and equipment), not wasting resources and reducing the amount of waste produced as a result of our activities, we are committed to manufacturing our products in the most sustainable way possible. o preserve water resources and optimize our waste management, we are acting on both the quantitative and qualitative aspects. Redefined in 2018, our strategy has aligned the action plans of Verallia sites around common objectives: reducing consumption, but also avoiding nuisances due to spills and respecting emission limits.

SIGNIFICANT DECLINE IN WATER CONSUMPTION

With regard to water, efforts are being made to maintain the network — precise monitoring of consumption, periodic searches for leaks etc. — as well as to recover rainwater, optimize production processes and reuse the deconcentration water from the towers used to cool production scrap. The Group's water consumption at its sites has fallen significantly, from 0.63 m³/tpg in 2019 to 0.53 m³/tpg in 2021.

A major project to further reduce water consumption was launched worldwide in February 2022. The objective set for the period 2020-2025 of a 5% reduction in water consumption in glass plants to 0.55m³/tpg having been achieved, increasingly ambitious action plans have been launched on a global scale. Of the seven plants targeted in the first stage, the plants in Zaragoza (Spain), Porto Ferreira (Brazil) and Essen (Germany) are the most advanced in developing their action plans. After a diagnosis and budgeting phase, renovation work will begin in 2023. Other plants will follow the same methodology from now through to 2025.

REDUCED AND BETTER-RECYCLED WASTE

In 2021, another major project to reduce the volume of our waste was adopted. With the close involvement of the plants' Environment, Health and Safety (EHS) teams, actions are being taken and good practices deployed in each region (installation of a centrifuge to reuse oil in Germany; recovery of electrostatic precipitator dust in France; pallet repair, composting or washing of dirty textiles in Latin America, Spain and Portugal).

The result is that the overall volume of waste has been reduced by 10% (which, for example, corresponds to all waste generated by Verallia's Latin American plants), and our waste recycling rate increased from 65.5% in 2020 to 68% in 2021. In 2022, an additional lever was activated with selective sorting in plants. Once a Group-wide map has been created, the methodology involves visually identifying deviations and good practices, with the help of management.

The next phase in 2023 will be the launch of the "zero waste to landfill" project. ●

OUR TARGETS FOR 2025







Decarbonising our activities





(vs 3,090 kt in 2019

and 2,833 kt in 2021).



for certified renewable or low-carbon electricity out of total electricity consumed (vs 46.5% in 2021).

s a material that can be reused and recycled over and over again, glass is an ideal material for a circular economy. However, it still has to be melted down to produce new bottles or jars. Today, this operation is the main cause of CO₂ emissions from our Group's activities. Determined to act to make our activities increasingly streamlined and respectful of the environment, we have embarked on a policy of investing in the technology, resources and industrial equipment used in our plants. We are giving ourselves the means to achieve our ambitions and are positioning ourselves as pioneers in our sector. To reach Net Zero by 2050, our goal is to reduce our CO₂ emissions by 46%⁽¹⁾ by 2030 on scopes 1 & 2 in absolute value (compared to 2019). Since 2021, we have also been working on reducing our scope 3 emissions to keep them below 40% of our total emissions, and we will work closely with our suppliers and clients to achieve this. Finally, we contribute to the carbon balance of ecosystems by pursuing actions in favour of soil regeneration and biodiversity.

SUMMARY

- P.20 ____ Increase the proportion of low-carbon raw materials
- P.21 ___ Optimise the energy consumption of our industrial facilities
- P.22 ____ Develop and invest in low-carbon furnaces
- P.23 ____ Develop renewable or low-carbon forms of energy
- P.24 ____ Reduce our indirect emissions
- P.25 ____ Contribute to soil regeneration and biodiversity preservation

1. Target validated by the Science-based Target Initiative (STBi). Jointly initiated in June 2015 by the Carbon Disclosure Project, the United Nations Global Compact and the World Resources Institute, its primary objective is to meet the targets set by COP 21.

2. Emissions produced directly by the company (scope 1) and indirectly via the energy it consumes (scope 2).

Increase the proportion of low-carbon raw materials

When we use low-carbon or decarbonised raw materials, we significantly improve the carbon footprint of our operations. Our efforts in this area are focused on external cullet in particular.

imestone and soda ash, two of the main raw materials used in the manufacture of glass, emit CO₂ when they are melted. In 2019, these emissions represented approximately 20% of the total for scopes 1 & 2. This is why we seek to replace these raw materials with alternative materials that release less CO₂, or none at all.

INCREASINGLY INTEGRATE CULLET INTO OUR FURNACES

The simplest solution is to use cullet, which does not emit CO_2 when remelted. As explained in the first part of this report, we are focusing our efforts on increasing the volume of external cullet used in our furnaces. From 2,903 kilotonnes in 2020 to 3,228 kilotonnes in 2021, 81,000 tonnes of CO_2 emissions have been avoided. We will continue to use all available areas to progress even further and increase the external cullet use rate in our global production to 59% by 2025 and 66% by 2030 (vs 49% in 2019).

OTHER PROMISING AVENUES

The use of other decarbonised raw materials is also an area of interest. Our R&D teams have launched an extensive project to evaluate sources of calcium and sodium, both in terms of availability and compatibility with the glass furnace operation process. The short-term goal is to approve at least two alternative raw materials and to set up the appropriate supply chain for use starting in 2023.



This is the target set by Verallia for the rate of external cullet used in its furnaces by 2030. The interim objective is 59% by 2025.

"Several action plans aim to further increase the recovery of external cullet in our furnaces, including providing local support in countries where selective collection of materials is less developed than in Western Europe. We invest in both infrastructure and communication, because we believe that effective education and a long-term vision always prevail over routines and regulatory constraints."

> Stefano Cassano Corporate Director of Production Materials Purchasing of Verallia





All of our French sites are ISO 50001-certified

Verallia's seven French glassmaking sites now have ISO 50001 environmental certification. To emphasize the significance of this certification, a large-scale communication campaign was carried out with Verallia France employees via the support teams, with posters, banners on the intranet and other educational materials to help them understand the issues and act accordingly.

Optimise the energy consumption of our industrial facilities

More energy efficient factories and furnaces help limit global warming. We are taking action on several fronts. he energy and environmental performance of our industrial sites is part of the continuous improvement process defined in our Verallia Industrial Management (VIM) initiative. Monthly reporting of energy consumption for scopes 1 & 2 (currently being rolled out for scope 3) enables teams at each site to monitor the effectiveness of their actions, share best practices and initiate new ones.

CONVERT THE LAST OIL-BURNING FURNACES

For some years now, natural gas has been gradually replacing fuel oil in our glass furnaces as its combustion emits less CO_2 for the same amount of energy. Between 2020 and 2021, the share of fuel oil used as energy for melting has decreased from 10% to about 7%. Our last two oil-burning furnaces will be converted by 2024.

REDUCE ENERGY LOSSES

We optimise our furnaces throughout their lifecycle (ten to twelve years or more) to make them more energy-efficient. A comprehensive energy loss identification programme has been implemented at all our sites. This has led us to develop deflectors that reduce the amount of cooling air entering the furnaces, thereby avoiding energy losses.

OPTIMISE ENERGY CONSUMPTION

Among other benefits, "Industry 4.0" and its augmented intelligence tools can help us optimise the use of resources while ensuring customer satisfaction. In concrete terms, this translates into two major developments: the digitization of the industrial apparatus to collect data in real time and the control of furnaces assisted by Artificial Intelligence software. This system is already operational on 53% of our furnaces, generating energy savings of up to 2%.

RECOVER HEAT FROM FLUE GASES

The heat from combustion fumes also has significant energy potential for Verallia sites. At the Burgos plant in Spain, this heat has been recovered since 2021 thanks to a boiler that produces dry steam used by one of the Group's customers, Mahou San Miguel, at its nearby industrial site. Building on this promising initial experience, a project was launched with the support of the ADEME at the French site in Lagnieu. It is expected to be operational in 2023 and will recover 8,200 megawatt-hours per year. ●

Develop and invest in low-carbon furnaces

Glass melting accounts for around 75% of the energy consumed, and CO_2 emitted, by our sites. This energy is mainly sourced from fossil fuel combustion (86% natural gas and 7% fuel oil). Developing the technologies used in the furnaces to integrate alternative energies is therefore essential. wo fully electric furnaces will be built at the Cognac (France) site, with the first furnace coming into service in 2023 (see below). This pioneering initiative is expected to reduce CO₂ emissions by 60%. Presently, electric furnaces accept a maximum cullet rate of 65%. Hence the interest in developing an innovative hybrid furnace technology in parallel, which could also reduce CO₂ emissions from glass packaging production by 50% and would accept the same cullet rates as the Group's traditional furnaces.

HYBRID FURNACES, INNOVATION FOR GLASS PACKAGING

Verallia is developing and investing in this new hybrid furnace technology, a first for the container glass industry. The first pilot furnace is planned for 2024. It will then be possible to verify the technical solutions before general deployment starts in 2026.

BUILD ON TRANSITION TECHNOLOGIES

However, the life cycle of the furnaces (approximately twelve years) and their reconstruction schedule must be taken into account. Furnaces rebuilt before 2027 will not be able to use hybrid technology.

To ensure that our furnaces start to significantly reduce their CO_2 emissions now, we are using two existing technologies: the **super-boosted furnace**, which increases the proportion of electricity in its power supply from 7% to around 25%, and **oxy-combustion**, which reduces scope 1 CO_2 emissions. This second technology, which requires the installation of an on-site oxygen generation unit, will be implemented from 2023 onwards in the new furnaces built in Brazil and Italy.



A world first in Cognac (France)

One furnace at the Cognac site will be replaced by two electric furnaces. Powered by low-carbon electricity, they promise to reduce total CO₂ emission by up to 60% compared to traditional furnaces. This technology, which is already used in cosmetics and glass wool manufacturing, is not yet used for bottles and jars. It is particularly well suited to flint glass, which accounts for about a third of Verallia's production. Production is . scheduled to start in 2023. and further deployment is being evaluated.

Develop renewable or <u>low-carbon</u> forms of energy

By decarbonising its electricity mix while improving its energy efficiency, our Group is part of a virtuous circle. We intend to accelerate our green electricity supply, which is already embedded in our practices, and we are exploring the integration of other renewable or low-carbon energies.

Solution ince electricity accounts for around 12% of our CO₂ emissions (scope 2), we have set ourselves the target of having 60% certified renewable or low-carbon electricity in our electricity mix by 2025. This target is all the more important in the context of the development of electric or hybrid furnaces.

BUY RENEWABLE ELECTRICITY, OR PRODUCE IT ON SITE

Examples include Brazil, where 100% of the electricity purchased is hydroelectric; Spain and Portugal, where a 100% certified renewable supply has been secured for 2021; or the Argentinian site of Mendoza, where 50% of required energy is supplied by wind power.

We are also starting to equip some of our plants with photovoltaic panels (see box opposite).



This is the percentage of renewable or low-carbon electricity that Verallia is targeting for its electricity mix by 2025.



PREPARE FOR THE USE OF GREEN HYDROGEN

Green hydrogen, which is hydrogen produced from renewable energy, is considered by the European Union to be a major component of its Fit for 55* plan. However, its use as the main fuel in glass furnaces is a new practice. Together with two partners, we are carrying out a project to supply one of our sites with coke oven gas that may contain up to 50% hydrogen, which is hoped to reduce the site's CO_2 emissions by 10%. The evaluation to follow will be a valuable asset for exploiting renewable hydrogen when it becomes available.

BIOFUELS AS AN ALTERNATIVE TO NATURAL GAS

Natural gas burnt in furnaces remains the main source of CO_2 generation at Verallia plants, hence the interest, where possible, in replacing it with **biofuels such as biomethane**, the combustion of which is CO_2 neutral. Several projects that aim to validate the technical and economical viability of this process are underway in various countries, and Verallia intends to supply the equivalent of three furnaces with 100% biofuels by 2030.

* European Union roadmap for a 55% reduction in emissions by 2030.

Self-generated solar power under consideration

Verallia is planning to equip some of its plants with photovoltaic panels, which would make it possible to generate some of the electricity consumed by production activities on-site. Panels installed at the Mondego site in Portugal started producing electricity in the summer of 2022. Similar projects are under consideration at the Group's Spanish and Italian sites.

Reduce our indirect emissions

Since 2019, we have been regularly assessing our scope 3 emissions. We aim to keep them below 40% of our total emissions by 2030.

> easuring scope 3 emissions is complex because it covers a very broad spectrum. However, it allows us to identify and act on the major sources of these emissions.



TAKE ACTION ON RAW MATERIALS...

Reducing scope 3 emissions associated with **raw materials (34% of our scope 3 emissions in 2021)** involves monitoring our suppliers' emissions, as well as the actions they take to reduce them. Since January 2022, we have been systematically including these criteria in our supplier selection process. We also offer support to our suppliers to jointly improve our CO₂ emissions.

... SUPPLY CHAINS...

To deliver nearly 6 million tonnes of finished product to our customers each year and transport an equivalent volume of raw materials to our furnaces, **transportation** and its emissions represent a major challenge. Today, these **represent 18% of our scope 3 emissions**.

We therefore intend to promote the use of renewable energies, in particular biofuels, as well as alternative solutions to road transport, such as rail. These topics are being addressed with our main carriers and are already generating promising initial applications (*see box opposite*). It should also be remembered that the development of Ecova's eco-designed products (*see p. 16*) makes it possible to optimise not only the weight, but also the number of bottles per pallet as well as the number of pallets. This in turn reduces transport-related CO₂ emissions.

... AND PACKAGING ...

We are also working on eco-design, and the reuse and recycling of packaging, which generated 8% of our scope 3 emissions in 2021.

A network of local subcontractors close to our plants repairs damaged pallets, which can be used an average of 25 times before being processed as waste. At the same time, we are encouraging the purchase of second-hand pallets. We also collect plastic dividers, which are washed and reused 20 times before being processed as waste.

As for packaging films, our Group has launched two main initiatives that will be implemented by the end of 2022: one aims to optimise the thickness of the film based on need, and the other to integrate more recycled plastic into its composition.

In Northern Italy, the road-rail formula is proving effective

After successful trials, the transport operator Metrocargo has launched a dedicated road-rail link for traffic between our plants in Piedmont, Lombardy and Veneto. This intermodal service, which transports bottles in one direction and raw materials in the other, will save 2,366 tonnes of CO_2 per year, a 45% reduction compared to the previous configuration. This is the equivalent of what a forest with 80,000 trees absorbs in one year.

BREAKDOWN OF SCOPE 3 CO., EMISSIONS BY SOURCE IN 2021 (IN PERCENTAGE)



Contribute to soil regeneration and biodiversity preservation

Verallia contributes to the carbon balance of ecosystems by participating in reforestation and agroforestry projects, primarily in the countries where its plants are located.

ith the support of PUR Projet⁽¹⁾, we have already funded seven reforestation and agroforestry programmes in six countries. These projects, which are implemented in partnership with local communities, are designed to have a significant social and environmental impact. As a result, over 300,000 trees have been planted since 2019, supporting 260 farmers and directly impacting 255 hectares of land. By the end of 2023, we will plant more than 100,000 trees near our production sites, notably in Europe and Brazil, in cooperation with Reforest'Action⁽²⁾.

In addition, the number of local initiatives is also growing in collaboration with local organisations, schools and authorities. For example, in Italy, the Lonigo plant organised an event in 2021 during which 1,000 local trees were distributed.

ensures that carbon measurement is carried out in accordance with a recognised benchmark, the GHG Protocol.

Finally, it should be noted that since 2022, in accordance with a commitment announced in the 2020 Extra-Financial Performance Statement, our Group has been offsetting all CO, emissions related to employee business travel.

1. PUR Projet is a French B Corp certified company founded in 2008, and is recognized worldwide in the development of nature-based solutions. It supports companies to regenerate ecosystems, to promote agroforestry, land conservation and the adoption of more sustainable agricultural practices. 2. Reforest'Action is a French company that has been a pioneer in reforestation since 2010 and is BCorp certified. Its mission is to preserve, restore and develop resilient forest ecosystems. around the world in response to the climate emergency and the erosion of biodiversity.

3. A carbon credit represents one tonne of CO2 equivalent that has not been emitted or that has been sequestered thanks to an environmental project.

Brazilian biodiversity. a treasure to be preserved

In Minas Gerais (Brazil), Verallia supports the Nordesta project, one of whose main objectives is to preserve biodiversity and promote native species. To date, 151 different species that have been planted as a result of this initiative. At the heart of the project is the nursery, where the collected seeds are extracted. duly stored and then grown into seedlings which are then planted by farmers.

OFFSET OUR GREENHOUSE GAS EMISSIONS

Since 2019, we have offset more than 90,000 tonnes of CO₂ through certified afforestation projects in Latin America. We apply international standards for carbon offsetting, which consists of purchasing carbon credits⁽³⁾ to finance projects that avoid or sequester greenhouse gas emissions. Credits are purchased through projects certified by international frameworks, such as the Verify Carbon Standard (VCS), which





to contribute to soil regeneration.

Ensuring a Safe and inclusive work environment for all









he Group's 10,000 employees can count on their employer's strong commitment to health and safety. 91% of the employees who participated in the latest engagement survey⁽³⁾ identified compliance with safety rules as one of the Group's key professional behaviors. Awareness campaigns, risk awareness programs... are priorities issues Verallia adresses as closely as possible to the field. Another major challenge is to build an inclusive work environment in an industrial world which has largely favoured the recruitment of men due to the conditions in which its jobs are carried out. This means lightening the load-bearing requirements and, more generally, making workstations accessible to as many people as possible. It also means acting voluntarily to integrate different profiles into recruitment and to incorporate more diversity into the workforce. Our Group is established in local ecosystems, as close as possible to local communities and often in rural areas, and contributes to the economic development of those communities, offering its employees the opportunity to acquire skills and unique glassmaking knowledge.

SUMMARY

- P.28 ____ Guarantee team safety
- P.30 ____ Promote diversity and inclusion
- P.32 ____ Support the development of our employees
- P.33 ____ Foster employee well-being

^{1.} TF2 = Frequency rate 2 = Accidents (with and without work stoppages) per million hours worked.

^{2.} Number of female executives as a percentage of the total number of executives,

according to the definition of the category used in each country.

^{3.} Verallia Engagement Survey - March 2021.

Guarantee team safety

To achieve "zero accident", Verallia relies on compliance with regularly updated rules that are adapted as effectively as possible to the reality on the ground. The Group also promotes dialogue and the voluntary commitment of each individual.



"Reactive-preventive", constantly updating our standards

All handling operations (loading, unloading and storage of raw materials, finished product etc.) have been subject to new standards since mid-2021.

In 2021, a very strict separation of flows was introduced across all Group plants in areas where the largest forklift trucks are used (with information sheets, signs, barriers etc.).



in the narrow sense, one to health and two to the environment) which provide each site with a benchmark. These standards cover everything from machine safety to the movement of employees on site, maintenance work and risk management. Updated in 2020 to better reflect an operational perspective, they are available in all languages spoken within the Group to facilitate their dissemination and implementation. "Beyond benchmarks and standards, as essential as they are, we make sure that we communicate key messages in terms that are simple, tangible and meaningful to everyone. As soon as an accident occurs, we act immediately to analyse the causes and draw the necessary, definitive conclusions."

> Karim Ben M'Rad Verallia EHS & Operational Excellence Director of Verallia

PROMOTE A CULTURE OF SAFETY

In order to achieve our objectives and structure the deployment of our Health and Safety (H&S) policy, we formalised the "H&S bottle" in 2020. This roadmap details the tools (standards, risk analysis, cardinal rules) and the associated management system, as well as the various steps that make it possible to promote a dayto-day culture of safety and ensure that everyone becomes increasingly vigilant not only towards their own safety, but that of their co-workers as well (see the diagram below). At least once a year, each site carries out a self-assessment using these criteria, then draws up an action plan for moving forward. In 2021, Verallia's teams focused their H&S action plans on strengthening the role of management and on the feedback given to employees when an accident occurs.

MANAGERS AT THE FOREFRONT

In 2022, the deployment of the "H&S bottle" continues with the Safety Gamba Tour (SGT). The SGT sets a routine for managers to visit workshops. Managers can benefit from coaching that further enhances their ability to analyse risks and solve problems. In addition, the Group is upgrading its training and validation process for temporary workers and is providing technical solutions that reduce occupational health risks.



Spanish initiatives

Spanish teams have found a simple and effective way to address safety-related issues and share good practices. Every month, a plant chooses a safety-related theme, discusses it collectively and then designs posters explaining the risks and precautionary measures to take. These posters are then shared with the other sites. Some examples include the Zaragoza plant which has worked on work permits, the Burgos plant which has looked at risky behaviour and the Azuqueca plant which has focused on electrical risks.



LEVEL 4 > LONG-TERM

Interdependent culture of safety: employees take initiative with regard to health and safety issues and keep an eye on their colleagues.

LEVEL 3 > **PROACTIVE**

Managers are safety officers and help other employees to become safety officers too: SMAT* is a management routine also practised by employees.

LEVEL 2 > **PREVENTIVE**

We know where the risks lie and we have rules: cardinal rules, health and safety standards and standard operating procedures are implemented and visible. Risks are evaluated.

LEVEL 1 > REACTIVE

We know why and where an accident has occurred: accidents are analysed in a structured way, countermeasures are developed and feedback is shared between all sites.

* SMAT: the Safety MAnagement Tool was designed to increase the commitment of all employees to safety, reinforce safe behaviour and eliminate EHS risks.

Promote diversity and inclusion

Even though the inclusive values promoted by Verallia are addressed by Group-wide policies, they are also expressed as locally as possible in the form of numerous employee information campaigns and mobilisation initiatives.



nclusion is a fundamental value for Verallia, which has closely involved its employees in defining its purpose. "Re-imagine glass for a sustainable future" means shifting lines, promoting other forms of cooperation with different profiles, and helping employees to become aware of the depth that greater diversity brings to their company.

SKILLS ARE OBJECTIVE, NOT GENDER SPECIFIC

When it comes to gender equality in the workplace, we are addressing recruitment criteria and procedures. This includes a clear, gender-neutral description of what is expected in each position, so as to limit cognitive biases and make the analysis of the skills required more objective. Furthermore, during the recruitment process, regardless of the level of the position to be filled, the company sees the same proportion of men and women, as reflected in the CVs received. We also ensure that gender equality in the workplace applies to training and access to training, compensation and classifications, as well as professional promotion.



employees attended the five conferences held in 2021 on themes relating to difference, diversity and inclusion in the Latin American Diversos program.

EMBRACE DIVERSITY

Diversos is an ambitious programme devised by Verallia in Latin America in late 2020. It encourages all employees to reach their full potential. A whole range of tools is available to management, including training and interventions, events, internal communication kits, diagnostic methodology, modification of recruitment processes, and how to use more inclusive vocabulary in internal and external publications. In concrete terms, in 2021, 600 employees attended the 5 conferences that were held on themes relating to difference, diversity and inclusion. 98% of the participants considered the topics discussed to be extremely relevant. Ask Me Anything (AMA) for questions and conversations without taboos or self-censorship

Launched in Brazil as part of Diversos, Verallia's diversity programme in Latin America (read paragraph: Embrace diversity), the Ask Me Anything (AMA) initiative consists of offering and encouraging discussions in a safe environment, where people can feel comfortable talking about any topic and ask any questions without fear of being judged. Questions are asked anonymously via the Slido platform. In 2021, the three sessions covering the topic of disability and diversity were attended by 425 participants, who were all very satisfied with the discussions.



WORKPLACE ACCESSIBILITY, A KEY ISSUE

We have a variety of tools at our disposal to make as many jobs as possible accessible to people with disabilities. These include reducing the need for heavy lifting. Our efforts also focus on keeping people with medical restrictions or work disabilities in employment, so that they can remain active within the company and in their jobs.

At the Chalon-sur-Saône plant in France, an exemplary agreement on the employment of people with disabilities was signed with trade



It should be noted that actions that promote accessibility to jobs also help women to exercise responsibilities that were traditionally reserved for men.

JOB MAPPING AND CONTINUOUS AWARENESS RAISING

In 2022, priority is being given to identifying the most accessible and "adaptable" jobs, so that all jobs likely to be offered to people with disabilities in the first instance can be accurately mapped. Particular emphasis will be placed on raising employee awareness of this issue through a diversity day on March 8, while the steering committees will closely monitor the fulfilment of the social commitments made by the Group.





In recent years, more and more women have been taking on jobs traditionally reserved for men (mainly highly strenuous positions) because we are making changes in working conditions that make them accessible. This is a profound change in our plants.

To magnify this cultural change, Verallia Spain has set up a communication campaign that uses videos, illustrations and stickers, featuring strong messages such as "Luchamos contra las etiquetas, creemos en el talento" (Let's rebel against labels and put our faith in talent). To continue these efforts, Verallia Iberia joined the CEO por la Diversidad (CEO for diversity) alliance in 2020, which promotes and shares actions and best practices among top Spanish companies to prove our diversity and inclusion ratio.

Support the development of our employees

To support its collective performance, Verallia strives to train its employees and enhance their skills throughout their careers.

very year since 2016, our Group has offered its employees the opportunity to invest in its capital under preferential conditions, so as to involve them in the company's long-term development and performance. In just six years, these successive offers have enabled 45% of employees to become Verallia shareholders. At the end of the 2021 campaign, employees owned 3.5% of the company's capital. This policy will continue, with the aim of having employees hold more than 5% of the Group's capital by 2025.

Value sharing is also achieved through individual and collective variable compensation schemes. The variable compensation policy for executives is implemented according to a structure common to all countries. As fairness is one of its key pillars, classification systems are supplemented by external benchmarks.

Collective reward systems similar to the French profit-sharing model are being deployed in Brazil, Germany, Italy and Spain.

FACILITATING CAREER PATHS

Every year, 350 to 400 employees receive training at our French centre in Chalon-sur-Saône (France). Created in 1969, it is unique in the glass industry. Its machine workshop and simulators allow participants to put their knowledge into practice, while its virtual reality room helps them to develop the right reflexes in emergency situations.

DEVELOPING SKILLS TO ACHIEVE EXCELLENCE

A people-development working group is dedicated to improving operational excellence, which has been identified as a strategic priority through the Verallia management system. As with safety, the process consists of identifying shortcomings and then building an action plan.



33,920 🕑

hours of training provided in 2021 at the French training centre in Chalon-sur-Saône (France) or in the plants.

In 2021, all plants conducted a self-assessment, reviewing their organisations, job classifications, skills matrices and even the process for setting up training plans.

PREPARE FUTURE GENERATIONS OF DECISION-MAKERS

An individual talent review is conducted twice a year for all country and/or regional management positions. On this basis, regional management teams can identify people who show potential to become leaders in the future.

Next Generation Leader

In addition to the usual training courses, special regional programmes prepare young employees to take on managerial functions by encouraging an independent approach and entrepreneurial spirit.

Verallia Deutschland's Next Generation Leader programme, for example, took place between 2020 and early 2022. Nine participants received individual assessments of their potential and skills, and each was offered a personalised development plan.

Foster employee well-being

With a satisfying and motivating professional environment, an ability to keep up with changes in the world of work and by paying special attention to preventing stress, Verallia ensures that each of its employees is as fulfilled as possible.

he year 2021 was marked by the continuation of remote working. This unprecedented situation, a result of the Covid-19 pandemic, paved the way for redefining and supporting this new way of working. 110 wireless headsets, 90 screens and 158 seats were delivered to the homes of employees of Verallia France and Verallia Packaging (the Group's holding company). In addition, agreements on the right to disconnect and on remote working have been signed within these two entities. They specify the conditions under which employees can and should work from home and guide managers in supervising this process. Training programmes have also been introduced, including a summary of the applicable legal framework.

MAKE OUR SITES GREENER AND More pleasant places to work

In partnership with PUR Projet*, the Integration Program is an annual internal competition. Since 2019, it has rewarded initiatives taken at our production plants. The principle is that employees in our factories volunteer to work on projects that will be evaluated on the basis of three criteria: environmental benefits, social benefits and team motivation. Each year, the two winning projects are awarded a budget of €50,000.

2022, A VERY GOOD YEAR

In 2022, given the quality of the entries examined, the jury awarded three projects.

In Mendoza, Argentina, the creation of a forest barrier and botanical garden, which will also serve as a buffer against wind and noise, will help capture CO_2 and regulate temperatures. In Jacutinga, Brazil, trees planted around the water supply will help neutralise odours. In Gniezno, Poland, an anti-smog depolluting mural and meadow flowers will capture pollutants in the air.

Each of these three projects includes the development of relaxation areas for employees. The next call for projects will be in March 2023.

* PUR Projet is a French B Corp certified company founded in 2008, and is recognized worldwide in the development of nature-based solutions. It supports companies to regenerate ecosystems, to promote agroforestry, land conservation and the adoption of more sustainable agricultural practices.

BEM-ESTAR, for the quality of work life of Brazilian employees

The BEM-ESTAR programme, launched in early 2021 in Brazil, promotes balance and harmony in a work environment that respects everybody's health and quality of life. As part of an initiative to raise awareness and detect signals relating to depression, anxiety and stress, it brings together existing actions within the Group, in particular access to a health programme financed by the company. Psychological support was also offered to those most affected by the pandemic, and distance-learning courses were used to provide employees with information and support.

Improvements made to the Cognac plant (France), winner of the 2019 Integration Programme competition.





awarded each year to the two winning projects in the internal Integration Programme competition.

Tables of <u>extra-financial</u> indicators

ENVIRONMENT	Indicator	2019	2020	2021
General	% of operational sites for which an environmental risk assessment has been performed	100%	100%	100%
	% of the total workforce across all sites that received training (internal or external) on environmental issues	100%	100%	100%
	Total energy consumption in MWh	10,945,778	10,644,562	10,810,763
	Fossil fuel consumption (fuel oil, gas) in MWh NCV	9,073,477	8,788,556	8,859,621
Energy	Electricity consumption in MWh PCI	1,872,301	1,856,006	1,951,142
and fuel	Renewable energy consumption in MWh	/	/	522,045
	% of energy consumed which is renewable or low carbon	N/A	34%	45.6 %
	Fuel consumption costs (in € million)	247.979	204.481	227.423
	Scope 1 GHG emissions in $ktCO_2e$	2,479	2,378	2,347
	Scope 2 GHG emissions in $ktCO_2e$	610	562	486
	Scopes 1 & 2 GHG emissions in $ktCO_2e$	3,090	2,940	2,833
GHG emissions	Scope 3 GHG emissions in $ktCO_2e$ (estimation)	1,809	1,743	1,634
	% of Scope 3 within the Group's total emissions	37%	37%	36.6%
	Scopes 1 & 2 GHG emissions / revenue (tCO ₂ e / € million)	1.19	1.16	1.05
	Scopes 1 & 2 GHG emissions in $tCO_2 e$ per TPG	0.531	0.523	0.482
Water	Total water consumption in liters	3,671,114	3,273,730	3,107,605
	Water consumption in m3 per ton of packed glass (tpg)	0.63	0.58	0.53
Waste	Waste recycling rate	62%	65.5%	68%
	Weight of waste generated in plants (tonnes)	/	64.975	65.188
	Weight of waste recycled or reused (tonnes)	/	45.557	45.816
Sustainable materials and products	% of cullet recycled in the production of new glass (external cullet ratio)	49%	51.6%	55%

SOCIAL, HEALTH AND SAFETY	Indicator	2019	2020	2021
	Total workforce	9,772	9,553	9,730
	Percentage of employees by region:			
	Europe (including France)	87% (26%)	87% (26%)	87% (25%)
	Latin America	13%	13%	13%
	Breakdown of workforce by type of employment contract:			
	Permanent	89%	90%	90%
	Fixed-term	5%	4%	5%
	Temporary staff	6%	6%	5%
General	Breakdown of workforce by SPC:			
	Executives	921	993	1,014
	Employees, technicians and supervisors	2,324	2,230	2,308
	Manual workers	6,527	6,330	6,408
	Sales workforce	nc	280	318
	Company total payroll in millions of euros (the sum of all gross wages and salaries and employer's social security contributions, as well as employee profit-sharing and incentives and other personnel expenses recorded each financial year).	486	501	524.5
	Change in employment within the Group over the last three years:			
Change in	Total turnover (all departures combined)	10.9%	9.4%	11.2 %
employment	Voluntary turnover (resignations only)	3.50%	2.60%	4.6%
	Recruitment rate	11.30%	7.60%	12.0 %
	Percentage of permanent contracts	6.80%	4.20%	7.1%
	Number of accidents (with or without work stopping)	114	88	105
	Accident frequency rate (TF1)	5.2	4.4	5.0
Health and safety	Frequency rate (with or without work stopping) (TF2): number of work-related accidents (with or without work stopping) per million hours worked.	5.5	4.6	5.3
	Severity rate	-	-	0.29
	% of operational sites for which an occupational health and safety risk assessment has been performed	100%	100%	100%
	% of employees benefiting from a mandatory health insurance scheme provided by the State or public institutions	nc	nc	91%
	% of employees covered by a complementary scheme proposed by Verallia	nc	nc	57%
	% of employees with health insurance coverage (including private insurance)	nc	nc	100%

SOCIAL, HEALTH AND SAFETY	Indicator	2019	2020	2021
	Percentage of women employed	16.3%	16.5%	17.2 %
	Percentage of women in senior management positions (Executive Committee)	10%	20%	33%
	Share of female executives	29.0 %	29.8 %	30.4%
Diversity	Female hiring rate	25.4%	20.7%	28.8 %
and inclusion	Gender equality index	60	70	67
	Percentage of people with disabilities/average workforce	3%	3.3%	3.4%
	Hiring rate of people with disabilities	nc	nc	1.5%
	Number of nationalities present in the Group	nc	nc	63
	Number of hours of total training completed			304,902
	Percentage of workforce trained	80%	77%	78.8 %
	Number of training hours per person (h/person)	37	25	31
	Proportion of managers and non-managers trained:			
	Executives	82%	63%	93.3%
	Senior technicians and supervisors	73%	64%	74.7 %
Professional	Manual workers, administrative staff and technicians	72%	56%	70.9%
ueverophiene	Percentage per type of training:			
	Technical	46%	50%	61%
	Environment, Health, Safety	19%	17%	54%
	Management	9%	9%	29%
	Language	9%	5%	4%
	Other	10%	11%	24 %
Employee engagement	Engagement index (every two years)	43%	nc	57.0 %
	Absenteeism rate		5.5%	5.0%
Capital held by employees	Proportion of share capital held by employees	2.6%	3.2%	3.5%
	Share of employee shareholders (%)	28%	37%	45%
	Number of employee shareholders	2,718	3,491	4,367

ETHICS	Indicator	2019	2020	2021
General	Number of convictions and fines	0	0	0
	Total number of alerts received (and % handled)			7 (100%)
	Number of ethical alerts received (and % handled)			1 (100%)
	Percentage of all operational sites for which an internal audit/ ethics risk assessment has been conducted	100%	100%	100%
Corruption	% of the defined population trained in our anti-corruption programme (target = persons likely to be at risk of active/passive corruption)	57%	98.7%	98.9%
	% of employees trained in our anti-corruption programme (industrial group; KPI calculated excluding blue collars)			38.7 %
	Number of confirmed corruption incidents	0	0	0
	Percentage of all operational sites with a certified anti-corruption management system	0	0	0
Competition and embargo	% of the defined population trained in our competition programme	56%	98.3%	98.8%
	% of defined population trained in risks of violation of economic sanctions and embargoes			94.8%
Personal data	% of requests for the exercise of GDPR rights handled			100%

ETHICS	Indicator	2019	2020	2021
	Group purchases (in € million)	1.6	1.6	1.6
	Number of suppliers	35,000	8,000	10,250
	% of suppliers in number for the energy purchase category		5%	1%
	% of suppliers in number for the raw materials purchase category		5%	8%
	% of suppliers in number for the investment purchase category		14%	21 %
	% of suppliers in number for the transport purchase category		7%	10%
	% of suppliers in number for the production purchase category		19%	28%
	% of suppliers in number for the packaging purchase category		16%	6%
Suppliers	% of suppliers in number for the general and other purchase category		34%	26%
	Percentage of the amount of purchases covered by the Suppliers Charter	N/A	73%	82%
	Percentage of suppliers identified to date as priority risk according to the AFNOR matrix that are in the process of or have completed an EcoVadis or ACESIA assessment	23%	91%	89%
	Total number of CSR physical inspections of supplier facilities		8	78
	Percentage of buyers from all sites who have received responsible purchasing training	100%	100%	100%
	Percentage of suppliers for which information about conflict minerals is available	100%	100%	100%
	% of sites with at least 1 certified RCA coach	8%	47%	84%
Product safety and customer satisfactions	Number of sites covered by a Food Safety certification	78%	90%	94%
	% decrease in customer complaint rate (number of complaints per 100 million containers sold)	- 18% vs 2018	- 11% vs 2019	- 13% vs 2020
Environmental	GHG emissions offset in tCO_2e	30,910	30,910	30,000
contributions	Number of trees planted	100,000	100,000	113,000

GOVERNANCE	Indicator	2019	2020	2021
Suppliers	Number of members on the Board (Board of Directors or Supervisory Board or equivalent) as of 31 December	10	13	10
	Percentage of Directors present (in person, by teleconference or by proxy) at Board meetings held during the reporting period	90%	88%	94%
	Total number of regular and special meetings of the Company's Board of Directors held during the reporting period	3	7	7
	Percentage of independent members on the Board of Directors or Supervisory Board as at 31 December. A Director is independent when he or she does not have any relationship of any kind with the Company, its Group or its management, which may compromise the exercise of his or her freedom of judgement.	50%	40%	50%
	Percentage of women on the Board of Directors or Supervisory Board	40%	40%	44%
	Percentage of women on the Management Committee	10%	20%	30%



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The full version of this CSR report is available in Chapter 2 of the 2021 Universal Registration Document (URD), www.verallia.com