

SECOND PARTY OPINION

on Verallia's Sustainability-Linked Financing Framework

V.E is of the opinion that Verallia's Sustainability-Linked Financing Framework is aligned with the core components of the Sustainability-Linked Bond Principles (SLBP) 2020.

Framework

	Weak	Limited	Robust	Advanced	Characteristics	
KPI's Relevance	Advanced				Audit of the Data	Yes
Target's Ambition	Advanced				Three-year Historical Data	Yes
SDG Mapping					Nature of the Impacts on the Instrument's Characteristics	Financial
					Disclosure of measures to achieve the SPT(s)	Yes

Sustainability Performance Target (SPT)

KPI 1: Tonnes of CO₂ emitted by the Group in absolute value (scopes 1 & 2)

- o Reduce CO₂ emissions by 15% from 2019 to 2025 to reach 2,625 kt

KPI 2: Rate of external cullet usage in glass production sites worldwide

- o Reach 59% of external cullet usage by 2025

	2019 (Baseline)	2025*	2030
KPI 1	3,090 kt CO ₂	2,625 kt CO ₂	2,240 kt CO ₂
KPI 2	49%	59%	66%

*Trigger event

Issuer

The Issuer appears to be not involved in any of the 17 controversial activities screened under our methodology.

As of today, the review conducted by V.E did not reveal any ESG controversy against Verallia over the last four years.

Controversial Activities

- | | | | |
|---|--|---|--|
| <input type="checkbox"/> Animal welfare | <input type="checkbox"/> Fossil Fuels industry | <input type="checkbox"/> High interest rate lending | <input type="checkbox"/> Pornography |
| <input type="checkbox"/> Cannabis | <input type="checkbox"/> Coal | <input type="checkbox"/> Human Embryonic Stem Cells | <input type="checkbox"/> Reproductive medicine |
| <input type="checkbox"/> Chemicals of concern | <input type="checkbox"/> Gambling | <input type="checkbox"/> Military | <input type="checkbox"/> Tar sands and oil shale |
| <input type="checkbox"/> Civilian firearms | <input type="checkbox"/> Genetic engineering | <input type="checkbox"/> Nuclear power | <input type="checkbox"/> Tobacco |
| <input type="checkbox"/> Alcohol | | | |

ESG Controversies

Number of controversies	None
Frequency	NA
Severity	NA
Responsiveness	NA

Key findings

V.E is of the opinion that Verallia's Sustainability-Linked Financing Framework is aligned with the core components of the Sustainability-Linked Bond Principles (SLBP) 2020.

Selection of the Key Performance Indicator (KPI) – aligned with the SLBP

- The KPIs are relevant and material from an environmental standpoint.
- The KPIs are measurable, externally verifiable and can be benchmarked.
- The KPIs' definition, the rationale behind their selection, the calculation methodologies and coverage are clearly defined.

Calibration of the Sustainability Performance Target (SPT) – aligned with the SLBP

- The SPTs demonstrate an advanced level of ambition.
- The timeline, baseline and trigger events are clearly disclosed.
- The means to achieve the SPTs are clearly disclosed.

Bond Characteristics – aligned with the SLBP

- The nature of the instrument characteristics' variation is clearly disclosed.
- The Issuer commits to disclose the actual financial impact in the instrument documentation for each issuance. The Issuer has committed to disclose the KPIs' respective weighting before each issuance.

Reporting – aligned with the SLBP and best practices identified by V.E

- The internal control and reporting processes are relevant, transparent and support the provision of reliable data.
- The Issuer commits to annual reporting on all relevant information related to the KPIs and its associated SPTs, including results, underlying methodologies and assumptions.

Verification – aligned with the SLBP and best practices identified by V.E

- External verification of the KPI will be conducted annually until maturity of the instruments.
- The achievement of the SPTs will be externally verified after the target observation date and the verification assurance certificate will be made publicly available.

Type of External Reviews supporting this Framework

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input checked="" type="checkbox"/>	Independent verification of KPI(s) reported data
<input checked="" type="checkbox"/>	Independent verification of SPT(s) achievement		

Contact

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SCOPE

V.E was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the integration of 2 environmental factor(s) to the Sustainability-Linked Instruments¹ (the “Instruments”) issued by Verallia (the “Issuer”) in compliance with the Sustainability-Linked Financing Framework (the “Framework”) created to govern their issuances. The Framework aims to highlight both the Issuer’s sustainability strategy and sustainable finance strategy while demonstrating its alignment with the ICMA’s Sustainability-Linked Bond Principles. In addition, the Framework includes the Issuer’s commitment to achieve two specific targets (“Sustainability Performance Targets” or “SPTs”) regarding two environmental key performance indicators (hereafter the “KPIs”) proposed as part of its sustainability strategy.

The debt instruments included in the Framework are intended to finance general corporate purposes, as opposed to other sustainable financial instruments such as green/social bonds or green/social loans. The facilities are agnostic on how funds are used. The main feature of this type of financing is the variation of the bond’s financial characteristics, depending on whether the Issuer achieves predefined sustainability performance objectives.

For these so-called Sustainability-Linked Instruments, the selected KPIs to be linked to the variation of the bonds’ financial characteristics are the following:

- KPI 1: Tonnes of CO₂ emitted by the Group in absolute value (scopes 1 & 2)
 - o SPT 1: Reduce CO₂ emissions by 15% from 2019 to 2025 to reach 2,625 kt in 2025
- KPI 2: Rate of external cullet usage in glass production sites worldwide
 - o SPT 1: Reach 59% of external cullet by 2025 at group level

Our opinion is established using V.E Environmental, Social and Governance (“ESG”) assessment methodology and the International Capital Market Association’s (ICMA) Sustainability-Linked Bond Principles (“SLBP”), voluntary guidelines, published in June 2020. This opinion is strictly limited to the integration of two environmental factor(s) in the Instruments. This opinion does not cover the integration of broader sustainability factors (i.e. social and governance), or the labelling of the Bonds where the final decision is left to Verallia. This opinion does not constitute a verification or certification.

Our opinion is built on the review of the following components:

1. Framework: we assessed the Framework’s alignment with the core components of the SLBP 2020.
2. Issuer: its management of potential stakeholder-related ESG controversies and its involvement in controversial activities².

Our sources of information are multi-channel, combining data from (i) public information gathered from public sources, press content providers and stakeholders, (ii) information from V.E exclusive ESG rating database, and (iii) information provided by the Issuer through documents.

We carried out our due diligence assessment from March 29th, 2021 to April 20th, 2021. We consider that we were provided with access to all the appropriate documents we solicited. Reasonable efforts have been made to verify data accuracy.

¹ Defined by the Issuer as : Sustainability-Linked Bonds, Loans or Convertible Bonds, or any other financial instruments whose characteristics are linked with sustainability performance targets.

² The 17 controversial activities screened by V.E are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Gambling, Genetic engineering, High interest rate lending, Human Embryonic Stem Cells, Military, Nuclear power, Pornography, Reproductive medicine, Tar sands and oil shale, and Tobacco.

FRAMEWORK

The Issuer has described the main characteristics of the Instruments within a formalised Framework which covers the core components of the SLBP 2020 (the last updated version was provided to V.E on April 20th, 2021). The Issuer has committed to make this document publicly accessible on its website at the first issuance date, in line with good market practices.

Alignment with Sustainability-Linked Bond Principles

Selection of the Key Performance Indicator (KPI)



COHERENCE

V.E considers that the selected KPIs are coherent with Verallia's strategy and priorities in terms of sustainability.

Verallia has set a Sustainable Development Strategy that aims at fulfilling three main objectives:

- Enhance the circularity of glass packaging
- Significantly reduce CO₂ emissions
- Provide a safe and inclusive place to work




To support these environmental goals, Verallia has set the following targets:

- Reduce CO₂ emissions (scope 1 & 2) by 27.5% by 2030 compared to 2019. This target has been approved by SBTi
- Increase the use of external cullet in Verallia's worldwide production by 10 points compared to 2019 - reaching 59% by 2025
- Contribute actively to the plan to increase the glass collection rate in the EU to achieve the target of 90% in 2030 from 76% in 2018
- Reduce the weight of standard and nonreturnable bottles and jars by 3% between now and 2025
- Reduce water consumption (m₃/tonne of packed glass) by 5% from 2020 to 2025

In this regard the Issuer has launched several initiatives: a process to digitalise its production facilities, incorporating the use of low-carbon fuels and installing on-site renewable energy capacities. The Issuer is also involved in a pilot project to build the first large-capacity hybrid electric furnace running on 80% green electricity.

SDG CONTRIBUTION

The selected KPIs are likely to contribute to three of the United Nations’ Sustainable Development Goals (“SDGs”), namely:

KPI	SDG	SDG TARGETS
KPI1 Tonnes of CO2 emitted by the Group in absolute value (scopes 1 & 2)		9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
KPI2 Rate of external cullet usage in glass production sites worldwide		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
KPI1 Tonnes of CO2 emitted by the Group in absolute value (scopes 1 & 2) KPI2 Rate of external cullet usage in glass production sites worldwide		UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Companies promoting renewable energies can contribute to reducing GHG emissions through these projects.

KPI 1: TONNES OF CO₂ EMITTED BY THE GROUP IN ABSOLUTE VALUE (SCOPES 1 & 2)

KPI 2: RATE OF EXTERNAL CULLET USAGE IN GLASS PRODUCTION SITES WORLDWIDE

MATERIALITY

According to V.E, the KPIs show overall an advanced materiality. V.E considers that the selected KPIs are relevant, core and material to the company's business strategy for its current and future operations and reflect relevant sustainability challenges for its industry sector.

Several pieces of legislation and international conventions governing energy use and GHG emissions have been issued over the prior two decades. Countries adopted the Paris Agreement at the COP21 in Paris in December 2015 to address climate change, which has entered into force in November 2016. In the Agreement, all countries agreed to work to limit the global temperature rise to well below 2 degrees Celsius, and given the risks, to strive for 1.5 degrees Celsius. The implementation of the Paris Agreement is essential for the achievement of the Sustainable Development Goals and provides a roadmap for climate actions that will reduce GHG emissions and build climate resilience.

Both KPIs are key elements of the three strategic pillars set by Verallia in 2020: KPI 1 is part of the pillar: "Significantly reduce CO₂ emissions" and KPI 2 is part of the pillar "Enhance the circularity of glass packaging".

KPI 1: Glass manufacturing is an energy intensive and highly emitting process. The glass industry accounts for more than 80 Mt of CO₂ emissions per year globally³, and emits on average more than 500 kg CO₂eq. per tonne of glass produced according to several estimations⁴. The global demand for glass reaches more than 150 Mt per year, hollow/container glass accounts for 48% of the total⁵. Verallia has disclosed that Scope 1 and 2 emissions accounts for 63% of the Issuer's total emissions. An area for improvement consists in including upstream and downstream Scope 3 emissions. According to V.E the KPI1 shows a robust materiality.

KPI 2: According to a 2013 JRC reference report⁶, the use of cullet in a glass melting process's enhances furnace efficiency and reduces the amount of air pollutants (dust, other particulate matter, greenhouse gas (GHG) emissions, etc.), it is generally applicable to all types of furnaces, including for hollow and container glass manufacture. According to FEVE the European Container Glass federation⁷, on average in Europe, a 10% increase of cullet (i.e. crushed glass ready to be re-melted) in the furnace decreases its energy use by 2.5-3% and CO₂ emissions by 5%. This is due to lower melting energy requirement and lower distance of transportation than for standard glass. According to V.E the KPI 2 shows an advanced materiality.

The two indicators are therefore relevant, material and intertwined.

MEASURABILITY AND VERIFICATION

The KPIs are measurable and externally verified. The calculation methodology is consistent, and the Issuer commits to inform the investors of changes in the methodology. The Issuer has been reporting on these KPIs since 2016 in its Statement of Extra-Financial Performance on which external audit of the data is conducted annually since 2017.

It has been noted that the methodology to calculate Scope 2 emissions changed from a location-based approach to a market-based approach in 2019. This approach can be considered relevant although SBTi and the GHG protocol recommend publishing data with both approaches⁸.

The Issuer has committed to update its SPO in case of material changes to the KPIs' coverage, calculation methodology, and in particular the SPT's calibration. This SPO will also be made publicly available.

³ [Global material flow analysis of glass: From raw materials to end of life, Westbroek et al. \(2021\)](#)

⁴ [Sector report for the glass industry, Methodology for the free allocation of emission allowances in the EU ETS post 2012 \(2009\) and Environmental performance scenarios in the production of hollow glass containers for food packaging: an LCA approach \(2020\).](#)

⁵ [Global material flow analysis of glass: From raw materials to end of life, Westbroek et al. \(2021\)](#)

⁶ [Scalet, B.M et al, Best Available Techniques \(BAT\) Reference Document for the Manufacture of Glass, Industrial Emissions Directive 2010/75/EU](#)

⁷ <https://feve.org/wp-content/uploads/2016/04/FEVE-brochure-Recycling-Why-glass-always-has-a-happy-CO2-ending-.pdf>

⁸ <https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf> - p9 and https://ghgprotocol.org/sites/default/files/Scope2_ExecSum_Final.pdf - p3

CLARITY

The KPIs are clearly defined and publicly disclosed.

The KPI 1 definition relies on external references allowing its benchmark, namely: *GHG Protocol: A Corporate Accounting and Reporting Standard, Revised Edition and SBTi*.

The KPI 2 does not rely on external references, however external cullet usage is a common metric used in glass manufacturing, and there is available data from other glass manufacturers on their rate of external cullet use, thus allowing this KPI to be benchmarked.

The Issuer has communicated clearly in its Framework the rationale and process according to which KPIs have been selected.

EXHAUSTIVENESS

The KPIs covers the totality of the company's activity.

The Issuer reports that the coverage of the KPIs will not be subject to modifications, if so, the modifications will be disclosed in the reporting (see page 22 of the Framework).

BEST PRACTICES

- ⇒ The selected KPIs reflect material ESG challenges for the sector and the Issuer has disclosed its materiality matrix.
- ⇒ The KPIs are measurable or quantifiable on a consistent methodological basis and the Issuer commits to review the Framework in case of material changes, including the KPI's coverage, calculation methodology, and in particular the SPT's calibration.
- ⇒ The KPIs were previously disclosed and has historical externally verified values covering at least the previous 3 years.
- ⇒ The KPI 1 definition relies on external references (GRI, GHG protocol etc.) allowing it to be benchmarked.
- ⇒ The rationale and process for the KPIs selected is clearly disclosed in the Framework.

Calibration of the Sustainability Performance Target (SPT)



AMBITION

KPI 1: TONNES OF CO₂ EMITTED BY THE GROUP IN ABSOLUTE VALUE (SCOPES 1 & 2)

By using the absolute value of GHG emissions per year, the data set should show in an appropriate manner positive or negative KPI trends, reflecting the Issuer's commitment to fight climate change, thus enabling investors to make an appropriate assessment of the overall environmental performance.

Table 1 – KPI (measured in tonnes of CO₂)

KPI ⁹	REPORTED DATA						OBJECTIVES	
	2015	2016	2017	2018	2019 (Baseline)	2020	2025*	2030
	3,090,000	3,159,000	3,090,112	3,044,915	3,090,165	2,940,194	2,625,000	2,240,000
Annual Variation (%)		2.23%	-2.18%	- 1.46%	1.49%	- 4.85%		
Total Variation 2015-2019	0% (-165 t)							
Average Annual Variation 2015-2019 (%)	0%							
Total Variation 2019-2025							- 15% (- 465 kt)	
Average annual variation (%)							- 2.68%	
Total Variation 2019-2030							- 27.5% (- 850 kt)	
Average annual variation (%)							- 2.88%	

*Trigger event

Of note, only data starting from 2017 has been externally verified.

⁹ Verallia's Statement of Extra-Financial Performance 2019 - p28

Based on several points of comparison, we consider that Verallia's target demonstrates an advanced¹⁰ level of ambition.

The SPT is consistent with the Issuer's existing targets set in its overall sustainability strategy. The objective is to reach 2,625 kt of absolute CO₂ emissions (Scope 1 and 2) by 2025, compared to the 2019 baseline which is 3,090 ktCO₂eq. This represents a 15% reduction compared with the baseline.

Business-as-usual Trajectory Benchmark Analysis

The SPTs demonstrate an advanced level of ambition compared to the Issuer's BaU. The Issuer has provided historical data on the KPI for the past six years (2015-2020), although data for years 2015 and 2016 has not been externally verified. Data for the year 2020 has not been published yet¹¹, therefore the baseline has been set in 2019. Data shows that between 2015 and 2016 absolute emission increased by 2.23 %, decreased by 2.28% between 2016 and 2017, between 2017 and 2018 absolute emission decreased by 1.46% and increased by 1.49% between 2018 and 2019. This last increase can be explained by the change of methodology for the Scope 2 emissions from a location-based to a market-based approach – without this modification emissions would be considered to have decreased by 2.56% between 2018 and 2019 with an average decrease of 1.01% between 2015 and 2019. With the market-based approach selected by the Issuer, absolute CO₂ emissions remained steady at around 3,090 kt CO₂eq. between 2015 and 2019 (the latest public reported data).

The decrease from 2019 to 2025 would represent a 15% reduction. Looking at the average annual variation of the KPI, the data show that Verallia has managed to reduce its GHG emissions by 0% (Scope 2 market-based approach) or 1,01% (location-based approach) on average between 2015 and 2019. With the proposed SPT, the Issuer's annual average variation would be -2,68% for the period 2019-2025. The achievement of this target will represent an improvement compared to its business-as-usual trajectory and its previous target¹².

Sector Peers Benchmark

The SPTs show an advanced level of ambition compared to sector peers' performances. By disclosing an absolute reduction target covering Scope 1 and 2 emissions the Issuer is performing better than a part of its peers that either disclose intensity-based targets or do not disclose targets. Furthermore, according to V.E's methodology, the SPT (reduction of 15% by 2025 based on the 2019 baseline) is considered more ambitious than all of its peers' targets at European and world levels. Taking into account the same peers' panel, with an intensity emission at 0.523 tonnes of CO₂ per tonne of glass produced (scope 1 & 2) in 2019, Verallia appears to be performing better than most peers and regional averages¹³. Although less ambitious in terms of relative decrease, some peers have disclosed targets that includes Scope 3 emissions. To include Scope 3 emissions can be considered as an area for improvement for Verallia's target.

Official International Targets and Scenarios Benchmark Analysis

The SPT shows an advanced level of ambition compared to sector standards. According to SBTi¹⁴, although other companies pertaining to the Containers and Packaging sector, including paper and plastics packaging disclose targets aligned with the 1.5° scenarios, Verallia is the only company - for which glass manufacturing is the main activity - to have disclosed a well-below 2° scenarios aligned 2030 target. The Issuer has disclosed extensive measures to support this target in particular Scope 1 emissions.

Considering the baseline, the slope between 2019 and 2025 and the detailed means for achievement for the SPT, the 2025 target displays an advanced level of ambition.

¹⁰ VE scale of assessment: Weak / Limited / Robust / Advanced

¹¹ Of note the Issuer has mentioned that the decrease of emissions from 2019 to 2020 is mostly due to a decrease in production due to the Covid-19 crisis.

¹² Reduction of CO₂ emissions by 20% (scopes 1 and 2) per tonne of packed glass from 2019 to 2030.

¹³ Energy consumption and CO₂ emissions of the European glass industry, Schmitz et al (2011), GPI - Glass Packaging Institute (2010) Environmental overview, complete life cycle assessment of North American container glass, Global material flow analysis of glass: From raw materials to end of life, Westbroek (2021), Sector report for the glass industry, Methodology for the free allocation of emission allowances in the EU ETS post 2012 (2009) and Environmental performance scenarios in the production of hollow glass containers for food packaging: an LCA approach (2020), etc.

¹⁴ <https://sciencebasedtargets.org/companies-taking-action?sector=Containers%20and%20Packaging#table>

MEASURES TO ACHIEVE THE SPT

The means to achieve the SPT are disclosed in the Framework and are considered credible. The SPT will be achieved through 3 main strategies to be achieved by 2030¹⁵:

- 1) Shift the raw material mix (scope 1 emissions)
 - The increase of external cullet rate integration: it will help reduce CO₂ emissions through lower melting energy and lower use of CO₂ intensive materials
 - The substitution of part of carbonated raw materials: the objective is to partly replace soda ash and limestone in melting process with renewable alternatives

- 2) Reduce energy consumption (scope 1 emissions)
 - Reduction of the energy used for melting (represents 80% of total energy consumed)
 - Upgrade of furnace technology to address losses, eliminate water ingress via cullet and add pre-heaters
 - Gradual reduction in share of fossil energy used in furnaces, eliminating fuel (highest CO₂ generator) and maximizing electrical heating
 - Participation into FEVE “Furnace of the Future” project for the development of next generation furnace using 80% of electrical heating
 - Evaluation of hydrogen usage impact on furnace performance and design through real life test and participation to a consortium led by DNV-GL
 - Reduction of the energy used for non-melting process (represents 20% of total energy consumed)
 - Address loss reduction on forehearth/heat treatment equipment, optimize supporting fluid generation or heat reuse

- 3) Increase use of renewable and low-carbon energy (scope 2 emissions)
 - Purchases of renewable and low carbon energy
 - Maximize renewable and low carbon energy purchases through certified sources of electricity (target >60% by 2025, from 34% in 2020)
 - Benefit from government-led actions to reduce CO₂ emissions (e.g. electricity emission factor reduction or hydrogen introduction in natural gas)
 - Use of Biogas
 - Replace natural gas with biogases in selected plants
 - First pilot under evaluation in Germany with the target to have 3 furnaces fully supplied by biogases by 2030
 - On-site energy production
 - Verallia to implement on-site renewable electricity production (e.g. solar panels - first project Portugal 2022)

¹⁵ See page 17 and 18 of the Framework, each of the main measures accounts respectively for 1/3 of the total reduction by 2030.

KPI 2: RATE OF EXTERNAL CULLET USAGE IN GLASS PRODUCTION SITES WORLDWIDE

By using a relative approach, the data set should show in an appropriate manner positive or negative KPI trends despite potential increases and decreases in production, reflecting the Issuer's commitment to integrate external cullet in its production and reducing its material footprint, thus enabling investors to make an appropriate assessment of the overall environmental performance.

Table 2 – KPI 2

KPI ¹⁶	REPORTED DATA				OBJECTIVES	
	2017	2018	2019 (Baseline)	2020	2025*	2030
	49%	47%	49%	52%	59%	66%
Annual Variation (% points)		-2%	2%	3%		
Total Variation 2017-2019 (% points)	0%					
Average Annual Variation 2017-2019 (% points)	0%					
Total Variation 2017-2020	3%					
Average Annual Variation 2017-2020 (% points)	1%					
Total Variation 2019-2025 (% points)				10%		
Average annual variation (% points)				1.7%		
Total Variation 2019-2030 (% points)				17%		
Average annual variation (% points)				1.5%		

*Trigger event

¹⁶ Verallia's Statement of Extra-Financial Performance 2019 – p21



Based on several points of comparison, we consider that Verallia target demonstrates an advanced¹⁷ level of ambition.

The SPT is consistent with the Issuer's existing targets set in its overall sustainability strategy. The objective is to reach 59% of external cullet (internal cullet is excluded from the calculation) in their glass production¹⁸ compared to the 2019 baseline which is 49%¹⁹. This represents an increase of 10 percentage points compared with the baseline.

Business-as-usual Trajectory Benchmark Analysis

The SPT demonstrates an advanced level of ambition compared to the Issuer's BaU. The Issuer has provided historical data on the KPI for the past four years (2017-2020), although data for the year 2020 has not been published yet and has therefore set his baseline in 2019. Data shows that between 2017 and 2018 external cullet used decreased by 2% and increased by 2% between 2018 and 2019, which gives an average annual decrease of 0% between 2017 and 2019.

The evolution from 2019 to 2025 would represent an increase of 10 percentage points. Looking at the annual variation of the KPI, the data show that Verallia has managed to increase its use of external cullet by 0% on average between 2017 and 2019. With the proposed SPT, the Issuer's annual average variation would be 1.7 percentage points for the period 2019-2025. The achievement of this target will represent an improvement compared to its business-as-usual trajectory.

Sector Peers Benchmark

The SPT shows an advanced level of ambition compared to sector peers' performances. By disclosing a clear target by 2025, Verallia is performing better than part of its peers that do not disclose targets. With a baseline set at 49%, Verallia is at the high-end of the range of the current state of external cullet integration. Furthermore, according to V.E's methodology, the SPT (targeting 59% by 2025 and 66% by 2030 based on the 2019 baseline) can be considered more ambitious than most of its peers targets at European and world levels, although one competitor has set a more ambitious target by 2030 together with a higher baseline.

Official International Targets and Scenarios Benchmark Analysis

Of note, there are currently no international targets and scenarios for external cullet integration into glass manufacturing. Considering that this KPI is commonly used in the sector, and thus it is possible to compare Verallia's performance to sector peers, this criterion has been deactivated.

¹⁷ V.E scale of assessment: Weak / Limited / Robust / Advanced

¹⁸ Ratio between total tonnes of external cullet introduced into production during the calendar year and total tonnes of packed glass during such calendar year.

¹⁹ Verallia's Statement of Extra-Financial Performance 2019 – p21

MEASURES TO ACHIEVE THE SPT

The means to achieve the SPT are disclosed in the Framework and credible. The SPT will be achieved through three main strategies:

- 1) Joint initiatives to increase cullet collection
 - Partnership with federations: including FEVE - the European Container Glass Federation – and Close the Glass Loop program (initiated by FEVE) whose final goal is to reach 90% of collected glass in 2030.
 - Participation to local initiatives: to promote collection to raise awareness on the importance of glass recycling and the benefits of glass material
 - Working with local authorities located around the plants to help them increase the collection focusing on countries where the collection scheme is not as mature as in European countries.

- 2) Improving recycling capacity and efficiency
 - Investment in cullet treatment centres: Between 2018 and 2020 Verallia has invested €15m in its cullet treatment centres in order to improve cullet processing (better quality, better yield, minimum waste) and thereby increase its use in production.

- 3) Optimizing cullet usage in furnaces
 - Develop glass recipes: maintain the same quality level while integrating the maximum of external cullet.

An area for improvement consists in providing more details and the respective contribution of each measure to the attainment of the SPT.

Of note, collection rates heavily vary between region. It is estimated to currently stand at 76% in the European Union²⁰ with a 90% goal by 2030²¹ while estimates in USA are currently around a third²², less than 20% in China²³. Verallia derives revenues 22% from America, 68% from Europe and 10% from Asia. Considering this worldwide implementation Verallia appears to be coherent with international standards for collection and recycling. An area for improvement would be to explore whether the higher rates of glass recycling in Europe could further raise the ambition of the Issuer, as Europe is where the Issuer the majority of its revenues.

BEST PRACTICES

- ⇒ The SPTs show an advanced level of ambition compared to sector standards and compared to sector peers.
- ⇒ The means for achieving the SPT(s) are credible and detailed.

²⁰ https://feve.org/glass_recycling_stats_2018/

²¹ <https://closetheglassloop.eu/>

²² Glass Packaging Institute, French Packaging Council, Fédération Européenne des Recycleurs de Verre (FERVER) and other sources

²³ https://www.recovery-worldwide.com/en/artikel/glass-recycling-current-market-trends_3248774.html

Bond Characteristics



Verallia confirms that the Instruments issued under this Framework will be subject to variations in their financial characteristics depending on the achievement of the defined trigger events. The exact mechanism and impacts will be detailed for each instrument in the pre-issuance template, and publicly disclosed, in line with market practices.

The communicated trigger events are the following:

1. Reduce CO₂ emissions by 15% from 2019 to 2025
2. Reach 59% of external cullet by 2025

The Trigger Event will result in a coupon step-up, applying to the relevant financing until i) maturity, ii) any other time specified in the relevant documentation or iii) until but excluding the coupon payment following the next target observation date if multiple observation dates have been defined. The amount of the maximum coupon step-up/redemption premium will be specified in the documentation of each relevant financing. The Issuer has committed to disclose the KPIs' respective weighting before each issuance²⁴.

The KPIs and SPTs set out in this framework will remain applicable throughout the tenor of any financing issued under the Framework, regardless of any changes to Verallia's sustainability strategy. This includes any changes relating to the Group's general sustainability targets and ambitions. Moreover, any acquisition by the Group shall not be taken into account in the calculation methodology.

However, any changes to the calculation methodology for a given KPI or significant changes in data due to better data accessibility or as a result of any divesture/disposal may result in a change in baseline and/or SPT. For the avoidance of doubt, in such case, the levels of the impacted KPIs will be recalculated to reflect such significant changes.

- The threshold value for a significant change is a change that impacts the Sustainability Performance Target, in aggregate, by 5 percent or more (in line with the recommendation by the SBTi for KPI 1)
- The updated KPIs and their SPTs will be reflected in the outstanding financings provided that an External Verifier has independently confirmed that (A) the proposed revision is consistent with Verallia's strategy; (B) is in line with the initial level of ambition of the SPTs and (C) has no material impact on the SPO originally provided to the Group in connection with the Framework. Updates to KPI 1 and SPT 1 will be reported to SBTi for update of the validation.

*V.E considers that, as of today, there is insufficient information and market precedent to appropriately assess the potential best practices regarding the instrument characteristics' variation. In this sense, the "Aligned" level is currently considered to be the highest level to be achieved by Issuers on this pillar. In addition, the meaningfulness of the variation of the SLB's structural and/or financial characteristics of the Instrument cannot be assessed due to a lack of comparison data.

²⁴ Further details can be found in the Framework.

Reporting

Not Aligned

Partially Aligned

Aligned

Best Practices

KPI 1: TONNES OF CO2 EMITTED BY THE GROUP IN ABSOLUTE VALUE (SCOPES 1 & 2)

KPI 2: RATE OF EXTERNAL CULLET USAGE IN GLASS PRODUCTION SITES WORLDWIDE

REPORTING PROCESS

The Issuer commits to report on an annual basis on its selected KPIs within its yearly Sustainability-Linked Financing Progress Report, until maturity of the Instrument. The Issuer commits to review this Second Party Opinion in case of material changes to the KPI's coverage, calculation methodology, and in particular the SPT calibration.

CONTROL

The KPIs will be externally verified and measurable on a consistent methodological basis²⁵. The selected KPI and its associated targets will be included in the yearly Sustainability-Linked Financing Progress Report.

ACCESSIBILITY OF RESULTS

The intended scope and granularity of the reporting is clear and exhaustive, covering all the required and recommended elements.

All relevant information is publicly disclosed by the company in public documentation (including information on the performance of KPIs, information enabling investors to monitor the level of ambition of the SPTs and baselines).

The reporting on the KPIs will be published annually until maturity of the instruments.

BEST PRACTICES

- ⇒ KPIs data undergoes both internal and external verification.
- ⇒ The intended scope and granularity of the reporting is clear and exhaustive, covering all the required and recommended elements.
- ⇒ Reporting on the KPI will be published annually until maturity of the instrument.

²⁵ For KPI 2, internal cullet is excluded for the calculation; see the "Measurability and Verification" part on page 6 of the herewith SPO for details on KPI 1.

Verification



The Issuer commits to undergoing an external verification of the performance of each KPI against each SPT, and the related impact, and timing of such impact, on the instrument's financial characteristics.

The Issuer commits to an annual external verification of the KPI performance until maturity of the instrument. Following the target observation date, the Issuer has committed to publish on their website a verification assurance certificate confirming whether the performance of each selected KPI meets the relevant SPT.

The verification assurance certificate and the external data verifications will be made publicly available.

ISSUER

Management of ESG Controversies

As of today, the review conducted by V.E did not reveal any ESG controversy against Verallia over the last four years.

Involvement in Controversial Activities

The Issuer appear to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from V.E.

METHODOLOGY

In V.E' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the Issuer; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E' Scientific Council. All employees are signatories of V.E' Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

FRAMEWORK/ISSUANCE

Alignment with the Sustainability-Linked Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework/Bond has been evaluated by V.E according to the ICMA's Sustainability-Linked Bond Principles - June 2020 ("SLBP") and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Selection of Key Performance Indicators (KPIs)

KPI's materiality and coherence with the Issuer overall sustainability strategy and with the Issuer sector's main sustainability challenges. KPI's measurability and clarity, internal and external control over the KPI's data, exhaustiveness of the KPI's coverage.

Calibration of Sustainability Performance Targets (SPTs)

Coherence of the SPTs with the overall sustainability strategy, ambition of the SPTs (compared the Issuer's own performance, sector peers and relevant international standards), trigger events' disclosure, disclosure and credibility of the means for achievement (including scope and geographical coverage of the means).

Bond characteristics

Disclosure of the bond characteristics' variation, meaningfulness of these variation.

Reporting

Reporting process formalisation and verification, data's accessibility.

Verification

Verification of the performance against the SPTs and disclosure of the assurance reports.

ISSUER

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation based on unproven facts.

V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

V.E provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders’ fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the Issuer, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the Issuer (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the Issuer for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on an Issuer’s reputation reduces with time, depending on the severity of the event and the Issuer’s responsiveness to this event. Conventionally, V.E’ controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to screen the Issuer’s involvement in any of them. The Issuer’s level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the Issuer.

V.E’S ASSESSMENT SCALES

Scale of assessment of the KPI(s) materiality and the associated SPT(s) ambition.		Scale of assessment of financial instrument’s alignment with Sustainability-Linked Bond and Loan Principles	
Advanced	<p>The selected KPI(s) reflects the most material issues for the Issuer’s core sustainability and business strategy and address the most relevant environmental, social and/or governance challenges of the industry sector.</p> <p>An advanced ambition is achieved when the SPT(s) can demonstrate the following: (i) alignment with the 2D scenario/recognized sector standards (when relevant) (ii) a top performance in comparison to sector peers, and (iii) an improvement of the company’s performance.</p>	Best Practices	<p>The Instrument’s practices go beyond the core practices of the ICMA’s Sustainability-Linked Bond Principles and/or of the Loan Market Association’s Sustainability-Linked Loan Principles by adopting recommended and best practices.</p>
Robust	<p>The selected KPI(s) reflects material issues for the Issuer’s core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector.</p> <p>A robust ambition is achieved when the SPT(s) can demonstrate at least two out of three of the following items: (i) alignment with the 2D scenario/recognized sector standards (ii) a performance in line with the average performance of sector peers, and (iii) an improvement of the company’s performance.</p>	Aligned	<p>The Instrument has adopted all the core practices of the ICMA’s Sustainability-Linked Bond Principles and/or of the Loan Market Association’s Sustainability-Linked Loan Principles.</p>
Limited	<p>The selected KPI(s) does not appropriately reflect material issues for the Issuer’s core sustainability and business strategy and partially address relevant environmental, social and/or governance challenges of the industry sector.</p> <p>A limited ambition is achieved when the SPT(s) can demonstrate only one out of three of the following: (i) alignment with the 2D scenario/recognized sector standards (ii) a performance in line with the average performance of sector peers, and (iii) an improvement of the company’s performance.</p>	Partially Aligned	<p>The Instrument has adopted a majority of the core practices of the ICMA’s Sustainability-Linked Bond Principles and/or of the Loan Market Association’s Sustainability-Linked Loan Principles, but not all of them.</p>

Weak	The selected KPI(s) does not reflect material issues for the Issuer's core sustainability and business strategy and do not address relevant environmental, social and/or governance challenges of the industry sector.
	A weak ambition is achieved when the SPT(s) (i) is not aligned the 2D scenario/recognized sector standards (ii) is below the average performance of its sector peers, and (iii) shows a negative trend in the company's performance.

Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Sustainability-Linked Bond Principles and/or of the Loan Market Association's Sustainability-Linked Loan Principles.
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DISCLAIMERS

Transparency on the relation between V.E and the Issuer: V.E has not carried out any audit mission or consultancy activity for Verallia. No established relation (financial or commercial) exists between V.E and the Issuer. V.E's conflict of interest policy is covered by its Code of Conduct, which can be found at <http://vigeo-eiris.com/wp-content/uploads/2018/07/Code-of-Conduct-Vigeo-Eiris-EN.pdf>.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond, based on the information which has been made available to V.E. V.E has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by V.E neither focuses on the financial performance of the Bond, nor on the effective allocation of its proceeds. V.E is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

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