

**(ENGLISH TRANSLATION)**

**GROUP POLICY**

**INTERNATIONAL ECONOMICS SANCTIONS COMPLIANCE<sup>1</sup>**

Verallia's Code of Ethics indicates the cardinal values that each of the managers and employees is personally required to implement.

**Respect for people, laws and the environment** constitutes one of these values: *"The Group companies apply the applicable laws and regulations in the countries where they operate and refuse to take any deliberate advantage of local loopholes or inconsistency to circumvent Verallia's values."*

Consequently, Verallia continues its strong commitment in favour of compliance. The "Zero Tolerance" principle applies in case of breach.

In this context, the purpose of this Policy is to provide Group entities with a framework of best practices aimed at preventing violations of the economic sanctions program.

The following fundamental principles should be employed:

**1 – Economic sanctions may apply to:**

- i) any transaction with a country/region,**
- ii) any operation/transaction with a country/region but in a specific sector,**
- iii) any transaction with an individual, entity or group, wherever located.**

**2 – Verallia has its headquarters in the EU but conducts its business almost everywhere in the world.**

**All Group companies must comply with all laws and regulations applicable to their operations.**

**3 – Failure to comply with economic sanctions may :**

- ➔ seriously damage the reputation of the Group; and**
- ➔ have serious criminal and financial consequences not only for the companies and individuals specifically involved, but also for the whole Group.**

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<sup>1</sup> Update of Verallia's ECONOMIC SANCTIONS COMPLIANCE Policy of August 2020.

**4 – Economic sanction laws and regulations are constantly evolving. Such regulations are strongly influenced by geopolitics.**

**→ Always ask your company’s Embargo Correspondent for advice.**

**5 – Preventing the risk of violations requires the implementation of:**

**→ recurring processes (business partners screening, training, audits); and**

**→ transaction-specific processes (additional checks, record-keeping) as described in this document.**

It is the responsibility of each employee to comply with this Policy and the associated procedures, with the support of the Embargo Correspondent network, whose members are present at each level of the Group’s structure: Group, Business, Entities.

This document describes VERALLIA’s minimum requirements with regards to compliance with economic sanctions and embargoes. Group Companies are free to implement stricter or more precise rules within their perimeter.

Details and procedures explaining these concepts to be implemented are provided in the **SCREENING GUIDE which is part of this Group policy.**

Before reading this policy, make sure you also have **SCREENING GUIDE.**

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## CHAPTER 1

### CONCEPTS & RULES

#### DEFINITIONS

« **VERALLIA** » or « **THE GROUP** » means Verallia S.A., a French company, as well as every entity controlled by Verallia S.A..

#### 1. ECONOMIC SANCTIONS: WHAT ARE WE TALKING ABOUT?

##### INTRODUCTION

Economic sanctions are foreign policy tools used by a State (United States, France, Canada, Japan, United Kingdom, etc.) and/or international organisations (United Nations, European Union)<sup>2</sup>:

- against countries: the aim is to prohibit, restrict or constrain the trade of targeted goods, technology and services (these sanctions are often defined by “Embargoes”);
- against individuals, organisations and entities: the aim is to impose a freeze on their funds, economic resources, as well as their financial and commercial transactions.

##### 1.1 EUROPEAN UNION ECONOMIC SANCTIONS

###### Enforcement and penalties

EU economic sanctions are proposed and adopted by the Council of the European Union and the European Commission.

EU economic sanctions apply:

- within EU territory, including its airspace;
- on board any aircraft or vessel under the jurisdiction of an EU Member State;
- to any national of an EU Member State, who is either inside or outside EU territory;
- to any person or Entity incorporated or constituted under the law of a Member State (including their branches, wherever located); and
- to any person, whether natural or legal, wherever located, carrying out a business transaction in whole or in part within the EU.

However, EU sanctions are enforced at the EU Member States level. Consequently, penalties for violating EU sanctions are set by the EU Member States and may differ among Member States.

Generally, penalties include administrative and/or criminal penalties (fines and/or prison sentences).

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<sup>2</sup>The main targets of sanctions are countries that have violated human rights, participated in external attacks, supported terrorism, including people who are members of or linked to corrupt governments, terrorist groups, organised crime, etc.

### Applicability of EU Economic Sanctions to Group's Entities

Although the Group deploys their activities beyond European Union, its registered office is located in European Union and its management is mainly composed of European citizens. As a result, all Verallia Group's employees must comply with EU sanctions laws and regulations.

In addition, Verallia Group's employees must take all appropriate steps to ensure that any Group company (including any Group company established outside the EU) does not take part in activities that circumvent the restrictive measures provided for by European regulations, in particular with regard to restrictive measures concerning Russia's actions destabilizing the situation in Ukraine.

### Types of EU Economic Sanctions

#### 1 – Specific Export and/or Import Bans:

- Export and/or Import Bans (sometimes targeting countries and/or entire economic sectors);
- on the provision of specific services such as brokering, financial services, technical assistance; visa bans; prohibitions on investments, payments and capital movements.

This makes it impossible to trade, directly or indirectly, with a country or in sectors of activity<sup>3</sup>.

#### 2 – Financial transparency obligations.

Obligations imposed on individuals or entities subject to EU jurisdictions to disclose to competent authorities any transfer of funds to and from certain persons or entities taking forms of:

- an obligation to notify; or
- a request of prior authorisations for transfer, depending on the amount of funds transferred.

Such obligations are primarily borne by the payment service provider (e.g., bank) subject to EU jurisdiction.

#### 3 – Asset-freezing measures:

This asset-freezing measures also entail the prohibition against trade with individuals or concerned entities.

This makes it impossible to trade, directly or indirectly, with an individual or entity, « listed » on the EU Consolidated List (sometimes referred to as individuals or entities listed on the "blacklist" or "blacklisted") wherever located.

Such measures also apply to « unlisted » persons who are controlled by an individual or entity listed or held by it more than 50%.

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<sup>3</sup> For an up-to-date list of countries and sector of activity targeted by UE sanctions: <https://sanctionsmap.eu/#/main>

## 1.2. UNITED STATES ECONOMIC SANCTIONS

### Enforcement and Penalties

In the United States, the implementation and enforcement of economic sanctions are shared among three agencies:

- **OFAC:** U.S. Treasury Department's Office of Foreign Assets Control;
- **The U.S. Department of State** : *State Department*, and
- **The BIS:** Bureau of Industry and Security.

Generally, U.S. economic sanctions apply to "U.S. Persons". The term "U.S. person" includes:

- U.S. citizens or U.S. permanent residents (green card holders), wherever located worldwide;
- entities and other juridical Companies organised under U.S. law, including foreign-owned companies, and international branches of U.S. companies; and
- all persons being located on the United States territory, regardless of their nationality.

The U.S. government can impose both civil and criminal penalties for violations of economic sanctions.

Individuals and companies that wilfully violate U.S. sanctions can be subject to criminal penalties:

- fines of up to USD \$1 million; and
- imprisonment up to 20 years per violation.

Individuals and companies may also be subject to civil fines up to 250,000 USD per violation or twice the value of the transaction, whichever is the highest.

### Applicability of U.S. Sanctions to Group's Companies

Considering the very wide scope of application of U.S. sanctions laws and regulations as well as having to comply with the risk reduction policy applied by its shareholders, **all Verallia Group's employees shall, as a rule, comply with them.**

**Primary Sanctions:** generally, ban all commercial and financial transactions with the persons or countries targeted for sanctions. For instance, OFAC believes that **U.S. primary sanctions cover any transaction** having a connection with the U.S. financial system, and, therefore, any transaction **in U.S. dollars**, even though the US-dollar transaction **is entirely processed outside the United States by a non-U.S. bank**. Violations of primary U.S. sanctions entail severe criminal and civil penalties.

**Secondary sanctions<sup>4</sup>:** cover actions made by "non-U.S." persons and occurred entirely outside the United States. Economic sanctions against "non-U.S." persons **may result in a loss of access to the U.S. financial system as well as prohibition of commercial relations with U.S. persons.**

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<sup>4</sup> Example: an EU bank that has carried out transactions with persons or countries targeted by Primary Sanctions: through the use of a Secondary Sanction, the bank may have all of these financial resources subject to "asset freezes", be forbidden from trading with US entities, restricted from exporting to the USA/importing from the USA; in other words, any transaction, whether direct or indirect, with a US entity.

### Prohibited Transactions with SDNs and the 50% rule

An U.S. person may not engage in any transaction with such unlisted person directly or indirectly controlled by a listed individual or listed entity or held by it more than 50% (unless otherwise authorised by OFAC).

### Types of U.S. Sanctions <sup>5</sup>

**Geography-based sanctions:** Geography-based sanctions affect all transactions with individuals and companies within the country or region subject to sanctions.

The countries affected by these sanctions at the date of this documents are listed hereafter:

- North Korea;
- Cuba;
- Iran;
- Sudan;
- Crimea - Sebastopol;
- Syria.

**Sectorial Sanctions.** Instead, the OFAC issues **directives targeting different sectors of the economy** and designates the listed entities subject to sectoral sanctions in the Sectoral Sanctions Identification-SSI list.

**List-based sanctions.** There are a wide variety of sanctions programmes concerning individuals, groups and other entities involved in various activities (proliferation of weapons of mass destruction, terrorism, cyber-security, etc.).

### Licences

OFAC may, at its discretion, grant exemptions to the prohibitions included in the US sanctions in two ways: (i) explicitly stated in the regulations, which are generally known as "general licences" or (ii) on a case-by-case basis through "specific licences".

### 1.3. United Kingdom Economic sanctions

UK sanctions fall within the remit of different departments:

- International sanctions are negotiated by the **Foreign and Commonwealth Office (FCO)** which has overall responsibility for UK policy on sanctions and embargoes.
- **His Majesty's Treasury (HMT)** is responsible for making UK financial sanctions designations and for deploying and implementing all financial sanctions in the UK (through its sister agency, **the Office of Financial Sanctions Implementation (OFSI)**).
- **The Department for Business, Innovation and Skills (BIS)** imposes certain type of trade sanctions and embargoes.

The UK Sanctions Regulations made under the Sanctions Act apply throughout the UK, including Northern Ireland. The prohibitions and requirements of these regulations apply to the conduct of persons in the United Kingdom. This includes any person in the UK (including in its territorial waters), UK nationals outside the UK and bodies registered or incorporated under the law of any part of the UK. The Government's policy is to give effect to UK sanctions measures in the UK Overseas Territories and Crown Dependencies in order to make sanctions as effective as possible.

UK sanctions can involve a range of repressive measures, but the most common are financial sanctions, import/export and travel bans and embargoes.

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<sup>5</sup> For an up-to-date list of countries and sectors targeted by sanctions USA: <https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>

## Types of sanctions in force in the UK

The UK can impose the following types of sanctions:

- **trade sanctions**, including arms embargoes and other trade restrictions;
- **financial sanctions**, including asset freezes;
- **immigration sanctions**, known as travel bans;
- **aircraft and shipping sanctions**, including de-registration or controls on the movement of aircraft and ships.

Some sanctions measures (such as asset freezes and travel bans) apply only to persons or vessels designated or specified by the UK Government. The UK Sanctions List, which contains designations or specifications made under the Sanctions Act, publicises these.

HM Treasury's Office of Financial Sanctions Implementation also maintains a Consolidated List of Asset Freeze Targets, which contains details of specific financial sanctions designations where asset freezing measures apply.

Financial sanctions include restrictions on designated persons, such as the freezing of their financial assets, as well as wider restrictions on investments and financial services.

OFSI helps businesses understand their obligations under financial sanctions, monitors compliance with these obligations and assesses suspected breaches. OFSI may also issue licences to carry on an activity that would otherwise be prohibited by the financial sanction's regulations, in certain circumstances.

## Consequences of non-compliance with sanctions in the UK

**Individuals:** Although prosecutions vary depending on the nature of the sanctions breach, those convicted of sanctions breaches are broadly liable to imprisonment for up to 7 years and/or a fine with no cap/limit.

**Legal persons:** A fine of 50% of the total value of the breach, or up to £1 million, whichever is greater. If a breach of sanctions has been committed with the consent of a natural person, that person may be liable, like the legal person, to imprisonment and/or a fine.

**Trade:** Goods that are subject to sanctions and embargoes but are traded without a specific exemption authorising such trade may be seized. Those involved in such transactions are liable to a fine and/or imprisonment.



#### 1.4. OTHER RELEVANT JURISDICTIONS

Group Companies may be subject to other laws and regulations relating to economic sanctions depending on several factors, including the country in which they are located and conduct their business or by virtue of contractual obligations.

In general, **Group Companies must comply with all other local laws and regulations applicable to their operations.**

In the particular context of the conflict between Russia and Ukraine, certain sanctions or countersanctions may apply. It is therefore necessary to contact the Group's Legal Department for any questions relating to transactions directly or indirectly involving Russia. In this respect, the Company Embargo Correspondent as well as the Business Embargo Correspondent (see section 3) should identify these other applicable laws and regulations and, if necessary, consult local external counsel to establish specific procedures.

## 2. IMPACT OF ECONOMIC SANCTIONS ON THE GROUP'S OPERATIONS

As the Group manufactures glass bottles and jars for the food industry, which are not considered to be either military or dual-use products, it is not generally exposed to the risk of selling, supplying, transferring, or exporting certain goods, technologies, software and/or services which are themselves subject to economic sanctions.<sup>67</sup>

Nevertheless, economic sanctions and/or their violation have an impact on sales, distribution, and supply operations, as well as on other operations, such as contract negotiations, acquisitions, and investments, etc.

### 2.1. IMPACT ON GOODS, TECHNOLOGIES, SOFTWARE AND SERVICES

Economic sanctions may prohibit Group Companies from buying, selling, supplying, transferring, or exporting certain goods, technologies, software and/or services to certain persons, such as:

- arms embargoes.
- the possibility of importing or exporting such goods, technologies, software and/or services depends on their classification and end use. In some cases, it may be necessary to obtain an export licence from the relevant authorities to continue to export/import such goods, technologies, software and/or services.

### 2.2. Impact on individuals

Economic sanctions may prohibit Group Companies from conducting transactions, directly or indirectly, with certain "listed" individuals or entities. The names of these individuals or entities are recorded in specific lists administered by the various competent authorities, in particular (but not exclusively) by the EU or the United States. The obligation to verify (through a process of 'screening') all business partners follows directly from these bans.

Such prohibitions have far-reaching effects as they apply to entities that are directly or indirectly owned or controlled by individuals or entities on sanctions lists.

### 2.3. IMPACT ON INVESTMENTS AND ACQUISITIONS

Economic sanctions may prohibit Group Companies from making certain investments in certain countries. Consequently, when an investment or acquisition is contemplated in a country under economic sanctions, specific due diligence is required.

Violations of economic sanctions may result in business restrictions and substantial fines.

### 2.4. IMPACT ON PAYMENTS

Economic sanctions may restrict the ability of Group Companies to receive or make certain payments to or from certain countries.

The possibility of receiving or making certain payments depends on several factors and it may be necessary to contact the relevant authorities before receiving or making such payments.

### 2.5. IMPACT ON CONTRACTUAL RELATIONS

Several of the Group's partners include economic sanctions compliance clauses in their contracts. Please contact your legal department before signing.

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<sup>6</sup>Dual-use products: Dual-use products are goods, software and technologies normally used for civilian purposes, but which may have military applications or may contribute to the proliferation of Weapons of Mass Destruction. (*Weapons of Mass Destruction-WMD*).

<sup>7</sup> Products containing US content: Products originating in the US remain subject to US export control regulations even after they have been exported and re-exported outside the US. The same principle applies to products containing 25% controlled US content when exported to any other country in the world. This doesn't mean that you can't export them; it means that you have to apply to BIS for an export licence.

Violation of economic sanctions could result in VERALLIA's early termination of contracts with banks, financial institutions, insurance companies, international customers, etc. due to VERALLIA's negligence.

## CHAPTER 2

### INTERNAL ORGANISATION AND PROCEDURES

#### 1. HOW ARE WE ORGANISED?

To meet its commitment to conduct its business in compliance with economic sanctions, the compliance structure is as follows:

- **At Group level:** This Compliance Program is monitored and updated by Verallia (**Group Embargo Correspondent** in the Group Legal Department).
- **At Business level:** Verallia appoints a **Business Embargo Correspondent** (i.e. France - Iberian Peninsula - Italy- LATAM - Germany and Eastern Europe - UK) who is responsible for the daily implementation of this Policy at Business level. He or she is responsible for adapting this Policy and/or the procedures to the specific features of his or her geographical area and for working with the Company Embargo Correspondents in his or her Business(es).
- **At Company level:** each Company must appoint a **Company Embargo Correspondent** who is responsible for the operational management of this Policy, working in close collaboration with the Business Embargo Correspondent. He or she is responsible for implementing this Policy and/or the procedures and adapting them to the specific characteristics of the Company. He or she is the first point of contact for employees in the area of economic sanctions.

The Company Embargo Correspondent can only be:

- the General Manager;
- the CFO;
- the Sales Director.

At Group level, it can be the Group Legal Manager under the supervision of the Group CSR Director and General Counsel.

This person, whoever he or she may be, must be both:

- a. be familiar with the full scope of the Company's business; and
- b. **has the necessary authority to block a transaction (sales and purchases).**

The roles and responsibilities of the Embargo Correspondent network are described in **APPENDIX 3 ROLES AND RESPONSIBILITIES OF EMBARGO CORRESPONDENTS** of **the SCREENING MANUAL** attached to this document<sup>8</sup>.

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<sup>8</sup> Names of Correspondent Embargo are published on Teams Group: VERALLIA group Compliance.

## 2. HOW TO ENSURE COMPLIANCE?

To ensure that all the Group's activities (sales/purchases) are carried out in compliance with the applicable regulations, two types of process must be implemented:

- (a) **to create a compliance foundation**: to develop and disseminate the right tools to the right people, and then evaluate their effectiveness; and
- (b) **adapting commercial behaviour** to the specific terms of a transaction.

**Screening** means checking whether the information obtained on a natural person or legal entity is similar to information available on natural persons or legal entities who are prohibited from making funds, financial services and/or economic resources (e.g. products) available and who are listed in the Blacklists.

The Group has chosen the AEB platform and software as its screening tool, and Altares where appropriate, to evaluate third parties considered to be "at risk" (according to the latest corruption risk map<sup>9</sup>)<sup>10</sup>, enabling existing information on several lists to be verified.

- **A one-off screening must be carried out on each new customer, new supplier and/or new partner (single screening).**
- **A mass screening of the entire list of customers, suppliers and partners of each company must be carried out** once a year before 31 December each year.

The procedures and practical indications for screening are illustrated in the **SCREENING MANUAL**.

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<sup>9</sup> Refer to the due diligence procedure regarding third parties

<sup>10</sup> [www.aeb.com](http://www.aeb.com)