

**Answers to the questions sent by the Forum for Responsible Investment  
in application of the French regulations in force**

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By a letter dated March 31, 2021, the Forum for Responsible Investment had sent us a series of questions relating to environmental, social and governance issues. The answers to those questions are set out below. At the outset, we would point out that as a designer and provider of essential services for the optimal management of water, waste and energy, Veolia's business itself contributes to the sustainable development of cities and industries.

**Environment**

1. *What amounts of CAPEX will be committed by 2025 to be in line with the Paris Agreement? How will that CAPEX be distributed throughout the value chain between maintenance CAPEX and growth CAPEX? What is the geographical distribution?*

In 2019, Veolia committed to reducing its greenhouse gas emissions (scope 1 and scope 2) by 22% in the next 15 years, namely by 2034, compared to the operational scope of the reference year 2018. This target, which is compatible with the ambition of the Paris Agreement (a trajectory below 2°C), has been approved by the Science Based Targets initiative.

For this purpose, in the context of its strategic program Impact 2023, Veolia has set itself a target for the rate of progress of its investments (with a value of about €1.2 billion) to convert coal-fired power stations in Europe between now and 2030. In order to promote the achievement of this target, this rate of progress is one of the indicators used to monitor the company's purpose and one of the non-financial quantitative criteria determining the annual compensation of the Chief Executive Officer. Since these investments are discretionary, they are accounted for as growth investments. They are divided between Poland (€700 million), the Czech Republic (€350 million) and Germany (€200 million). Compared with these huge investments, other investments (for example to capture the methane emitted by our waste storage centers), although substantial, are of a secondary order of magnitude.

2. *How do you limit the impact of the loss of biodiversity on your future earnings? Specify the indicators and resources put in place.*

By their very nature, Veolia's activities contribute to the protection of the environment (water, air and soil) and biodiversity. Its water, waste and energy management businesses interact directly with the natural environment. The collection and treatment of waste and wastewater limit the spread of urban and industrial pollution, particularly in the soil, in bodies of water and in the atmosphere. On the other hand, the Group's activities can also have direct or indirect environmental impacts which contribute to the loss of biodiversity, for example due to the consumption of natural resources and the residual pollution contained in the waste from operations.

In the context of its purpose and its strategic program Impact 2023, Veolia has therefore committed to *combating pollution and speeding up the ecological transition*. This commitment is reflected in a number of objectives, including that of protecting the environment and biodiversity.

Veolia is working on two levels to limit the erosion and loss of biodiversity:

- by reducing the impacts on the environment of its activities and those of its customers in terms of the five factors causing biodiversity deterioration<sup>1</sup>; and
- by creating favorable conditions for the preservation of the ecosystem and of species.

In the context of its strategic program Impact 2023, Veolia has decided to focus its actions on sites that potentially have the most impact on the environment and biodiversity, and it has set itself the target of achieving a rate of progress of 75% on its action plans to improve the environmental and biodiversity footprint of sensitive sites. In 2020, the Group developed an “environment and biodiversity” footprint tool for its activities that can be used to measure the five factors causing biodiversity deterioration at site level and to define an action plan to deal with those issues.

Veolia also requires its sites to implement practices that are more beneficial for biodiversity, regardless of the level of their particular issue, and has set itself three other targets for 2023:

- “zero” use of phytosanitary products (in the context of the management of a site’s green spaces) at 75% of sites;
- the implementation of ecological management on 75% of sites of more than 1 hectare;
- the provision of internal or external awareness training on environmental protection and biodiversity, at 50% of sites.

For more details, particularly in terms of resources, I would refer you to the information contained in section 4.2.4 “Protect natural environments and biodiversity” on pages 219 to 225 of the Universal Registration Document 2020.

*3. How do you anticipate the scarcity of certain natural resources, and supply difficulties affecting your strategic resources? How does that affect your economic models and how do you secure your supply chains?*

Veolia’s businesses adopt a circular economy approach and thus create new models that can anticipate the scarcity of certain raw materials and natural resources. For example, our plastic recycling plants provide secondary, recycled raw materials, as an alternative to the virgin material. We design loops between our customers and suppliers in order to identify new virtuous models, such as, for example, the purchase of lubricants for our operations that are themselves recovered by Veolia from used motor oil. Veolia is also involved in the supply of new B100 (100% biodiesel) fuels to replace the off-road diesel in its construction machinery. This new fuel is produced by the used cooking oil recycling facility of Dielix, a subsidiary of Sarpi.

In the context of the water businesses, reduction of the resource is a major issue. With our drinking water production, wastewater treatment and desalination plants, Veolia actively facilitates access to drinking water all over the world and contributes to the preservation of the resource. With regard to the latter point, Veolia is developing digital tools to identify losses and optimize the yield from drinking water networks. In addition, our teams inform the customer when they detect consumption anomalies by means of smart meters, and engage in campaigns to raise awareness about saving the resource. Consistent with the development of the regulations, Veolia is developing solutions to recycle treated wastewater (or REUT) aimed at the farming industry. This is the purpose of the Irri-Alt’Eau project being conducted in Gruissan, in the *département* of the Aude in the south of France, where the use of treated wastewater for the micro-irrigation of vineyards is being studied. Operations in areas of water stress can thus benefit from secure supplies of quality water, and worldwide water resources are preserved.

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<sup>1</sup> The five biodiversity deterioration factors are: destruction and fragmentation of habitats, pollution of the environment, overexploitation of biological resources, climate change, and invasive non-native species.

A crisis committee was set up at the beginning of 2020 to assess and manage international and/or strategic supply risks. The members of this committee are the entities' purchasing directors and the Group's purchasing department. Product and logistical supply problems are monitored on a weekly basis during periods of crisis, and monthly in normal circumstances. More generally, consumption of fragile materials is reduced, in the first instance, by technological optimization, digitization and the optimization of our processing methods. Thereafter, whenever possible, scarce resources are replaced by other more accessible products or raw materials with the lowest possible environmental impact. This process is conducted jointly by our scientific and technological teams and our suppliers in order to develop new products or processes.

## **Social**

*4. Solidarity between economic players, and large and small businesses, appears to be necessary to limit the negative impacts of the current crisis. How is your company adapting its buying or selling practices, both nationally and internationally, to support its suppliers or customers affected by the crisis? Do you apply different policies in the case of VSBs/SMEs? Has the crisis motivated you to structurally change your policies in this area?*

Veolia's purchasing expenditure is heavily oriented towards the regions. Thus, more than 82% of purchases are made locally (cf. Universal Registration Document 2020, p. 241). Before the crisis, numerous initiatives had been launched to strengthen relationships with SMEs. For example, in Australia, Veolia put an early payment system in place so that SMEs and small players would be paid before the due date. Since the start of the health crisis, the conditions of payment of our suppliers in accordance with their contractual agreements have been strictly maintained. Special attention is paid to SMEs and strategic suppliers.

As a provider of essential services, Veolia strives to guarantee continuity of service for its customers, by ensuring the safety of its work, both for its own and its customers' employees. The use of digital tools has enabled the final consumers of its services to take most necessary steps without having to travel; practices such as customers taking water meter readings with photographs have become widespread. In countries where supplies can be cut off for failure to pay, Veolia has temporarily suspended this procedure. Thus, the permanence of municipal services (water, waste, energy) has been guaranteed, regardless of the very difficult conditions sometimes experienced by the regions. The Group has also made efforts to adapt its services for non-municipal customers, taking into account the different circumstances in which they have found themselves: for example, for industrial sectors in which the health crisis has had a major impact, adjusting its services to a very reduced level, or even stopping the activity altogether, and then supporting its resumption once the crisis is over. For sectors that have been in high demand (pharmacies, hospitals, logistics), the company has strengthened its workforce to help with their production issues. This close relationship with our customers probably contributed to the high level of our customer satisfaction score (an NPS average of 41).

*5. At Group level, how do you manage the social impacts associated with the massive increase in telecommuting since the start of the pandemic? In particular, in terms of the management of psychosocial risks, contributions to expenses, employee satisfaction surveys, reversal of employees' choices, the proportion of employees working from home, etc.*

At Group level, at the height of the lockdown, nearly 90% of employees were active, and only 22% of them were working from home. Veolia's activities are recognized as essential and require employees to be present on site. In the case of employees for whom it was possible to opt for telecommuting, remote working and returns to site were managed in a balanced way in accordance with local

regulations and were discussed in detail with staff representative bodies. Digital training sessions were organized for managers so that they could support their staff with the management of this unusual work situation. In the commitment survey sent to more than 80,000 employees, the management of the crisis was applauded, with 90% of respondents believing that Veolia had adopted the right measures.

6. *Do you have a definition of a “decent wage” not limited to the local minimum legal wage? If so, what is it? How does your company ensure that its employees and its suppliers’ employees benefit from a decent wage?*

Due to the multiplicity and diversity of Veolia’s establishments, the Group has not adopted a definition of a decent wage either globally or locally. However, Veolia’s human resources strategy includes attractive social policies covering not only all elements of remuneration, but also global saving schemes including company contributions and essential health, social protection and retirement policies. The Group’s employees, and in particular those engaged in manual labor (54% of the workforce), are systematically paid more than the national minimum wage, and their remuneration is verified annually by an independent third party organization.

In line with our commitment to ensure decent work for our direct and indirect employees through the Group’s framework agreements, Veolia has joined the Global Compact and the Global Deal. The principle is to adopt a socially responsible attitude with remuneration to a higher standard than that required by current laws. Veolia continuously monitors these issues in the context of its social dialog, which is conducted entirely in the spirit of its purpose, the Sustainable Development Goals and International Labor Organization requirements.

With regard to the supply chain, in order to avert the risks associated with observance of rules relating to ethics, employment law (human rights, child labor, corruption, etc.) and respect for the environment (pollution, biodiversity, etc.), specific sustainable development and anti-corruption clauses are automatically included in new or renewed contracts or contractual amendments. The Group’s suppliers’ charter is signed by the third parties concerned during the tender procedure. This commits suppliers to the principles of Veolia’s purchasing process and makes them aware of their responsibilities, including in their own supply chain.

The CSR assessment of suppliers is an integral part of the Group’s purchasing compliance program. This assessment consists of a documentary audit and of a review of any controversies by an independent service provider, which covers 21 criteria concerning environmental, social (human rights, etc.), ethical (corruption, etc.) and responsible purchasing issues. These assessments are carried out during tender procedures and in the context of an annual campaign, and result in a score being given. Suppliers must provide the necessary evidence which is then analyzed by CSR experts. The social component of this assessment takes the following factors into account: employees’ health and safety, working conditions, social dialog, management of careers and training, child labor, forced labor, diversity, discrimination, harassment, etc. Suppliers’ scores are monitored, and an action plan is prepared which can result in the supplier being delisted if its score does not satisfy Veolia’s requirements. Corrective actions can also be put in place to help our suppliers improve their CSR performance. Furthermore, a continuous “360° monitoring” system enables us to be alerted in the event of any judgments or controversies associated with a supplier. These assessments are carried out in 42 of the Group’s BU’s. In 2020, the expenditure covered by such assessments amounted to €3.5 billion. More than 70% of our strategic suppliers are assessed.

7. *When formulating profit-sharing agreements for the benefit of your employees in France, do you take account of environmental and social criteria? If so:*

- *What are those criteria? Have they evolved since April 1, 2020?*
- *What proportion of the profit-sharing formula is subject to those criteria? Has that proportion changed in the last year?*
- *What is the share of the employees concerned?*

There is no single profit-sharing agreement covering all French entities, but multiple agreements negotiated with the social partners at each of them. For the last few years, subjects and indicators concerning the environment, the circular economy and responsible environmental practices (responsible conduct, recycling of waste, consumption and reduction of plastics) have developed and are increasingly in evidence. In particular, the indicators used to monitor multi-faceted performance pursuant to Veolia's purpose are included in new agreements signed in 2020. However, due to the number of companies and the diversity of the agreements, it is not possible to determine a percentage.

8. *In the context of employee savings, which funds are certified as responsible (CIES, Finansol, Greenfin, SRI)? In the case of each fund offered, what is the name of the certificate or certificates, what percentage of employee savings do they represent, and to what proportion of employees are they offered? Also, what proportion of the Group's employees in France and abroad have access to other forms of savings subscribed on a professional basis, particularly in terms of pensions? What proportion of the assets representing those savings is managed in a socially responsible way and has a "quality mark"? Which assets are they?*

Apart from direct share ownership (employee share ownership mutual funds own 4.06% of the capital), Veolia offers its employees four dedicated employee savings funds which currently have total assets of about €247 million:

- Sequoia ISR Monétaire, a CIES-certified SRI fund with assets of €98 million;
- Sequoia ISR Actions €, an equity fund under SRI management, comprising two underlying funds respectively managed by Allianz and Mirova, both of which are under SRI management, whose overall assets are €35 million;
- Sequoia Diversifié & Solidaire, whose overall assets amount to €84 million, is invested as to 32% in the same underlying funds as those of the ISR Actions € fund, and as to 8% in solidarity assets via the SICAV Mirova Solidaire. In total, 40% of the assets of this fund, or about €37 million, are certified SRI and/or as solidarity investments;
- Sequoia Obligations €: with assets of €30 million, this fund is the only one of the range that currently does not have any particular certification.

In total, €170 million of the €247 million of employee savings (or a proportion of 69%) are certified as responsible or solidarity investments.

## **Governance**

9. *Do you apply the GRI 207 standard in your regulatory tax reporting?*

*If so: does this reporting cover all the items indicated in this standard and if not, what items have you chosen not to publish and why?*

*If you do not use this standard: what are the reasons, and do you envisage applying the standard in the near future (within 1 to 2 years)?*

*What other measures have you envisaged, or do you envisage implementing to respond to the growing demand by your stakeholders for fiscal transparency?*

Veolia applies the principles laid down by the GRI 207 standard and publishes its tax policy on its website: <https://www.veolia.com/in/veolia-group/finance/financial-information/tax-policy-0>.

The Group's tax policy is subject to a code of conduct, comprising:

- A commitment to observe applicable tax laws; and
- Fiscal governance and the control and management of risks.

This tax policy is applied under the supervision of the Group's Tax Director and is approved by the Group's Chief Financial Officer.

Veolia contributes to the annual reporting of compulsory levies organized by the AFEP, which publishes the amount of levies paid in France by its members every year. In addition, Veolia publishes the compulsory levies paid throughout the world in its integrated report in the context of its socio-economic footprint, at <https://www.veolia.com/sites/g/files/dvc2491/files/document/2020/04/veolia-rapport-integre-2019-2020.pdf>.

However, GRI 207-4 is not strictly applied by Veolia because CBCR is information that is not public and that is reserved for the tax authorities. The Group provides this information to the French tax authorities which are then responsible for transmitting it to foreign tax authorities under the conditions provided by the international legislation in force.

10. *What scope is taken into account for the equity ratios that you publish? What analysis do you carry out of changes in those ratios? Has such analysis caused you to adjust your compensation policies? If so, how?*

The employees taken into account in the calculation of the ratio are those who are paid directly by all the Group's French companies (43,384 employees). 81% of those employees are non-executives and the proportion of operatives/manual workers is 45%, which is a particular feature of Veolia as a service business using local labor, which thus contributes to the economy of the regions in which it operates. The median wage of employees in France in 2020 was €33,852. The average non-executive wage in France (81% of the workforce) was €31,250 in 2020, namely 1.7 times the minimum wage.

The equity ratio measuring the relationship between the total compensation paid to the Chairman and Chief Executive Officer and the median wage of employees was 65 in 2020 (compared to 66 in 2019). The ratio by reference to the average wage paid was 56 in 2020 (compared to 57 in 2019). The change in these ratios reflects the Group's restraint in terms of the compensation of the Chairman and Chief Executive Officer in a year in which the purchasing power of the employees was maintained by all possible means.

11. Regarding the implementation of your Group's gender equality policy, could you please:

- (i) Provide the timetable and numerical targets – achieved or to be achieved – concerning this policy (career, training, remuneration, personal/professional life balance, etc.) at all levels of responsibility.
- (ii) Tell us whether this equality policy is applied in all the Group's companies in France and internationally. If not, why not?
- (iii) If it is, what specific resources do you deploy to promote gender equality in countries where you are established but where difficulties are encountered with the acceptance of this concept?

Gender balance is an issue of performance, credibility, fairness and attractiveness. Veolia has a duty to attract any talented people at all levels of the business and in all its activities. Its targets reflect a policy that applies to all the Group's geographical areas:

- To develop the gender balance of jobs in the businesses (increasing the number of women recruited for operations); in 2020, 21.4% of the Group was comprised of women;
- To increase the representation of women on governance and management bodies; between now and 2023, the target is for half of all appointments to the President's Group (the Group's top 500 executives) to be of a woman; in 2020, 45% of the members of the Board of Directors were women and 31% of externally recruited executives were women (on permanent contracts);
- To promote a gender balance on representative bodies.

To promote its commitment, the Group has created a diversity network for all employees, which is used by more than 3,000 male and female employees in 48 countries. To supplement this worldwide network, diversity networks for individual countries were launched at the beginning of 2019. There are now 25 of these. Since 2016, Veolia has been a partner of the "*Elles bougent*" association, which enables young women to go into the engineering and technical professions and promotes diversity of talent within companies and on training courses. Veolia has 200 female mentors worldwide, and the Group is expanding the Women in Leadership program in all its areas. This program aims to develop careers for women. Founded in the United States and the United Kingdom, it is now deployed in Europe, Africa, the Middle East and Latin America. A similar program, EMPOWHER, is deployed in Asia. Finally, a mentoring program was launched at the beginning of 2021 to support the career development of women with high potential.

Veolia is committed to combating sexism, particularly by associating itself with the action and mobilization plan against sexism initiated by the French government in 2016. In particular, Veolia has contributed to a survey conducted on a large scale in France concerning sexism in business. Initiatives to raise awareness have since been organized internally.

In 2018, under the aegis of the High Council on Professional Equality (CSEP), more than 7,500 Veolia employees in France took part in a survey concerning the account taken of parenthood in working life.

In 2020, an e-learning course "Acting against ordinary sexism at work" was launched as a pilot project in France for a panel of 1,000 employees. It is in the process of being deployed more widely in France in 2021. An English version will be deployed among 4,000 managers in Asia in the second half of the year.

With regard to the index of professional gender equality specific to France, which companies of more than 50 employees are obliged to publish every year, the vast majority Veolia entities published results in March 2021 in respect of 2020 data that were above 75 points out of 100 (the legal minimum), and the **overall index score was 90 points out of 100**.

Cf. Universal Registration Document 2020, section 4.4.5.3 "Promotion of professional equality and diversity and the fight against discrimination", pp. 267 to 270.

*12. How are your lobbying practices formalized and how do they fit in to your Group's CSR strategy? Can you describe the chain of responsibility of your company in terms of lobbying or institutional relations? In what circumstances can or must matters be referred to your Group's management body (Board of Directors, Supervisory Board)? What information relating to your lobbying practices do you publish (public positions, allocated budgets, etc.) in relation to each of your worldwide markets?*

In the context of its lobbying activities, Veolia strives in all the geographical areas where it operates to promote legislative and regulatory changes that will contribute to speeding up the ecological transformation and the adoption of circular and low carbon economic models. For example, the Group's Chairman and Chief Executive Officer has, for a number of years, promoted the idea that the adoption of a carbon price that is robust, foreseeable and sufficiently high to dissuade polluters and incentivize depolluters is something that is essential to speed up the actions taken against climate change. This message is carried worldwide by means of our participation in the various COPs and is also delivered at the level of the European Union, where Veolia recommends the adoption of a carbon adjustment mechanism at the borders to supplement the emissions trading system (ETS).

The Group's Public Affairs Department, attached to the Strategy and Innovation Department, represents its interests to the French public authorities and European institutions. It also coordinates the lobbying activities of the Group's subsidiaries concerning their respective public institutions, to ensure that consistent strategies are implemented.

A growing number of countries impose reporting obligations on businesses concerning the resources allocated to lobbying. Naturally, Veolia complies with all the applicable provisions in this area. Veolia was also one of the first businesses<sup>2</sup> to register on the European Union's transparency register, which remains optional<sup>3</sup>.

With respect to the publication of positions taken, and when given the possibility, Veolia always chooses to publish its contributions to consultations organized by the public authorities in advance of the preparation of legislative or regulatory provisions.

Employees involved (or who may become involved) in lobbying activities have been made aware, in coordination with the Group's Compliance Department, of the dual objective of complying with professional conduct rules and with the reporting obligation. In France, Veolia is represented on the Association of Public Affairs Professionals (APAP), which has contributed both to the development of a code of conduct governing relationships with the public authorities and to the work done to regulate relationships with public decision-makers, particularly by the HATVP and parliamentary assemblies. In June 2019, Veolia established its own internal standard for appropriate conduct relating to the membership of, and participation in, professional associations. In particular, this procedure is intended to ensure that lobbying complies with the best current standards. In 2020, reporting on Group entities' membership of professional associations was improved. These rules and procedures demonstrate Veolia's commitment to complying, and ensuring compliance, with the codes of conduct established by these various institutions.

Cf. Universal Registration Document 2020, section 4.5.5.3. "Lobbying" pp. 280 to 281).

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<sup>2</sup> The transparency register was launched in June 2008 and Veolia has been registered on it since January 2009.

<sup>3</sup> A proposal for an inter-institutional agreement between European institutions to make this register compulsory has been the subject of negotiations since 2016.



*13. How, specifically, do you involve social partners at Group level and locally to commit your business to a just transition? Do you intend to publish their opinion concerning your vigilance plan? Do you intend to publish their opinion about your non-financial performance document?*

All the indicators monitored and published, and the presentation and implementation of the duty of vigilance contained in our document concerning the Group's non-financial performance, are presented to the social partners every year in the context of meeting of the combined bureau of the France and European Works Councils. In the case of the 2020 data and the duty of vigilance, this discussion on the strategic policies took place on March 23, 2021.