

**THE VEOLIA EMPLOYEE SHAREHOLDERS ASSOCIATION  
“AAVE”**

**Message from the AAVE President on the launch of the “Sequoia 2022”  
employee share ownership plan**

Dear employee shareholders and members of our association,

As you may have noticed, Veolia has just launched on September 9, 2022, a new employee shareholding plan open to 180,000 employees of the group in 44 countries, in which you are invited to participate. This plan is the 5<sup>th</sup> that is offered annually and on a recurring basis to employees. The characteristics of this new operation (details below) replicate the investment formulas that made the last two operations successful. This new operation is an opportunity for the group’s employee shareholders to increase their weight in the company’s capital and allows the new Veolia employees resulting from the merger with Suez to become shareholders of the group. AAVE, which has always pleaded with the Group’s management for the recurrence of plans and the implementation of secure and leveraged formulas, therefore supports this operation and encourages employees to participate.

I would remind you that at the end of 2021, employee shareholding represented approximately 4.70% of the company’s capital and that the crossing of the threshold of 3% of the capital made it possible to proceed with the appointment by the employee shareholders and the General Meeting of June 15, 2022, of a director representing the employee shareholders on the Veolia Board of Directors. (Agata MAZUREK-BAK, candidate presented by AAVE). In addition to the fact that employee shareholding is a way for employee shareholders to be associated with the development and performance of the group, the increase in the size of this shareholding in the company’s capital, as well as the presence of a director representing your interests on Veolia’s Board of Directors, enables you to have a real influence on the company’s strategy.

The AAVE and the director who sits on the Veolia Board of Directors have the mission of defending your interests and providing you with all the information you may need, particularly in the context of this new employee shareholding operation. The main characteristics of this new operation are as follows:

### **The Sequoia 2022 employee shareholding operation and its main characteristics**

#### **The subscription formulas proposed**

The beneficiaries of this plan have the possibility to subscribe to Veolia Environnement shares by choosing between two distinct investment formulas:

- (i) ***A secured offer with a leverage effect*** benefiting from a gross company contribution of 100% of the personal contribution (up to a limit of €300) and a multiple (between 3.8 and 6.7 times depending on the formula) of the possible increase in the Veolia Environnement share price between the subscription and the maturity of the plan (June 1, 2027, except in the case of legal early release). ***The major advantage of this formula is that it guarantees the employee subscriber his or her total investment, including the employer’s contribution, in the event of a drop in the Veolia Environnement share price.*** This guarantee comes in exchange for a

waiver of a 20% discount on the price of the subscribed share and the dividends paid by the company on the subscribed shares.

- (ii) **A traditional offer fully exposed to the risk of loss in the event of a downward trend in the Veolia Environnement share price with**, as a counterpart to this risk, the benefit of a 20% discount on the reference price of the Veolia Environnement share and a right to dividends paid by the company.

### Indicative timetable of the operation

Except for events that may affect the proper conduct of this operation, the timetable for its conduct is as follows:

- **Reservation (and subscription) period:** from September 9, 2022 to October 7, 2022 (inclusive)
- **Pricing of the subscription:** November 8, 2022
- **Final subscription and revocation period (after knowledge of the subscription price):** from November 10 to November 14, 2022 (inclusive)
- **Settlement-delivery of the offering and the subscribed shares:** December 14, 2022

### Terms and conditions of retention of the shares subscribed for by the employees

Depending on the legislation applicable in the employee's country of residence, the subscription is made through a Company Employees Mutual Funds called in French "**FCPE**" (*Fonds Commun de Placement d'Entreprise* dedicated to the employee savings of a company) **or, in certain countries, through direct shareholding**. The voting rights attached to the shares held by employees in the dedicated FCPE are exercised by the FCPE's Supervisory Board, whereas the voting rights attached to the shares held directly are exercised directly by the employee subscriber.

### The period of unavailability of the subscribed shares

In the context of the legislation relating to employee savings, **the shares subscribed directly as well as the units of the FCPE are blocked until June 1, 2027**, except in the event of an early release as provided for by the labor legislation applicable in the countries where the offer is deployed.

### The financial and economic context surrounding this transaction:

This transaction is taking place against the backdrop of the company's half-yearly financial statements for June 30, published on August 3 (see the press release available on the Veolia website at <https://www.veolia.com/en/our-media/newsroom/press-releases/2022-first-half-results>).

In the press release published on this occasion, the outlook and guidance for the year 2022 announced to the market is (under current geopolitical and economic conditions) confirmed, namely:

- Solid organic revenue growth
- Efficiency gains above €350m complemented by €100m of synergies coming from the first year of integration of Suez
- Organic growth of EBITDA between +4% and +6%
- Current net income group share around €1.1bn, a growth of more than 20%, confirming the earning per share accretion of around 10%
- Confirmed 2024 EPS accretion of 40%
- Leverage ratio around 3x
- Dividend growth in line with current EPS growth

Despite a deteriorated geopolitical and economic context during the first 6 months of 2022, Estelle Brachlianoff, the Chief Executive Officer, indicated in her September letter to shareholders (<https://www.veolia.com/en/veolia-group/finance/shareholders/shareholders-publications>) that the accounts for the first half of 2022 bear witness to the very good performance recorded by the group during the first 6 months of 2022, the success of the merger with Suez and the solidity of the group. Thus:

- Revenues amounted to €20.2bn. At constant exchange rates and scope of consolidation, they increased by +12.9% compared with the first half of 2021 for Veolia and Suez combined. It increased in all of the Group's businesses.
- EBITDA reached €2.9bn, up +6.1% (at constant exchange rates and scope of consolidation) compared with the combined first half of 2021 for Veolia and Suez. It is therefore at the top end of the 2022 target, which calls for EBITDA growth of +4% to +6%.
- Cost savings amount to €178M and synergies from the Suez acquisition to €52m for the first half of this year. Both are in line with the group's objectives for 2022, which are €350m in cost savings and €100m in synergies respectively.
- finally, net income before non-recurring items amounted to €52m, in line with the Group's commitment to generate approximately €1.1bn in 2022.

Obviously, if these results are compared with those of Veolia alone in 2021, the increase is even greater, with 46% more revenue. Suez's contribution in terms of revenue, performance and value creation is in line with the expectations that were placed on this transaction and confirms its relevance.

Achieved in a deteriorated geopolitical and economic context, this performance demonstrates both the Group's solidity and its ability to adapt. Volumes have continued to grow in all activities, and indexation and hedging mechanisms have made it possible to absorb a large part of the increases in operating costs caused by inflation. In all its businesses, the Group has enjoyed strong commercial momentum, with priority given to targeting new activities that will be the growth drivers of the future.

As Estelle Brachlianoff pointed out in her September letter to shareholders, these good performances enable the Group to approach the second half of fiscal year 2022 with confidence. But beyond that, the Group's business model and strategic positioning are reinforced by the current environment: reuse of wastewater, treatment of new pollutants, production of local, renewable and affordable energy. These are all examples of how Veolia offers concrete answers to the major environmental challenges facing its municipal and industrial clients.

AAVE's ambition is to bring the voice of employee shareholders to the Group's governance bodies by strengthening communication and exchanges with employee shareholders and members of the association. With this in mind, I would like to remind you that you can ask questions about this new employee shareholding operation by visiting the association's website (<https://aave.veolia.com/en/>) and by sending your message to the following address: [aave@veolia.com](mailto:aave@veolia.com). Regarding this employee investment operation, AAVE can provide answers or technical clarifications, but it is not in its legal role to give advice or investment recommendations, as this decision must be taken personally by each employee. Furthermore, we strongly encourage you to join our association by registering your membership simply and free of charge on the AAVE website. This membership will allow you to benefit from periodic newsletters intended primarily for the members of our association,

I am looking forward to your suggestions or requests and send you my warmest greetings.

The President  
Nicolas Germond