

# Employee share offering: Sequoia 2021

## Local supplement for USA

You have been invited to invest in Veolia Environnement (“VE”) shares in the Veolia Environnement Group employee share offering “SEQUOIA 2021” (the “Offering”). You will find below a summary of the offering information for U.S. employees and principal tax consequences relating to the Offering. You should read this together with the Information Brochure for the Offering.

## LOCAL SPECIFIC FEATURES

### Means of Payment

You may pay for your subscription by:

- personal check payable to your employing entity on November 19, 2021; or
- a payroll deduction in eight (weekly) or four (biweekly).

If you choose to pay for your subscription through payroll deduction, your employer will provide an interest free advance on your salary for the amount you wish to subscribe. Your payroll deduction will be used to repay that interest free advance from your employer. That is, your salary will be reduced in eight (weekly) or four (biweekly) installments to repay the salary advance from your employer.

If you choose to pay for your subscription through payroll deduction and you cease employment with a Veolia group company before your payroll deduction is completed, you will need to make arrangements satisfactory to your employer to fully repay the salary advance.

### Exchange Rate

Please note that your subscription is in euro. Consequently, for purposes of your subscription, the amount of your payment in US Dollar, as indicated by you in your subscription form, will be converted using the exchange rate that will be communicated to you before the start of the reservation period. During the life of the plan, the value of your investment in Veolia Environnement shares (directly and/or through an FCPE) will be affected by fluctuations in the currency exchange rate between the euro and US Dollar. As a result, if the value of the euro strengthens relative to US Dollar, the value of the shares expressed in local currency will increase. On the other hand, if the value of the euro weakens relative to US Dollar, the value of the shares expressed in US Dollar will decrease. Additionally, please note that all calculations of the SAR Pay-out are made in Euro. Please read the SAR Notice for more details.

### Custody of Your Shares

Your VE Shares purchased through the Offering will be recorded and kept in your name and held in an omnibus account at Computer- share Trust Company, N.A. (“Computershare”), the global custodian for the U.S.-based participants.

### Stock Appreciation Rights (SAR) granted for investments in the Secure Offer

If you opt for the Secure Offer, you will be granted Stock Appreciation Rights (“SARs”) by your employer for each share subscribed with your personal contribution and with the matching contribution. The SAR is an undertaking of your employer to pay to you at the end of the lock-up period or in the case of early release from lock-up a cash amount calculated as follows:

- (i) a percentage in the increase of the Veolia share, if any, above the non-discounted Reference Price (the “performance”). The performance is calculated based on an average of 1086 readings of Veolia share recorded prior to the maturity date. This average is “protected” because only share prices that are above the Reference Price

will be used. In case of early exit, calculation on similar basis as described in the SAR notice, except in case of early release prior to February 24, 2022 in which case calculation will be made based on Veolia share price at closing on the last trading day of the month of early exit;

and/or

- (ii) in case of decrease of the share price below the Subscription Price, an amount equal to the difference between the amount of your initial investment in Euro (i.e., your personal contribution plus the employer matching contribution) and the price of the Veolia share on the date of calculation of the SAR pay-out (the “protection”).

The SAR pay-out is calculated in Euro and before taxes. You acknowledge that while the SAR pay-out formula provides significant downside protection, it has not been designed to fully compensate you for all potential financial losses associated with your investment in Veolia shares.

The SAR payment will be made automatically, and irrespective of whether you request the sale of your Veolia shares, at the plan maturity and in the case of termination of your employment contract.

It is the intention of your employer that these payments made under the Secure Offer comply with (or qualify for an exemption from) Section 409A of the US Internal Revenue Code and the regulations and guidance promulgated thereunder.

For details, please review the SAR Notice.

## Early Exit Events

Under the Veolia “Sequoia 2021” offering, your investment must be held for a period of five years.

Nevertheless, you can exit from the plan before the end of the lock-up period in the case of early exit events as described below:

1. Your disability (as determined under Veolia’s long term disability program and which constitutes “disability” for purposes of U.S Internal Revenue Code Section 409A);
2. Your death;
3. The termination of your employment with Veolia Environnement and its affiliates and which constitutes a “separation from services” for purposes of U.S. Internal Revenue Code Section 409A; or
4. You experience a hardship (as determined under the Veolia North America 401(k) Savings Plan, without regard to the requirement to take a loan under such plan, and which constitutes an “unforeseeable emergency” for purposes of U.S. Internal Revenue Code Section 409A).

You should not conclude that an early exit event is available unless you have described your specific case to Computershare and received confirmation that it applies to your situation, upon your providing the requisite supporting documentation.

Please note that upon an early exit for shares acquired in the Secure Offer, the SAR payment will be made for all your SAR entitlements.

# SECURITIES CONSIDERATIONS

## Securities notice

The securities offered hereby will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or under any state securities laws, and neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities or passed on the adequacy or accuracy of this Local Supplement or the other documents delivered to you in connection with the Offering. Any representation to the contrary is a criminal offense. The securities are offered pursuant to exemptions provided by the Securities Act and certain state securities laws and certain rules and regulations promulgated pursuant thereto. The securities may not be sold, transferred or otherwise disposed of within the United States in the absence of an effective registration statement under the Securities Act or an exemption from the registration requirements under the Securities Act and applicable state securities laws. Veolia Environnement may require an opinion of counsel that an exemption from registration is available. In addition, the shares offered hereby will be subject to a five-year holding period during which you may not sell or transfer the shares, except under certain limited circumstances.

## Rule 701

The Offering is a “compensatory benefit plan” within the meaning of Rule 701(c)(2) under the Securities Act, and Veolia Environnement will be relying on the exemption from registration under the Securities Act provided by such Rule 701. This Local Supplement (except for the section entitled “Tax Information for Employees”) and Information Brochure collectively constitute the plan document for purposes of Rule 701. The Information Brochure has been distributed to you simultaneously with this Local Supplement.

## Maximum amount

The maximum aggregate amount of the Veolia Environnement shares to be offered to employees in United States under Sequoia 2021 is limited to \$5,000,000. This limit is in addition to any other limits described in the Sequoia 2021 brochure. In the event the aggregate requested participations from US employees exceed this limit, the reduction procedure indicated in the reservation form will apply.

## TAX INFORMATION FOR EMPLOYEES

This summary sets forth general principles that are expected to apply to employees who are resident in the United States for the purposes of the tax laws of the United States. For definitive advice, employees should consult their own tax advisors regarding the tax consequences of subscribing to Veolia Environnement shares. This summary is given for informational purposes only and should not be relied upon as being either complete or conclusive.

The tax consequences listed below are described in accordance with the United States and certain French tax law and tax practices, all of which are applicable as May 2021. These laws and practices may change over time.

## CLASSIC OFFER

### Upon subscription

#### **I. Will I be required to pay any tax or social security charges upon subscription or purchase of the VE Shares?**

There will be no tax due at the time you subscribe. Upon purchase of the VE Shares following your subscription, scheduled for December 8, 2021, you will recognize income in the amount of, and be taxed on, the difference between (i) the fair market value of the VE Shares you acquire in the Offering and (ii) the amount of your personal contribution.

The difference between the fair market value of the VE Shares and what you paid for them is impacted by any discount offered on the VE Shares, any change in value of the VE Shares between the date the subscription price is fixed and the purchase date, and any currency exchange fluctuation.

The income recognized as a result of the acquisition of VE Shares will be treated as additional compensation income (ordinary income) and will be reported by your Veolia employer as additional compensation on your Form W-2 for 2021. Further, this additional compensation will be subject to immediate withholding of federal income taxes, payroll taxes (Social Security and Medicare taxes under the Federal Insurance Contributions Act ("FICA")), as well as state and local income taxes, depending on the state in which you work or reside.

Pursuant to applicable laws, your Veolia employer may be required or may deem it appropriate to withhold taxes or fulfill employment related or other obligations in connection with your taxable income received upon subscription. Your Veolia employer has the right to determine how such collection, withholding or any other measures are arranged or carried out. However, ultimately, you are personally responsible for any taxes associated with your purchase of VE Shares under the Offering. You are advised to consult your own financial and tax advisers (at your own expense) before subscribing to the Offering.

Additionally, if you choose to pay for your subscription through payroll deduction, your employer will provide an interest free advance on your salary for the amount you wish to subscribe. Such payment facility could trigger taxation if all loans that have been provided to you by your employer exceed \$10,000. Imputed interests will be imposed on the total amount of the interest-free loan, based on interest rates published by the IRS. The imputed interest will be considered part of your compensation.

### During the life of the Plan

#### **II. Will I be required to pay any tax or social security charges on dividends I receive on my VE Shares?**

##### **(i) Taxation in France**

Any dividend that you receive in respect of your Veolia Environnement shares will be subject to a withholding tax in France levied at the rate of 12.8%.

##### **(ii) Taxation in the United States**

For U.S. Federal income tax purposes, the gross amount of any dividend paid on the VE Shares, including any French withholding tax, will be included in your gross income as dividend income in the year the payment is received. The

amount of any dividend paid in euros, including any French taxes withheld, will be equal to the U.S. dollar value of the euro amount calculated by reference to the spot rate in effect on the date the dividend is includible in income. Please note that the calculation will be made with respect to the U.S. dollar equivalent regardless of whether you actually convert the euros into U.S. dollars.

Subject to certain conditions and limitations, you may claim the French withholding tax that was collected on any dividends paid to you as a credit against your U.S. federal income tax liability or alternatively as a deduction. In general, FICA taxes are not imposed on dividend income. However, your dividend income may be subject to a 3.8% Medicare tax. This tax is imposed on net investment income, which generally includes income from dividends, if a taxpayer's modified adjusted gross income is higher than a threshold amount. The amount of net investment income subject to this tax is the lesser of (a) total net investment income; or (b) the amount of a taxpayer's modified adjusted gross income that exceeds \$200,000 (\$250,000 for married couples filing jointly).

## **At maturity or in case or in the event of an authorized early exit event**

### **III. Will I be required to pay any tax or social security charges when, at the end of the lock-up period (or in the event of an authorized early exit event), I sell my VE shares?**

No tax will be imposed upon release of the VE Shares to the employee at the end of the lock up period. However, upon a sale of the VE Shares, gains (calculated as the difference between the sale proceeds and the tax basis of such shares, including both your investment and any amount recognized as income in connection with the purchase) will be subject to long-term capital gains if the VE Shares are held for more than one year and short-term capital gain (taxed at rates applicable to ordinary income) if the VE Shares are held for one year or less. The one-year period generally starts as of the day after the shares are transferred to the employee's account with the custodian.

In general, FICA taxes are not imposed on capital gains from the sale of shares. However, your capital gains may be subject to the 3.8% Medicare tax on net investment income described under the above section on taxation of dividends. Net investment income includes capital gains.

## **Tax and FBAR Reporting Requirements**

In any year in which you recognize income or gains related to the VE Shares for which you subscribe, you will be required to report the relevant amount(s) on your annual federal income tax form (e.g., Form 1040) and any applicable state or local tax form.

Additionally, the IRS requires taxpayers to include a Form 8938 with the annual federal income tax form to disclose "specified foreign financial assets" that exceed a minimum threshold (which can be as low as \$50,000). Generally, foreign securities and foreign financial accounts are considered to be "specified foreign financial assets". However, taxpayers are not required to report accounts maintained by U.S. financial institutions. As currently contemplated, Computershare will serve as the U.S. custodian of the VE Shares, and as such, we would not expect employees to have a Form 8938 filing obligation solely as a result of participating in the Offering. However, you should consult your tax advisor to make any determinations with respect to obligations to include a Form 8938 with your annual federal income tax form.

The Bank Secrecy Act requires U.S. persons who have financial interest in aggregate exceeding \$10,000 in a foreign bank, foreign securities or other foreign financial account to file a FinCEN Form 114, Report of Foreign Bank and Financial Accounts ("FBAR") annually. However, such U.S. persons are not required to file an FBAR with respect to foreign securities that are held in an account with a financial institution located in the United States and the person may not directly access their foreign holdings. As currently contemplated, Computershare will serve as the U.S. custodian of the VE Shares, and as such, we would not expect employees to have an FBAR filing obligation solely as a result of participating in the Offering. However, you should consult your tax advisor to make any determinations with respect to obligations to file an FBAR.

## **Deferred Compensation**

The Offering, as designed, does not involve any tax deferred compensation and, as a result, is not subject to Internal Revenue Code Section 409A.

## **ERISA**

The Offering is not subject to any provisions of the Employee Retirement Income Security Act of 1974 (commonly known as "ERISA").

# SECURE OFFER

## Upon subscription

### **I. Will I be required to pay any tax or social security charges upon subscription or purchase of the VE Shares?**

#### **(i) Taxation on the difference between the subscription price and the market value of the Veolia Environnement share at the time of subscription (the Discount)**

There will be no tax due at the time you subscribe. Upon purchase of the VE Shares following your subscription, scheduled for December 8, 2021, you will recognize income in the amount of, and be taxed on, the difference between (i) the fair market value of the VE Shares you acquire in the Offering (including the value of any VE Shares acquired with the matching contribution made on your behalf) and (ii) the amount of your personal contribution.

The difference between the fair market value of the VE Shares and what you paid for them is impacted by any discount offered on the VE Shares, any matching amount of VE Shares provided by Veolia, any change in value of the VE Shares between the date the subscription price is fixed and the purchase date, and any currency exchange fluctuation.

The income recognized as a result of the acquisition of VE Shares will be treated as additional compensation income (ordinary income) and will be reported by your Veolia employer as additional compensation on your Form W-2 for 2021. Further, this additional compensation will be subject to immediate withholding of federal income taxes, payroll taxes (Social Security and Medicare taxes under the Federal Insurance Contributions Act ("FICA")), as well as state and local income taxes, depending on the state in which you work or reside.

Pursuant to applicable laws, your Veolia employer may be required or may deem it appropriate to withhold taxes or fulfill employment related or other obligations in connection with your taxable income received upon subscription. Your Veolia employer has the right to determine how such collection, withholding or any other measures are arranged or carried out. However, ultimately, you are personally responsible for any taxes associated with your purchase of VE Shares under the Offering. You are advised to consult your own financial and tax advisers (at your own expense) before subscribing to the Offering.

Additionally, if you choose to pay for your subscription through payroll deduction, your employer will provide an interest free advance on your salary for the amount you wish to subscribe. Such payment facility could trigger taxation if all loans that have been provided to you by your employer exceed \$10,000. Imputed interests will be imposed on the total amount of the interest-free loan, based on interest rates published by the IRS. The imputed interest will be considered part of your compensation.

#### **(ii) Taxation of the SAR**

No taxation arises at the time of grant of the entitlement to a SAR.

## During the life of the Plan

### **II. Will I be required to pay any tax or social security charges on dividends I receive on my VE Shares?**

#### **(i) Taxation in France**

Any dividend that you receive in respect of your Veolia Environnement shares will be subject to a withholding tax in France levied at the rate of 12.8%.

#### **(ii) Taxation in the United States**

For U.S. Federal income tax purposes, the gross amount of any dividend paid on the VE Shares, including any French withholding tax, will be included in your gross income as dividend income in the year the payment is received. The amount of any dividend paid in euros, including any French taxes withheld, will be equal to the U.S. dollar value of the euro amount calculated by reference to the spot rate in effect on the date the dividend is includible in income. Please note that the calculation will be made with respect to the U.S. dollar equivalent regardless of whether you actually convert the euros into U.S. dollars.

Subject to certain conditions and limitations, you may claim the French withholding tax that was collected on any dividends paid to you as a credit against your U.S. federal income tax liability or alternatively as a deduction. In general, FICA taxes are not imposed on dividend income. However, your dividend income may be subject to a 3.8% Medicare tax. This tax is imposed on net investment income, which generally includes income from dividends, if a taxpayer's modified adjusted gross income is higher than a threshold amount. The amount of net investment income subject to this tax is the lesser of (a) total net investment income; or (b) the amount of a taxpayer's modified adjusted gross income that exceeds \$200,000 (\$250,000 for married couples filing jointly).

## At maturity or in case or in the event of an authorized early exit event

### III. Will I be required to pay any tax or social security charges when, at the end of the lock-up period (or in the event of an authorized early exit event), I sell my VE shares?

No tax will be imposed upon release of the VE Shares to the employee at the end of the lock up period. However, upon a sale of the VE Shares, gains (calculated as the difference between the sale proceeds and the tax basis of such shares, including both your investment and any amount recognized as income in connection with the purchase) will be subject to long-term capital gains if the VE Shares are held for more than one year and short-term capital gain (taxed at rates applicable to ordinary income) if the VE Shares are held for one year or less. The one-year period generally starts as of the day after the shares are transferred to the employee's account with the custodian.

In general, FICA taxes are not imposed on capital gains from the sale of shares. However, your capital gains may be subject to the 3.8% Medicare tax on net investment income described under the above section on taxation of dividends. Net investment income includes capital gains.

## At the time of payment of the SAR pay-out to me

### IV. Will I be required to pay tax or social security charges when I receive from my employer the SAR pay-out?

You will recognize income equal to the amount of the cash received as pay-out on the SARs.

The income recognized will be treated as additional compensation income (ordinary income) and must be reported by your employer as additional compensation on your Form W-2. Further, this additional compensation will be subject to immediate withholding of federal income taxes, Social Security Charges (OASDI and Medicare taxes under the U.S. Federal Insurance Contribution Act ("FICA")), as well as state and local income taxes, depending on the state in which you work or reside.

Ordinary income is taxed at progressive income tax rates.

As of May 2021, the maximum federal income tax rate on ordinary income is 37% and the OASDI component of FICA will be imposed at a rate of 6.2% on the first \$142,800 of wages for 2021.

Additionally, as of May 2021, Medicare tax will be imposed at a rate of 1.45% on all wages (employees will pay an additional 0.9% Medicare tax on wages in excess of \$200,000 (\$250,000 for married couples filing jointly)) for 2021. The employer contributions for FICA taxes are in the same amounts.

The local subsidiary will have a withholding obligation.

## Tax and FBAR Reporting Requirements

In any year in which you recognize income or gains related to the VE Shares for which you subscribe, you will be required to report the relevant amount(s) on your annual federal income tax form (e.g., Form 1040) and any applicable state or local tax form.

Additionally, the IRS requires taxpayers to include a Form 8938 with the annual federal income tax form to disclose "specified foreign financial assets" that exceed a minimum threshold (which can be as low as \$50,000). Generally, foreign securities and foreign financial accounts are considered to be "specified foreign financial assets". However, taxpayers are not required to report accounts maintained by U.S. financial institutions. As currently contemplated, Computershare will serve as the U.S. custodian of the VE Shares, and as such, we would not expect employees to have a Form 8938 filing obligation solely as a result of participating in the Offering. However, you should consult your tax advisor to make any determinations with respect to obligations to include a Form 8938 with your annual federal income tax form.

The Bank Secrecy Act requires U.S. persons who have financial interest in aggregate exceeding \$10,000 in a foreign bank, foreign securities or other foreign financial account to file a FinCEN Form 114, Report of Foreign Bank and Financial Accounts ("FBAR") annually. However, such U.S. persons are not required to file an FBAR with respect to foreign securities that are held in an account with a financial institution located in the United States and the person may not directly access their foreign holdings. As currently contemplated, Computershare will serve as the U.S. custodian of the VE Shares, and as such, we would not expect employees to have an FBAR filing obligation solely as a result of participating in the Offering. However, you should consult your tax advisor to make any determinations with respect to obligations to file an FBAR.

## Deferred Compensation

The Offering, as designed, is intended to comply with U.S. Internal Revenue Code Section 409A.

## ERISA

The Offering is not subject to any provisions of the Employee Retirement Income Security Act of 1974 (commonly known as "ERISA").