

VEOLIA

TAX LAW

TAX POLICY

RIGHT
AMOUNT

TRANSPARENCY
COMPLIANCE

Veolia group is the global leader in optimized resource management. With over 171,000 employees worldwide, the Group designs and provides water, waste and energy management solutions which contribute to the sustainable development of communities and industries. Through its three complementary business activities, Veolia helps to develop access to resources, preserve available resources, and to replenish them.

In 2018, the Veolia group supplied 95 million people with drinking water and 63 million people with wastewater service, produced nearly 56 million megawatt hours of energy and converted 49 million metric tons of waste into new materials and energy. Veolia Environnement (listed on Paris Euronext: VIE) recorded consolidated revenue of €25.91 billion in 2018.

The way we work

Veolia thinks globally, but operates locally. Our solutions and services throughout the world are personalised and tailored to local needs and conditions.

Ethical working is an issue of major strategic importance for Veolia; its reputation and its image depend to a great extent on its ability to act in accordance with its fundamental values that it strives to promote and defend, both internally and as regards its stakeholders.

As a part of these fundamental values, Veolia recognises its corporate responsibility to ensure that all businesses within the Veolia group follow responsible tax practices around the world.

Structure of this document

Veolia is a large decentralised group with much of the day-to-day tax functions undertaken by the individual businesses across the globe. To this end, there are many different tax requirements in the countries that Veolia operates in around the world, whether these requirements are published or not.

To ensure consistency in approach across our businesses, this document therefore reflects the global tax framework under which all tax professionals working in companies owned by Veolia across all countries must operate. This global tax framework is complemented, where legally required or recommended, by country specific tax policy documents in the territory in question.

The tax strategy underlying this document is managed by the Group Tax Director and is approved by the Veolia Chief Financial Officer.

Tax Policy

The principles governing the management of our tax affairs are fully aligned with the Group's wider commercial, reputational and business practices and are consistent with our commitment to corporate responsibility. They consist of the following:

- Complying with applicable tax laws, rules, regulations and disclosure requirements wherever we operate;
- Paying the right amount of tax around the world;
- Managing our tax affairs so as to ensure the Group's reputation, brand, corporate and social responsibilities are not compromised, whilst protecting and enhancing shareholder value;
- Subject to local custom and practice, to be constructive and transparent with tax authorities, based on the concepts of integrity, collaboration and mutual trust;
- Use incentives and reliefs only for the purposes intended;
- Only taking tax decisions which are aligned with a genuine commercial rationale and are consistent with the wider objectives of the Group.

Code of Conduct

This Code of Conduct outlines the principles setting out how Veolia tax professionals are expected to operate with respect to the above Group Tax Policy.



Compliance with applicable tax laws

Veolia is committed to observing all applicable laws, rules, regulations, and reporting and disclosure requirements, wherever there is a local requirement to do so.

Local tax professionals, overseen by the Group Tax function in Paris ('Group Tax') if necessary, will collaborate with their local business units to provide advice and guidance necessary to ensure such compliance.



Paying the right amount of tax

Ensuring that we pay the right amount of tax at the right time is core to Veolia, and is consistent with the corporate and social responsibility of the Veolia Group.

We will however manage our tax costs through maximising the tax efficiency of our business transactions, recognising that there is sometimes more than one tax outcome in commercially motivated transactions. We will not however wilfully engage in tax schemes, or will not structure transactions in such a way that we believe are contrary to the clear intentions of the tax legislation concerned.



Managing risk and reputation

Given both the scale and different aspects of our business, risks will inevitably arise from time to time. The acceptable nature of tax risk we are prepared to take is however linked to the level of business risk we are prepared to take.

Various factors will always be considered including, but not limited to, the financial impact, the impact on corporate reputation/brand and the impact on relationships with external stakeholders.

Whilst these risks cannot be eliminated, they can be mitigated. In this regard, Veolia effectively manages these risks in a number of distinct ways:

- Appropriate policies, processes and systems are in place and these are reviewed for operational effectiveness.
- Local and Group Tax professionals have clearly defined roles, and have the required skills and support to carry out their role effectively.
- Regular training will be provided to ensure the tax professionals are capable of identifying and managing the tax risks faced as a result of the ever changing tax obligations in the territories in which they operate.
- Tax is one of many factors to be considered in investment opportunities. Therefore, Group Tax will aim to be involved in all stages of material and/or tax sensitive investment opportunities and corporate transactions from initial planning through to post implementation.



Transparency with Tax Authorities

Our preference as a company is to have a transparent and open relationship with the tax authorities in territories where we operate and to engage with them in a ‘real-time’ and productive manner.

However, we recognise that across c. 50 territories of operation, there are differences of approach within the tax authorities as far as dialogue, transparency, negotiated settlements etc are concerned.

Where possible, we will strive to engage with the tax authorities with honesty, integrity, respect and fairness and in a spirit of co-operative compliance, but Veolia does expect an equal degree of professionalism and mutual respect from the tax authorities in all of its dealings with them.



Incentives and Reliefs

At Veolia, we pay a significant amount of tax around the world. However, many Governments encourage companies to invest in infrastructure, technology and to support economic investment and employment by way of the giving of tax reliefs, allowances, incentives or exemptions. Examples include:

- R+D allowances
- Patent Box allowances
- Tax Depreciation / Amortisation
- Government Grants

Where these reliefs are applicable to Veolia’s activities, they are claimed, but only in the manner intended.



Tax decisions aligned to a commercial rationale

Appropriate proactive and real-time support and training is provided to all areas of our business operations such that commercial objectives can be maximised, risks can be minimised and appropriate tax incentives can be claimed in full.

Commercial objectives will however on no occasion override compliance with tax laws and regulations, and Veolia takes a zero-tolerance approach to tax evasion.

We will only actively consider the tax efficiency of transactions if this supports the business strategy and as such all decisions will have a sound commercial rationale, will be within the confines of the law and will take into account any impact that such actions will have on its external reputation. We will not engage in aggressive tax planning.