



Veolia Energy Pension Scheme (the Scheme)

Summary Funding Statement – March 2026

Please also let us know if you're unable to read this letter. We can provide this in alternative formats including braille and coloured paper.

Why have you issued this Statement?

Veolia UK Pension Trustees Limited (the Trustee) must, by law, provide you with a funding statement of how the Scheme is funded and remind you of the results of the last formal actuarial (funding) valuation and any plans in place to improve the funding position.

Do I need to do anything because of this Statement?

No. You do not need to take any action as a result of this Statement, but I do recommend that you take time to read it and raise questions with the appropriate contact if there is anything you do not understand – see the “Where can I get more information?” section at the end of this Statement. You may wish to keep a copy of this Statement together with any other papers that you have received in connection with the Scheme.

If you are considering leaving the Scheme for any reason, you should first consider obtaining independent financial advice. Please note that the Trustee is not able to give you any financial advice.

How is my pension funded?

The Scheme aims to provide members and their dependants with defined pensions and lump sums when members retire or die. Those benefits are provided by the assets of the Scheme allowing for investment income as well as contributions paid into the Scheme.

The assets of the Scheme are invested for the benefit of all members in a communal fund, which is completely separate from the Company (Veolia Energy UK Plc). It would be very unusual for any of the assets to be paid from the Scheme to the Company. As required by law, we confirm that no such payment was made since we last issued a funding statement.

Investments: The Trustee currently employs Schroders to manage the Scheme's assets and Schroders invest in a wide range of asset classes aiming for a target level of return within the risk profile set by the Trustee. There is no separate earmarking of funds for individuals (other than for Additional Voluntary Contributions, which are earmarked for the benefit of the member who paid them).

A copy of the Statement of Investment Principles and Implementation Statement regarding the Scheme can be found at:

https://pensions.veolia.co.uk/app/uploads/sites/6/2025/12/VEPS-SIP_Nov-2025.pdf

<https://pensions.veolia.co.uk/app/uploads/sites/6/2025/07/VEPS-2024-Implementation-Statement.pdf>

Funding assessment: The Trustee obtains formal actuarial valuations every three years from the Scheme Actuary which provide an estimate of the monies needed today to meet the payment of benefits as they fall due, allowing for future investment returns. Actuarial update reports are prepared in the two intervening years between triennial valuations.

The actuarial valuations include two main tests, both of which are summarised in the remainder of this statement:

- i Does the Scheme have enough money assuming that it carries on in the long term, as intended? This is known as the long-term position.
- ii Does the Scheme have enough money if the Scheme were to wind up? This is known as the solvency position.

Company contributions: Based on the actuarial valuations, the Trustee comes to an agreement with the Company on how much it should pay to keep the Scheme's funding on track against this target.

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Summary of the Long-Term Funding Position

The last full actuarial valuation was carried out as at 31 December 2022 and updated actuarial reports have been prepared as at 31 December 2023 and 31 December 2024. In summary:

£m as at 31 December	2022	2023	2024
Liabilities	177.4	177.3	157.8
Assets	165.8	164.2	150.2
Funding level	93%	93%	95%
Surplus / (Deficit)	(11.6)	(13.1)	(7.6)

31 December 2022 valuation: The 93% funding level at the 31 December 2022 triennial valuation was a deterioration from the 98% position as at the previous 31 December 2019 triennial valuation. In the main, the deterioration reflected a fall in assets resulting from a change in market yields. However, this change also served to decrease the value of the liabilities (albeit to a lesser extent) and the negative impact was offset partially by Company contributions received over the period.

Year to 31 December 2023: The funding level remained at a similar level in percentage terms, albeit the deficit increased slightly in absolute terms. This mainly reflected actual inflation being higher than expected which increased the liabilities faster than expected (albeit this was offset in part by the hedging policy within the investment strategy).

Year to 31 December 2024: The funding level improved since the previous valuations. The improvement in funding position was largely due to contributions paid by the Company as well as changes in market conditions, caused by increases in gilt yields which reduced the Scheme's liabilities (although this was partially offset by the hedging policy within the investment strategy).

Funding the deficit: The Trustee and Company agreed a funding plan as part of the triennial actuarial valuation as at 31 December 2022. In particular the Company agreed to pay the following:

- £0.6 million pa in respect of 2023.
- £2.8 million pa in respect of the years 2024 to 2028 inclusive.

The contributions are being reviewed again as part of the 31 December 2025 triennial valuation. The Company also meets Scheme expenses and levies. The Scheme Actuary, Trustee and Company are currently considering the 31 December 2025 valuation, and we will provide details on that valuation within the next summary funding statement.

As well as the significant contributions being paid to the Scheme, a guarantee of support has also been provided within the wider Veolia group to assist the Company in meeting the pension obligations. The Trustee appreciates the continued support of the Company and the guarantee arrangement.

With the continued support of the Company, the funding level does not affect the pensions being paid even if at times the funding level may be below 100%.

As required by law, the Trustee confirms that the Scheme is not subject to any modifications or directions imposed by The Pensions Regulator.

Summary of the Solvency Position

The extent to which a scheme can pay for pension rights which have built up if the scheme were to wind-up is known as its solvency position. The valuation includes a test of the Scheme's solvency position. **This does not mean that the Company is thinking of winding-up the Scheme.**

The solvency position is a much harsher test than the long-term funding plan because it takes into account the prudent terms imposed by insurance companies. Many schemes have shortfalls based on insurance company terms.

At 31 December 2022, the actuary had estimated that there would have been enough money to secure about 80% of the members' benefits earned up to that date with an insurance company, representing a shortfall of around £40.9 million based on insurance company terms. The solvency position is being reviewed again as part of the triennial actuarial valuation as at 31 December 2025.

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What happens if the Scheme winds up?

If the Scheme were to wind-up, the Trustee would try to recover as much of this amount from the Company as possible. If the Company was unable to provide these funds and there is insufficient money in the Scheme, the Pension Protection Fund may be able to take over the Scheme and pay compensation to members.

The Pension Protection Fund does not provide full protection, so members would still see a reduction in benefits even if the Pension Protection Fund provides compensation. A summary of the compensation available from the Pension Protection Fund is available on their website at www.ppf.co.uk

Where can I get further information?

Whether you are a deferred member or a pensioner member, if you have any queries, you may contact the Scheme Administrator, Isio, on:

Telephone: 0800 122 3590 (+44 203 372 2101 if calling from outside the UK)

Email: veolia@isio.com

Please remember to quote your name or National Insurance Number and the name of the Scheme in full when contacting Isio to help them deal with your call more quickly. Please also inform Isio if you change address to help us to keep in touch with you.

The following additional formal Scheme documents are also available on request. Please note that a small fee for copying may apply.

- *the Statement of Funding Principles*
- *the Schedule of Contributions*
- *the Recovery Plan*
- *the Annual Report and Accounts*
- *the Scheme Actuary's Valuation Report*
- *the Scheme Actuary's Funding Update Reports*

Thank you for taking time to read this Statement.

Phil Chattle, Trustee Chair on behalf of the Veolia Energy Pension Scheme

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