

Veolia ES Canada Industrial Services Inc.

***Report on Fighting Against Forced Labour and
Child Labour for 2023***

FINANCIAL YEAR ENDED DECEMBER 31, 2023

Introduction

This report (the “**Report**”) has been prepared by Veolia ES Canada Industrial Services Inc. (“**VESCIS**” or the “**Company**”) for the financial year ending December 31, 2023 (the “**Reporting Period**”).

The Report constitutes the first report prepared by VESCIS pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) and sets out the steps it has taken to prevent and reduce the risk that forced labour or child labour (“**Forced Labour**”) is used at any step of the production, importation or distribution of goods.

I. Structure, Activities and Supply Chains

1.1 Structure

VESCIS is an environmental solutions company headquartered in Montreal, Quebec and is incorporated under the *Canada Business Corporations Act*. As at December 31, 2023, the Company employed approximately 309 employees across Canada.

VESCIS is a subsidiary of Veolia ES Canada Inc and is ultimately owned by a French company, Veolia Environnement S.A (“**Veolia**”; collectively with its subsidiaries “**the Veolia Group**”). Veolia is a multinational company that serves as a global leader in environmental and optimized resource management. With over 200,000 employees worldwide, Veolia Group designs and provides water, waste and energy management solutions which contribute to the sustainable development of industries and communities.

The Company also conducts business with its indirect subsidiary, Chemrec Inc. (“**Chemrec**”), which operates a solvent recycling plant in Cowansville, Quebec.

1.2 Activities

Operating in Canada since 1978, VESCIS provides a range of environmental solutions for water, waste and energy needs. Cities, governments, campuses, businesses and industries rely on VESCIS’ expertise and innovative business models to tackle environmental and energy challenges.

Services include industrial cleaning, hazardous waste management, recycled oil management, pipe rehabilitation and emergency spill response.

1.3 Supply Chains

A significant aspect of VESCIS' business is the regeneration of used oil.

Industrial processes and personal automobiles can generate significant volumes of highly valuable and recyclable used oil. Regeneration of this used oil can minimize disposal costs and create value from what would have been considered a waste — which lowers the site's environmental footprint.

The Company's main oil regeneration facility is located in St. Hyacinthe. The St. Hyacinthe facility uses a sequence of dehydration, gas oil recovery/separation and fractionation to regenerate used engine oil to produce vacuum gas oil (VGO). The VGO will then be used by oil companies to produce new lubricating oils. Other commercial residual products will also be generated, including asphalt and LVGO (light vacuum gas oil), leaving no unrecoverable by-product. VESCIS sells its recycled oil products to a variety of clients across Canada and the United States.

All used oil collected for regeneration purposes are gathered from sources in Québec and Ontario.

To facilitate its production operations, VESCIS procures a variety of services by companies located predominantly in Canada and the United States. The main services procured in the 2023 reporting period were:

- (i) Transport and disposition services for the transportation of waste substances to VESCIS for processing (incineration, landfills etc.);
- (ii) Industrial construction services for VESCIS facilities; and
- (iii) Truck repair and rental services.

II. Steps to Prevent and Reduce Forced Labour Risks

In general terms, during the financial year ending December 31, 2023, VESCIS took the following steps to prevent and reduce the risk of Forced Labour in its activities and supply chains:

- **Internal Policies:** the Company has continued to implement Veolia Group's ethical and human rights policies, which expressly prohibit the use of Forced Labour in the Veolia Group's operations.
- **Whistleblower Mechanisms:** All VESCIS employees and collaborators, including Chemrec, benefit from a whistleblowing mechanism that allows for

anonymous reporting about suspected breaches of the Veolia Group's values and policies.

Further details on the above steps are set below.

III. **Policies and Due Diligence Processes**

1. Policies

Veolia has established a range of policies and procedures to promote integrity and corporate responsibility in its business activities. These policies and procedures are adopted and implemented throughout the Veolia Group, including by VESCIS and Chemrec.

The Veolia Group's policies on labour rights issues, including its response to global risks of Forced Labour, has been developed from international labour and human rights standards, including those established by the United Nations, the International Labour Organization and the Organisation for Economic Co-operation and Development. These policies and procedures extend VESCIS, as a member of the Veolia Group, and represent some of the most important and foundational expectations VESCIS has for its employees, business partners and suppliers.

The key policies that supported VESCIS' approach to the management of Forced Labour risks in 2023 were Veolia's Human Rights Policy and Ethics Guide.

Human Rights Policy

Veolia's Human Rights Policy outlines its commitment to respecting and promoting human rights in its activities and relations with stakeholders. The policy is inspired from international human rights reference texts, including:

- The (ILO) International Labour Organization's [Declaration on Fundamental Principles and Rights at Work](#).
- The United Nation's [Universal Declaration of Human Rights](#) and its international covenants on [Civil and Political Rights](#) and [Economic, Social and Cultural Rights](#).
- The OECD (Organization for Economic Co-operation and Development) [Guidelines for Multinational Enterprises](#); and
- The United Nations' [Guiding Principles on Business and Human Rights](#).

Veolia is also a proud member of the United Nations Global Compact (the “**UN Compact**”) since 2003. As such, all members of the Veolia Group, including VESCIS, are required under the Human Rights Policy to commit to the [Ten Principles of the UN Global Compact](#). These principles expressly include (i) the elimination of all forms of forced and compulsory labour and (ii) the effective abolition of child labour. Veolia’s Human Rights Policy has expressly adopted these principles, providing that the elimination of forced labour, compulsory labour and child labour is considered a priority issue for the Veolia Group.

Ethics Guide

The Ethics Guide sets out fundamental ethical standards that Veolia Group employees, at all levels and in all countries, must abide by.

The Ethics Guide requires Veolia Group members to evaluate suppliers and services providers in accordance with objective criteria in compliance with applicable laws. These criteria are based on suppliers’ performance, as well as on their observance of the ethical and sustainable development rules adopted by the Group. The core values stressed in the supplier relations charter, which govern the choice of suppliers, include the prohibition of forced labor and child labor.

2. Due Diligence Processes

Since the Act came into force in January 2024, VESCIS has been reviewing prospective due diligence processes it may adopt to address the risks of Forced Labour. As such, the Company does not currently have any specific Forced Labour due diligence processes in place.

One of the current tools that helps Veolia Group members identify and respond to human rights issues more broadly is its whistleblowing policy. As detailed in Veolia’s Whistleblowing Charter, its whistleblowing mechanism allows Veolia Group employees and third parties to report any ethical concerns they may have about breaches of the Group’s values. Individuals may report ethical concerns anonymously by using a digital platform called Whispli, or by directly contacting the Ethics Committee by telephone or email. The Whispli confidential reporting mechanism is operated by a third party with a clearly defined reporting and investigation process and Veolia designated officers.

IV. Forced Labour Risks

VESCIS recognizes that no sector or industry involving the production or importation of goods is assumed to be entirely free of risks and that certain parts of its business or supply chains may carry risks of Forced Labour.

During the Reporting Period, no specific measures were taken to assess which particular aspects of VESCIS' or Chemrec's business or supply chains may carry such risks. The foregoing assessment will occur during the next reporting period.

During the reporting period, VESCIS relied on the policies and reporting channels presented in this Report to address any human rights concerns.

V. Remediation Measures

For the financial year ending December 31, 2023, VESCIS and Chemrec has not discovered any situations of Forced Labour their respective workplaces and supply chains. There has therefore been no specific need to remediate any adverse impacts of Forced Labour.

Similarly, no loss of income to vulnerable families has resulted the remediation of Forced Labour, since no such measures took place. Accordingly, no actions to remediate the lost income of vulnerable families have been warranted.

Should VESCIS identify future incidents of Forced Labour in its supply chains, it will consider appropriate remediation strategies in line with industry best practices.

VI. Training

VESCIS believes that training is important for raising awareness within the organization and building employee capabilities to mitigate risks and appropriately escalate concerns.

The Company currently offers mandatory High Risk Management for new employees, which is designed to train new hires on how to manage risks in compliance with Veolia's safety culture and values.

VESCIS also offers the following mandatory trainings on an annual basis:

- Managing within the law (supervisors only)
- Workplace violence (all employees)
- Anti-harassment training (all employees)
- Eliminating sexual harassment (all employees)
- Canada Drug and Alcohol policy (all employees)

Chemrec employees are also required to undergo the same training.

During the financial year ending December 31, 2023, VESCIS and Chemrec did not offer specific employee training on Forced Labour. In 2024, VESCIS will consider developing specific training to raise company awareness on the issue of Forced Labour and how to address related risks.

VII. Assessing effectiveness


As detailed above, VESCIS has several measures in place to reduce the risk that Forced Labour is used in its activities and supply chains. While VESCIS has not yet taken any actions to assess the effectiveness of those actions, the Company intends to assess its effectiveness in preventing and reducing risks of Forced Labour and in its activities, and that of its subsidiary Chemrec, at a later stage.

VIII. Approval

This report was approved by the Board of Directors of Veolia ES Canada Industrial Services Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, the undersigned attests that they have reviewed the information contained in the report for the entities listed above. Based on our knowledge, and having exercised reasonable diligence, the undersigned attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Veolia ES Canada Industrial Services Inc.


Name: Whitney Fawcett
Title: Assistant Secretary