VEOLIA ENVIRONNEMENT

Société anonyme with a share capital of €2,897,915,945
21, rue La Boétie, 75008 Paris, France
Registered with the Paris Trade and Companies Register under number 403 210 032.

UPDATE TO THE 2020 UNIVERSAL REGISTRATION DOCUMENT

This update to 2020 Universal Registration Document was filed on Septembre 15, 2021 with the *Autorité des Marchés Financiers* (**AMF**, the French Financial Markets Authority), as the competent authority pursuant to Regulation (EU) 2017-1129, without prior approval in accordance with Article 9 of this Regulation.

The Universal Registration Document may be used when securities are offered to the public or admitted to trading on a regulated market, if supplemented by a securities note and, where applicable, a summary and all updates to the Universal Registration Document. These documents were approved as a whole by the AMF in accordance with Regulation (EU) 2017-1129.

This update (the "**Update**") supplements and must be read in conjunction with the 2020 Universal Registration Document filed with the AMF on March 17, 2021 under number D.21- 0145 (the "**2020 Universal Registration Document"**).

A cross-reference table is presented in this Update to facilitate the identification of information incorporated by reference and information updated or amended.

In the Update, the terms "**Veolia Environnement**", "**Veolia**" and the "**Company**" refer to Veolia Environnement S.A. and the term "Group" refers to the Company and all its consolidated subsidiaries.

The 2020 Universal Registration Document and the related Update are available on Veolia's website (https://www.veolia.com/en) on the "*Financial Publications*" page, as well as on the AMF's website (www.amf-france.org).

CONTENTS

1. SELECTED FINANCIAL INFORMATION AND RE-PRESENTED PRO FORMA ALTERNATIVE PERFORMANCE MEASURES

	Key figures	
(€ million)	**Year ended December 31, 2020**	**Half-year ended June 30, 2021**
Revenue	26,009.9	13,645.1
Operating income after share of net income (loss) of equity-accounted entities	919.5	739.8
Net income attributable to owners of the Company	88.8	300.5

	Re-presented unaudited pro forma alternative performance measures*		
(€ million)	**Half-year ended June 30, 2020**	**Year ended December 31, 2020**	**Half-year ended June 30, 2021**
Re-presented pro forma revenue	16,870	35,321	18,287
Re-presented pro forma EBITDA	2,035	4,975	2,921
Re-presented pro forma CAPEX net of industrial divestitures	(1,320)	(3,106)	(1,277)

** The re-presented unaudited pro forma key performance measures presenting additional unaudited information for the half-years ended June 30, 2020 and 2021 and the year ended December 31, 2020, aim to illustrate the impact of (i) the planned takeover of Suez by Veolia and the Scope Divestment (as defined in Section 2.1.1.4 of this Update), as well as (ii) the sale of assets put up for sale by the Suez group in fiscal years 2020 and 2021 (including Group transactions in Northern Europe) on a selection of key performance measures. The re-presented pro forma alternative performance measures differ from the pro forma performance measures based on the pro forma consolidated statement of financial position and income statement (see Section 3 of Appendix 2 to this Update), in so far as they aim not only to reflect the impact of the acquisition transaction but also to neutralize the impact of asset disposals by Suez in fiscal years 2020 and 2021 (including Group transactions in Northern Europe), the impact of which does not reflect the normal course of business and therefor the performance of the combined new group. This pro forma information and measures are presented for information purposes and present a situation that is by nature hypothetical.*

2. SUEZ ACQUISITION PROJECT

Section 1.2.5 « Project of Acquisition of Suez » of the 2020 Universal Registration Document is amended and completed as follows:

2.1 *Presentation of the Transaction*

2.1.1 Background of the Transaction

2.1.1.1 Acquisition of Engie's participation in Suez

Following the announcement by Engie on July 31, 2020 of the launch of a strategic review including its stake in Suez, Veolia made a firm offer to Engie on August 30, 2020 for the immediate acquisition of a block of Suez shares held by Engie representing approximately 29.9% of the share capital and voting rights of Suez. This offer, initially made at a price of €15.50 per share (*cum* dividend), was increased by Veolia on September 30, 2020 to a price of €18 per share (*cum* dividend). The initial offer and the improved offer were each the subject of a Veolia press release, respectively on August 30 and September 30, 2020.

On October 5, 2020, the Board of Directors of Engie accepted Veolia's improved offer and, prior to the announcement of the draft Offer, Veolia and Engie entered into a share purchase agreement pursuant to which Veolia acquired from Engie 187,800,000 Suez shares, representing approximately 29.9% of the share capital and voting rights of Suez, at a price of €18 per share (*cum* dividend) (the "**Block Acquisition**"). In a press release published on the same day, Veolia confirmed its intention to file the draft tender offer for the shares of Suez not owned by Veolia (the "**Offer**") at the price of €18 per share (*cum* dividend).

The Block Acquisition was financed with Veolia's own resources and then refinanced on October 14, 2020 through the issuance of undated deeply subordinated notes of last rank in euros (€850 million at a 2.25% yield with a first revision date in April 2026, and €1,150 million at a 2.50% yield with a first revision date in April 2029).

2.1.1.2 Filing of the Offer

On November 3, 2020, Veolia publicly indicated that this filing would take place as soon as Suez's board of directors had issued a favorable opinion on the proposed combination (the "**Transaction**") and deactivated the mechanism ensuring the inalienability of Suez's water business in France set up through a foundation under Dutch law. This information, which was intended to accelerate the timetable for filing the draft Offer, was also the subject of a press release by Veolia.

On January 7, 2021, Veolia formally sent its Offer proposal, at a price of €18 per share (*cum* dividend), to Suez's Board of Directors. This proposal described in particular all the aspects of the industrial project, the social proposal and the financial conditions proposed by Veolia. The letter addressed to the Suez Board of Directors and the preliminary draft offer document prepared in this context were the subject of a press release by Veolia and were made available to the public.

On February 7, 2021, Veolia's Board of Directors decided to modify the declaration of intent made in the context of the Block Acquisition, by no longer conditioning the filing of the draft Offer on a favorable response from Suez's Board of Directors, in accordance with applicable regulations, and to file the draft Offer with the AMF accordingly.

The draft Offer, which at the time proposed a price of €18 per share (*cum* dividend), and the corresponding draft offer document were filed with the AMF on February 8, 2021 by Crédit Agricole Corporate and Investment Bank, HSBC Continental Europe, Bank of America Europe DAC (Branch in France), and Morgan Stanley Europe SE (the "**Presenting Banks**"), acting on behalf of Veolia, in accordance with the provisions of Article 231-13 of the AMF General Regulation. This filing was the subject of a filing notice from the AMF[1].

2.1.1.3 Agreement in principle entered into between Veolia and Suez on their combination

On April 12, 2021, Veolia and Suez announced that they had reached an agreement in principle (the "**Agreement in Principle**") setting out the general principles of a comprehensive and friendly solution for a combination between the two groups. This announcement was made via a joint press release from Veolia and Suez, available on their respective websites (www.veolia.com and www.suez.com).

The Agreement in Principle sets out the main terms and conditions of the combination between Veolia and Suez, in particular:

– the increase of the draft Offer price from €18 per share (*cum* dividend) to €20.50 per share (*cum* dividend);

– the reiteration of Veolia's social commitments for a period of four years from the closing of the Offer;

– the recommendation of the Offer by the Board of Directors of Suez, subject to obtaining a fairness opinion in accordance with the regulations in force;

– the creation of a new Suez, which would have nearly €7 billion in revenue, made up of assets forming a coherent and sustainable industrial and social entity with real growth potential;

– the full cooperation of Suez, Veolia and the new Suez takeover consortium (namely Meridiam, Caisse des dépôts et consignations, CNP Assurances, and Global Infrastructure Partners (the « **Consortium** »)) in obtaining the necessary clearances;

– the deactivation of the Dutch foundation by Suez, the termination of the asset sale agreements with Cleanaway in Australia, and the withdrawal of Suez and Veolia from ongoing litigations; and

– the conclusion of the final agreements reflecting the said Agreement in Principle by May 14, 2021 at the latest.

2.1.1.4 Conclusion of the final agreements

On May 14, 2021, Veolia and Suez entered into a combination agreement (the "**Combination Agreement**") and a memorandum of understanding (the "**Memorandum of Understanding**") with the Consortium.

Prior to their conclusion, the Combination Agreement and the Memorandum of Understanding were approved by the Board of Directors of Veolia and the Board of Directors of Suez. The Suez Board of Directors also welcomed the proposed combination of the two groups.

a. Main terms of the Combination Agreement

The Combination Agreement between Veolia and Suez sets out the terms and conditions for the implementation of the Offer and establishes the general principles for the creation of the new Suez through the sale by Suez to the Consortium of its Water and Waste businesses (excluding hazardous

[1] AMF notice no. 221C0312 of February 8, 2021 available on the AMF website (www.amf-france.org).

waste) in France and certain international assets (the "**Scope**", and the sale of this Scope to the Consortium, the "**Scope Divestment**"). The Combination Agreement contains:

- the terms and conditions of the Offer;
- the undertaking by Veolia to increase the price of the draft Offer from €18 per share (cum dividend) to €20.50 per share (cum dividend) and the filing of the corresponding revised draft offer document, subject to, and concurrently with, the notification of the delivery by the Suez Board of Directors of a reasoned opinion in favor of the Offer, in accordance with Article 231-19 of the AMF General Regulation;
- the undertaking by Suez to convene its board of directors to give a reasoned opinion on the Offer subject to its fiduciary duties, the opinion of the Suez Group Committee, and the positive conclusion of the independent expert on the fairness of the financial terms of the Offer;
- the reiteration of Veolia's social commitments for a period of four years from the first settlement-delivery date of the Offer;
- the undertaking by Veolia and Suez to cooperate fully in obtaining all necessary regulatory clearances in connection with the Offer and more generally with the combination, including obtaining merger control clearance from the European Commission;
- the guiding principles and draft Memorandum of Understanding in accordance with which the Scope Divestment must be prepared and implemented;
- Veolia and Suez's commitment to cooperate fully in the preparation and completion of the Scope Divestment;
- the conditions for the deactivation of the Dutch foundation by Suez, and Veolia and Suez' withdrawal of the ongoing litigation;
- a customary exclusivity undertaking by Suez in favor of Veolia; and
- a customary undertaking made by Suez concerning management in the normal course of business.

The Combination Agreement shall terminate on the later of the date of settlement-delivery of the Offer and the date of completion of the Scope Divestment, unless it is terminated earlier by mutual agreement of the parties or unilaterally (i) by Veolia if (a) the Board of Directors of Suez recommends a superior offer, (b) Suez fails to perform any of its obligations under the Combination Agreement or (c) the AMF announces the failure of the Offer, and (ii) by Suez if (a) Suez accepts a superior offer, (b) Veolia fails to perform any of its obligations under the Combination Agreement, (c) the Offer is declared non-compliant by the AMF or following a court decision, (d) Veolia withdraws from the Offer or (e) the AMF announces the failure of the Offer. The Combination Agreement will also automatically terminate if the first settlement-delivery of the Offer and the completion of the Scope Divestment have not occurred at the latest on June 30, 2022.

For the purposes of their cooperation in accordance with the terms of the Combination Agreement, Veolia and Suez have also organized an exchange of limited information concerning them through a "data room" procedure, in accordance with the applicable regulations.

b. Main terms of the Memorandum of Understanding

The purpose of the Memorandum of Understanding entered into between Veolia, Suez and the Consortium is to provide a framework for the negotiation of the final agreements and to organize the procedures for informing and consulting the relevant employee representative bodies of the Suez group in connection with the Scope Divestment.

In accordance with the provisions of the Memorandum of Understanding, the Consortium submitted to Suez and Veolia, on June 27, 2021, a firm and definitive offer under the terms of which the Scope Divestment would be carried out for the benefit of a newly created company owned by Meridiam and Global Infrastructure Partners, each holding 40% of the capital, by Caisse des dépôts et consignations holding 12% and by CNP Assurances holding 8% (the "**Consortium Acquisition Vehicle**").

The Scope Divestment would include (i) Suez's Water and Waste operations (excluding hazardous waste) in France, (ii) Suez's global "Smart & Environmental Solutions" business unit (excluding "SES Spain", "SES Aguas Andinas" and part of "SES Colombia"), (iii) Suez's Municipal Water operations in Italy, as well as its stake in ACEA, (iv) Suez's Municipal Water operations in the Czech Republic, (v) Suez's Municipal Water and Waste (except hazardous waste) activities in Africa, as well as its stake in Lydec, (vi) Suez's Municipal Water activities in India, Bangladesh and Sri Lanka, (vii) Suez's Municipal Water, Industrial Water and Infrastructure Design and Construction activities in China as well as all of the activities of the Suyu group and two industrial incinerators in Shanghai and Suzhou, (viii) Suez's Municipal Water activities in Australia, and (ix) Suez's activities in Uzbekistan, Azerbaijan, Turkmenistan and Kazakhstan.

The Consortium's offer values the Scope Divestment at €10.4 billion in enterprise value (taking into account liabilities related to IFRS 16). This valuation includes a potential earn-out amounting €300 million to be paid at the end of the 2021 financial year, determined according to the level of EBITDA achieved by the divested business at the end of the 2021 financial year. This offer values the Scope at €9.1 billion in equity value.

The completion of the Scope Divestment would nevertheless be subject to (i) certain reorganizations relating to the divested scope, (ii) the transfer to the Consortium of at least 90 % of the revenues of the divested scope, and (iii) the settlement of the Offer. As a result, the divestment transaction may not be completed if one of these conditions precedent is not met.

Following the submission of the firm and final offer of the Consortium, the Consortium Acquisition vehicle, Suez and Veolia have signed a Put Option Agreement (the "Put Option Agreement")pursuant to which the Consortium Acquisition Vehicle has granted a promise to purchase relating to the Scope Divestment, which may be exercised by Suez as soon as the information and consultation procedures with the relevant employee representative bodies of the Suez group are completed.

Attached to the Put Option Agreement is a draft Share and Asset Purchase Agreement (the "**SAPA**") which would be entered into between Suez, Veolia and the Consortium Acquisition Vehicle in the event of the exercise of the put option and which sets forth the terms and conditions of the transfer of shares, assets and liabilities held by certain entities of the Suez group to the Consortium Acquisition Vehicle, with a view to the creation of the "new Suez".

It is specified that SAPA includes, but is not limited to:

– a detailed description of the activities included in the Scope Divestment;

– a detailed description of the reorganization steps to be implemented prior to the completion of the Scope Divestment;

– mechanisms for adjusting the purchase price, upwards or downwards, as usually determined on the basis of financial statements prepared as of the completion date or linked to possible changes in the scope of the divested scope until the completion date, subject to the sett-off mechanisms described in (iv) below;

– mechanisms for implementing economically and industrially equivalent solutions in the event that certain assets to be transferred to the Consortium Acquisition Vehicle cannot be transferred;

– the conditions precedent mentioned above;

– the possibility of completing the Scope Divestment in two stages (staggered closing);

– the social undertakings given by the Consortium Acquisition Vehicle.

The Consortium's offer also provides for employee shareholding to be increased to 10% of the capital within seven years of the completion of the Scope Divestment.

2.1.1.5 Recommendation of the Offer by the Board of Directors of Suez and finalization of the Offer

On June 29, 2021, in accordance with Article 231-19 of the AMF General Regulation, and having acknowledged the opinion of the Suez Group Committee on the Offer dated June 21, 2021 and the report of the independent expert, Finexsi, on the financial terms of the Offer dated June 29, 2021, the Board of Directors of Suez considered that the Offer was in the interest of Suez, its shareholders and its employees and recommended to the shareholders to tender their Suez shares to the Offer. It being specified that the report of the independent expert concluded that the Offer price is fair from a financial standpoint for Suez's shareholders.

In accordance with the terms of the Combination Agreement, Veolia consequently decided to increase, as announced, the price of the draft Offer from €18 per share (*cum* dividend) to €20.50 per share (*cum* dividend) and has instructed the Presenting Banks, acting on behalf of Veolia, to inform the AMF of the said price increase and to file the corresponding revised draft offer document.

The draft Offer thus increased and the revised draft offer document were filed with the AMF on June 30, 2021 by the Presenting Banks, acting on behalf of Veolia, in accordance with the provisions of article 231-13 of the AMF's general regulations. This filing was the subject of a filing notice from the AMF[2].

It is recalled that, following the detachment of the dividend of €0.65 per share, approved by the general meeting of Suez shareholders held on June 30, 2021, the Offer price of €20.50 per share (*cum* dividend) has automatically been reduced by an amount of €0.65 per share to €19.85 per share (distribution rights attached).

2.1.2 Reasons for the Transaction

2.1.2.1 Building a global leader in ecological transformation

The merger of Veolia and Suez will create a group that will drive ecological transformation at the global level while retaining its French and European roots. Bringing together the strengths of the two groups within a new entity will make it possible to combine expertise to meet the fundamental challenges facing us today, as evidenced by the various recovery plans and the demands of public and private clients. At a time when demand for ecological solutions from citizens and consumers alike has never been so strong, it is essential to translate this demand into concrete "industrial" solutions that are operational, effective and financeable, for both local communities and large industries.

[2] AMF notice no. 221C1589 of June 30, 2021 (supplement to the AMF notice no. 221C0312 of February 8, 2021) available on the AMF website (www.amf-france.org).

The market of solutions for ecological transformation (combating global warming, pollution treatment, recycling and circular economy to fight against the increasing scarcity of raw materials, digitalization of uses, etc.) is growing strongly but today also very fragmented: as an illustration, the new combined entity will have a market share of around 5%[3] worldwide.

Consolidation of the sector appears to be inevitable, particularly in order to meet the challenges of financing the increasing Research & Development efforts essential to developing new environmental technologies, of mobilizing the capital necessary to launch operations for the treatment of hazardous waste or the protection of water resources - both strongly growing sectors, or of developing solutions to enable industries to meet environmental standards - which are bound to become stricter in the next few decades. This consolidation has already begun, especially with the acquisition of strategic assets in Europe (Spain, Germany and the United Kingdom) by Chinese stakeholders and American investment funds.

Finally, this combination fits perfectly with the creation of a more powerful and sovereign Green Deal Europe capable of exporting an alternative to the model of the Chinese blocks - which have been particularly active in the last few years and especially ambitious in terms of future ecological transition activities - and those of America. It could become an advantage in the implementation of the Green Deal and of the European recovery plan, and it is a perfect match for the ambitions of the European Commission.

Size is an asset for the development and deployment of these industrial solutions of ecological transformation: to offer a complete range of solutions in all the countries where Veolia's industrial customers are present, as well as to enable the funding of Research & Development for new solutions to the major problems we face. Today we probably have half of the solutions to the major environmental problems we face, which we must deploy as quickly as humanity is capable of doing so, and invent the other half.

The new group formed by the combination of Suez and Veolia will be able, thanks to its expertise, its technological lead, the level of excellence of its talents, its geographic footprint, the breadth of its range of offerings and its financial strength, to offer all its public and private clients more effective solutions, deployed on a large scale, to fight against major environmental disruptions and global warming.

This industrial project, which has a very high environmental impact, will create substantial value:

- for the planet and future generations, the success of the new group means accelerating the definition and implementation of environmental solutions: circular economy, treatment of difficult pollution, fight against global warming, etc.;

- for Suez shareholders, a significant premium is offered over the company's unaffected share price, and for Veolia's shareholders, operating synergies make it possible to forecast a significant accretion in net earnings per share;

- for the employees of both companies, who will be engaged in an exciting project to build a new leading group in ecological transformation, with French and European roots. Prospects for personal development and mobility will be strengthened in this new, fast-growing, larger and even more international company. However, this does not mean sacrificing the French roots of both groups, and employment in France is subject to firm and specific guarantees.

- for the territories. For the French territories, this project guarantees that it is in France that we will maintain and develop a sector of excellence of ecological transformation. It is in France that most

[3] Source: Company

of the research and development resources will be based, that the industrial pilots will be installed, that tomorrow's talents will be trained; in short, that the "French school" of ecological transformation will be located, capable of then leading the export of a value chain of French suppliers and startups. These talents and technologies have indeed become a sovereignty issue clearly identified as such by China and the United States. In Europe, and beyond, the new entity will operate in a very multi-local mode, in which territorial anchoring and partnerships with local authorities are key, as the history of the two groups shows. The new ecological transformation solutions will create local service jobs, which cannot be relocated, in all the geographies in which the businesses will operate, and ;

– for clients, the new entity extends the range of environmental solutions that can be offered to them, over an even larger geographic footprint, and increases efficiency by pooling know-how and expertise.

This project is fully in line with the *raisons d'être* of Veolia and Suez. It ideally positions the new group to meet the main challenge of the century: ecological transformation.

2.1.2.2 Consolidation of expertise, know-how and commercial offer

Suez and Veolia's strategies are quite comparable in the water (operations, technologies, construction) and waste (solid and hazardous) businesses, with Veolia also having additional activities in energy efficiency and local energy loops (these activities have historically been carried out by Engie and not Suez).

The merger of the two companies will make it possible to accelerate these strategic plans, building on strong complementarities, and to create a new group for which each of its business components (water, waste, energy, for local communities as well as industrial and tertiary customers) is essential. Brought together under the same brand and supported by teams united by the same values, they will offer a complete range of skills and solutions at a time when their customers are seeking to make their activities cleaner, more sober and more virtuous.

The complementarities between the two groups cover a number of areas:

- *geographical complementarity*. The geographic footprints of the two groups are almost perfectly complementary, with the exception of France and, to a lesser extent, the United Kingdom and Australia. When Veolia and Suez have a significant presence in the same country, it is usually in a different business. For example, in Spain, Suez is number 1 in municipal water, notably through Agbar, while Veolia is mainly present in energy and services for industrial and tertiary clients; in water technologies, "Suez Water Technologies & Solutions" has a strong presence in North and Latin America, while "Veolia Water Technologies" is more present in Europe and Africa and the Middle East.

- *complementary client portfolio*. Veolia and Suez have each developed a highly complementary portfolio of major industrial accounts (Veolia with Shell, Danone, Unilever, Arcelor Mittal, Sinopec, PSA, Suez with Exxon Mobil, BASF or BP), all of which benefit from the broad range of services developed by Veolia through on-site services for industrial clients (Total Waste Management, industrial utilities including energy, etc.). The combination of the two highly complementary commercial networks will give rise to an unparalleled set of references and strategic partnerships in terms of reducing the environmental footprint.

- *complementarity of offerings*. First and foremost, Veolia's presence in the energy efficiency, local energy loops and industrial energy segments are major assets that will benefit Suez' current clients seeking to reduce their carbon footprint. Furthermore, in water and waste, each of the groups has a number of specific features: in waste, Suez has developed the recycling of plastics such as LDPE and PVC, as well as recycled/virgin hybrid plastics, while Veolia has stepped up the pace in "food-grade" plastics particularly PET and HDPE; in water, Suez has historically developed excellent skills in wastewater treatment and the reuse of water, and Veolia in sludge recovery.

- *know-how complementarity*. The know-how acquired locally by the Suez and Veolia teams is perfectly complementary. In waste (the waste sector), Veolia has succeeded in optimizing the production of energy from incineration plants or landfills, as well as the sale of electricity on the open market and through flexibility mechanisms. This know-how put at the service of Suez's assets is a strong leverage for productivity and operational synergies. In the water (the water industry), the digital tools developed in particular by Suez in Spain, are among the best on the market.

- *technological complementarity*. The combination of Suez's and Veolia's portfolios of proprietary patented technologies for treating industrial water is perfect for conceiving new solutions, such as treating new pollution or improving clients' performance. As for municipal water treatment technologies, they will be included in the "New Suez" with the *centres de recherche et développemen*t CIRSEE and Lyre Research & Development centers.

2.1.2.3 Increased capacity for investment and innovation

In a particularly fragmented volume market, innovation is fundamental to invent and develop the technologies that are still missing to fully succeed the ecological transformation. However, the margins generated by environmental services are limited, and managing large volumes allows to finance the investments needed to deploy the infrastructure essential to the ecological transformation. The same is true for research expenditure, which is necessary to develop breakthrough innovations without which it will be difficult to meet the goals set to limit global warming. Bringing Veolia and Suez together will guarantee the productivity of these investments and the emergence of new solutions.

The six major innovation themes identified in Veolia's Impact 2023 strategic program (health and new pollutants, adaptation to climate change, new material loops, the food chain, new energy services and new digital offerings) will combine harmoniously with the innovation areas chosen by Suez.

The combination of talents and research skills would accelerate the development of these solutions for the future and allow a better return on the necessary investments. This enhanced innovation capacity will be able to lean on innovative French SMEs in the fields of ecological transformation, through a support fund supported by the new entity.

Numerous acceleration opportunities have already been identified in terms of innovation.

On air quality, Veolia has entered into a research partnership with Airlab and has developed a range of indoor air quality services. The ambition of the merger of the two groups will be to develop and deploy financially affordable solutions enabling people to live in a healthy environment inside and outside buildings.

Concerning micropollutants in water, Veolia has developed treatment technologies adapted to a wide range of constraints and is involved in major partnerships for monitoring and research on micropollutants. "Suez Water Technologies & Solutions" has developed advanced treatment using membrane technologies and an ozonation technology that complements Veolia's activated carbon technology for the treatment of new pollutants in water. The ambition will be to take advantage of changes in regulatory standards by increasing knowledge of the effects of micropollutants on health and inventing new solutions to detect and treat micropollutants.

In the area of flood prevention and management, Veolia has excellent references, has developed services to diagnose local vulnerabilities, has positioned itself on innovative business models and has a mobile solutions offer, mainly in Europe. Suez, for its part, has innovative digital solutions and has a mobile solutions offer in North and Latin America. The ambition will be to develop an innovative global offer to assist territories and their various stakeholders in the prevention of shocks linked to climate change and rapid recovery following extreme weather events.

In water resource management and drought control, Veolia is now offering technologies and solutions and has developed an irrigation as a service offer, covering the financing of the necessary equipment. Suez, for its part, has advanced expertise in smart agriculture. The ambition will be to accelerate the development of the reuse of treated wastewater to serve the ecological transformation of agriculture, making it possible to secure and improve yields in the agricultural sector.

On CO2 capture and use, Veolia has expertise and numerous references in the decarbonation of industries and has invested in R&D in CO2 capture, storage and recovery. Suez is developing partnerships with industry and local authorities (project with BP for carbon capture and storage from energy coming from waste in the United Kingdom). The ambition will be to develop efficient service offers for CO2 capture at an attractive cost.

The recycling of electric vehicle batteries could be accelerated. While the number of end-of-life vehicle batteries is estimated at 1.1 million units by 2030, Veolia has developed an innovative and differentiating hydrometallurgy process that can recover up to 95% of the metals present in the cathode. In addition, Veolia has developed a partnership with Solvay on the production of high-purity metal salts and has developed upstream knowledge, in particular on battery diagnostics.. The ambition is to become a champion in electric vehicle battery recycling in France and Europe, targeting a 20% market share, and to be a significant player in China.

The recovery of organic materials for agriculture could also be accelerated. While the Farm to Fork strategy aims to reduce soil nutrient losses by 50% and reduce the use of inorganic fertilizers by 30% by 2030, natural and organic fertilizers represent only 5% of the market. Veolia has expertise in agricultural fertilizers, is broadening and accelerating its organic fertilizer offer, is working on deploying fertigation and reuse offers, and is supporting startups that are pioneers in bioconversion. For its part, Suez has state-of-the-art technologies for reusing water for agricultural purposes. The ambition will be to contribute to the ecological transformation of agriculture by offering a whole range of services: organic fertilizers, securing water needs, insect-based animal feed, using soil as a carbon well, etc.

2.1.2.4 Strengthened geographical positions

As a result of the geographical complementarities of the two groups and the consolidation of the key geographies where both groups are present, the international footprint of the new group would be strengthened, with a significantly increased share in fast-growing regions of the world.

The combination will enable Veolia to significantly increase its size: based on unaudited pro forma alternative performance measures as of December 31, 2020 (see Section 3.2 of Appendix 2 to this Update), the combined group would generate revenue of €36,685 million. Re-presented to take account of the sale by Suez of certain activities (including activities in Northern Europe) in fiscal years 2020 and 2021, re-presented pro forma group revenue for the 12 months ended June 30, 2021 would be €36,738 million and re-presented pro forma EBITDA for the same period would be €5,861 million, before synergies.

The new group will be much more international, with France accounting for about 16% of the new group, Europe excluding France for about 37%, the rest of the world for about 28% and the world's specialty companies (water treatment technologies and construction) for about 18%.

In France, even after the creation of the “New Suez”, which includes all of Suez’s Municipal Water and Solid Waste activities as well as the Smart & Environmental Solutions business, estimated revenues are expected to be nearly €6 billion.

In the United Kingdom, Veolia is a major player in waste management, operating in the municipal sector as well as in the tertiary and industrial sectors. It is also present in municipal water (non-regulated), energy services to buildings and services to industry. Suez has a portfolio of around ten private finance initiative (PFI) or public-private partnership *(*PPP) contracts in waste, comparable to that of Veolia but geographically complementary, and a significant presence in the collection of ordinary industrial waste (OIW), again complementary to that of Veolia. The potential for value creation through operating synergies (internalization, plant availability rates, electricity sales, etc.) resulting from these geographical complementarities is significant.

In Northern Europe, Veolia is present in Germany (waste, energy, municipal water), Belgium (energy services to buildings and industries, Brussels wastewater treatment plant), the Netherlands (waste, plastic recycling, energy services to buildings) and the Nordic countries (recycling, energy services to buildings and industries). Following the sale of activities to the Schwarz group, Suez will remain present in Belgium (solid waste), the Netherlands (plastic recycling) and Germany (waste sorting and plastic trade/recycling). Potential synergies exist in the packaging recycling sector in the latter country, where the two groups have complementary positions.

In Central and Eastern Europe, Veolia has a strong and diversified presence in heating systems (Poland, Czech Republic, Hungary, Romania), municipal water (Czech Republic, Poland, Romania, Armenia) and, to a lesser extent, waste. Suez is less present, with its activities, post-disposal of the “new Suez” scope, concentrated mainly in solid and hazardous waste in the Czech Republic, waste in Serbia and water in Slovenia, Croatia, Romania and Denmark. The addition of Suez’s solid recovered fuel (SRF) production capacity will accelerate the substitution of coal in Veolia’s heating networks in this region. The development of a hazardous waste activity could be an interesting opportunity.

In Southern Europe, Veolia is mainly present in energy services to buildings (Spain, Italy, Portugal) and possesses a number of solid waste operations, including plastic recycling (Spain). Suez, with its subsidiary Sociedad General de Aguas de Barcelona (Agbar), is a major private water operator in Spain, where it has also developed some hazardous waste operations. In Greece, it also has a minority stake in the Thessaloniki water company.

In North America, Veolia is mainly active in hazardous waste (United States, Canada) and industrial services (United States) and has an unregulated municipal water business (operators of public infrastructure under an operation and maintenance contract or, more rarely, a concession, a low capital-intensive activity with low margins) and in energy services to buildings (United States). Suez is present in the regulated (stable and low risk but capital intensive) and unregulated water sector in the United States and has a small organic and hazardous waste management business in Canada. In the United States, the complementary technologies and solutions of “Suez Water Technologies & Solutions” should accelerate development in industrial water, and in Canada, complementarities should be found in industrial services and hazardous waste.

In Latin America, the two company’s positions are highly complementary and offer development opportunities. Veolia has a balanced presence in terms of geography and business. It is present in water (concessions) in Ecuador, Colombia and Mexico and to a lesser extent (services) in Peru, in solid and hazardous waste (collection and treatment) in Argentina, Colombia, Brazil, Chile and Mexico, in energy, and in Argentina, Chile (building services) and Colombia (industry). On the subcontinent, Suez is mainly present in water and wastewater treatment through Agbar and especially Aguas Andinas in Chile. However, it is also present in industrial water (via “Suez Water Technologies & Solutions”) and, to a more limited extent, in solid and hazardous waste. The complementary positions of the two groups in water and waste offer opportunities for development.

In Asia, Veolia has a strong presence in China and Hong Kong (municipal and industrial water, solid and hazardous waste, municipal and industrial heating systems, biomass power plants, energy services to buildings), Japan and Korea (municipal and industrial water, plastic recycling, hazardous waste, biomass power plants and services to buildings), and Southeast Asia (plastic recycling in Indonesia, bioconversion in Malaysia, hazardous waste in Singapore, municipal water and industrial services in India). Suez is notably present in the solid and hazardous waste market in China, Hong Kong and Taiwan (waste incineration, landfills, collection), and in plastic recycling in Thailand. The complementary geographic positions of the two groups in hazardous waste around the main industrial zones should enable them to continue to develop at a high pace in a high-potential market. The joint development of innovative activities (bioconversion, recycling of electric vehicle batteries) should help to accelerate them.

Suez and Veolia's positions are highly complementary in Africa and offer opportunities for acceleration in the Near East and Middle East. Veolia distributes water and electricity in Rabat and Tangiers in Morocco, and has operations in Niger (water) and South Africa (water and waste). It is present in the major water markets (Saudi Arabia, United Arab Emirates), is growing in industrial services (United Arab Emirates), has recently made an entry in hazardous waste (Saudi Arabia) and is present in energy efficiency (United Arab Emirates). Suez is present in Oman in municipal waste, in the United Arab Emirates in waste collection and has recently entered the hazardous waste sector in Saudi Arabia. In the Middle East, complementarities are expected to accelerate in hazardous waste in Saudi Arabia and the United Arab Emirates and in water, desalination and municipal and industrial waste in Oman and Qatar.

In Australia and New Zealand, Suez and Veolia present strong complementarities in a rapidly changing geography in sustainable waste management. The two groups have highly complementary positions in waste (activities and geographic locations, except for the Sydney region where both groups have a strong presence). The potential for operational synergies (internalization of metric tons and rationalization of OIW collection in waste) is significant.

In summary, the main areas of complementarity are geographic, in the United Kingdom, Australia, Africa and China (hazardous waste), and relate to business lines in Spain, Belgium, Latin America, the Near and Middle East and the United States.

2.1.2.5 Dynamics of team building

Suez and Veolia have much in common. They share a common culture of technical excellence, entrepreneurial determination, customer focus, a taste for innovation, service to the environment, and a culture of French engineers and entrepreneurs who have successfully deployed their expertise internationally.

Their corporate purposes, developed using very similar methods, feature significantly convergent content, with a common reference to historical know-how, an identical promise in terms of customer benefits (public health, quality of life, essential services, resources, territories) and a strong emphasis on innovation.

Their respective values (responsibility, solidarity, respect, innovation and customer focus for Veolia, passion for the environment, customer priority, respect and team spirit for Suez) are extremely similar.

Their structures are currently very similar, with a focus on geographic management that favors local roots and proximity to customers and cross-functional support functions (finance, human resources, operational performance, strategy and innovation, etc.).

The reorganizations carried out in recent years by the two groups make them more compatible and complementary than ever. Their new strategic plans, Shaping 2030 for Suez and Impact 2023 for

Veolia, are highly convergent and both radically focused on markets and technologies with high growth and potential for innovation.

2.1.2.6 Synergies – Economic gains

The Transaction would create value for Veolia's shareholders as early as the first year, thanks in particular to operational and purchasing synergies estimated at €500 million, 20% of which would be achieved in the first year and more than 60% during the second year following the implementation of the Offer. Among those synergies, the synergies relating to the operational optimizations are estimated at 300 million euros, and the synergies stemming from savings in purchasing made by the new group are estimated at 200 million euros. These expected synergies should be fully achieved within a four-year time frame.

The aforementioned geographical, technological, expertise and know-how complementarities of the two groups constitute a source of strong value creation for the benefit of all stakeholders of the new group. They will allow a cross-fertilization encouraging each business segment in each country to gain in productivity and operational efficiency.

By way of illustration, the operational synergies will include, inter alia, rationalization of waste collection, internalization of the treatment of collected waste streams, optimization of the availability rate and efficiency of the various plants operated by the two groups, energy performances etc.

These potential synergies are in essence of a notional and essentially prospective nature and their amount is provided for information purposes only. In this respect, it is specified that this synergy potential is only an estimate by Veolia in the absence of a business plan prepared jointly with Suez's management. These synergies have been taken into account in the Offer price.

2.1.3 Governance

Subject to the success of the Offer, Veolia intends to ask Suez's general shareholders' meeting or board of directors to appoint or coopt its representatives to the board of directors, in order to reflect the new composition of the shareholding, as well as the renewal or the appointment of directors unrelated to the Veolia, for a period at least equal to the period during which the shares of the Company will remain listed on Euronext Paris.

It is specified that, for the purposes of the implementation of the Scope Divestment in accordance with the terms of the Combination Agreement and the Put Option Agreement, in the event that the first settlement of the Offer occurs prior to the completion of the Scope Divestment, the board of directors of Suez will include three independent directors appointed by Suez until the date of completion of the Scope Divestment.

In accordance with the commitments made by Mr. Antoine Frérot on behalf of Veolia, a recruitment proposal for positions involving appointment to the Veolia Executive Committee was sent to four Suez executives:

- Isabelle Calvez, currently Director of Group Human Resources at Suez, who will become Director of Human Resources at Veolia;
- Sébastien Daziano, currently Director of Executive Coordination, Surety and Institutional Relations at Suez, who will become Director of Strategy and Innovation at Veolia;
- Azad Kibarian, currently CEO of IWS (Industrial Waste Specialties) Europe, who will become Director of the Italy and Africa-Middle East zone; and
- Angel Simon, currently Executive Vice President of the Group's Southern Europe and Latin America region, who will become Director of the Iberia and Latin America zone.

These proposals have been accepted, which, after obtaining the necessary authorizations and closing the Transaction, will bring the number of members of Veolia's Executive Committee to 16 as of the closing date of the Transaction. A quarter of the members of the Executive Committee will therefore come from Suez.

The composition of Veolia's Management Committee, which will include around 40 members, will be announced in October 2021. The appointment of all "country" managers and Group support functions, bringing together around one hundred people, will be decided and announced when the Transaction closes, i.e. before the end of the year.

2.1.4 Terms of financing of the Offer

Assuming that all the shares concerned are tendered to the Offer, the maximum cost of the Offer would be approximately €8.97 billion. The financing of the Offer is provided by a bridge loan concluded with a banking syndicate. It is envisaged that this facility will be refinanced by the proceeds of the disposals made in the context of the Scope Divestment, by a capital increase with preferential subscription rights of around €2.5 billion. The financing plan aims to maintain a solid investment grade credit rating for the combined group and to keep the net financial debt/EBITDA ratio below 3.0x in the medium term in line with the Group's objectives. In this context, an issuance of hybrid bonds could also be considered if necessary.

2.1.5 Tentative timetable of the Offer

The tentative timetable of the Offer is as follows :

February 8, 2021	– Draft Offer filed with the AMF at a price of €18 per share (*cum* dividend), along with the corresponding draft offer document, and said draft offer document made available to the public – AMF filing notice[4]
May 14, 2021	– Veolia and Suez enter into the Combination Agreement
June 29, 2021	– Suez draft reply document filed with the AMF, including the reasoned opinion of the board of directors, the independent expert's report and the opinion of the competent employee representative body and said draft reply document was made available to the public
June 30, 2021	– Offer price increased from €18 per share (*cum* dividend) to €20.50 per share (*cum* dividend) and corresponding revised draft offer document filed with the AMF and said revised draft offer document was made available to the public – AMF amending filing notice[5]
July 6, 2021	– Detachment of the dividend of €0.65 per share approved by the annual general meeting of Suez shareholders on June 30, 2021, setting the Offer price at €19.85 per share (distribution rights attached)

[4] AMF notice no. 221C0312 of February 8, 2021 available on the AMF website (www.amf-france.org).

[5] AMF notice no. 221C1589 of June 30, 2021 (supplement to the AMF notice no. 221C0312 of February 8, 2021) available on the AMF website (www.amf-france.org).

July 20, 2021	– AMF's clearance decision with respect to the Offer, which entails approval ("*visa*") of the offer document – Offer document posted on the websites of Veolia and of the AMF and made available to the public at the registered offices Veolia and of the Presenting Banks – Publication of the press release announcing the availability of the offer document – AMF's approval ("*visa*") of Suez's reply document[6] – Reply document posted on the websites of Suez and of the AMF and made available to the public at the registered offices of Suez – Publication of the press release announcing the availability of Suez's reply document
July 28, 2021	– Information relating to Veolia, in particular to its legal, financial and accounting characteristics, made available to the public on the websites of Veolia and the AMF, and made available at the registered offices of Veolia and of the Presenting Banks – Publication of the press release announcing the availability of the information relating to Veolia, in particular to its legal, financial and accounting characteristics – Information relating to Suez, in particular to the legal, financial and accounting characteristics of the Company posted on the websites of the Suez and of the AMF, and made available to the public at the registered office of Suez – Publication of the press release announcing the availability of the information relating to Suez, in particular to its legal, financial and accounting characteristics
	– Determination by the AMF of the opening of the offer – Publication by the AMF of the notice announcing the opening of the Offer – Publication by Euronext Paris of the notice relating to the Offer and its terms
July 29, 2021	– Opening of the Offer
By mid-December 2021 at the latest	– Obtaining the approval with regard to merger control from the European Commission
End of 2021	– Determination by the AMF of the closing of the Offer – Publication by the AMF of the notice announcing the closing of the Offer – Publication by Euronext of the notice announcing the closing of the Offer
End of 2021	– Closing of the Offer
End of 2021	– Notice announcing the result of the Offer published by the AMF
January 2022	– In the event the Offer is successful, opening of the reopened Offer
January 2022	– In the event the Offer is successful, settlement of the Offer
January 2022	– Closing of the reopened Offer
January 2022	– Notice announcing the result of the reopened Offer published by the AMF
January 2022	– Settlement –delivery of the reopened Offer

6 AMF notice no. 221C1825 of July 20, 2021 available on the AMF website (www.amf-france.org)

2.2 *Legal aspects of the Transaction*

2.2.1 Terms of the Offer

Veolia irrevocably undertook to acquire from the shareholders of Suez all shares of Suez included in the Offer at a price of €19.85 per share (distribution rights attached for a minimum period of twenty-five (25) trading days.

The Offer is made on a voluntary basis and will be conducted following the standard procedure pursuant to Articles 232-1 *et seq*. of the AMF General Regulation.

The Offer is for all the Suez shares not held by Veolia, representing a maximum number of 452,080,143 Suez shares.

Pursuant to Article L. 621-8 of the French Monetary and Financial Code, and Article 231-23 of its general regulations, the AMF has, in accordance with the reasoned approval decision relating to the Offer after having verified the compliance of the tender offer for the shares of Suez dated July 20, 2021, granted its approval ("*visa*") no. 21-338 dated July 20, 2021 on the offer document prepared by Veolia. The offer document approved by the AMF and the information relating to the legal, financial and accounting characteristics of Veolia are, in accordance with articles 231-27 and 231-28 of the AMF's general regulations, made available free of charge to the public at the registered offices of Veolia and of each of the Presenting Institutions. These documents are also available on the websites of the AMF and Veolia. A press release specifying the terms and conditions for making these documents available has been issued by Veolia before the opening of the Offer.

As Suez shares are admitted to negotiation on Euronext Brussels, pursuant to the provisions of Article 4,§4 of the Belgian statute dated April 1, 2007 regarding tender offers in Belgium (*loi belge du 1er avril 2007 relative aux offres publiques d'acquisition*), the Offer will be opened in Belgium. To this effect, the offer document has been recognized by the Belgian authority for financial services and markets in accordance with Article 20 of the aforementioned law.

In accordance with Article 232-4 of the AMF General Regulation, if the Offer is successful, it will be automatically reopened within ten trading days following the publication of the final result of the Offer, under terms identical to those of the Offer. The AMF will publish the timetable for the reopening of the Offer, which will remain open for at least ten trading days. However, Veolia reserves the right, in the event that it is able and decides to perform a squeeze-out immediately following the Offer pursuant to Articles 237-1 *et seq*. of the AMF General Regulation, to request from the AMF the implementation of such a squeeze-out within ten (10) trading days after publication of the notice announcing the results of the Offer. In that event, the Offer will not be reopened.

In accordance with Article 232-11 of the AMF General Regulation, Veolia may withdraw its Offer within five trading days following the publication of the timetable for a competing offer or an improved competing offer. In such case, Veolia will then inform the AMF of its decision which will be made public. It may also withdraw its Offer if it no longer serves its intended purpose, or if Suez adopts measures that modify its substance, either during the Offer or in the event that the Offer is successful, or if measures adopted by Suez increase the costs of the Offer for Veolia. Veolia will only be able to use this option with the prior authorization of the AMF, which will render its decision in accordance with the principles set forth in Article 231-3 of its general regulations. In the event of a withdrawal, shares tendered in the Offer will be returned to their owners without any interest, indemnification or other payment being due.

2.2.2 Adjustments of the terms of the Offer

If Suez were to proceed with a distribution (i.e. any distribution in any form whatsoever (in cash or in kind)) including (i) any distribution of a dividend, interim dividend, reserves or premiums or (ii) any redemption or reduction by Suez of its capital, or any acquisition or repurchase by Suez of its own shares, in any event for which the reference date on which one must be a shareholder in order to receive the Distribution would be set no later than the settlement-delivery date of the Offer (included) or, as the case may be, the reopened Offer (included), the offered price per share under the Offer will be adjusted to take such Distribution into account, it being specified that in the event that the transaction takes place between the settlement date of the Offer (excluded) and the settlement date of the Reopened Offer (included), only the price of the reopened Offer will be adjusted.

Similarly, in the event of transactions affecting the share capital of the Company (in particular merger, spinoff, stock split, reverse stock split, distribution of free shares for existing shares through the capitalization of profits or reserves) decided during the same period, and for which the reference date on which one must be a shareholder in order to receive the Distribution is set no later than the settlement date of the Offer (included) or, as the case may be, of the Reopened Offer (included), the offered price per share will be mechanically adjusted to take into account the effect of such transactions.

2.2.3 Conditions of the Offer

2.2.3.1 Validity threshold

In accordance with Article 231-9, I of the AMF General Regulation, the Offer will lapse if, at its closing date, Veolia does not hold a number of shares representing a fraction of the share capital or voting rights of the Company greater than 50% (this threshold being hereinafter referred to as the "**Validity Threshold**"). It will not be known whether or not the Validity Threshold has been met until the AMF publishes the final, or, if applicable, provisional result of the Offer.

If the Validity Threshold is not reached, the Offer will not have a positive outcome and the shares tendered in the Offer will be returned to their holders within three trading days following the publication of the result notice informing of the expiry of the Offer, without any interest, indemnity or other payment of any kind whatsoever being due to the said holders.

2.2.3.2 Merger control clearances

In accordance with Article 231-11 of the AMF General Regulation, the Offer is subject to the condition precedent of obtaining merger control clearance from the European Commission, in accordance with Article 6.1.b) of EC Regulation No. 139/2004 of January 20, 2004, it being specified that Veolia reserves the right to waive this condition, after prior consultation (without right of veto) with Suez, particularly with a view to accelerating the Offer timetable after taking account of discussions with the European Commission. The AMF will set the closing date of the Offer on receipt of European Commission authorization or confirmation there is no opposition to this authorization or, where applicable, on the exercise by Veolia of the right to waive this condition precedent.

In accordance with Article 231-11 of the AMF General Regulation, the Offer will automatically lapse if the combination is the subject of the European Commission procedure provided in Article 6.1.c) of EC Regulation No. 139/2004 of January 20, 2004, unless Veolia has exercised its right to waive the aforementioned condition precedent, prior to the initiation of the procedure.

The transaction has received merger control clearance in the United States, Canada, Colombia, Ecuador, South Korea, Saudi Arabia, Taiwan, China and Russia.

3. RISK FACTORS

The section "*risks relating to the selection and integration of acquisitions*" in Chapter 2 of the 2020 Universal Registration Document is amended and supplemented as follows:

Proposed Veolia - Suez combination

On October 5, 2020, Veolia purchased from Engie a number of Suez shares representing approximately 29.9% of the share capital and voting rights of Suez at a price of €18 per share (*cum* dividend), for a total price of approximately €3.4 billion, with a view to creating the great French world champion of ecological transformation. After several months of negotiations, Veolia and Suez entered into a business combination agreement on May 14, 2021 (the "**Combination Agreement**"), confirming the terms of the agreement in principle reached on April 11, 2021, following approval by their respective boards of directors. This Combination Agreement enables Veolia to acquire the strategic assets necessary to build the world champion in ecological transformation, while guaranteeing a consistent and sustainable industrial and social scope for the new Suez. This agreement reiterates the social commitments made by Veolia and provides for an enhancement of the price of the public tender offer (set at €19.85 (*cum* distribution rights).

On June 29, 2021, the Board of Directors of Suez recommended the enhanced public tender offer. The French majority investor consortium consisting of Meridiam, GIP and CDC/CNP Assurances has delivered its final binding offer to Veolia and Suez to purchase the new Suez for an enterprise value of €10.4 billion (the "**Scope Divestment**"). All of the consortium's commitments to maintain all jobs and social benefits were formally confirmed, as well as those relating to the holding period.

Veolia has identified the main risk factors related to the Transaction below.

Risks related to the integration of Suez' activities and the expected synergies or other benefits of the Transaction

The expected benefits of the proposed Transaction will partly depend upon the successful integration of Suez's activities into the Group's. The Transaction will involve the integration of two significantly sized Groups that are currently conducting a vast range of activities and operate independently. The companies could face significant difficulties when implementing an integration plan, some of which may have been unforeseeable or badly apprehended by Veolia and Suez, notably with respect to differences in standards, controls, procedures and rules, corporate culture, the organization, the history of technological investments, and the need to integrate and harmonize the various operating systems and procedures that are specific to each Group, such as financial and accounting systems and other IT systems.

In that regard, Veolia could have difficulties retaining some of its key employees or those of Suez. In connection with the integration process, Veolia will have to resolve problems inherent to the management and integration of a larger number of employees with different experience, backgrounds, compensation structures, and cultures, which could disrupt its ability to manage its business as expected.

In addition, the integration process could be long and complex and require significant time and resources. It may be particularly complex due to the divestment, concurrently with the completion of the Transaction, of the businesses within the scope of the new Suez. This could draw management's attention and resources away from other strategic opportunities and from day-to-day operations during the integration process. Integration efforts may also lead to significant costs, which could have a material adverse effect on Veolia's business, operating results, financial position, prospects and share price. Any expected failure of the integration could have a similar adverse effect. In addition, the integration could result in significant costs and investments. In addition, the integration of the activities of Suez with those of Veolia could result in the disqualification of certain invitations to tender and/or the failure to obtain or loss of public contracts or concessions due, for example, to a desire for diversification on the part of clients present in both books.

Finally, although Veolia expects the Transaction to create significant value through the synergies achieved in the medium and long term and significant operational and purchasing synergies (see 2.1.2.6 of this Update), there can be no assurance of the existence or achievement of these synergies within the expected time frames, as the achievement and extent of any synergies depend on a number of factors and assumptions, many of which are not directly actionable by Veolia or Suez, and such potential synergies are solely an estimate of Veolia in the absence of a business plan developed jointly with Suez management. Any delay in completing the Transaction could affect the achievement of the expected synergies. In addition, costs incurred in view of obtaining these synergies may be higher than expected or additional unexpected costs that may even exceed the value of the expected synergies could arise, leading to a loss of value for Veolia's shareholders. The failure to achieve expected synergies and/or an increase in the costs incurred in this regard could decrease Veolia's return on its investment and diminish the Transaction's value creation (including for Veolia's shareholders) and, more generally, have a material adverse impact on Veolia's activities, repute, operating results, financial position, prospects and share price.

Risks related to Suez's performance and unforeseen liabilities

Suez's performance and operating indicators could deteriorate from the level reached in 2020 and through the first half of 2021 or in previous years, particularly in the current context of continuing volatility due to the persistence of the Covid-19 epidemic and financial, legal and commercial factors, most of which are by their very nature exogenous to Suez. There can be no assurance that the objectives announced by Suez for 2021 will be achieved or that Suez's performance will be maintained at this level in the short, medium and long term – if either does not occur, this would have a material adverse effect on Veolia's activities, operating results, financial position, prospects and share price following completion of the Transaction. In addition, the definition of Suez's alternative performance indicators, such as EBITDA, is different from the indicators used and communicated by Veolia. These indicators, even when read in conjunction with those published by Veolia, may not reflect the current or future performance of the combined entity.

Veolia has conducted a very limited due diligence of Suez's business based *inter alia* on public information. No assurance can be given that this process has identified any significant regulatory issues or other difficulties, risks or contingent liabilities relating to Suez or that other factors beyond the control of Veolia or Suez will not arise in the future. As a result, following completion of the Transaction, unanticipated operational difficulties and/or significant unanticipated liabilities of Suez may arise and have an adverse effect on Veolia's business, repute, operating results, financial position, prospects, and share price, which difficulties and/or liabilities might have been identified by Veolia if more exhaustive diligence had been conducted. Similarly, operating difficulties or other risks identified in due diligence could ultimately prove to be insufficiently provisioned or be more significant than initially anticipated, or Veolia may not be in a position to remedy such difficulties, which could have a material adverse effect on the Group's results, cash flows, profitability, financial position and reputation.

Risks that Veolia may incur substantial transaction costs in connection with the Transaction and its completion

The aggregate amount of all external fees, costs and expenses incurred by Veolia in connection with the Offer (including the fees and expenses of its financial, legal and accounting advisors, communication expenses and expenses relating to the financing of the Offer) is estimated at approximately €200 million (excluding taxes). This amount does not include the fees, costs and expenses that will be incurred more broadly in connection with the Transaction and its completion (including the Scope Divestment), which could be substantially higher, which could have a material adverse effect on Veolia's activities, operating results, financial position, prospects and share price.

Risks of disputes relating to the Transaction and its completion

In connection with or following the Transaction, Veolia could face claims and disputes, in particular from customers, partners, suppliers, employees, shareholders or bondholders of the Group or the Suez group. Such claims and litigation could delay or prevent the completion of the Transaction (see "*Risk relating to a failure to complete the Transaction*") and/or have a material adverse effect on Veolia's activities, operating results, financial position, prospects and share price.

Risks related to the triggering of change of control clauses and related provisions at Suez level

Suez is party to contracts (with customers, suppliers, partners in joint ventures or consortia, regulatory authorities and financing agreements), some of which include change of control clauses. Some of these clauses could be triggered by the Transaction to the extent that control of Suez and certain of its subsidiaries will be acquired by Veolia upon completion of the Transaction. In addition, some of Suez's contracts allow the authorities that granted them to terminate them at any time, with compensation that may be less than the actual value of the relevant contracts. The triggering of these provisions or termination of these contracts could result in a loss of contractual rights and benefits, or could lead to the triggering of other provisions, such as call options and/or put options relating to shares held by Suez, or to the termination or renegotiation of agreements. Although Suez has undertaken in the Business Combination Agreement to use its best efforts to obtain the consent of the counterparties to certain particularly important contracts until the later of the two following dates: (i) the first settlement date of the Offer or (ii) the completion date of the Scope Divestment, the completion of the Transaction is not conditional upon obtaining all third party consents under such contracts. As a result of the Transaction, Suez could therefore lose the benefit of some of these contracts if the relevant counterparties were to terminate them or negotiate more onerous financial terms in order to grant their consent. This could have a material adverse effect on Veolia's activities, operating results, financial position, prospects and share price.

Risks related to the transition period until the completion of the Transaction

During the transition period until the completion of the Transaction, the Transaction will be subject to significant uncertainty that could have an adverse effect on relationships with certain customers (and in particular with potential customers in connection with calls for tenders), strategic partners, and employees of both Veolia and Suez. Some strategic partners, suppliers, or customers may decide to delay operational or strategic decisions pending greater certainty as to whether the Transaction will be completed. The Transaction could convince customers of Veolia and/or Suez to work with other players in the sector or could have an adverse effect on Veolia's and/or Suez's relations with their customers. Such adverse effects on companies' relationships could have a material adverse effect on Veolia's revenue, profits, cash flows from operating activities, and share price.

Tax risks related to the Transaction (including the Scope Divestment) and to the implementation of the prior or subsequent reorganization transactions

The completion of the Transaction (including the Scope Divestment) and the implementation of the prior or subsequent reorganization transactions could result in adverse tax consequences (tax costs, loss of tax attributes, etc.).

More generally, the organization of the Group following the completion of the Transaction and the reorganization operations that may be implemented in order to streamline the organization of the combined group and facilitate the integration of the activities of Veolia and Suez may give rise to tax inefficiencies and/or additional tax costs (for example, tax costs related to the reorganizations that would be implemented in order to facilitate the integration, the inability to implement or delay in implementing local tax consolidations between Veolia and Suez entities in certain countries, transfer pricing policies, tax costs related to the Scope Divestment, etc.). These various factors could lead to an increase in Veolia's tax expenses and have a material adverse effect on its effective tax rate, its results and/or its financial position.

As of the date of this document, the structuring and valuation work relating to the transactions that will lead to the Scope Divestment and those that could be implemented in the context of the integration are still in progress, and in view of the limited information to which Veolia has had access, Veolia is not yet in a position to quantify the tax implications with precision.

The Transaction could also result in the loss of tax losses or the benefits of tax consolidation agreements, which could increase the tax charge or lead to the impairment of deferred tax assets, and consequently impact the combined group's net income and financial position.

In addition, the tax treatments or regimes applicable to past or future reorganizations involving the companies of the Suez and Veolia Groups (including in the context of the Scope Divestment or the implementation of the integration) are likely to be interpreted by the competent French or foreign authorities in a manner that differs from the assumptions used by the two Groups to structure the transactions. Veolia is therefore not in a position to guarantee that the relevant tax authorities will agree with the interpretation of the legislation adopted or that may be adopted in the various jurisdictions concerned or with the quantification of the resulting tax consequences.

Risks related to the failure to complete the Transaction

If the Transaction is not completed, Veolia's ongoing business could be materially and adversely affected and Veolia would be exposed to a number of risks, including:

– having incurred and continuing to incur significant costs and expenses in connection with the proposed Transaction (which will be "at a loss" if the Transaction is not completed);
– holding a 29.9% stake in Suez that is insufficient to give it the control necessary to achieve synergies, and which may be difficult to dispose of at an acceptable price;
– experiencing the effects of a negative reaction from the financial markets, and in particular a negative effect on its share price, which may have gone up in anticipation of the Transaction's expected benefits;
– experiencing negative reactions from customers, employees, partners and government authorities; and
– having dedicated significant time and resources to issues relating to the Transaction that could otherwise have been allocated to day-to-day transactions and other opportunities from which Veolia could have benefited.

In addition, Veolia could be subject to litigation as a result of the failure to complete the Transaction. If the Transaction does not occur, the occurrence of these risks could have a material adverse effect on Veolia's activities, operating results, financial position, prospects and share price.

Risks related to the failure to complete (or the late completion) of the Transaction in reason of the failure to obtain necessary clearances

The Transaction is subject, among other things, to merger control clearance from the European Commission. The European Commission and other competition authorities could impose measures or conditions, such as the transfer of assets or activities (possibly significant and beyond the assets and activities constituting the new Suez that are to be transferred to the Consortium) of Veolia and/or Suez and/or a specific timetable for completion of the Transaction, that Veolia and/or Suez would not be able to accept, and/or specific conditions of implementation of the Transaction. In any event, no guarantee can be given that Veolia will obtain these authorizations and, in particular, the authorization from the European Commission in the anticipated timing. Any delay in the completion of the Transaction or the integration of Veolia and Suez and, *a fortiori*, the failure to complete the

Transaction, could have a material adverse effect on Veolia's business, operating results, financial position, synergies from the Transaction, prospects and share price.

In addition, it should also be noted that the Offer, pursuant to the provisions of Article 231-9, I of the AMF general regulation, will lapse if at its closing date, Veolia, acting alone or in concert within the meaning of Article L. 233-10 of the French Commercial Code, does not hold a number of shares representing a fraction of the Company's share capital or voting rights greater than 50%. If this threshold is not reached, the Offer will not be successful and the Transaction may not be completed, which could also have a material adverse effect on Veolia's business, operating results, financial position, prospects and share price.

Risks related to the failure to complete (or the late completion) of the Scope Divestment and risks related to the fact that the scope of the new Suez may differ from the scope initially agreed between Veolia, Suez and the Consortium.

Pursuant to the Put Option Agreement dated June 29, 2021, the scope of the new Suez to be sold to the Consortium (the "**Scope**") would include the Water and Waste activities (excluding hazardous waste) in France and certain international activities of Suez (see 1.3.1 of the offer document).

The transfer of the Scope to the Consortium requires in particular the implementation of prior reorganization operations. The final completion of the Transfer of the Scope will only occur if it allows the transfer to the Consortium of at least 90% of the revenues generated by the Scope as of December 31, 2020 (the "**Materiality Threshold**"), as well as the transfer of certain identified strategic assets. The final completion of the Scope Divestment will not occur unless the Materiality Threshold is reached or the strategic assets are transferred. In addition, a mechanism for seeking an equivalent alternative solution from an economic and industrial point of view is provided for in the event that it is impossible to transfer certain assets included in the Scope, so the Scope ultimately transferred may differ from the Scope agreed upon in the Put Option Agreement.

Any delay in the completion of the Scope Divestment to the Consortium and, *a fortiori*, the failure to complete the Scope Divestment to the Consortium, could have a material adverse effect on Veolia's business, operating results, financial position, prospects and share price.

In addition, changes in the scope of consolidation transferred to the Consortium could have a material adverse effect on Veolia's business, operating results, financial position, prospects and share price.

Finally, certain assets not initially included in the scope of consolidation could be transferred to the Consortium, which could have an adverse effect on Veolia's business, operating results, financial position, prospects and share price.

Risks related to the financing of the Transaction

The Offer will be financed by a bridge loan established with a banking syndicate (see 2.1.4 of this Update). It is envisaged that the drawdown of this loan will be refinanced by the proceeds of the disposals made in the context of the Scope Divestment and by a capital increase with preferential subscription rights of around €2.5 billion. The financing plan aims to maintain a solid investment grade credit rating for the combined group and to keep the net financial debt/EBITDA ratio below 3.0x in the medium term in line with the Group's objectives. In this context, an issuance of hybrid bonds could also be considered if necessary. In the event that Veolia is unable to proceed with the currently contemplated refinancing transactions prior to, or shortly after, completion of the Offer, it would bear the cost of the bridge loan over a longer period, which would temporarily increase its financing costs, its total indebtedness and its leverage ratio, which could have an impact on its credit rating, and thus on its financing costs, results and/or financial position. In addition, in the event that, despite the envisaged financing plan, Veolia's rating were to be downgraded below that of Suez, some of Suez's creditors would have the right to early repayment of their receivables, which would increase the need for refinancing through the drawdown of the Group's other financial resources or through additional bond issues, and could have an impact on its financing costs, results and/or its financial position.

Risks related to the future operating results and financial position presented in the pro forma financial information

The unaudited pro forma financial information for the year ended December 31, 2020 set forth in this Amendment have been prepared to illustrate the impact of the Transaction (including the Scope Divestment) and the related financing transactions as if they had occurred (i) on January 1, 2020 for the pro forma income statement, thus deeming the agreements of the competition authorities obtained at that date and, (ii) on December 31, 2020 for the pro forma statement of financial position.

The unaudited restated pro forma alternative performance indicators for June 30, 2020, December 31, 2020, and June 30, 2021, included in this Amendment, have been prepared to show the impact of (i) the Transaction (including the Scope Divestment) as well as (ii) the sale of assets put up for sale by the Suez group in fiscal years 2020 and 2021 (including Group transactions in Northern Europe) as if they had occurred on January 1, 2020.

This pro forma financial information and these pro forma alternative performance indicators are based on preliminary estimates and assumptions that Veolia believes are reasonable and that are provided for illustrative purposes only. The estimates and assumptions used to prepare this pro forma financial information and these pro forma alternative performance indicators set forth in this Amendment may differ substantially from the Group’s current and future results of operations. As a result, the unaudited pro forma financial information and the unaudited restated pro forma alternative performance indicators included in this Amendment are not intended to indicate the results of operations that would actually have been achieved if the Transaction (including the Scope Divestment) as well as the sale of assets put up for sale by the Suez group in fiscal years 2020 and 2021 had been completed on the assumed date or during the periods presented, or that may be recorded in the future.

Moreover, by definition, the unaudited pro forma financial information included in this Amendment covers only information of an accounting nature (turnover) and of a non-accounting nature (EBITDA and CAPEX).

The pro forma financial information and restated pro forma alternative performance indicators have not been audited by Veolia’s statutory auditors and are based, in addition to the corresponding audited consolidated financial statements of Veolia, on information prepared by Suez for the fiscal year ended on December 31, 2020 and for the first semester 2021 ended on June 30, 2021.

As a result, undue reliance should not be placed on the unaudited pro forma financial information and unaudited restated pro forma alternative performance indicators set forth in this Amendment, which, beyond their illustrative nature, may not accurately reflect the current or future performance of the combined entity. See “*Unaudited Pro Forma Financial Information as of December 30, 2020*”.

4. CORPORATE GOVERNANCE

4.1 *Members of the Board of Directors*

4.1.1 Members of the Board of Directors and members of the Board Committees

The Combined General Meeting of the Company on April 22, 2021 renewed the terms of office as director of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse and Mrs. Marion Guillou and appointed Mr. Pierre-André de Chalendar as a director for a four-year period expiring at the end of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2024.

In addition, Mr. Jacques Aschenbroich resigned as director from May 28, 2021.

The Caisse des dépôts et consignations decided, in accordance with Veolia's internal rules, to abstain from any necessary deliberations and decisions of the Board of Directors during the period of the proposed merger with Suez. Veolia welcomed this decision in a press release issued on May 4, 2021.

At the date of filing of this Update, the Board of Directors of the Company had twelve directors, including two directors representing employees and five women.

	Independence	Date of first appointment	Expiry of current office
Antoine Frérot *Chairman and Chief Executive Officer*		May 7, 2010	2022 GSM
Louis Schweitzer *Vice-Chairman*		April 30, 2003	2023 GSM
Maryse Aulagnon *Senior Independent Director*	✦	May 16, 2012	2023 GSM
Caisse des dépôts et consignations, Represented by Olivier Mareuse	✦	March 15, 2012	2024 GSM
Pierre-André de Chalendar	✦	April 22, 2021	2024 GSM
Isabelle Courville	✦	April 21, 2016	2024 GSM
Clara Gaymard	✦	April 22, 2015	2023 GSM
Marion Guillou	✦	December 12, 2012	2024 GSM
Franck Le Roux(1)✪		October 15, 2018	October 2022
Pavel Páša(1)✪		October 15, 2014	October 2022
Nathalie Rachou	✦	May 16, 2012	2024 GSM
Guillaume Texier	✦	April 21, 2016	2024 GSM

✪ *Director representing employees.*
✦ *Independent pursuant to AFEP-MEDEF Code independence criteria, as assessed by the Board of Directors.*

(1) *Director representing employees, not taken into account when calculating independence percentages pursuant to Article 9.3 of the AFEP-MEDEF Code.*

The four Board Committees are comprised as follows:

- **Accounts and Audit Committee:** Mrs. Nathalie Rachou (Chairwoman), Mrs. Isabelle Courville, Mr. Franck Le Roux (Director representing employees), Mr. Olivier Mareuse and Mr. Guillaume Texier.
- **Nominations Committee:** Mr. Louis Schweitzer (Chairman), Mrs. Maryse Aulagnon, Mr. Pierre-André de Chalendar and Mrs. Isabelle Courville.
- **Compensation Committee:** Mrs. Maryse Aulagnon (Chairman), Mrs. Marion Guillou, Mr. Franck Le Roux (Director representing employees) and Mr. Louis Schweitzer.
- **Research, Innovation and Sustainable Development Committee:** Mrs. Isabelle Courville (Chairwoman), Mrs. Clara Gaymard, Mrs. Marion Guillou, Mr. Pavel Páša (Director representing employees) and Mr. Guillaume Texier.

In addition, Section 3.2.1.6. "Vice-Chairman/Senior Independent Director" of the 2020 Universal Registration Document should be read as follows (with reference to fiscal year 2020 and not fiscal year 2019):

Role of the Vice-Chairman

The Vice-Chairman chairs the meetings of the Board and organizes and directs its work when the Chairman is absent or unable to do so. In particular, he chairs the sessions bringing together members of the Board, with or without the Chairman and Chief Executive Officer (*executive sessions*), as well as discussions assessing the performance of the Chairman and Chief Executive Officer.

In 2020, at the end of nearly all the Board meetings (except extraordinary meetings dedicated to meetings the proposed merger with Suez and to external growth projects), the Vice-Chairman chaired five executive sessions (compared with six Board meetings in 2020 excluding aforementioned extraordinary meetings) without the presence of the Chairman and Chief Executive Officer. These executive sessions notably allow the directors to express their comments and wishes regarding improvements in the Board's activities. During the annual assessment of the activities of the Board and its Committees, directors considered these executive sessions to be essential to the proper functioning of the Board.

4.2 *Compensation of the Chairman and Chief Executive Director*

4.2.1 2021 Long-term compensation

In accordance with the Group's compensation policy and the authorization granted by the Veolia Environnement Extraordinary General Meeting of April 22, 2021 (22nd resolution), on May 4, 2021 the Board of Directors decided, at the recommendation of the Compensation Committee, to grant 927,459 performance shares (representing around 0.16% of the share capital respecting the General Shareholders' Meeting authorization of 0.5%) to approximately 400 beneficiaries, including top executives, high-potential employees and key contributors of the Group.

In this context, 39,516 performance shares were granted to the Chairman and Chief Executive Officer, Mr. Antoine Frérot, (i.e. approximately 0.01% of the share capital compared with 0.04% authorized by the General Shareholders' Meeting).

The detailed features and performance conditions of this performance share plan are presented in Section 3.4.3 (pages 160 *et seq.*) of the 2020 Universal Registration Document.

4.2.2 Shares vested under the 2018 Performance Share Plan

In accordance with the Group's compensation policy and the authorization granted by the Veolia Environnement General Shareholders' Meeting of April 19, 2018, the Board of Directors decided on May 2, 2018, at the recommendation of the Compensation Committee, to grant:

- 248,580 free shares, i.e. 0.04% of the share capital as of December 31, 2018, to all employees of the France scope (49,716 beneficiaries);

- 1,731,368 performance shares, i.e. 0.31% of the share capital as of December 31, 2018, to approximately 700 top executives and high-potential employees of the Group.

In this context, 49,296 performance shares were initially granted to Mr. Antoine Frérot (i.e. approximately 0.01% of the share capital compared with 0.04% authorized by the General Shareholders' Meeting).

In addition, 1,682,072 performance shares (i.e. 0.30% of the share capital), with a fair value under IFRS 2 of €25,466,570, were granted to other employee beneficiaries as follows:

- key positions (449 beneficiaries including the Executive Committee and the Management Committee): 1,301,072 performance shares (i.e. 0.23% of the share capital);

- high-potential employees (116 beneficiaries): 183,000 performance shares (i.e. 0.03% of the share capital);

- key contributors (111 beneficiaries): 198,000 performance shares (i.e. 0.04% of the share capital).

The vesting of these performance shares is subject to the following conditions:

- a presence condition until the end of the three-year vesting period i.e. until the expiry of the plan scheduled for May 2, 2021; and

- a financial performance condition corresponding to average growth in Current Net Income, Group Share (CNIGS) per share (CAGR: Compound Annual Growth Rate) of 10% per year, as recorded at the end of the plan period in 2021, based on results for the 2018, 2019 and 2020 fiscal years compared with the 2017 base year. If this average growth is less than 5%, no performance shares will vest. Between 5% and 10%, the shares would vest on a proportional basis.

On March 9, 2021 and at the recommendation of the Compensation Committee, the Board of Directors decided to adjust the financial objective of the internal economic performance criteria (Current Net Income, Group Share) in the 2018, 2019 and 2020 performance share plans, and submit, in accordance with good governance practices, this change in financial objective for shareholders' approval with regards to the Chairman and Chief Executive Officer as a beneficiary. It is recalled that a communication was issued on the adjustment to the financial objective in the 2018 plan on April 1, 2020. Accordingly, the Board of Directors decided to propose the neutralization of fiscal year 2020 in calculating the attainment of this sole Company financial performance indicator and a reduction in the same proportion for this criteria, i.e. one-third, of the number of rights to shares currently vesting under the 2018, 2019 and 2020 performance share plans. The Board of Directors considered its decision to adjust these plans, made at the recommendation of the Compensation Committee, to be balanced in consideration for ambitious financial objectives and results aimed at returning to or exceeding the Company's 2019 pre-crisis performance level. This adjustment, which seeks to align the interests of shareholders with those of plan beneficiaries who are strongly committed to the Company's performance recovery after the health crisis, was approved by the General Shareholders' Meeting of April 22, 2021.

The Chairman and Chief Executive Officer, acting pursuant to the delegation granted by the Board of Directors' Meeting of May 2, 2018, noted on May 3, 2021 (i) the expiry on May 2, 2021 of the vesting period for the performance shares granted, (ii) the 100% attainment of the aforementioned performance condition and (iii) with regard to the conditions provided in the Plan rules and given the above adjustment to rights, the vesting of 971,827 shares to 585 beneficiaries (including 32,865 shares vested to Mr. Antoine Frérot).

The detailed features and the performance condition of this performance share plan are presented in Section 3.4.3 (pages 160 *et seq.*) of the Company's 2020 Universal Registration Document.

4.3 *Corporate officer and executive share ownership*

4.3.1 Transactions in Veolia Environnement shares by executives

The table below details transactions in Veolia shares between March 18, 2021 and the date of filing of this Update performed by members of the Company's Executive Committee. To the best of the Company's knowledge, no other transactions involving the purchase or sale of Veolia shares by members of the Executive Committee or any person with close personal links to them were reported during this period:

Nom du dirigeant	Financial instrument	Type of transaction	Transaction date	Transaction location	Unit price (in euros)	Volume of securities	Total transaction amount (in euros)
Estelle Brachlianoff	Shares	Acquisition(1)	05/03/2021	Outside a trading venue	26.56	4,959	131,711.04
Estelle Brachlianoff	Shares	Disposal	05/06/2021	Euronext Paris	25.7038	106	2,724.60
Antoine Frérot	Shares	Acquisition(1)	05/03/2021	Outside a trading venue	26.56	32,865	872,894.40
Philippe Guitard	Shares	Acquisition(1)	05/03/2021	Outside a trading venue	26.56	4,960	131,737.60
Eric Haza	Shares	Acquisition(1)	05/03/2021	Outside a trading venue	26.56	4,138	109,905.28
Jean-Marie Lambert	Shares	Acquisition(1)	05/03/2021	Outside a trading venue	26.56	5,279	140,210.24
Claude Laruelle	Shares	Acquisition(1)	05/03/2021	Outside a trading venue	26.56	4,959	131,711.04
Helman le Pas de Sécheval	Shares	Acquisition(1)	05/03/2021	Outside a trading venue	26.56	5,920	157,235.20
Christophe Maquet	Shares	Acquisition(1)	05/03/2021	Outside a trading venue	26.56	1,488	39,521.28
Jean-François Nogrette	Shares	Acquisition(1)	05/03/2021	Outside a trading venue	26.56	3,710	98,537.60
Laurent Obadia	Shares	Acquisition(1)	05/03/2021	Outside a trading venue	26.56	4,138	109,905.28
Laurent Obadia	Shares	Disposal	05/06/2021	Euronext Paris	25.7038	814	20,922.89
Frédéric Van Heems	Shares	Acquisition(1)	05/03/2021	Outside a trading venue	26.56	5,422	144,008.32

(1) Vesting of rights to performance shares granted on May 2, 2018.

5. OPERATING AND FINANCIAL REVIEW

The Operating and financial review of the results for the half-year ended June 30, 2021 is presented in the half-year financial report in Appendix 1 to this Update.

6. FINANCIAL STATEMENTS

6.1 *Condensed Consolidated Financial Statements for the half-year ended June 30, 2021*

The consolidated financial statements for the half-year ended June 30, 2021 are presented in the half-year financial report in Appendix 1 to this Update.

7. PRO FORMA FINANCIAL INFORMATION AND RE-PRESENTED PRO FORMA ALTERNATIVE PERFORMANCE MEASURES

Unaudited pro forma financial information for the year ended December 31, 2020 and alternative performance measures for the half-years ended June 30, 2020 and June 30, 2021 and the year ended December 31, 2020 are presented in Appendix 2 to this Update. The statutory auditors' report on this pro forma financial information for the year ended December 31, 2020 is presented in Appendix 3.

8. SHARE CAPITAL AND OWNERSHIP

8.1 Information on the share capital and stock market data

8.1.1 Share capital

As of August 31, 2021, Veolia Environnement's share capital was €2,897,915,945, divided into 579,583,189 fully paid-up shares, all of the same class, with a par value of €5 each.

As of the date of filing of this Update, the Company's share capital is unchanged.

8.1.2 Market for the Company's shares

Veolia Environnement shares

Regulated market– Euronext Paris (Compartment A)				CAC 40
Admission	**ID code**			**Admission**
July 20, 2000	ISIN	Reuters	Bloomberg	August 8, 2001
	FR 0000124141-VIE	VIE. PA	VIE. FP.	

Euronext Paris– Share price and trading volumes in number of shares

The table below presents high and low share prices and trading volumes in Veolia Environnement shares on the Euronext Paris regulated market over the past eighteen months.

Year (month)	Share price (in €) High	Share price (in €) Low	Trading volume in number of shares
2021			
August	29.270	27.190	22,519,437
July	28.070	25.120	31,145,338
June	26.260	24.830	24,439,894
May	26.690	24.760	30,631,142
April	26.840	21.820	41,658,883
March	23.590	21.300	40,285,883
February	23.940	22.020	32,037,183
January	23.530	19.850	43,828,893
2020			
December	20.620	18.705	34,468,891
November	19.995	16.000	54,057,701
October	19.035	15.675	45,799,952
September	20.550	17.880	42,987,508
August	20.600	18.630	35,259,841

July	20.590	19.075	40,250,340
June	22.180	19.735	43,762,392
May	20.100	17.820	36,686,927
April	20.640	17.500	44,855,741
March	28.680	16.015	95,375,115
February	29.090	25.590	50,566,702
January	26.990	23.230	36,961,422

Source : Bloomberg.

Following the delisting by Veolia Environnement of its American Depositary Receipts (ADRs) from the New York Stock Exchange (NYSE), the final listing of the ADRs on the NYSE occurred on December 22, 2014. Since this date, the ADRs are traded on the US over-the-counter market under the code VEOEY. The ADR program is managed by Deutsche Bank as a sponsored level 1 facility.

8.1.3 Non-equity securities

EMTN program

In June 2001, a Euro Medium Term Note (EMTN) program was set-up for a maximum amount of €4 billion. This maximum amount was raised to €16 billion on July 13, 2009.

The main outstanding bond issues performed under the EMTN program as of June 30, 2021 are as follows:

Issue date	Currency	Nominal issue amount (in millions of currency units)	Additional drawdowns / partial repurchases	Nominal amount outstanding as of June 30, 2021 (in millions of currency units)	Interest rate	Maturity
November 25, 2003	EUR	700		700	6.125%	November 25, 2033
May 24, 2007	EUR	1,000				
December 2013	EUR		(150)			
April 2015	EUR		(205)	645	5.125%	May 24, 2022
October 29, 2007	GBP	500				
January 7, 2008	GBP		150	650	6.125%	October 29, 2037
March 30, 2012	EUR	750		750	4.625%	March 30, 2027
April 9, 2015	EUR	500		500	1.59%	January 10, 2028
October 4, 2016	EUR	600		600	0.314%	October 4, 2023
October 4, 2016	EUR	500		500	0.927%	January 4, 2029
March 30, 2017	EUR	650		650	0.672%	March 30, 2022
March 30, 2017	EUR	650		650	1.496%	November 30,

					2026
December 5, 2018	EUR	750	750	1.94%	January 7, 2030
January 14, 2019	EUR	750	750	0.892%	January 14, 2024
January 15, 2020	EUR	500	500	0.664%	January 15, 2031
April 15, 2020	EUR	700	700	1.25%	April 15, 2028
June 15, 2020	EUR	500	500	0.80%	January 15, 2032
January 14, 2021	EUR	700	700	0%	January 14, 2027

As of June 30, 2021, the total nominal outstanding amount of the EMTN program was €8,358 million, maturing in more than one year.

Offering of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE)

Veolia Environnement redeemed early the bonds convertible into and/or exchangeable for new and/or existing shares ("OCEANE") issued on March 8, 2016 and maturing March 15, 2021, in the nominal amount of approximately €700 million. On September 13, 2019, an initial redemption of 93% of the nominal amount was performed at a unit price of €30.31 as part of a redemption offer. This was followed on November 13, 2019 by a second supplementary redemption of 7% of the nominal amount at par, that is a unit price of €29.99, on the exercise of a clean-up call.

On September 12, 2019, Veolia Environnement completed an offering of bonds convertible and/or exchangeable for new and/or existing shares ("OCEANE") maturing January 1, 2025 by way of a private placement without shareholders' preferential subscription rights, of a nominal amount of approximately €700 million. These bonds will not bear interest and were issued at 103.25% of their principal amount. The bonds have a nominal unit value of €30.41 representing a premium of 35% above the Company's reference share price on the issue date.

As of June 30, 2021, the total nominal outstanding amount was approximately €700 million, maturing in more than one year.

Public issue on the US market

On December 23, 2019, Veolia Environnement performed a partial redemption in the amount of US$100 million of the US$400 million bond line paying interest at 6.75% and maturing in June 2038, issued in 2008 on the American market.

As of June 30, 2021, the total nominal outstanding amount was US$300 million (€252 million euro-equivalent), maturing in more than one year.

Bond issue program on the Chinese domestic market (Panda Bonds)

On December 10, 2019, Veolia Environnement filed with the National Association of Financial Market Institutional Investors (NAFMII) two bond issue programs on the Chinese domestic market for a period of two years and a maximum nominal amount of 10 billion renminbi, replacing the program signed in August 2016 and maturing in August 2018.

On June 24, 2020, Veolia Environnement performed two bond issues under this new program for a total amount of 1.5 billion renminbi, through a private placement with Chinese and institutional investors. The bond issues mature on June 24, 2023 and pay a coupon of 3.85%.

On December 16, 2020, Veolia Environnement continued its bond issue program with two bond issues totaling 1.5 billion renminbi, maturing on December 16, 2023 and bearing a coupon of 4.45%.

As of June 30, 2021, the total nominal outstanding amount on these bond issues was 3 billion renminbi (€391 million euro-equivalent).

Commercial paper

Veolia Environnement has a short-term financing program comprising Negotiable European Commercial Paper (NEU CP) capped at €6 billion. The financial documentation for this program was updated with the Bank of France on May 17, 2021.

As of June 30, 2021, the total outstanding amount of negotiable commercial paper issued by the Company was €5,962 million.

On May 18, 2020, Veolia Environnement set-up a commercial paper program capped at GBP 600 million with the Bank of England (which launched this program), under the bank's COVID Corporate Financing Facility assistance program. The program has been closed by the Bank of England.

Group employee share ownership transaction

On September 7, 2021, Veolia announced the launch of a Group employee share ownership transaction. This transaction, offered to approximately 147,000 Group employees, aims to involve them in Veolia's development and performance. The offer is proposed within the framework of the Veolia group savings plan and international group savings plan in accordance with Articles L. 3332-18 *et seq.* of the French Labor Code and concerns a maximum of 11,572,227 shares (i.e. approximately 2% of the share capital). The settlement and delivery of the new shares to be issued is expected to take place on December 8, 2021.

8.2 Veolia Environnement shareholders

8.2.1 Breakdown of shareholders as of August 31, 2021

The table below presents the number of shares and the corresponding percentage of share capital and voting rights held as of August 31, 2021 by Veolia Environnement's principal known shareholders.

A double voting right was introduced on April 3, 2016 for shares held in registered form by the same shareholder for at least two years, in accordance with the Florange law of March 29, 2014.

To the best of the Company's knowledge, as of the date of filing of this Update, no shareholder other than those listed in the table below, directly or indirectly held 4% or more of the Company's share capital or voting rights.

Shareholders as of August 31, 2021	Number of shares	% of share capital	Theoretical number of voting rights	Number of voting rights that may be exercised	% of voting rights that may be exercised*
Caisse des Dépôts [(1)]	36,348,326**	6.27	62,384,445	62,384,445	10.29
BlackRock [(2)]	30,787,781	5.31	30,787,781	30,787,781	5.08
Employees [(3)]	23,391,222	4.04	33,208,770	33,208,770	5.48
Veolia Environnement [(4)]	12,356,372***	2.13	12,356,372***	0*	0*
Public and other investors	476,699,488	82.25	479,720,055	479,720,055	79.15
TOTAL	**579,583,189**	**100.0**	**618,457,423**	**606,101,051**	**100.0**

* Percentage of voting rights as a proportion of effective voting rights (Veolia Environnement treasury shares do not exercise voting rights).

** Including 26,036,119 shares held in registered form for more than two years.

*** As of August 31, 2021, Veolia Environnement held 12,356,372 treasury shares.

(1) *Based on the analysis of the Company's shareholders as of June 30, 2021 To the best of the Company's knowledge, the most recent notification that Caisse des dépôts et consignations had crossed, upwards, the legal 10% share capital and/or voting rights threshold, was filed on December 3, 2020 (AMF Decision and Information no. 220C5270 of December 4, 2020). On May 11, 2021, Caisse des dépôts notified that CNP Assurances had crossed, downwards, the bylaws 2% reporting threshold on May 5, 2021. This followed the sale of shares by CNP Assurances. Caisse des dépôts, which did not cross any thresholds, held at that date, directly and indirectly via CNP Assurances and LBP Prévoyance, 37,679,967 shares and 63,716,086 voting rights, representing 6.50% of the share capital and 10.36% of voting rights – the Caisse des dépôts et consignations directly holding at that date 26,036,119 shares and 52,072,238 voting rights representing 4.50% of the capital and 8.47% of voting rights.*

(2) *Based on the analysis of the Company's shareholders as of June 30, 2021. Between March 18, 2021 and August 31, 2021, Blackrock filed several notifications that it had crossed, upwards or downwards, the legal 5% share capital and/or voting rights threshold (see AMF Decisions and Information no. 221C0646, no. 221C0739, no. 221C0756, no. 221C0773, no. 221C0801, no. 221C0818, no. 221C0841, no. 221C0938, no. 221C1065, no. 221C1104).*

(3) *Direct and indirect shareholdings, including financial investment vehicles.*

(4) *Treasury shares without voting rights. This information is included in the monthly report of transactions carried out by Veolia Environnement in its own shares that was filed with the French Financial Markets Authority (AMF) on September 7, 2021.*

To the best of the Company's knowledge, as of the date of filing of this Update to the Universal Registration Document, there are no agreements between one or more of the Company's shareholders and no shareholders' agreements or agreements to which the Company is a party, that could have a material impact on the Company's share price, and there are no shareholders' agreements or other agreements of such nature to which any significant non-listed subsidiary of the Company is a party.

No third party controls Veolia Environnement and, to the best of the Company's knowledge, there are no agreements that, if implemented, could result in a change of control or takeover of the Company.

The Company intends to recover the pre-crisis dividend policy in 2021.

8.3 Dividend policy

8.3.1 Dividends per share and total amounts paid during the past five fiscal years

(in euros)	**2016 Dividend**	**2017 Dividend**	**2018 Dividend**	**2019 Dividend**	**2020 Dividend (1)**
Gross dividend per share	0.80	0.84	0.92	0.50	0.70
Net dividend per share	0.80(*)	0.84(*)	0.92(*)	0.50(*)	0.70(*)
TOTAL DIVIDEND DISTRIBUTION(**)	**439,772,185**	**462,685,249**	**509,096,391**	**277,172,439**	**397,078,213**

(*) *The dividend is eligible for the 40% tax rebate.*

(**) *Amount paid by the Company.*

(1) *Approval by the Combined General Meeting of April 22, 2021 (4th resolution) of a dividend for fiscal year 2020 of €0.70 per share.*

9. PERSON ASSUMING RESPONSIBILITY FOR THE UPDATE

9.1 *Person assuming responsibility for the Update*

Mr. Antoine Frérot, Chairman and Chief Executive Officer of Veolia Environnement

9.2 *Statement by the person assuming responsibility for the Update to the Universal Registration Document*

"I hereby certify that to the best of my knowledge and having taken all reasonable care to ensure that such is the case, the information contained in this Update is true and fair and does not contain any omission likely to affect its import."

Aubervilliers, September 15 2021

Chairman and Chief Executive Officer

Mr. Antoine Frérot

10. ADDITIONAL INFORMATION

10.1 *Litigation and arbitration*

The most significant legal proceedings involving the Company or its subsidiaries are described hereinafter. In addition, tax audits and disputes are described in section 11.2, note 11 to the condensed interim consolidated financial statements for the half-year ended June 30, 2021 presented in the 2021 Half-year financial report in **Appendix 1** to this Update.

The description of the most significant judicial, administrative or arbitral proceedings set forth in note 12 to the condensed interim consolidated financial statements for the half-year ended June 30, 2021 presented in the 2021 Half-year financial report in **Appendix 1** to this Update, is incorporated by reference in this Update. The main updates concerning these disputes, which are set forth in note 12 and reflect significant changes that have occurred up to the date of filing of this Update, are also described hereinafter.

The Company is not aware of any other current or threatened judicial, administrative or arbitral proceedings which, during the past twelve months, may have had or have had a material adverse effect on the financial condition or profitability of the Company and/or the Group

NORTH AMERICA

– **United States - Flint**

See note 12 to the condensed interim consolidated financial statements as of June 30, 2021 in Appendix 1.

In August 2021, the federal court certified an issues class action with respect to VNA, for which leave has been sought to file an appeal. The issues class action, even if successful on the merits in a future trial, will address neither specific causation nor alleged individual damages. Each class plaintiff must therefore file an individual action in order to prove specific causation and personal damages.

With respect to individual federal actions (in Bellwether trials, which are distinct from the issues class action), the first trial is scheduled to begin in February2022.

– **United States – WASCO and Aqua Alliance**

Several current and former indirect subsidiaries of Veolia Eau in the United States[7] are defendants in lawsuits in the United States, in which the plaintiffs seek recovery for personal injuries and other damages allegedly due to exposure to asbestos, silica and other potentially hazardous substances. With respect to the lawsuits against Veolia Eau's former subsidiaries, certain of Veolia Eau's current subsidiaries retain liability and in certain cases manage the defense of the lawsuits. In addition, in certain instances, the acquirers of the former subsidiaries benefit from indemnification obligations provided by Veolia Eau or the Company in respect of these lawsuits. These lawsuits typically allege that the plaintiffs' injuries resulted from the use of products manufactured or sold by Veolia Eau's current or former subsidiaries or their predecessors. There are generally numerous other defendants, in addition to Veolia Eau's current or former subsidiaries, which are accused of having contributed to the injuries alleged. Reserves have been booked for the possible liability of current subsidiaries in these

[7] *Subsidiaries of the Aqua Alliance group or of WASCO (formerly Water Applications & Systems Corporation and United States Filter Corporation), the parent company of the former U.S. Filter group, most of whose businesses were sold to various buyers in 2003 and 2004.*

cases, based on the nexus between the injuries claimed and the products manufactured or sold by these subsidiaries or their predecessors, the extent of the injuries allegedly sustained by the plaintiffs, the involvement of other defendants and the settlement history in similar cases. These reserves are booked at the time such liability becomes probable and can be reasonably assessed, and do not include reserves for possible liability in lawsuits that have not been initiated.

As of the date of this registration document, a number of such claims have been resolved either through settlement or dismissal. To date, none of the claims has resulted in a finding of liability.

During the ten-year period ended December 31, 2020, the average annual costs that the Group has incurred with respect to these claims, including amounts paid to plaintiffs, legal fees and expenses, have been $781,243 after reimbursements by insurance companies.

CENTRAL AND EASTERN EUROPE

- **Lithuania**

See note 12 to the condensed interim consolidated financial statements as of June 30, 2021 in Appendix 1.

AFRICA MIDDLE EAST

- **Egypt**

In September 2000, Veolia Propreté entered into a 15-year contract with the Governorate of Alexandria ("**Governorate**") for the collection and treatment of waste, as well as urban cleaning of the city of Alexandria ("**Contract**").

In October 2011, Onyx Alexandria, a subsidiary of Veolia Propreté incorporated to perform the Contract, terminated the Contract for serious breach by the Governorate of its payment obligations, and more generally for misconduct committed by the Arab Republic of Egypt ("**Egypt**"), causing the total loss of the investment made by Veolia Propreté.

In June 2012, Veolia Propreté initiated arbitration proceedings against Egypt on the basis of the France-Egypt bilateral investment treaty ("**BIT**") and under the auspices of the ICSID (International Center for Settlement of Investment Disputes).

On November 9, 2016, the Governorate initiated arbitration proceedings against Veolia Propreté and Onyx Alexandria before the Cairo Regional Centre for International Commercial Arbitration ("**CRCICA**") and sought compensation for damages resulting from the alleged wrongful termination of the Contract and Onyx Alexandria's breach of its contractual obligations for an amount of 186.2 million Egyptian pounds (which corresponds to an amount of approximately €10 million). Veolia Propreté and Onyx Alexandria strongly contest the merits of all these claims.

In an award dated May 25, 2018, the International Centre for Settlement of Investment Disputes, ICSID ruled that the Contract's breaches by the Governorate did not involve sufficiently serious acts of Egypt that could be assimilated to violations of the BIT and consequently rejected all of Veolia Propreté claims for compensation. The arbitral tribunal held in particular that the contractual claims should have been referred to CRCICA according to the arbitration clause included in the Contract. In this arbitration, Onyx Alexandria submitted counterclaims for approximately 1 billion Egyptian pounds (approximately €54.1 million) and the Governorate requested the arbitral tribunal's authorization to amend its initial claims for compensation of approximately €28.9 million. The procedure is still ongoing.

VEOLIA TECHNOLOGIES AND CONTRACTING

- **VWT v. K+S Potash**

See note 12 to the condensed interim consolidated financial statements as of June 30, 2021 in Appendix 1.

- **VWT v. Antero**

See note 12 to the condensed interim consolidated financial statements for as of 30, 2021 in Appendix 1.

VEOLIA ENVIRONNEMENT

- **Veolia Environnement v. Suez**

From October 5, 2020 following the acquisition by the Company of a 29.9% stake in the share capital of Suez SA, held by Engie, the Company and Suez were involved over several months in many legal disputes.
These disputes concerned in particular:

- The Company's press release of August 30, 2020 and the opening of a pre-offer period for the Suez shares (action brought by Suez)
- The information and consultation process with the employee representative bodies (IRPs) of Suez (action initiated by the Suez IRPs) ;
- The inalienability mechanism of Suez Eau France activities through the "Stichting foundation" of Suez created in the Netherlands (action launched by the Company) ;
- The tender offer filed by the Company for Suez shares on February 8, 2021 with the French Financial Markets Authority (AMF) (legal action initiated by Suez).

On May 14, 2021, the Company and Suez signed an agreement under which they agreed to suspend and waive the pending disputes. On June 1, 2021, Nanterre Commercial Court approved the agreement.

SOUTH EUROPE

- **Veolia Propreté vs the Republic of Italy**

See note 12 to the condensed interim consolidated financial statements as of June 30, 2021 in Appendix 1.

10.2 *Documents available to the public*

Type of document	Accessibility
• Company press releases • Annual Registration Documents and Universal Registration Documents (including notably historical financial information relating to the Company and the Group) filed with the AMF and any related updates.	www.veolia.com/en/veolia-group/finance/regulated-information 30, rue Madeleine Vionnet, 93300 Aubervilliers
• Information disclosed to the public by the Company during the preceding twelve months in France or other EU member states, pursuant to any securities regulations applicable to the Company.	www.veolia.com/en/veolia-group/finance/regulated-information AMF website
Regulated information published by the Company, pursuant to Article 221-1 *et seq.* of the AMF's general regulations.	www.veolia.com/en/veolia-group/finance/regulated-information
• Company's Articles of Association.	www.veolia.com/en/governance
• Minutes of General Shareholders' Meetings, Statutory Auditors' reports and all other corporate documents.	30, rue Madeleine Vionnet, 93300 Aubervilliers

10.3 *Statutory Auditors*

KPMG SA

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Auditors' Association).

Represented by Mr. Baudouin Griton and Mr. Eric Jacquet.

2, avenue Gambetta, Tour Eqho, 92066 Paris la Défense Cedex.

Company first appointed by the Combined General Meeting of May 10, 2007 and reappointed by the Combined General Meeting of April 18, 2019 for a six-year term that will expire at the end of the General Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2024.

Ernst & Young et autres

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Auditors' Association).

Represented by Mr. Jean-Yves Jégourel and Mr. Quentin Séné.

1-2, place des Saisons – Paris - La Défense 1 – 92400 Courbevoie.

Company first appointed on December 23, 1999 and reappointed by the Combined General Meeting of April 20, 2017 for a six-year term that will expire at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2022.

11. CROSS-REFERENCE TABLE

This cross-reference table presents the sections detailed in Annex 1 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 and refers to the pages of the 2020 Universal Registration Document and the present Update where the information for each section can be found.

		2020 Universal Registration Document		Update	
Annexes 1 and 2 of the Delegated Regulation 2019-980 of March 14, 2019		**Section**	**Page**	**Section**	**Page**
1.	**1 – Persons responsible, third party information, experts' reports and competent authority approval**				
	1.1 Persons responsible for the information	8.8.1	517	9.1 and 9.2	40
	1.2 Statement by those responsible for the information	8.8.2	517	9.2	40
	1.3 Statement or expert report	N/A	N/A	N/A	N/A
	1.4 Confirmation of third part information	N/A	N/A	N/A	N/A
	1.5 Statement without prior approval by the competent authority	AMF box	AMF box	AMF box	AMF box
2.	**Statutory Auditors**	8.6	515 and 516	10.3	44
3.	**Risk factors**	2.2	79	3	21
4.	**Information about the issuer**				
	4.1 Legal and commercial name	8.1.1	506	N/A	N/A
	4.2 Place of registration, registration number and legal entity identifier (LEI)	8.1.1	506	N/A	N/A
	4.3 Date of incorporation and length of life of the issuer	8.1.1	506	N/A	N/A
	4.4 Domicile, legal form, legislation, country of incorporation, address, registered office telephone number and website	8.1.1	506	N/A	N/A
5.	**Business overview**				
	5.1 Principal activities	1.3.1 and 1.3.2	23 and 28	N/A	N/A
	5.2 Principal markets	1.3.3, 1.3.4 and 1.5	30, 31 and 42	N/A	N/A
	5.3 Important events in the development of the issuer's business	1.2, 5.2.1, 5.2.2 and 6.1.6 Note 3	17, 299, 301 and 340	N/A	N/A

			2020 Universal Registration Document		Update	
Annexes 1 and 2 of the Delegated Regulation 2019-980 of March 14, 2019			Section	Page	Section	Page
	5.4	Strategy and objectives	1.1, 1.2, 4.1, 5.2.1 and 5.5.6	14, 17, 186, 299 and 323	N/A	N/A
	5.5	Dependency on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	1.5.3.1	57	N/A	N/A
	5.6	Basis for any statements made by the issuer regarding its competitive position	1.3.4.2	36	N/A	N/A
	5.7	Investments				
	5.7.1	Material investments completed	5.2.2.2, 5.4.2 and 6.1.6 Note 5.4.1	302, 318 and 345	N/A	N/A
	5.7.2	Investments in progress or for which firm commitments have already been made	5.1, 5.2.2.1 and 6.1.6 Note 5.4.1	296, 301 and 347	N/A	N/A
	5.7.3	Joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	6.1.6 Note 7.2.4	357	N/A	N/A
	5.7. 4	Environmental issues that may affect the issuer's utilization of property, plant and equipment	4.2	195	N/A	N/A
6.	**Organizational structure**					
	6.1	Brief description of the Group	1.5.1	42	N/A	N/A
	6.2	List of issuer's significant subsidiaries	6.1.6 Note 17 and 6.2.5 Note 7.11	431 and 480	N/A	N/A
7.	**Operating and financial review**					
	7.1	Financial condition				
	7.1.1	Development and performance of the issuer's business and of its financial position for each year and interim period for which historical financial information is required	5.2, 5.3.1, 5.3.2, 5.3.3, 5.5.1, 5.5.7, 5.5.8 and 6.1.1 to 6.1.3	186, 299, 305, 306, 310, 321, 324, 325 and 328 to 331	1 and 6.1	4 and 33
	7.1.2	Likely future development of the issuer and research and development activities	4.1	1 to 12	2.1.2.3	12

Annexes 1 and 2 of the Delegated Regulation 2019-980 of March 14, 2019			2020 Universal Registration Document		Update	
			Section	**Page**	**Section**	**Page**
	7.2	Operating results				
	7.2.1	Significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations	5.3.3, 5.3.4 and 6.1.6 Note 7.2	310 to 315 and 355	2.1.1.1 and 6.1	5 and 33
	7.2.2	Reasons for material changes in net sales or revenues	5.3.2.1, 5.3.2.2	306 to 309	2.1.1.1	5
8.	**Capital resources**					
	8.1	Information on the issuer's capital resources	6.1.5 and 6.1.6 Note 11	334 and 415	6	33
	8.2	Source and amount of cash flows and description of these cash flows	6.1.4, 6.1.6 Notes 7.3, 10.3.2 and 7.1.7	332, 360, 409 and 500	6	332
	8.3	Borrowing requirements and funding structure	5.4.1, 5.4.3, 5.4.4, 6.1.6 Notes 10.1 and 10.2	316, 319, 319, 389 and 397	2.1.4 and 6	17 and 33
	8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	6.1.6 Note 10.1.3	396	6	33
	8.5	Information regarding the anticipated sources of funds needed to fulfill commitments referred to in item 5.7.2	5.5.4 and 6.1.6. Note 16	323 and 430	2.1.4 and 6	17 and 33
9.	**Regulatory environment**					
	9.1	Description of the regulatory environment that the issuer operates in and that may materially affect its business, together with information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	1.6	57	2.1.1	5
10.	**Trend information**					
	10.1	Significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last fiscal year to the date of the registration document	1.3.2 and 5.5.4	28 and 323	N/A	N/A

		2020 Universal Registration Document		Update	
Annexes 1 and 2 of the Delegated Regulation 2019-980 of March 14, 2019		Section	Page	Section	Page
	10.2 Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	1.2 and 5.5.6	17 and 323	2.1.1.1	5
11.	**Profit forecasts or estimates**				
	11.1 Profit forecasts or estimates	5.5.6	323	N/A	N/A
	11.2 Principal assumptions upon which the issuer has based its forecast, or estimate	5.5.6	323	N/A	N/A
	11.3 Statement that profit forecasts or estimates are comparable with historical financial information and consistent with the issuer's accounting policies	5.5.6	323	N/A	N/A
12.	**Administrative, management and supervisory bodies and senior management**				
	12.1 Information concerning members of the administrative, management or supervisory bodies	3.1.1, 3.1.2 and 3.1.3	108 and 121	2.1.3	16
	12.2 Administrative, management and supervisory bodies and senior management conflicts of interests	3.1.3	121	N/A	N/A
13.	**Compensation and benefits**				
	13.1 Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries	3.1.1, 3.1.2 and 3.1.3	108 and 121	2.1.3	16
	13.2 Amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	3.1.3	121	N/A	N/A
14.	**Board practices**				
	14.1 Date of expiration of the current term of office and the period during which the person has served in that office	3.1.1 and 3.1.2	108 and 121	2.1.3	16

		2020 Universal Registration Document		Update	
Annexes 1 and 2 of the Delegated Regulation 2019-980 of March 14, 2019		Section	Page	Section	Page
	14.2 Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits, or an appropriate statement to the effect that no such benefits exist.	6.1.6 Note 15, 3.1.3 and 3.6	430, 121 and 181	N/A	N/A
	14.3 Information on the issuer's Audit Committee and Compensation Committee	3.2.2.1 and 3.2.2.3	133 and 137	N/A	N/A
	14.4 Statement on compliance with the corporate governance regime in effect	3.2.1.1	122	N/A	N/A
	14.5 Potential material impacts on corporate governance	3.1.2 , 3.2.1.2 and 3.2.2	121, 122 and 133	3	21
15.	**Employees**				
	15.1 Number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information and a breakdown of persons employed by main category of activity and geographic location	Profile / Key figures and 4.4.2	1 to 12 and 248	3	21 to 23
	15.2 Share ownership, options, performance share grants	3.1.1.2, 3.4.1.1.2, 3.4.3, 3.4.4 and 3.5.1	109, 145, 160, 171 and 180	N/A	N/A
	15.3 Arrangements providing for employee involvement in the share capital	4.4.4.4 and 5.2.4	262 and 304	N/A	N/A
16.	**Major shareholders**				
	16.1 Name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest or a statement to the effect that no such person exists	7.2	501	8.2.1	38
	16.2 Existence of different voting rights	7.2 and 8.1.4	501 and 509	8.2	38
	16.3 Direct or indirect ownership or control of the issuer	7.2.2	502	8.2.1	38

Annexes 1 and 2 of the Delegated Regulation 2019-980 of March 14, 2019			2020 Universal Registration Document – Section	2020 Universal Registration Document – Page	Update – Section	Update – Page
	16.4	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control	8.3	514	2.1.1.1 and 3	5 and 21
17.	**Related party transactions**					
	17.1	Details if related party transactions	6.1.6 Note 15	430	N/A	N/A
18.	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**					
	18.1	Historical financial information	Profile, 5.3.1, 6.1, 6.2 and 8.7	1 to 12, 305, 328, 442 and 516	N/A	N/A
	18.1.1	Audited historical financial information covering the latest three financial years and the audit report in respect of each year	6.1	328	N/A	N/A
	18.1.2	Change of accounting reference date	N/A	N/A	N/A	N/A
	18.1.3	Accounting standards	5.3	305	N/A	N/A
	18.1.4	Change of accounting framework	N/A	N/A	N/A	N/A
	18.1.5	Audited financial information prepared according to national accounting standards	5.3	305	5 and 6.1	32 and 33
	18.1.6	Consolidated financial statements	6.1	328	6	32
	18.1.7	Age of financial information	5.3.1	305	6	32
	18.2	Interim and other financial information	N/A	N/A	5,6 and 7	32,33 and 34
	18.2.1	Quarterly or half-yearly financial information	5.3.2	306	5,6 and 7	32,33 and 34
	18.3	Auditing of historical annual financial information	6.1.7 and 6.2.6	438 and 484	N/A	N/A
	18.3.1	Independent audit of historical annual financial information	6.1.7 and 6.2.6	438 and 484	N/A	N/A
	18.3.2	Other information audited by the auditors	6 Note 7	472	N/A	N/A

		2020 Universal Registration Document		Update	
Annexes 1 and 2 of the Delegated Regulation 2019-980 of March 14, 2019		**Section**	**Page**	**Section**	**Page**
	18.3.3 Information not extracted from the issuer’s audited financial statements	6.1.7 and 6.2.6	438 and 484	N/A	N/A
	18.4 Pro forma financial information				
	18.4.1 Significant change in gross values	N/A	N/A	8.1	35
	18.5 Dividend policy	7.3 and 8.1.2	503 and 507	8.3	39
	18.5.1 Description of the policy on dividend distributions and any restrictions thereon	7.3 and 8.1.2	503 and 507	8.3	39
	18.5.2 Dividend per share	8.1.2	507	8.3.1	39
	18.6 Legal and arbitration proceedings				
	18.6.1 Major proceedings	6.1.6 Note 14 and 8.2	426 and 511	10.1	41
	18.7 Significant change in the issuer’s financial position				
	18.7.1 Description	5.5.4 and 6.1.6 Note 16	323 and 430	N/A	N/A
19.	**Additional information**				
	19.1 Share capital			8.1.1	35
	19.1.1 Amount of issued and authorized share capital, the number of shares issued and fully paid and issued but not fully paid, the par value per share, a reconciliation of the number of shares outstanding at the beginning and end of the period	7.1.1, 7.1.2 and 7.1.4	492 and 496	8	35
	19.1.2 Information on shares not representing capital	N/A	N/A	N/A	N/A
	19.1.3 Number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer	7.1.3	493	N/A	N/A
	19.1.4 Information on convertible securities, exchangeable securities or securities with subscription warrants	7.1.5, 7.1.7 and 6.1.6 Note 10.1.1.1	499, 500 and 389	N/A	N/A

		2020 Universal Registration Document		Update	
Annexes 1 and 2 of the Delegated Regulation 2019-980 of March 14, 2019		Section	Page	Section	Page
	19.1.5 Information about and terms of any acquisition rights and or obligations over authorized but unissued capital or an undertaking to increase the capital.	7.1.4	496	N/A	N/A
	19.1.6 Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option	N/A	N/A	N/A	N/A
	19.1.7 Share capital history	7.1.6	499	8.1.2	35
	19.2 Memorandum and Articles of Association				
	19.2.1 Register and corporate purpose	8.1.1	506	N/A	
	19.2.2 Rights, preferences and restrictions attaching to each class of existing shares	8.1.2 and 8.1.4 to 8.1.6	507 and 509 to 510	N/A	N/A
	19.2.3 Provisions of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer	N/A	N/A	N/A	N/A
20.	**Key contracts**				
	20.1 Summary of each material contract	8.3	514	N/A	N/A
21.	**Documents available**				
	21.1 Statement on the documents that can be inspected	8.5	515	N/A	N/A

12. APPENDICES

This Update contains the following Appendices:

- Appendix 1: Half-year financial report as of June 30,2021
- Appendix 2: Unaudited pro forma financial information for the year ended December 31, 2020 and alternative performance measures for the half-years ended June 30, 2020 and June 30, 2021 and the year ended December 31, 2020
- Appendix 3: Statutory auditors' report on the pro forma financial information for the year ended December 31, 2020

Appendix 1
Half-year financial report as of June, 2021

Half-yearly financial report 2021

CONTENTS

MESSAGE FROM ANTOINE FREROT

Antoine Frérot, Chairman and Chief Executive Officer of the Group, said:

"Veolia achieved record results in the first half of 2021. All our operational and financial indicators have registered outstanding growth, both compared to 2020 and to 2019. At the beginning of the year, I had announced that Veolia's performance in 2021 would be above 2019. With revenue up by +4.6%, EBITDA growth of +6.2% and current net income increasing by +49% compared to the 1st half of 2019, we are very much ahead of this objective and are starting the second semester at full speed, thanks to the adaptation measures put in place early on to overcome the effects of the sanitary crisis as quickly as possible. These absolutely remarkable results and the much better than expected level of activity notably thanks to our innovation capabilities, allow us to raise our 2021 objectives and to now target an EBITDA of more than €4.1 billion for the full year. I am therefore very confident for the second part of the year. I am also very proud of the Group's collective capacity to bounce back strongly, and I want to warmly thank all Veolia employees for their unfailing commitment. It is this collective strength that has enabled us over the past few years to raise Veolia's performance ever higher. Just as Veolia is about to acquire Suez, the Group has never been in better shape. On July 29th, a new step forward was taken with the opening of our tender offer for Suez shares. By the end of the year, the operation should be finalized and we will give birth to the undisputed world champion of ecological transformation."

OPERATING AND FINANCIAL REVIEW

1.1 Suez combination

1.1.1 SUEZ COMBINATION

The combination agreement signed on **May 14, 2021** between Veolia and SUEZ provided for the long-term investors to submit a binding promise to purchase the new SUEZ. This was done on June 29: the consortium of investors with a French majority, consisting of Meridiam, GIP and CDC/CNP Assurances, submitted its binding final offer to Veolia and SUEZ to purchase the new SUEZ for an enterprise value of €10.4 billion. This valuation includes a potential earn-out of €300 million to be paid at the end of fiscal year 2021[(1)]. All of the consortium's commitments to maintain all jobs and social benefits have been formally confirmed, as well as those relating to the duration of the holding.

This offer, approved by the Boards of Directors of SUEZ and Veolia on **June 29, 2021**, enabled Veolia to raise the price of its tender offer for the SUEZ shares not yet held by Veolia to €20.5 per share, coupon attached (€19.85 per share after detachment of the €0.65 coupon on July 6, 2021). In accordance with the terms of the combination agreement of May 14, the Board of Directors of SUEZ, having taken note of the fairness opinion of the independent expert (Finexsi), which concludes that the financial terms of the offer are fair and that the sale price of the new SUEZ is consistent with the offer price, recommended that its shareholders tender their shares to the Veolia public offer.

Veolia and SUEZ therefore filed the revised draft offer document and the draft reply document respectively with the AMF. In accordance with prevailing legal provisions, the conclusion of a final agreement with the Consortium concerning the creation of the new SUEZ remains subject to the finalization of the SUEZ employee information-consultation process.

On **July 20, 2021**, the AMF declared the public tender offer for the shares of Suez filed by Veolia on June 30,2021 to be compliant and approved the draft offer document.

Veolia's offer document and Suez's reply as well as the information mentioned in article 231-28 of the general regulation of the AMF are now available on the Veolia, Suez and AMF respective websites. Pursuant to the notice published by the AMF on July 28, the public tender offer is open from **July 29, 2021**[(2)].

The authorization procedures of the relevant competition authorities, which are the last major step to be taken before the acquisition of Suez by Veolia, are proceeding according to the announced schedule.

For the record, and as indicated on April 11, the new SUEZ thus formed would have revenues of nearly €7 billion, including SUEZ's Water and Recycling & Recovery activities in France, international assets in Italy, Central Europe, Africa (including Morocco), Central Asia, India, China and Australia, as well as global digital and environmental activities, enabling it to maintain its growth prospects and innovation capacities in France and internationally.

Veolia will retain nearly €10 billion of SUEZ's revenues, including all of the assets designated since last fall as "strategic" for its plan to create a global champion of ecological transformation, in particular its activities in the United Kingdom, Spain, the United States, Latin America and Australia and SUEZ's Water Technologies Services business.

This new European champion with a French base will be able to draw on combined revenues of nearly €37 billion with enhanced growth potential, thanks to its presence in most regions of the world and an unrivaled range of services to meet environmental challenges in the Water, Waste and Energy sectors, serving both public and private customers.

(1) The earn-out depends on 2021 EBITDA

(2) The Offer remains subject to approval by the European Commission.

Next steps in the calendar

The calendar milestones have been modified according to the latest agreements:

- following the finalization of the information-consultation process with SUEZ employees, conclusion of a final agreement with the Consortium concerning the creation of the new SUEZ
- subject to regulatory and competition approvals, SUEZ and Veolia have set themselves the joint objective of closing the offer at the same time as the sale of the new SUEZ to the Consortium, scheduled for the end of 2021.

1.1.2 FINANCING

Assuming that all the shares concerned are tendered, the maximum cost of the Offer would be approximately €8.97 billion. The Offer will be financed by a bridge loan with a banking syndicate. It is expected that this facility will be refinanced using proceeds from the disposals made in creating the "New Suez", through a share capital increase with preferential subscription rights and, possibly, through the issuance of hybrid bonds. The contemplated share capital increase would be in the range of €2.5 billion and will take place in the autumn of 2021 subject to the usual conditions. The financing plan aims to maintain a solid investment grade credit rating for the enlarged group and to keep the net financial debt/EBITDA ratio below 3.0x in the medium term, in line with the Group's objectives.

Further information on the combination project is provided in Note 3 to the interim consolidated financial statements.

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1.2 Major events of the period

1.2.1 GÉNÉRAL CONTEXT

Very strong growth of H1 2021 results

After a first quarter marked by a very strong growth of revenue and EBITDA, the second quarter confirmed this trend.

In Q2 2021, Group **revenue** therefore increased +19.7% at constant exchange rates year-on-year, after +4.0% in the first quarter. This growth benefited from a low base effect with the first half of 2020 impacted by the sanitary crisis. Revenues were bolstered by an upturn in waste activities (+27.1% at constant exchange rates), with in particular high hazardous waste volumes and ongoing good water and energy activity levels.

In the first half of 2021, Group results therefore increased significantly on the first half of 2020, as well as the first half of 2019, before the health crisis, wiping out the effects of the pandemic.

				∆ at constant exchange rates	
(€ million)	H1 2019	H1 2020	H1 2021	vs H1 2020	vs H1 2019
Revenue	13,324	12,412	13,645	+11.2%	+4.6%
EBITDA	2,002	1,599	2,081	+31.4%	+6.2%
EBITDA Margin	*15.0%*	*12.9%*	*15.3%*		

This growth is driven by the Group's three businesses:

- robust growth in the energy businesses, both in heat production and distribution and energy services for buildings ;
- a strong recovery in waste, benefiting from higher recyclate prices, the impact of favorable tariff reviews and strong growth in Group hazardous waste treatment (revenue up +18.3% on 2020 and +15.7% on 2019 at constant exchange rates) ;
- resilient water businesses.

H1 activity growth was reported in all Group geographies and particularly in France (+14.2% compared to H1 2020), in both waste and water activities, and in Europe excluding France (+14.2% at constant exchange rates on 2020) with strong growth in energy activities driven by a positive weather effect. In the Rest of the world, revenue growth was underpinned by good activity volume in Latin America and Africa and the Middle East and in our strategic hazardous waste activities in Asia.

This growth was accompanied by higher Group profitability, with H1 2021 EBITDA of €2,081 million, up +31.4% at constant exchange rates on 2020 and an EBITDA margin rate of 15.3%, up 2.4 points year-on-year. Results are also up on 2019, with H1 2021 **EBITDA** exceeding H1 2019 (+6.2% at constant exchange rates), a period untouched by the health crisis. Operating profitability is up (+0.3 points) and continues to benefit from the strengthening of efficiency programs, which generated gains of €204 million in the first six months. The Group therefore reports activity growth and robust profitability for H1 2021.

Group **Current EBIT** amounted to €901 million for the period, up +108.1% at constant exchange rates compared with the first half of 2020. Record **Current net income - Group Share of €516 million,** up significantly on H1 2020 (Current net income - Group Share of €7 million) and benefits fully from higher profitability and a marked decrease in the Group's cost of net financial debt.

This improvement in Group profitability ratios is accompanied by further optimization of **Free Cash Flow** before financial investments and dividends to **€270 million** for the first half of the year, up significantly compared with the same periods in the two previous years (+€785 million compared with H1 2020 and +€743 million compared with H1 2019). The Group considerably improved its operational working capital requirements, significantly decreasing the impact of seasonal business trends on **Net Financial Debt**. First-half net industrial investments totaled €834 million and are also under control, down -4.5% year-on-year.

At the end of June 2021, net financial debt is **€13.8 billion** (compared with €13.2 billion at end-December 2020), impacted by the payment of dividends of €504 million and negative foreign exchange impacts of -€145 million.

1.2.2 CHANGES IN GROUP STRUCTURE – STRATEGIC PROGRAM

1.2.2.1 Commercial innovations and developments

In line with the Impact 2023 program, the Group's commercial innovations and developments in the first half-year confirmed the Group's ability to renew its offers and services.

Resource management for industrial customers

The Group continues to innovate in resource management for its industrial customers. Using an innovative collaborative approach, Veolia, through its Finish subsidiary, STEP, joined forces with the German chemicals giant, BASF, to finance, build and operate a trigeneration plant (steam, water and compressed air) to deliver industrial utilities to the Harjavalta industrial park, where BASF has established a cluster to produce raw materials for electric vehicle batteries. This twenty-year contract is worth almost €240 million and represents an important milestone in Veolia's Impact 2023 strategic plan.

On April 13, Veolia Peru signed an agreement with Petroperu to operate and maintain the sulfuric acid production facility at its new refinery in Talara, a port city in the north-west of the country. This 10-year agreement aims to process 560 metric tons/day of 98%-grade sulfuric acid produced by acid gas processing activities at the refinery and represents close to €96 million. It is expected to commence before the end of 2021.

Pursuant to the commercial agreements between Veolia and Danone Nutricia, the Group recently commissioned an innovative water recovery system at the Danone Nutricia plant in New Zealand's South Island. This installation closes the plant's water cycle, eliminating the need for Danone to drawn fresh water and discharge effluents.

Development of material transformation activities

To meet the battery life cycle challenge, the Group partnered in March 2021 with Renault and Solvay to recycle the metals in electric vehicle batteries in a closed loop. This alliance, which is based on low carbon footprint processes, material efficiency and preserving resources, will produce high-purity secondary materials.

On June 17, the Group and the founding members of ARCA (Nespresso France, Nestlé France and Jacobs Douwe Egberts France) joined forces to relocate the recovery of aluminum capsules to France, for recycling into new objects and compost for local agriculture.

Finally, the Group partnered with Total Energies to accelerate the development of microalgae production using carbon dioxide. Mature algae can be transformed into low-carbon biofuels.

Water treatment and municipal water developments in France and Japan

In the municipal market, the Group achieved several major commercial successes in the first half of the year. In Japan, a consortium led by the Group and including METAWATER Co LTD and eight other local partners signed a framework agreement for the management, operation and modernization of drinking water installations in the Miyagi Prefecture. This 20-year concession agreement comprises the maintenance and modernization of eight treatment plants in Miyagi, aimed at reaching a total treatment capacity of over 900,000 m3 per day. The agreement represents total revenue for the Group of close to €800 million.

In France, in water distribution and treatment activities, the Group will start operating from this year public sector concessions for the Choletais agglomeration (11-year contract worth an estimated €74 million), and for the Colmar agglomeration (4.5-year contract worth an estimated €14 million). Furthermore, the Group renewed its contracts for the Lens Liévin agglomeration (7-year contract worth an estimated €83 million) and the Grand Montauban agglomeration (15-year contract worth an estimated €135 million).

Development of energy services

In Italy, the Group entered into several energy services contracts, including a contract with Parma University (15-year agreement worth €145 million), a 7-year extension to the agreement with Milan (worth €163 million) and a contract with Parma hospital (7-year agreement worth €37 million).

Continuation of the Group's asset rotation strategy

During the first six months, the Group fully benefited from asset rotation transactions in the local energy loop and urban heating segment launched at the end of 2019, with the sale of heating assets in the United States, and completed in the final months of 2020 with reinvestments in municipal energy businesses in Central Europe (Prague Right Bank urban heating network and BERT group in Hungary, specializing in heat production and distribution for the Budapest urban heating networks).

1.2.2.2 Changes in Group structure

In the first half of 2021, the Group continued its asset rotation policy in line with the objectives set in the Impact 2023 strategic plan. The main transactions during the half year therefore concerned Global businesses, Asia and Nordic countries.

Significant acquisitions

OSIS (Global businesses)

On May 18, 2021, through its subsidiary SARP, the Group acquired SUEZ RV OSIS, a specialist in the maintenance of sanitation networks and structures, and in industrial maintenance and cleaning services, for an enterprise value of €262 million excluding IFRS 16 debt. The merger of SARP and OSIS will enable the Veolia Group to position itself as a major player in this area, and due to the complementary nature of the two entities, will enable them to offer new, high added value services to their public, tertiary and industrial customers, covering the whole of France.

Significant Divestitures

Shenzhen Water Concession (China)

On May 18, 2021, through its subsidiaries VE CGE and CGE-BC, the Group sold its investment in the Shenzhen water concession in China. This divestiture is part of the asset rotation policy of the Impact 2023 strategic plan. The transaction was completed for €403 million.

Divestiture of the Utilities Services business in Northern Europe

On June 30, 2021, the Group sold its Utilities Services business in Scandinavia. This transaction comprised the sale of industrial assets in Sweden and companies in Norway for €70 million.

1.2.3 GROUP FINANCING

1.2.3.1 Bond issues

On January 11, 2021, Veolia successfully issued a €700 million bond maturing in January 2027 (6 years) with a negative yield of -0.021%. The proceeds of this issuance will be used for corporate financing purposes. The high subscription rate, the quality of the investor base, their diversification and the good conditions which were achieved are signals that Veolia's signature is viewed very favorably and of its financial strength.

1.2.3.2 Confirmation of the credit outlook

On July 19, 2021, Standard and Poor's confirmed Veolia Environnement's credit rating at A-2/ BBB with a stable outlook. Moody's confirmed its rating at P-2/Baa1 with a stable outlook on July 9, 2021.

1.2.3.3 Dividend payment

The Combined General Meeting of April 22, 2021 approved payment of a dividend of €0.70 per share for fiscal year 2020. The dividend therefore amounted to €397 million and was paid from May 12, 2021.

1.2.4 PERFORMANCE SHARE PLAN

1.2.4.1 Performance shares

Amendments to the Performance Share Plan

At the recommendation of the Compensation Committee, the Board of Directors decided on March 9, 2021 to adjust the financial objective of the internal economic performance criteria (Current net income, Group share) in the 2018, 2019 and 2020 performance share plans. It is recalled that a communication was issued on the adjustment to the financial objective in the 2018 plan on April 1, 2020. Other than the change to the financial objectives in these plans, the other performance criteria in the 2019 and 2020 plans are unchanged.

In the exceptional context tied to the Covid-19 epidemic, the results for fiscal year 2020 are not representative of the Group's overall performance during the reference period of the plans.

Accordingly, at the recommendation of the Compensation Committee, the Board of Directors decided to propose the neutralization of fiscal year 2020 in calculating the attainment of this sole Company financial performance indicator and a reduction in the same proportion for this criteria, i.e. one-third, of the number of rights to shares currently vesting under the 2018, 2019 and 2020 performance share plans. This adjustment seeks to align the interests of shareholders with those of plan beneficiaries who are strongly committed to performance recovery after the health crisis. The Board of Directors considered its decision to adjust these plans, made at the recommendation of the

Compensation Committee, to be balanced in consideration for the attainment in 2021 of ambitious financial objectives and results aimed at returning to or exceeding the Company's 2019 pre-crisis performance level.

In addition, in accordance with the Group's compensation policy and the authorization granted by the Combined General Meeting, the Board of Directors decided on May 4, 2021, at the recommendation of its Compensation Committee, to grant performance shares to approximately 450 beneficiaries, including top executives, high potential employees and key contributors of the Group, including the Chairman and Chief Executive Officer (representing up to 0.5% of the share capital). The vesting of these shares is subject to presence and performance conditions. The detailed features of the Performance Plans can be found in Chapter 3, Section 3.4.3 of the 2020 Universal Registration Document.

1.2.5 CHANGES IN GOUVERNANCE

The Combined General Meeting of Veolia Environnement on April 22, 2021 renewed the terms of office as director of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse and Mrs. Marion Guillou and appointed Mr. Pierre-André de Chalendar as a director for a four-year period expiring at the end of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2024.

In addition, Mr. Jacques Aschenbroich resigned as director from May 28, 2021.

At the date of this report on the results for the half-year ended June 30, 2021, the Veolia Environnement Board of Directors had twelve directors, including eight independent directors and two directors representing employees[1] and including five women:

- Mr. Antoine Frérot, Chairman and Chief Executive Officer ;
- Mr. Louis Schweitzer, Vice-Chairman ;
- Mrs. Maryse Aulagnon, Senior Independent Director ;
- Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse ;
- Mr. Pierre-André de Chalendar ;
- Mrs. Isabelle Courville ;
- Mrs. Clara Gaymard ;
- Mrs. Marion Guillou ;
- Mr. Franck Le Roux, Director representing employees ;
- Mr. Pavel Pasa, Director representing employees ;
- Mrs. Nathalie Rachou ;
- Mr. Guillaume Texier.

The four Board Committees are comprised as follows:

- **Accounts and Audit Committee** : Mrs. Nathalie Rachou (Chairwoman), Mrs. Isabelle Courville, Mr. Franck Le Roux (Director representing employees), Mr. Olivier Mareuse and Mr. Guillaume Texier ;
- **Nominations Committee** : Mr. Louis Schweitzer (Chairman), Mrs. Maryse Aulagnon, Mr. Pierre-André de Chalendar and Mrs. Isabelle Courville ;
- **Compensation Committee** : Mrs. Maryse Aulagnon (Chairwoman), Mrs. Marion Guillou, Mr. Franck Le Roux (Director representing employees) and Mr. Louis Schweitzer ;
- **Research, Innovation and Sustainable Development Committee** : Mrs. Isabelle Courville (Chairwoman), Mrs. Clara Gaymard, Mrs. Marion Guillou, Mr. Pavel Páša (Director representing employees) and Mr. Guillaume Texier.

1.3 Accounting and financial information

1.3.1 KEY FIGURES

(€ million)	Half-year ended June 30, 2020	Half-year ended June 30, 2021	Change 2020 / 2021 ∆	∆ at constant exchange rates	∆ at constant scope and exchange rates

(1) Directors representing employees not taken into account in order to establish the percentages of independence in accordance with Article 9 of AFEP-MEDEF code.

Revenue	12,412	13,645	9.9%	11.2%	10.4%
EBITDA [1]	1,599	2,081	30.1%	31.4%	27.3%
EBITDA margin	12.9%	15.3%			
Current EBIT [1]	438	901	105.9%	108.1%	105.3%
Current net income - Group Share	7	516			
Current net income - Group Share excluding capital gains and losses on financial divestitures net of tax	6	520			
Net income - Group share	(138)	301			
Net industrial investments	(873)	(834)			
Net free cash flow [2]	(515)	270			
Opening net financial debt	(10,680)	(13,217)			
Closing net financial debt	(11,850)	(13,767)			

(1) Including the share of current net income of joint ventures and associates viewed as core Company activities.

(2) (2) The indicators are defined in Chapter 5, Section 5.5.8 of the 2020 Universal Registration document.

The main foreign exchange impacts on key figures were as follows:

FX impacts vs June 30, 2020	%	*(€ million)*
Revenue	-1,3%	(160)
EBITDA	-1,3%	(20)
Current EBIT	-2,2%	(10)
Current net income	-	(4)
Net financial debt	1,1%	145

1.3.2 GROUPE REVENUE

1.3.2.1 Revenue by operating segment

The Group consolidated revenues totaled €13,645.1 million for the half-year ended June 30, 2021, compared with €12,412.0 million for the half-year ended June 30, 2020, **up +11.2% at constant exchange rates and +10.4% organically**.

Quarterly revenue trends at constant exchange rates by **operating segment** for H1 2021 are as follows:

Change at constant exchange rates vs. 2020	**Q1 2021**	**Q2 2021**	**H1 2021**
France	5.7%	23.5%	14.2%
Europe excluding France	9.0%	20.9%	14.2%
Rest of the world	0.6%	7.7%	4.0%
Global businesses	-5.0%	32.5%	12.4%
GROUP	**4.0%**	**19.7%**	**11.2%**

At the end of June 2021, year-on-year trends observed in the first quarter were confirmed with revenue growth accelerating in Q2 (+19.7% at constant exchange rates vs. +4% in Q1 2021). The first half of 2021 therefore confirmed:

- the return to profitable growth, reflected by an upturn in waste activities which benefited from the positive impact of recyclate prices,
- excellent performance in energy activities boosted by favorable weather effects in the first quarter,
- and resilient water activities.

(€ million)	Half-year ended June 30, 2020	Half-year ended June 30, 2021	Change 2020 / 2021 Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
France	2,490.6	2,843.7	14.2%	14.2%	14.2%
Europe excluding France	4,623.7	5,278.3	14.2%	14.2%	9.9%
Rest of the world	3,308.0	3,310.0	0.1%	4.0%	3.8%
Global businesses	1,988.5	2,211.0	11.2%	12.4%	17.5%
Other	1.2	2.1	-	-	-
GROUP	**12,412.0**	**13,645.1**	**9.9%**	**11.2%**	**10.4%**

Revenue increased +14.2% in **France** compared with H1 2020:

- Water revenue is up +6.5 compared with H1 2020, with a +0.6% rise in water volumes distributed year-on-year and positive tariff indexation (+0.7%). The second quarter was also marked by strong commercial momentum with numerous municipal water contracts renewed and increased construction activity (return to 2019 levels), offsetting the loss of the Toulouse contract.
- Waste revenue grew +23.5% on H1 2020, benefiting notably from a recovery in industrial waste collection with higher volumes (+12.7% vs. June 2020), good recycled material trends (+€98 million) and an increase in treatment activity with higher landfill volumes (+4.6%).

Europe excluding France revenue grew 14.2% at constant exchange rates compared with H1 2020, benefiting from higher recyclate prices and a positive weather effect in energy, due to a particularly severe winter. These items combined with the integration of new entities in Central Europe and the end of the health crisis in the United Kingdom in the second quarter, offset water and waste volumes which remained below pre-health crisis levels:

- In **Central and Eastern Europe**, revenue increased +25.6% at constant exchange rates year-on-year to €2,087.1 million. This growth was mainly driven by:
  - An organic growth in all activities (+10.1% at constant scope and exchange rates) mainly driven by volume growth, higher tariff indexations in energy notably in Poland and Hungary, and a positive weather effect of €58 million (Czech Republic and Poland)
  - A scope impact of €260 million, with the integration of new activities acquired at the end of 2020 in cogeneration in Hungary (BERT), heat distribution in the Czech Republic (Prague Right Bank) and waste in Russia (MAG);
- In the **United Kingdom/Ireland**, revenue increased +6.6% at constant exchange rates to €1,150.2 million. After a strict lockdown in the first quarter, industrial waste and landfill volumes recovered significantly from April, returning to pre-health crisis levels from the middle of the second quarter. In addition, revenue benefited from higher recyclate prices and robust incineration levels (higher volumes processed).
- In **Northern Europe**, revenue grew +7.0% at constant exchange rates year-on-year to €1,403.5 million. The increase is mainly driven in the Netherlands and in the Nordic countries by commercial developments and recycling activities benefitting from higher recyclate prices. In Germany, revenue grew +11.9% at constant scope, impacted by the surge in recyclate prices (€66 million, including €57 million for paper) and a positive weather impact in the energy sector (+€24 million).

Revenue increased +4.0% in the **Rest of the World** at constant exchange rates year-on-year, with contrasted trends across the regions:

- Revenue in **Latin America** increased +16.3% at constant exchange rates, this progression was driven notably by favorable tariff indexation in Argentina (local inflation) and Ecuador, growth in hazardous waste activities in Chile and commercial wins in waste (Peru and Colombia) and water (Peru).

- In **Africa/Middle East,** revenue grew +9.2% at constant exchange rates following new contract wins and positive tariff indexation in the Middle East, increased volumes in Morocco and business growth in Western Africa (Ivory Coast).
- In **North America**, revenue increased +2.2% at constant exchange rates year-on-year to €832 million, thanks to higher volumes and favorable price effects in hazardous waste activities. The activity benefited from a favorable change in the price/volume mix, partially offset by the impacts of a weather event in the first quarter (shutdown of certain sites). The energy activity was penalized by lower volumes and the end of certain contracts (Lumberton).
- Revenue increased +2.1% at constant exchange rates in **Asia** due to delayed startup of new installations. Growth was mainly driven by an increase in hazardous waste activities, construction activity in Hong Kong and scope impacts in China and India.
- In the **Pacific** zone, revenue fell -3.0% at constant exchange rates. Measures taken as a result of the health crisis impacted waste activities (lower volumes), while energy activities were affected by a divestiture of industrial asset (impact -€16 million).

Global businesses revenue increased 12.4% at constant exchange rates compared with the half-year ended June 30, 2020, despite the sale of the Sade Telecom business at the end of 2020. At constant scope and exchange rates, segment revenue increased 17.5%:

- **Hazardous waste activities in Europe** increased significantly by +25.9% at constant exchange rates in the half-year, with good volume and price levels and a recovery in sanitation activities.
- **Veolia Water Technologies** revenue increased +14.1% at constant exchange rates, with a strong recovery in activity and notably higher technology activities in the United Kingdom, the ramp-up of Mobile Unit activities, the development of municipal projects in France and desalination projects in the Middle East. VWT bookings totaled €733 million in H1 2021, compared with €640 million in H1 2020.
- **SADE** which sold its Telecom activity at the end of 2020 (scope impact of -€148 million) reported a fall of -6.1% at constant exchange rates and an increase of +21.7% at constant scope and exchange rates, driven by dynamic commercial activity in France and internationally (Belgium and Ivory Coast).

1.3.2.2 Revenue by business

In the context of a third pandemic wave in certain geographies, the Group's activity by business is marked by resilient **Water** activities, with Q2 growth (+11.7% at constant exchange rates year-on-year vs. -3.4% in Q1) driven notably by a recovery in construction activity, a strong upturn, higher than Q1, in **Waste** (+27.1% at constant exchange rates in Q2 vs. 3.4% in Q1) due to a recyclate price/volume effect and continued good activity levels in **Energy** (+21.9% at constant exchange rates excluding the weather impact after +13.8% in Q1).

(€ million)	Half-year ended June 30, 2020	Half-year ended June 30, 2021	Change 2020 / 2021 Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
Water	5,095.8	5,214.6	2.3%	3.9%	7.3%
of which Water Operations	3,896.4	3,974.3	2.0%	3.5%	3.5%
of which Technology and Construction	1,199.4	1,240.3	3.4%	5.1%	17.5%
Waste	4,667.8	5,304.1	13.6%	14.6%	13.7%
Energy	2,648.4	3,126.4	18.0%	19.5%	10.3%
GROUP	12,412.0	13,645.1	9.9%	11.2%	10.4%

Water revenue

Water Operations revenue increased +3.5% at constant scope and exchange rates year-on-year, confirming this activity's resilience and driven at the end of the half-year by an upturn in construction activity.

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	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021
Water France volumes	**+0.7%**	-0.1%	+0.3%	+0.8%	+0.8%	**+0.8%**	+1.2%	+0.1%
Water France tarifs	**+1.4%**	+1.5%	+1.5%	+1.5%	+1.5%	**+1.5%**	+0.7%	+0.7%

Technology and Construction revenue is up +5.1% at constant exchange rates compared with June 30, 2020. This increase is mainly driven by VWT, with growth reported by Westgarth (a subsidiary specializing in the Oil & Gas sector), increased construction activity for municipalities in France and the United States and growth in desalination (mainly Um Al Qwain project).

Waste revenue

Revenue increased +14.6% in the **Waste** business at constant exchange rates, compared with the half-year ended June 30, 2020, benefiting from strong volume growth (+6,3%), ongoing high recyclate prices (+4.4%) and positive tariff increases (+2.6%).

	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021
Waste volumes	**+1.5%**	-1.8%	-14.7%	-2.6%	-1.8%	**-5.2%**	-0.9%	+14.5%
Waste tarifs	**+2.4%**	+2.4%	+1.9%	+1.6%	+2.3%	**+2.0%**	+1.7%	+3.7%

The second quarter reported a marked upturn in waste volumes, particularly for commercial and industrial waste and accelerated growth in Hazardous Waste treatment, with high volumes in Europe and Asia. These good trends enabled a return to pre-health crisis waste volumes, except for commercial and industrial waste which remain down in certain geographies.

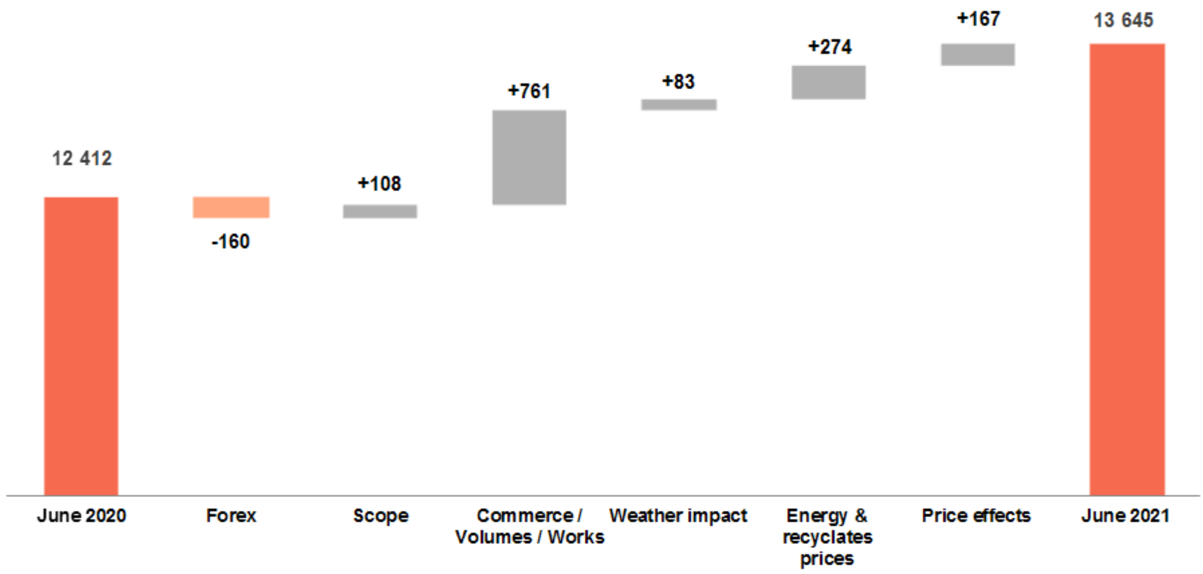
Energy revenue

Energy revenue grew +19.5% at constant exchange rates compared with the half-year ended June 30, 2020 and +10.3% organically, restated for the scope effects of integrating Prague Right Bank heating network activities and cogeneration installations in Budapest (+€237 million in revenue).

The business' strong growth is supported by a highly favorable weather impact during the half year (+2.4%) notably in Central and Eastern Europe, an increased price effect (+2.7%) driven by price rises in Poland and higher volumes (+3.2%) notably in Italy and Central Europe.

1.3.2.3 Analysis of the change in Group revenue

The increase in revenue breaks down **by main impact** as follows:



The **foreign exchange impact** of -€160 million (-1.3% of revenue) mainly reflects fluctuations in American (-€116 million) and Asian (-€31 million) currencies, partially offset by an improvement in the Australian and UK currencies[(1)].

The **consolidation scope impact** of €108 million mainly concerns the impact of integrating the Prague Right Bank urban heating network (€126 million), the Budapest cogeneration installations (€111 million) and waste processing activities in Russia (€25 million) in Central Europe, as well as the sale of SADE's Telecom network activities in the Global businesses segment (-€148 million) and the integration in 2021 of OSIS.

Energy and recyclate prices had an impact of +€274 million, driven by a strong increase in recyclate prices (+€206 million, including €144 million for paper) and energy prices in Europe (Central Europe benefited from heating tariff increases in Poland and Germany, with favorable impacts on electricity tariffs).

The **Commerce / Volumes / Works impact** is +€761 million, driven by activity growth in the three Group businesses.

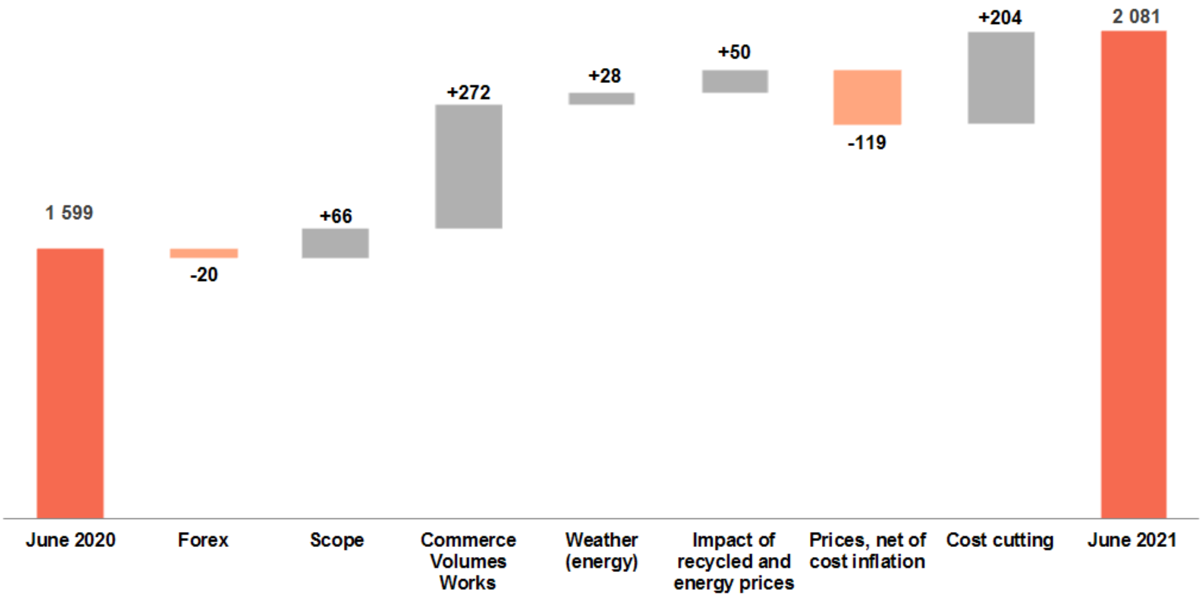
Favorable **price effects** (+€167 million) are mainly tied to higher tariff indexation of +2.6% in waste and +0.9% in water.

1.3.3 GROUP EBITDA

Group consolidated **EBITDA** for the half-year ended June 30, 2021 was €2,080.7 million, up 31.4% at constant exchange rates year-on-year. The margin rate is 15.3% for H1 2021, compared with 12.9% for H1 2020.

(1) Main foreign exchange impacts by currency: US dollar (-€89 million), Argentine peso (-€27 million), Japanese yen (-€23 million), Polish zloty (-€16 million), Brazilian real (-€10 million), Hong Kong dollar (-€8 million), Australian dollar (+€35 million), Czech koruna (+€10 million), pound sterling (+€8 million).

The increase in EBITDA between 2020 and 2021 breaks down by impact as follows :



The **foreign exchange impact** on EBITDA was -€20 million and mainly reflects unfavorable fluctuations in American (-€15 million), and Central European (-€4 million) currencies[1(1)].

The **consolidation scope impact** of +€66 million mainly reflects the impact of the acquisition of the Prague Right Bank urban heating network and the Budapest cogeneration installations in 2020.

Commerce and volume impacts are +€272 million. This increase was driven by higher waste volumes (mainly in France and Europe), a recovery in construction activity in Water in France and in Global businesses and improved commercial margins in Water and Waste activities in France.

The **energy weather impact** is +€28 million and primarily concerned Northern Europe and Central and Eastern Europe.

Energy and recyclate prices had a favorable impact on EBITDA of +€50 million (vs. +€25 million at June 30, 2020), including +€14 million in energy and +€36 million in recyclates, with the price squeeze on fuel costs reducing the effect of recyclate and energy prices on the margin.

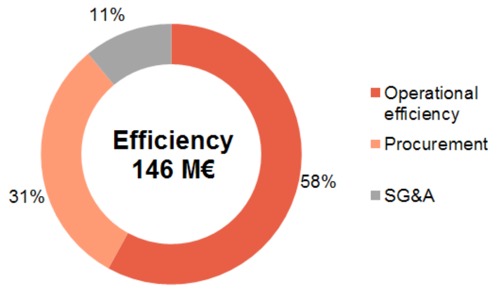
The impact of **prices net of cost inflation** is -€119 million.

Cost-savings plans contributed +€204 million at the end of June, ahead of the €350 million annual objective and include:

- post-health crisis additional savings efforts under the Recover & Adapt plan for €58 million;
- the efficiency plan for €146 million and mainly concerning operating efficiency (58%) and purchasing (31%) across all geographic zones: France (23%), Europe excluding France (35%), Rest of the world (25%), Global businesses (10%) and Corporate (7%).

Breakdown of the Efficiency Plan:

(1) Foreign exchange impacts by currency: US dollar (-€9 million), Argentine peso (-€5 million),Polish zloty (-€5 million), United Arab Emirates dirham (-€2 million), Hungarian forint (-€2 million), Brazilian real (-€1 million), Australian dollar (+€4 million), Czech koruna (+€3 million).



(€ million)	Cost Savings Plans (incl. R&A)	
EBITDA Impact	Objective 2021	Actual June 2021
Gross cost savings	350	204

1.3.4 OTHER INCOME STATEMENTS

1.3.4.1 Current EBIT

Group consolidated current EBIT for the half-year ended June 30, 2021 was €900.7 million, up significantly by 108.1% at constant exchange rates on the half-year ended June 30, 2020.

EBITDA reconciles with Current EBIT for the half-year ended June 30, 2021 compared with June 30, 2020 as follows:

(€ million)	Half-year ended June 30, 2020	Half-year ended June 30, 2021
EBITDA	**1,599.0**	**2,080.7**
Renewal expenses	(132.3)	(142.7)
Depreciation and amortization(1)	(1,053.7)	(1,095.8)
Provisions, fair value adjustments & other	(15.6)	10.1
Share of current net income of joint ventures and associates	40.1	48.4
Current EBIT	**437.5**	**900.7**

(1) Including principal payments on operating financial assets

The significant +€473 million increase in Current EBIT year-on-year (+108.1% at constant exchange rate) is mainly due to:

- a marked improvement in EBITDA (+€502 million at constant exchange rates) ;
- an increase in depreciation and amortization[1] impacted by 2020 scope entries;
- a favorable difference in provisions and other, including higher capital gains on industrial divestitures (+€40 million at constant exchange rates) mainly relating to asset rotation transactions in Sweden and Norway;
- the share of current net income of joint ventures and associates.

The foreign exchange impact on Current EBIT was -€10 million and mainly reflects fluctuations in American currencies (-€6 million)[2].

1.3.4.2 Net financial expense

The net financial expense for the half-year ended June 30, 2021 is -€121.2 million, compared with -€299.6 million for the half-year ended June 30, 2020. The marked decrease is mainly due to the inclusion of dividends received on the Group's investment in Suez in respect of 2020 of +€122 million and to an improvement in the net finance cost.

Cost of net financial debt

The cost of net financial debt totaled -€152.4 million for the half-year ended June 30, 2021, compared with -€215.6 million for the half-year ended June 30, 2020. This significant decrease in the Group's cost of net financial debt is due to favorable bond issue refinancing conditions in 2020, historically low foreign currency interest rates, increased commercial paper which contributes to the performance of the cost of non-euro denominated debt and the positive impact of the cancellation of the interest rate hedging portfolio (pre-hedge swaps) set-up in 2020.

The Group's financing rate (excluding IFRS 16 impacts) was therefore 2.51% at June 30, 2021, compared with 4.36% at June 30, 2020 (2.43% vs. 3.96% including IFRS 16 impacts).

(1) Including principal payments on operating financial assets.
(2) Foreign exchange impacts by currency: US dollar (-€3 million), Argentine peso (-€3 million), Polish zloty (-€2 million), United Arab Emirates dirham (-€2 million), Hungarian forint (-€1 million), Czech koruna (+€2 million), Swedish crown (+€1 million).

Other financial income and expenses

Other financial income and expenses totaled +€31.2 million for the half-year ended June 30, 2021, compared with -€84.0 million for the half-year ended June 30, 2020.

They include interest on concession liabilities (IFRIC 12) of -€37.8 million, the unwinding of discounts on provisions of -€5.9 million and Suez dividends for 2020 (€122 million) for the Group's shareholding (29.9%) – dividends received on July 8, 2021.

Losses on financial divestitures recognized in the first half of 2021 totaled -€4.6 million and mainly consist of the gain on disposal of Utilities Services activities in Nordic countries (+€13 million), offset by the loss on the divestiture of Aqua Utilities activities in Veolia Water Technology (-€7 million) and disposal costs in North America (-€3 million).

In H1 2020, gains on current financial divestitures totaled +€0.2 million.

1.3.4.3 Current income tax expense

The current income tax expense for the half-year ended June 30, 2021 amounted to -€188.4 million, compared with -€63.4 million for the half-year ended June 30, 2020.

The current income tax rate for the half-year ended June 30, 2021 is 25.0%, versus 64.9% for the half-year ended June 30, 2020.

1.3.4.4 Current net income

Current net income attributable to owners of the Company was €516 million for the half-year ended June 30, 2021, compared with €7 million for the half-year ended June 30, 2020. Excluding capital gains and losses on financial divestitures net of tax and minority interests, current net income attributable to owners of the Company is €520 million, compared with €6 million for the half-year ended June 30, 2020.

1.3.4.5 Net income (loss) for the year

Net income attributable to owners of the Company was +€301 million for the half-year ended June 30, 2021, compared with -€138 million for the half-year ended June 30, 2020.

Net income attributable to owners of the Company per share was €0.53 (basic) and €0.51 (diluted) for the half-year ended June 30, 2021, compared with -€0.25 (basic) and -€0.25 (diluted) for the half-year ended June 30, 2020.

1.3.4.6 Current net income (loss) / net income (loss) attributable to owners of the company

The share of net income attributable to non-controlling interests totaled €95.4 million for the half-year ended June 30, 2021, compared with €66.3 million for the half-year ended June 30, 2020.

Net income attributable to owners of the Company was €301 million for the half-year ended June 30, 2021, compared with -€138 million for the half-year ended June 30, 2020.

Current net income attributable to owners of the Company was €516 million for the half-year ended June 30, 2021, compared with €7 million for the half-year ended June 30, 2020.

Net income attributable to owners of the Company per share for the half-year ended June 30, 2021 was €0.53 (basic) and €0.51 (diluted) compared with -€0.25 (basic) and -€0.25 (diluted), for the half-year ended June 30, 2020. Current net income attributable to owners of the Company per share was €0.91 (basic) and €0.87 (diluted) for the half-year ended June 30, 2021, compared with €0.01 (basic) and €0.01 (diluted) for the half-year ended June 30, 2020.

The weighted average number of outstanding shares in the half-year ended **June 30, 2021** was 566,541,904[1].

Net income (loss) attributable to owners of the Company for the half-year ended **June 30, 2021** breaks down as follows:

(€ million)	Current	Non-current	Total
EBIT	**900.7**	**(160.9)**	**739.8**
Cost of net financial debt	(152.4)	-	(152.4)
Other financial income and expenses	53.9	(22.7)	31.2
Pre-tax net income (loss)	**802.2**	**(183.6)**	**618.6**
Income tax expense	(188.4)	(29.6)	(218.0)
Net income (loss) of other equity-accounted entities	-	-	-
Net income (loss) from discontinued operations	-	(4.6)	(4.6)

(1) As of June 30, 2020, the instruments (mainly related to the OCEANE convertible bonds issued on September 12, 2019) were excluded from the calculation of diluted net income per share as they are anti-dilutive

Net (income) loss attributable to non-controlling interests	(98.3)	2.8	(95.4)
Net income (loss) attributable to owners of the Company	**515.5**	**(215.0)**	**300.5**

Net income (loss) attributable to owners of the Company for the half-year ended **June 30, 2020** breaks down as follows:

(€ million)	Current	Non-current	Total
EBIT	**437.5**	**(145.1)**	**292.5**
Cost of net financial debt	(215.6)		(215.6)
Other financial income and expenses	(84.0)		(84.0)
Pre-tax net income (loss)	**138.0**	**(145.1)**	**(7.1)**
Income tax expense	(63.4)	8.3	(55.2)
Net income (loss) of other equity-accounted entities	-	-	-
Net income (loss) from discontinued operations	-	(9.0)	(9.0)
Net (income) loss attributable to non-controlling interests	(67.0)	0.8	(66.3)
Net income (loss) attributable to owners of the Company	**7.4**	**(145.0)**	**(137.6)**

Current EBIT reconciles with operating income, as shown in the income statement, as follows:

(€ million)	Half-year ended June 30, 2020	Half-year ended June 30, 2021
Current EBIT	**437.5**	**900.7**
Impairment losses on goodwill and negative goodwill	(44.2)	(1.6)
Net charges to non-current provisions	21.4	5.0
Restructuring costs	(23.4)	(35.5)
Personnel costs - share-based payments	(2.2)	-
Non-current provisions and impairment of property, plant and equipment, intangible assets, operating financial assets and other	(92.7)	(63.0)
Share acquisition costs, with or without acquisition of control	(4.0)	(65.8)
Total non-current items	**(145.1)**	**(160.9)**
Operating income after share of net income of equity-accounted entities	**292.5**	**739.8**

Restructuring costs for the half-year ended June 30, 2021 mainly concern Waste activities in France for -€19 million and the Nordic countries for -€5 million.

Provisions for impairment and other non-current expenses mainly concern costs relating to health crisis adaptation measures and costs incurred in respect of a litigation in North America.

1.3.4.7 Share of net income (loss) of other equity accounted entities and discontinued operations

Income from discontinued operations consists of the residual impacts in 2020 of the income from discontinued operations of the EPC international business. See Note 4.2.1 to the consolidated financial statements.

1.4 Financing

1.4.1 CHANGES IN NET FREE CASH FLOW AND NET FINANCIAL DEBT

Net free cash flow is +€270 million for the half-year ended June 30, 2021, up significantly year-on-year (+€785 million).

The change in net free cash flow compared with the half-year ended June 30, 2020 reflects:

- the increase in EBITDA in the half-year driven by the accelerated recovery in the second quarter and the intensification of commercial and operating efficiency efforts
- net industrial investments of €834 million, down 4.5% at current exchange rates (-2.8% at constant exchange rates) thanks to ongoing strict control over investments and an increase in industrial divestitures.
  - maintenance investments of €504 million (4% of revenue);
  - growth investments in the current portfolio of €346 million (€336 million in the half-year ended June 30, 2020);
  - discretionary investments of €122 million, down -€6 million compared with 2020;
  - industrial divestitures of €138 million;
- a marked improvement in the change in operating working capital requirements to -€381 million, compared with -€683 million for the half-year ended June 30, 2020 thanks to ongoing debt recovery efforts and a reversal of the impact of the health crisis.

Overall**, net financial debt** amounted to €13,767 million, compared with €13,217 million as of December 31, 2020.

The following table summarizes the change in net financial debt and net free cash flow:

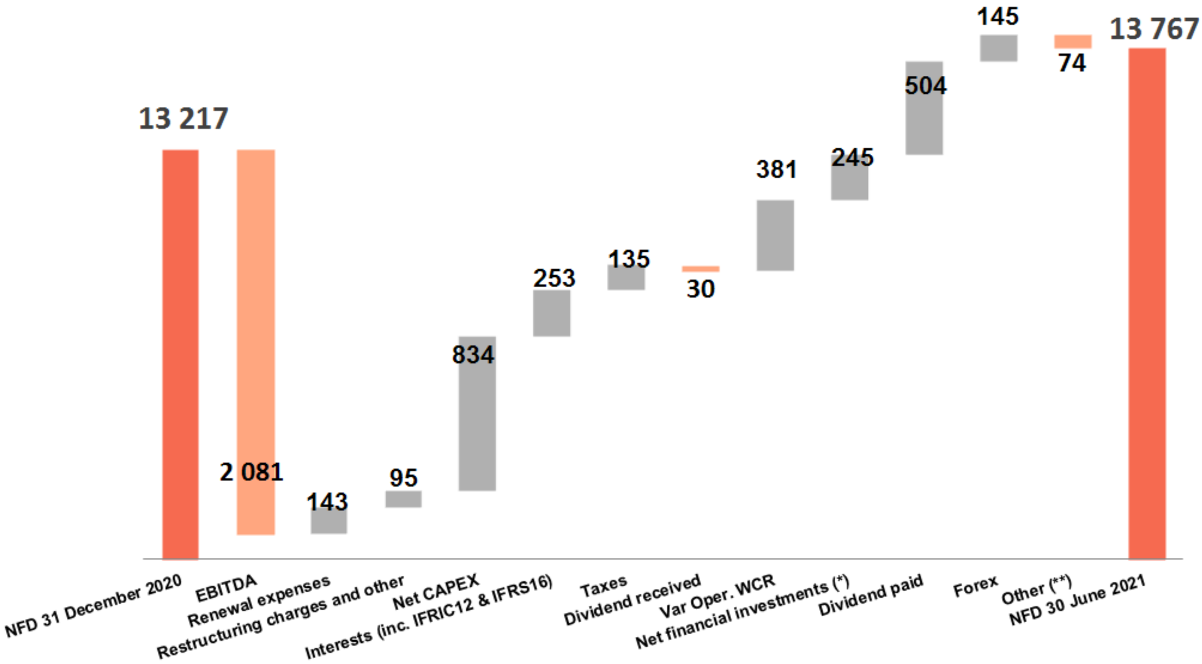
(€ million)	**Half-year ended June 30, 2020**	**Half-year ended June 30, 2021**
EBITDA	**1,599**	**2,081**
Net industrial investments	(873)	(834)
Change in operating WCR	(683)	(381)
Dividends received from equity-accounted entities and joint ventures	53	30
Renewal expenses	(103)	(143)
Other non-current expenses and restructuring charges	(97)	(95)
Interest on concession liabilities (IFRIC 12)	(40)	(38)
Interest on IFRS 16 lease liabilities	(18)	(14)
Financial items (current interest paid and operating cash flow from financing activities)	(213)	(201)
Taxes paid	(140)	(135)
Net free cash flow before dividend payment, financial investments and financial divestitures	**(515)**	**270**
Dividends paid	(347)	(504)
Net financial investments	(370)	(245)
Change in receivables and other financial assets	(68)	(9)
Issue / repayment of deeply subordinated securities	0	1
Proceeds on issue of shares	(6)	10
Free cash flow	**(1,306)**	**(477)**
Effect of foreign exchange rate movements and other	136	(74)
Redemption of hybrid debt	0	0
Change	**(1,170)**	**(550)**
Opening net financial debt	(10,680)	(13,217)
Closing net financial debt	**(11,850)**	**(13,767)**

Compared with December 31, 2020, the change in net financial debt is mainly due to:

- net free cash flow generation of +€270 million for the period;
- the payment of the dividends voted by the Combined Shareholders' Meeting of April 22, 2021 (€397 million);

- net financial investments of €245 million (including acquisition costs and net financial debt of new entities) and mainly comprising the impact of the acquisition of OSIS and an organic fertilizer plant in France and the divestment of Utilities Services activities in Sweden and Norway and of the Shenzhen water concession in China;

Net financial debt was also impacted by negative foreign exchange effects of -€145 million as of June 30, 2021 compared with December 31, 2020[1(1)].



(*) Financial investments of -€413 million net of financial divestitures of €168 million.
(**) Primarily repayment of a loan to joint ventures offset by a receivable for the Suez dividend payable on July 8, 2021.

(1) Mainly driven by negative impacts on the pound sterling (-€44 million), US dollar (-€39 million), Czech koruna (-€25 million) and Polish zloty (-€14 million).

1.4.2 INDUSTRIAL AND FINANCIAL INVESTMENTS

1.4.2.1 Industrial investissements

Total Group gross industrial investments, including new operating financial assets, amounted to -€972 million for the half-year ended June 30, 2021, compared with -€962 million for the half-year ended June 30, 2020.

Industrial investments, excluding discontinued operations, break down by **segment** as follows:

Half-year ended June 30, 2021 *(€ million)*	**Maintenance and contractual requirements[1]**	**Discretionary growth**	**Total gross industrial investments[2]**	**Industrial divestitures**	**Total net industrial investments**
France	210	8	**218**	(23)	**195**
Europe excluding France	316	51	**367**	(55)	**312**
Rest of the world	217	44	**261**	(23)	**238**
Global businesses	81	19	**100**	(37)	**63**
Other	26	0	**26**	0	**26**
Group	**850**	**122**	**972**	**(138)**	**834**

(1) Including maintenance investments of €504 million (including IFRS16 leases) and contractual investments of €346 million.
(2) Including new OFA in the amount of -€53 million.

Half-year ended June 30, 2020 *(€ million)*	**Maintenance and contractual requirements[1]**	**Discretionary growth**	**Total gross industrial investments[2]**	**Industrial divestitures**	**Total net industrial investments**
France	194	19	**213**	(18)	**195**
Europe excluding France	332	32	**364**	(32)	**332**
Rest of the world	211	71	**382**	(16)	**266**
Global businesses	84	6	**90**	(23)	**67**
Other	13	0	**13**	0	**13**
Group	**834**	**128**	**962**	**(89)**	**873**

(1) Including maintenance investments of €497 million and contractual investments of €336 million.
(2) Including new OFA in the amount of -€60 million.

1.4.2.2 Financial investments and divestitures

Net financial investments totaled -€245 million as of June 30, 2021, compared with -€370 million as of June 30, 2020.

Financial investments totaled €413 million in the half-year ended June 30, 2021 (including acquisition costs and net financial debt of new entities) and mainly included the impacts of the acquisition of Osis in France (€262 million, excluding IFRS 16 debt and €336 million including IFRS 16 debt) and of an organic fertilizer facility in France (€22 million). In June 2020, financial investments amounted to -€368 million (including acquisition costs and net financial debt of new entities) and mainly included the impacts of the acquisition of Alcoa assets in the United States (€231 million) and Nagpur shareholders in India (€113 million), as well as the acquisition of shares in Torrepet which specializes in plastic recycling in Spain.

Financial divestitures totaled €168 million for the half-year ended June 30, 2021 (including disposal costs) and mainly included the sale of the 5% stake in the Shenzhen concession in China by VE CGE (€80 million, excluding the repayment of the shareholder loan of €105 million), as well as the sale of Utilities Services activities in Sweden and Norway in the amount of €32 million (total transaction of €70 million).

Financial divestitures totaled -€2 million for the half-year ended June 30, 2020 (including disposal costs) and primarily concerned the sale of Foshan medical activities in China for €14 million.

1.4.3 OPERATING WORKING CAPITAL

The change in operating working capital requirements (excluding discontinued operations) was -€381 million for the half-year ended June 30, 2021, compared with -€683 million for the half-year ended June 30, 2020.

This marked improvement reflects major debt recovery efforts and strict working capital management across the whole Group.

See Note 6.3 to the consolidated financial statements for the half-year ended June 30, 2021.

1.4.4 EXTERNAL FINANCING

Structure of net financial debt

As of June 30, 2021, net financial debt after hedging is borrowed 97% at fixed rates (compared with 98% as of December 31, 2020).

The average maturity of net financial debt was 5.9 years as of June 30, 2021 compared with 7.5 years as of June 30, 2020.

(€ million)	Notes	As of June 30, 2020	As of June 30, 2021
Non-current financial debt	8.1.1	11,995	11,618
Current financial debt	8.1.1	7,580	8,341
Bank overdrafts and other cash position items	8.1.4	188	225
Sub-total financial debt		**19,763**	**20,184**
Cash and cash equivalents	8.1.4	(7,029)	(5,454)
Allocation of the fair value of hedging instruments	8.3.1	(59)	8
Liquid assets and financing financial assets	8.1.3	(825)	(971)
Net financial debt		**11,850**	**13,767**

Group liquidity position

Liquid assets of the Group as of June 30, 2021 break down as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021
Veolia Environnement:		
Undrawn syndicated loan facility	3,000.0	3,000.0
Undrawn MT bilateral credit lines	1,000.0	1,000.0
Undrawn ST bilateral credit lines		-
Letters of credit facility	21.6	22.3
Cash and cash equivalents[(1)]	5,542.2	5,259.1
Subsidiaries:		
Cash and cash equivalents[(1)]	1,132.9	1,165.8
Total liquid assets	**10,696.7**	**10,447.2**
Current debt and bank overdrafts and other cash position items		
Current debt	7,599.6	8,340.1
Bank overdrafts and other cash position items	217.6	224.5
Total current debt and bank overdrafts and other cash position items	**7,817.2**	**8,564.6**
Total liquid assets net of current debt and bank overdrafts and other cash position items	**2,879.5**	**1,882.6**

(1) Including liquid assets and assets linked to financing included in net financial debt.

Bank covenants

See Note 8.4 to the consolidated financial statements for the half-year ended June 30, 2021.

1.5 Other items

1.5.1 RELATED-PARTY TRANSACTIONS

The Group identifies related parties in accordance with the provisions of paragraph 9 of IAS 24 revised, Related Party Disclosures (see Note 13 to the consolidated financial statements for the half year-ended June 30, 2021).

1.5.2 SUBSEQUENT EVENTS

With the exception of the items presented in Chapter 1 relating to :

- -the notice of compliance on the proposed public tender offer received from the AMF on July 20, 2021;
- -the notice published by the AMF on July 28 specifying that the public tender offer will open from July 29, 2021.

No significant event occurred between the closing date and the date on which the consolidated accounts are closed by the board of directors.

1.5.3 RISK FACTORS

The main risk factors the Group could face are set out in Chapter 2 of the 2020 Universal Registration Document.

The section “Risks relating to the selection and integration of acquisitions” has been supplemented.

Please refer to Section 3.5 “Other information” of the document published in the context of the tender offer for Suez shares and available on the Company’s website.

1.5.4 OUTLOOK

2021 Prospects[(1)] raised (before Suez integration)

Following the excellent H1 performance, EBITDA objective for 2021 was raised. New 2021 prospects are the following

- Revenue above 2019 ;
- More than €350M of efficiency gains : €250M recurring efficiencies and €100M of complementary savings from the Recover & Adapt plan;
- EBITDA target raised from more than €4bn to more than €4.1bn, a growth >12% vs. 2020 ;
- Net financial debt below €12bn at the end of 2021 and a leverage ratio below 3 times ;
- Objective to recover the pre-crisis dividend policy in 2021.

(1) At constant forex

1.6 Appendices

1.6.1 RECONCILIATION OF GAAP INDICATORS AND THE INDICATORS USED BY THE GROUP

The reconciliation of Current EBIT with operating income, as shown in the income statement, is presented in Section 2.4.3. Likewise, the reconciliation of current net income with net income attributable to owners of the Company, as shown in the income statement, is presented in Section 2.4.3.

The reconciliation of Net cash from operating activities of continuing operations (included in the Consolidated Cash Flow Statement) with net free cash flow is as follows :

(€ million)	**Notes**	**Half-year ended June 30, 2020**	**Half-year ended June 30, 2021**
Net cash from operating activities of continuing operations		***440.0***	***1,058.1***
Plus:			
Industrial investments, net of grants		(604.1)	(620.8)
Proceeds on disposal of industrial assets		89.5	138.5
New operating financial assets		(59.8)	(53.0)
Principal payments on operating financial assets		65.7	83.4
New finance lease debt		(234.4)	(225.8)
Dividends received	Note 8.3.2	53.4	30.1
Net financial interest		(275.5)	(246.2)
Less:			
Share acquisition and disposal costs, and other		10.3	105.8
Net free cash flow		**(514.9)**	**270.1**

The reconciliation of industrial investments, net of grants (included in the Consolidated Cash Flow Statement) with industrial investments is as follows:

(€ million)	**Half-year ended June 30, 2020**	**Half-year ended June 30, 2021**
Industrial investments, net of grants	**(604.1)**	**(620.8)**
New finance lease debt	(234.4)	(225.8)
Change in concession working capital requirements	(63.2)	(72.7)
New operating financial assets	(59.8)	(53.0)
Industrial investments	**(961.5)**	**(972.3)**

1.6.2 DÉFINITIONS

The definition of one of the non-GAAP financial indicators used by the Group has been modified.

From fiscal year 2021 and with a view to improving comparability with other issuers, the impacts of applying IFRS 2, “Share-based payments”, are now included in Current EBIT.

NON GAAP INDICATORS

To calculate Current EBIT (which includes the share of current net income of joint ventures viewed as core Company activities and associates), the following items are deducted from operating income

- goodwill impairments of fully controlled subsidiaries and equity-accounted entities;
- restructuring charges;
- non-current provisions and impairment;
- non-current and/or significant impairment of non-current assets (property, plant and equipment, intangible assets and operating financial assets);
- share acquisition costs.

For the other indicators, please refer to Section 5.5.8 of the 2020 Universal Registration Document.

2

FINANCIAL STATEMENTS

2.1 Condensed interim financial statements for the half year ended June 30,2021

2.1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position-Assets

(€ million)	Notes	As of December 31, 2020	As of June 30, 2021
Goodwill	Note 7.1	5,888.9	6,054.7
Concession intangible assets	Note 7.2.1	3,544.9	3,571.5
Other intangible assets	Note 7.2.2	1,371.3	1,309.6
Property, plant and equipment	Note 7.3	8,216.6	8,342.0
Right of use (net)	Note 7.4	1,529.5	1,541.0
Investments in joint ventures	Note 6.2.1	1,020.8	1,370.9
Investments in associates	Note 6.2.1	353.9	346.9
Non-consolidated investments (*)		3,102.2	3,816.0
Non-current operating financial assets	Note 6.4	1,198.1	1,133.9
Non-current derivative instruments - Assets	Note 8.2	53.5	58.3
Other non-current financial assets	Note 8.1.3	427.3	364.1
Deferred tax assets	Note 11.1	1,036.5	1,045.9
Non-current assets		**27,743.5**	**28,954.8**
Inventories and work-in-progress	Note 6.3	797.7	784.0
Operating receivables	Note 6.3	9,106.2	9,523.7
Current operating financial assets	Note 6.4	172.8	181.9
Other current financial assets	Note 8.1.3	1,073.2	1,314.1
Current derivative instruments - Assets	Note 8.2	174.8	147.2
Cash and cash equivalents	Note 8.1.4	5,840.0	5,453.9
Assets classified as held for sale	Note 4.2	455.7	283.8
Current assets		**17,620.4**	**17,688.6**
TOTAL ASSETS		**45,363.9**	**46,643.4**

(*) Non-consolidated investments consist of Suez shares for €3,765.0 million as of June 30, 2021, compared with €3,046.0 million as of December 31, 2020 (see Note 3) and other securities for €51.0 million as of June 30, 2021 compared with €56.2 million as of December 31, 2020.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated Statement of Financial Position – Equity and Liabilities

(€ million)	Notes	As of December 31, 2020	As of June 30, 2021
Share capital	Note 9.1.1	2,893.1	2,898.0
Additional paid-in capital		7,291.8	7,286.9
Deeply-subordinated perpetual securities		1,987.1	1,964.0
Reserves and retained earnings attributable to owners of the Company	Note 9.1	(4,955.8)	(4,198.6)
Total equity attributable to owners of the Company	Note 9.1	**7,216.2**	**7,950.3**
Total equity attributable to non-controlling interests	Note 9.2	1,098.5	1,157.3
Shareholders' equity		**8,314.7**	**9,107.6**
Non-current provisions	Note 10	1,846.8	1,911.9
Non-current financial liabilities	Note 8.1.1	10,836.4	10,331.4
Non-current IFRS 16 lease debt	Note 8.1.2	1,296.8	1,286.8
Non-current derivative instruments - Liabilities	Note 8.2	65.3	70.7
Concession liabilities - non-current	Note 6.5	1,459.9	1,439.2
Deferred tax liabilities	Note 11.1	1,094.4	1,114.7
Non-current liabilities		**16,599.6**	**16,154.7**
Operating payables	Note 6.3	11,850.4	11,853.9
Concession liabilities - current	Note 6.5	145.6	154.3
Current provisions	Note 10	510.7	584.4
Current financial liabilities	Note 8.1.1	7,196.7	7,931.2
Current IFRS 16 lease debt	Note 8.1.2	402.9	408.9
Current derivative instruments - Liabilities	Note 8.2	117.9	140.3
Bank overdrafts and other cash position items	Note 8.1.3	217.6	224.5
Liabilities directly associated with assets classified as held for sale	Note 4.2	7.8	83.6
Current liabilities		**20,449.6**	**21,381.1**
TOTAL EQUITY AND LIABILITIES		**45,363.9**	**46,643.4**

The accompanying notes are an integral part of these condensed interim consolidated financial statements

2.1.2 CONSOLIDATED INCOME STATEMENT

(€ million)	Notes	Half-year ended June 30, 2020	Half-year ended June 30, 2021
Revenue	**Notes 6.1**	**12,412.0**	**13,645.1**
Cost of sales	Note 6.2	(10,717.8)	(11,374.3)
Selling costs	Note 6.2	(279.3)	(279.0)
General and administrative expenses	Note 6.2	(1,059.0)	(1,136.4)
Other operating revenue and expenses	Note 6.2	(103.5)	(164.0)
Operating income before share of net income (loss) of equity-accounted entities	Note 6.2	**252.4**	**691.4**
Share of net income (loss) of equity-accounted entities		**40.1**	**48.4**
o/w share of net income (loss) of joint ventures	Note 6.2.1	27.9	33.0
o/w share of net income (loss) of associates	Note 6.2.1	12.2	15.4
Operating income after share of net income (loss) of equity-accounted entities		**292.5**	**739.8**
Cost of net financial debt	Note 8.3.1	(215.6)	(152.4)
Other financial income and expenses	Note 8.3.2	(84.0)	31.2
Pre-tax net income (loss)		**(7.1)**	**618.6**
Income tax expense	Note 11.1	(55.2)	(218.0)
Net income (loss) from continuing operations		**(62.3)**	**400.6**
Net income (loss) from discontinued operations	Note 4.2.1	(9.0)	(4.6)
Net income (loss) for the period		**(71.3)**	**396.0**
Attributable to owners of the Company		**(137.6)**	**300.5**
Attributable to non-controlling interests	Note 9.2	66.3	95.5
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	Note 9.5		
Basic		(0.25)	0.53
Diluted (*)		(0.25)	0.51
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	Note 9.5		
Basic		(0,23)	0.54
Diluted (*)		(0.23)	0.52
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	Note 9.5		
Basic		(0.02)	(0.01)
Diluted (*)		(0.02)	(0.01)

(*) Performance shares and OCEANE bonds convertible into new shares are excluded from diluted net income in the first half of 2020 as they are not dilutive.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

2.1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ million)	**Half-year ended June 30, 2020**	**Half-year ended June 30, 2021**
Net income (loss) for the period	**(71.3)**	**396.0**
Actuarial gains or losses on pension obligations	6.3	22.2
Income tax expense	(1.0)	(1.8)
Amount net of tax	*5.3*	*20.4*
Fair value adjustments on financial instruments at fair value through equity not subsequently released to net income		704.0 (*)
Income tax expense		3.2
Amount net of tax	-	*707.2*
Other items of comprehensive income not subsequently released to net income	**5.3**	**727.6**
o/w attributable to joint ventures		***(10.3)***
o/w attributable to associates		**-**
Fair value adjustments on hedging costs	(2.8)	11.9
Income tax expense	0.8	-
Amount net of tax	*(2.0)*	*11.9*
Fair value adjustments on financial instruments at fair value through equity subsequently released to net income	*(0.1)*	-
Income tax expense	*1.9*	-
Amount net of tax	*1.8*	-
Fair value adjustments on cash flow hedge derivatives		39.4
Income tax expense		(3.6)
Amount net of tax	-	*35.8*
Foreign exchange gains and losses:		
• on the translation of the financial statements of subsidiaries drawn up in a foreign currency	(246.1)	68.3
Amount net of tax	(246.1)	*68.3*
• on the net financing of foreign operations	6.3	(16.0)
• income tax expense	-	-
Amount net of tax	*6.3*	*(16.0)*
Other items of comprehensive income subsequently released to net income	**(240.0)**	**100.0**
o/w attributable to joint venture (1)	**(34.4)**	***(36.3)***
o/w attributable to associates	***(10.0)***	**6.9**
Total Other comprehensive income	**(234.7)**	**827.6**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(306.0)**	**1,223.6**
Attributable to owners of the Company	(348.4)	1,097.0
Attributable to non-controlling interests	42.4	126.6

(1) The share attributable to joint ventures mainly concerns the change in foreign exchange translation reserves of the Chinese concessions (-€43.9 million for the half-year ended June 30, 2021 and -€26.1 million for the half-year ended June 30, 2020.
(*) Including fair value adjustment to the stake in Suez of €716.9 million (see note 9.1.5).

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

2.1.4 CONSOLIDATED CASH FLOW STATEMENT

(€ million)	**Notes**	**Half-year ended June 30, 2020**	**Half-year ended June 30, 2021**
Net income (loss) for the period		**(71.3)**	**396.0**
Net income (loss) from continuing operations		***(62.3)***	***400.6***
Net income (loss) from discontinued operations		***(9.0)***	***(4.6)***
Operating depreciation, amortization, provisions and impairment losses		1,078.3	1,059.3
Financial amortization and impairment losses		13.1	(8.5)
Gains (losses) on disposal of operating assets		3.0	(39.0)
Gains (losses) on disposal of financial assets		(16.0)	0.3
Share of net income (loss) of joint ventures	Note 6.2.1	(27.9)	(33.0)
Share of net income (loss) of associates	Note 6.2.1	(12.2)	(15.4)
Dividends received	Note 8.3.2	(0.9)	(123.0)
Cost of net financial debt	Note 8.3.1	215.6	152.4
Income tax expense	Note 11	55.2	218.0
Other items		80.5	35.0
Operating cash flow before changes in working capital	**Note 5**	**1,326.4**	**1,646.7**
Change in operating working capital requirements		(683.3)	(380.9)
Change in concession working capital requirements		(63.2)	(72.7)
Income taxes paid		(139.9)	(135.0)
Net cash from operating activities of continuing operations		**440.0**	**1,058.1**
Net cash from operating activities of discontinued operations		***(24.7)***	***(13.2)***
Net cash from operating activities		**415.3**	**1,044.9**
Industrial investments, net of grants		(604.1)	(620.8)
Proceeds on disposal of industrial assets		89.5	100.0
Purchases of investments	Note 4.1	(323.2)	(310.5)
Proceeds on disposal of financial assets	Note 4.1	(5.7)	176.5
Operating financial assets		-	-
New operating financial assets	Note 6.4	(59.8)	(53.0)
Principal payments on operating financial assets	Note 6.4	65.7	83.4
Dividends received (including dividends received from joint ventures and associates)		53.4	30.7
New non-current loans granted		(136.5)	(64.5)
Principal payments on non-current loans		80.3	161.4
Net decrease/increase in current loans		(11.9)	16.2
Net cash used in investing activities of continuing operations		**(852.3)**	**(480.6)**
Net cash used in investing activities of discontinued operations		***(0.6)***	**-**
Net cash used in investing activities		**(852.9)**	**(480.6)**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

(€ million)	Notes	Half-year ended June 30, 2020	Half-year ended June 30, 2021
Net increase (decrease) in current financial liabilities	Note 8.1.1	1,097.8	(596.5)
Repayment of current IFRS 16 lease debt	Note 8.1.2	(243.7)	(229.1)
Other changes in non-current IFRS 16 lease debt	Note 8.1.2	(61.1)	(64.8)
New non-current borrowings and other debt	Note 8.1.1	1,996.8	791.4
Principal payments on non-current borrowings and other debt	Note 8.1.1	(29.2)	(15.6)
Change in liquid assets and financing financial assets	Note 8.1.3	(359.1)	(135.5)
Proceeds on issue of shares	Note 9.1.1	1.0	17.4
Share capital reduction		-	-
Transactions with non-controlling interests: partial purchases		(3.8)	(1.9)
Transactions with non-controlling interests: partial sales		0.2	0.3
Proceeds on issue of deeply subordinated securities		-	0.8
Coupons on deeply subordinated securities		-	(23.9)
Purchases of/proceeds from treasury shares		(6.4)	10.1
Dividends paid		(346.4)	(480.2)
Interest paid	Note 8.3.2	(218.0)	(194.3)
Interest on IFRIC 12 operating assets		(39.8)	(37.8)
Interest on IFRS 16 lease debt (*)	Note 8.3.2	(17.8)	(14.0)
Net cash from (used in) financing activities of continuing operations		***1,770.5***	***(973.6)***
Net cash from (used in) financing activities of discontinued operations		***(2.0)***	***(0.1)***
Net cash from (used in) financing activities		**1,768.5**	***(973.7)***
Effect of foreign exchange rate changes and other		(27.0)	17.2
Increase (decrease) in external net cash of discontinued operations		(3.6)	-
NET CASH AT THE BEGINNING OF THE YEAR		**5,541.1**	**5,622.4**
NET CASH AT THE END OF THE PERIOD		**6,841.4**	**5,229.4**
Cash and cash equivalents	Note 8.1.4	7,110.6	5,453.9
Bank overdrafts and other cash position items	Note 8.1.4	-269.2	-224.5
NET CASH AT THE END OF THE PERIOD		**6,841.4**	**5,229.4**

(*) Interest on IFRS 16 lease debt is not included in the Cost of net financial debt, but in Other financial income and expenses (see Note 8.3.2).

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

2.1.5 STATEMENT OF CHANGES IN EQUITY

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Deeply subordinated securities and OCEANE	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Amount as of December 31, 2020	**578,611,362**	**2,893.1**	**7,291.8**	**1,987.1**	**(450.7)**	**(3,681.5)**	**(405.6)**	**(418.0)**	**7,216.2**	**1,098.5**	**8,314.7**
Issues of share capital of the parent company	971,827	4.9	(4.9)	-	-	-	-	-	-	-	-
Proceeds on issue of deeply subordinated securities		-	-	0.8	-	-	-	-	0.8	-	0.8
Coupons on deeply subordinated securities		-	-	(23.9)					(23.9)	-	(23.9)
Parent company dividend distribution		-	-	-	-	(397.0)	-	-	(397.0)	-	(397.0)
Movements in treasury shares		-	-	-	10.8	(0.6)	-	-	10.2	-	10.2
Share-based payments		-	-	-	-	7.5	-	-	7.5	-	7.5
Third party share in share capital increases of subsidiaries		-	-	-	-	-	-	-	-	17.5	17.5
Third party share in dividend distributions of subsidiaries		-	-	-	-	-	-	-	-	(83.2)	(83.2)
Transactions with non-controlling interests		-	-	-	-	0.8	-	-	0.8	(0.7)	0.1
Total transactions with non-controlling interests	971,827	**4.9**	**(4.9)**	**(23.1)**	**10.8**	**(389.3)**	**-**	**-**	**(401.6)**	**(66.4)**	**(468.0)**
Other comprehensive income		-	-	-	-	20.4	34.8	741.3	796.5	31.1	827.6
Net income for the period		-	-	-	-	300.5	-	-	300.5	95.5	396.0
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**320.9**	**34.8**	**741.3**	**1,097.0**	**126.6**	**1,223.6**
Other movements		-	-	-	-	38.7	-	-	38.7	(1.4)	37.3
Amount as of June 30, 2021	**579,583,189**	**2,898.0**	**7,286.9**	**1,964.0**	**(439.9)**	**(3,711.2)**	**(370.8)**	**323.3**	**7,950.3**	**1,157.3**	**9,107.6**

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Deeply subordinated securities	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Amount as of December 31, 2019	**567,266,539**	**2,836.3**	**7,197.9**	**-**	**(442.4)**	**(3,508.4)**	**(92.6)**	**(57.1)**	**5,933.7**	**1,144.7**	**7,078.4**
Issues of share capital of the parent company				-	-		-	-	-	-	-
Proceeds on issue of deeply subordinated securities	-	-	-		-	-	-	-	-	-	-
Reclassification of coupons paid on hybrid debt / deeply subordinated securities	-	-	-	-	-	-	-	-	-	-	-
Coupon on deeply subordinated securities				-	-	-	-	-	-		-
Parent company dividend distribution	-	-	-	-	-	(277.1)	-	-	(277.1)	-	(277.1)
Movements in treasury shares	-	-	-	-	(6.4)	-	-	-	(6.4)	-	(6.4)
Share-based payments	-	-	-	-	-	2.2	-	-	2.2	-	2.2
Third party share in share capital increases of subsidiaries	-	-	-	-	-	-	-	-	-	1.5	1.5
Third party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	-	-	(69.3)	(69.3)
Transactions with non-controlling interests	-	-	-	-	-	(0.2)	-	-	(0.2)	0.2	-
Total transactions with non-controlling interests	**-**	**0**	**0**	**-**	**(6.4)**	**(275.1)**	**0**	**0**	**(281.5)**	**(67.6)**	**(349.1)**
Other comprehensive income	-	-	-	-	-	5.4	(214.9)	(1.3)	(210.8)	(23.9)	(234.7)
Net income for the period	-	-	-	-		(137.6)	-	-	(137.6)	66.3	(71.3)
Total comprehensive income for the period	-	-	-	-	-	**(132.2)**	**(214.9)**	**(1.3)**	**(348.4)**	**42.4**	**(306.0)**
Other movements	-	-	-	-	-	(10.9)	-	-	(10.9)	(10.6)	(21.6)
Amount as of June 30, 2020	**567,266,539**	**2,836.3**	**7,197.9**	**-**	**(448.8)**	**(3,926.6)**	**(307.5)**	**(58.4)**	**5,292.7**	**1,108.9**	**6,401.6**

A dividend per share of €0.70 was distributed in 2021, compared with €0.50 in 2020.

The total dividend paid recorded in the Consolidated Cash Flow Statement of €346.4 million and €480.2 million for the periods ended June 30, 2020 and 2021, respectively, breaks down as follows:

(€ million)	**Half-year ended June 30, 2020**	**Half-year ended June 30, 2021**
Parent company dividend distribution	(277.1)	(397.0)
Third-party share in dividend distributions of subsidiaries	(69.3)	(83.2)
Scrip dividend	-	-
TOTAL DIVIDEND PAID	**(346.4)**	**(480.2)**

2.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES AND METHODS

The Group's condensed interim consolidated financial statements for the half-year ended June 30, 2021 were prepared under the responsibility of the Board of Directors, which met on July 28, 2021.

1.1 Accounting standards framework

1.1.1 Basis underlying the preparation of the financial information

Pursuant to European Regulation no. 1606/2002 of July 19, 2002, as amended by European Regulation no. 297/2008 of March 11, 2008, the condensed interim consolidated financial statements of Veolia Group (the "Group") for the half-year ended June 30, 2021 were prepared in accordance with IAS 34, Interim Financial Reporting.

As they are condensed financial statements, they do not include all the disclosures required under IFRS for annual financial statements and must be read in conjunction with the Group financial statements for the year ended December 31, 2020.

The accounting principles used for the preparation of the condensed interim consolidated financial statements are in accordance with the IFRS standards and interpretations adopted by the European Union as of June 30, 2021.

The accounting policies and methods are presented in detail in the consolidated financial statements for the year ended December 31, 2020.

The half-year financial statements have been drawn up in accordance with the principles used for the preparation of the 2020 consolidated financial statements, except for the items presented below and the specific requirements of IAS 34

.

Texts applicable as of January 1, 2021

Amendments to IFRS 9 and IFRS 7 (phase 2), relating to the interest rate benchmark reform:

Veolia is currently in discussions with its banking counterparties regarding the interest rate benchmark reform that will lead to the replacement of Eonia and IBOR rates from January 1, 2022, to replace the IBOR indices in our contracts with the new indices. In addition to contractual aspects, the Group is also adapting its information systems.

The IFRS 9 amendments that enable hedging relationships to be maintained after these rates changes are of mandatory application since January 1, 2021. Veolia nonetheless applied them in advance in the 2020 consolidated financial statements.

As of June 30, 2021, the Group's exposure to financial instruments indexed to floating rates and maturing after 2022 concerns interest rate swaps and cross currency swaps with a nominal amount of €1,500 million.

The application of these texts did not have a material impact for the Group.

Texts applicable after January 1, 2021

IFRS 17, Insurance contracts;

IFRS annual improvement process (2018- 2020 cycle);

Other amendments to the following standards:

- **IAS 1**: classification of liabilities as current or non-current;
- **IAS 16**: property, plant and equipment - proceeds before intended use;
- **IFRS 3**: update of the reference to the Conceptual Framework;
- **IAS 37**: costs to be considered when determining if a contract is onerous;
- **IAS 1**: disclosure of accounting policies;
- **IAS 8**: accounting estimates;
- **IAS 12**: restriction of the application scope of the deferred tax initial recognition exemption;
- **IAS 8** : estimations comptables ;

The Group is currently assessing the potential impact of the first time application of these texts

During the first half of 2021, the IFRS Interpretations Committee published several decisions, including the following two decisions that are currently being analyzed by the Group:

- IAS 38: recognition of configuring or customizing costs for software made available in the Cloud in a Software as a Service (SaaS) arrangement; and
- IAS 19: attributing employee benefits to period of service.

1.2 Translation of foreign subsidiaries' financial statements

The exchange rates of the major currencies of non-euro countries used in the preparation of the consolidated financial statements were as follows:

Period-end exchange rate (one foreign currency unit = €xx)	**As of June 30, 2020**	**As of December 31, 2020**	**As of June 30, 2021**
US dollar	0.8930	0.8149	0.8415
Pound sterling	1.0960	1.1123	1.1654
Chinese renminbi	0.1259	0.1259	0.1303
Australian dollar	0.6118	0.6291	0.6308
Polish zloty	0.2244	0.2193	0.2212
Hungarian forint	0.0028	0.0027	0.0028
Argentinian peso	0.0127	0.0097	0.0088
Mexican peso	0.0385	0.0410	0.0424
Brazilian real	0.1636	0.1569	0.1693
Czech koruna	0.0374	0.0381	0.0392

Average exchange rate (one foreign currency unit = €xx)	**Average half-year 2020**	**Average full-year 2020**	**Average half-year 2021**
US dollar	0.9077	0.8762	0.8299
Pound sterling	1.1442	1.1247	1.1519
Chinese renminbi	0.1289	0.1270	0.1282
Australian dollar	0.5961	0.6041	0.6399
Polish zloty	0.2266	0.2250	0.2203
Hungarian forint	0.0029	0.0028	0.0028
Argentinian peso	0.0141	0.0097	0.0091
Mexican peso	0.0419	0.0408	0.0411
Brazilian real	0.1849	0.1699	0.1541
Czech koruna	0.0380	0.0378	0.0387

1.3 Seasonality of the Group's activities

The Group's activities are, by nature, subject to seasonal changes and climatic conditions. As such, in the Energy Services business, the majority of operating income is realized in the first and fourth quarters corresponding to heating periods in Europe. In the Water business, water consumption for domestic use and wastewater treatment are higher between May and September in the Northern hemisphere, where the Group conducts most of its activity.

Accordingly, the interim results of the Group for the half-year ended June 30, 2020 and certain key performance indicators such as working capital reflect the impact of these combined factors and therefore may not be extrapolated over the whole year.

NOTE 2 USE OF MANAGEMENT ESTIMATES IN THE APPLICATION OF GROUP ACCOUNTING STANDARDS

Veolia may be required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosures of contingent assets and liabilities. Future results may be different from these estimates.

Underlying estimates and assumptions are determined based on past experience and other factors considered as reasonable given the circumstances. They act as a basis for making judgments necessary to the determination of the carrying amount of assets and liabilities, which cannot be obtained directly from other sources. Future values could differ from these estimates.

Underlying estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period the change is made if it affects this period only and in the period the change is made and prior periods if they are also affected by the change.

As described in note 3 of consolidated financial statements as of December 31, 2020 and in connection of the resurgence of pandemia, the Group continued to pay particular attention to certain items :

- Asset impairment tests including goodwill;
- Recoverable amount of operating assets (trade receivables, contract assets);
- Recoverability of deferred tax assets on tax losses;
- Cash and net liquidity;
- Credit outlook;
- Covenants.

Beyond specific problems created by the health crisis, judgments and estimates items that generally require Management to make estimates or exercise judgment are as follows:

- classification and measurement of assets and liabilities covered by IFRS 5: assessments leading to the application of the standard are reviewed at each reporting date with regard to changes in facts and circumstances (See Note 4);
- measurement of intangible assets and property, plant and equipment (see Note 7);
- fair value measurement of financial instruments (see Note 8);
- provision amounts (including provisions for pensions and employee benefits) (see Note 10);
- Group income tax expense: pursuant to IAS 34, the income tax expense is calculated by applying the estimated effective annual tax rate to the pre-tax income of the period, adjusted for any one-off items (see Note 11).

Definitive amounts may differ from these estimates.

NOTE 3 SUEZ COMBINATION

Following the announcement by Engie on July 31, 2020 of the launch of its strategic review encompassing its investment in Suez, Veolia submitted a firm offer to Engie, on August 30, 2020, to immediately acquire the Suez share block held by Engie representing approximately 29.9% of the Suez share capital and voting rights.

On October 5, 2020, Veolia and Engie entered into a share purchase agreement under which Veolia acquired from Engie, on October 6, 2020, 187,800,000 Suez shares, representing approximately 29.9% of the Suez share capital and voting rights, at a price of €18 (cum dividend) (the "Share block acquisition"). Veolia confirmed its intention to file a tender offer for Suez shares ("the Offer") at a price of €18 per share (cum dividend), as a result of which the AMF noted the start of the pre-offer period.[1]

The Offer, at a price of €18 per share (cum dividend) and the corresponding draft offer document were filed with the AMF on February 8, 2021.[2]

On April 12, 2021, Veolia and Suez announced they had reached an agreement in principle on the key terms and conditions of the combination of the two groups.

This agreement set the draft Offer price at €20.50 per Suez share (cum dividend) and would enable:

- the implementation of Veolia's plan to create a global champion of ecological transformation, with revenues of approximately €37 billion, retaining all strategic assets identified by Veolia;
- the formation of a New Suez made up of assets forming a coherent and sustainable group from an industrial and social standpoint, with real growth potential and revenues of around €7 billion.

The agreement in principle notably provides for:

- the reiteration of Veolia's social commitments for a period of four years after the Offer closing,
- the suspension of ongoing legal proceedings between the two Groups (the parties withdrawing on the signature of the final combination agreements) and the deactivation of the Dutch foundation in the context of Suez's announcements.
- full cooperation by Suez, Veolia and the shareholders of the New Suez entity in obtaining all necessary authorizations as quickly as possible and under the best possible conditions,
- the termination of agreements with Cleanaway for the divestiture of assets in Australia (with the exception of the sales of assets in Sydney) and the suspension of all other divestitures.
- the signature of definitive combination agreements by May 14, 2021 at the latest.

On May 14, 2021, Veolia and Suez entered into a combination agreement (the "Combination Agreement") and a Memorandum of Understanding (the "Memorandum of Understanding") with Meridiam, Caisse des dépôts et consignations, CNP Assurances and Global Infrastructure Partners (the "Consortium").

The Combination Agreement sets out the terms and conditions for the implementation of the Offer and establishes the general principles for the creation of New Suez through the sale by Suez to the Consortium of its Water and Waste businesses (excluding hazardous waste) in France and certain international assets (the "Scope Divestment").

On June 27, 2021, in accordance with the provisions of the Memorandum of Understanding, the consortium presented a firm and final offer to Suez and Veolia under which the Scope Divestment would be completed in favor of a newly created company held 40% each by Meridiam and Global Infrastructure Partners, 12% by Caisse des dépôts et consignations and 8% by CNP Assurances.

The Scope Divestment would include:

i. Suez's Water and Waste operations (excluding hazardous waste) in France,

ii. Suez's global "Smart & Environmental Solutions" business unit (excluding "SES Spain", "SES Aguas Andinas" and part of "SES Colombia"),

iii. Suez's Municipal Water operations in Italy, as well as its stake in ACEA,

iv. Suez's Municipal Water operations in the Czech Republic,

v. Suez's Municipal Water and Waste (except hazardous waste) activities in Africa, as well as its stake in Lydec,

vi. Suez's Municipal Water activities in India, Bangladesh and Sri Lanka,

vii. Suez's Municipal Water, Industrial Water and Infrastructure Design and Construction activities in China as well as all of the activities of the Suyu group

1 AMF's notice n°220C4093 of October 6, 2020 available on AMF website (https://www.amf-france.org/fr)

2 AMF's notice n°221C0312 of February 8, 2020 available on AMF website (https://www.amf-france.org/fr)

and two industrial incinerators in Shanghai and Suzhou,

viii. Suez's Municipal Water activities in Australia,

ix. Suez's activities in Uzbekistan, Azerbaijan, Turkmenistan and Kazakhstan

The Consortium's offer values the Scope Divestment at an enterprise value of €10.4 billion (including IFRS 16 liabilities). This valuation includes a potential earn-out of €300 million payable at the end of fiscal year 2021 and determined according to the level of EBITDA achieved by the divested scope at the end of fiscal year 2021. This offers values the Scope Divestment at an equity value of €9.1 billion.

The completion of the Scope Divestment would nevertheless be subject to

i. certain reorganizations relating to the divested scope,

ii. the transfer to the Consortium of at least 90% of the revenues of the divested scope, and

iii. the settlement of the Offer.

Following the submission of the Consortium's firm and final offer, the Consortium Acquisition vehicle (new company created by the Consortium members), Suez and Veolia signed a **Put Option Agreement** (the "Put Option Agreement"), pursuant to which the Consortium Acquisition Vehicle granted a purchase commitment covering the Scope Divestment, which may be exercised by Suez as soon as the information and consultation procedures with the relevant Suez group employee representative bodies have been completed

A draft Share and Asset Purchase Agreement is appended to the Put Option Agreement. This agreement, which will be entered into between Suez, Veolia and the Consortium Acquisition Vehicle, sets out the terms and conditions for the transfer of shares, assets and liabilities held by certain Suez group entities to the Consortium Acquisition Vehicle, with a view to creating the New Suez.

On **June 29, 2021**, in accordance with Article 231-19 of the AMF General Regulations, and having taken note of the Suez Group Committee's opinion on the Offer of June 21, 2021 and the June 29, 2021 report of the independent expert, Finexsi, on the Offer's financial conditions, the Suez Board of Directors considered the Offer to be in the interests of Suez, its shareholders and its employees and recommended shareholders tender their Suez shares to the Offer.

In accordance with the terms of the Combination Agreement, Veolia therefore decided to increase the Offer price from €18 per share (cum dividend) to **€20.50 per share (cum dividend)** and instructed the Presenting Banks to inform the AMF of the said price increase and to file the corresponding draft amendment to the Offer Document.

On July 20, 2021, the AMF declared the public tender offer for the shares of Suez files by Veolia on June 30, 2021 to be compliant and approved the draft offer document.

Veolia's offer document and Suez's reply as well as the information mentioned in article 231-28 of the general regulation of the AMF are now available on the Veolia and Suez respective websites. Pursuant to the notice published by the AMF on July 28, the public tender offer is opened from **July 29, 2021**.

It is recalled that after the ex-dividend date for the €0.65 dividend per share approved by the Suez General Shareholders' Meeting, of June 30, 2021, the price of €20.50 per share (cum dividend) was automatically reduced by €0.65 to **€19.85 per share** (distribution rights attached).

Combination control clearance

In accordance with Article 231-11 of the AMF General Regulations, the Offer is subject to the condition precedent of obtaining combination control clearance from the European Commission, in accordance with Article 6.1.b) of EC Regulation no. 139/2004 of January 20, 2004, it being specified that the Offeror reserves the right to waive this condition, after prior consultation (without right of veto) with Suez, notably with a view to accelerating the Offer timetable after discussion with the European Commission.

The AMF will set the closing date of the Offer immediately on receipt of the above mentioned authorization by the European Commission or confirmation that there is no objection to such authorization has been received or, as the case may be, as soon as the Offeror has exercised its rights to waive this condition precedent.

In accordance with Article 231-11 of the AMF General Regulations, the Offer will automatically lapse if the combination is the subject of the European Commission procedure provided in Article 6.1.c) of EC Regulation no. 139/2004 of January 20, 2004, unless the Offeror has previously exercised its right to waive the aforementioned condition precedent.

The transaction has already received combination control clearance in the United States, Canada, Colombia, Ecuador, South Korea, and Saudi Arabia.

Transaction financing

Acquisition of a Share Block (29.9% of Suez share capital from Engie)

The acquisition of the Share Block was financed from the Group's own resources and then refinanced on October 14, 2020 by the issue of deeply subordinated perpetual hybrid notes in euros (€850 million bearing a coupon of 2.25% until the first reset date in April 2026 and €1,150 million bearing a coupon of 2.50% until the first reset date in April 2029). Thus transaction reinforced the Group's financial structure while strengthening its credit ratios.

Tender offer

Assuming that all the shares concerned are tendered, the maximum cost of the Offer would be approximately €8.97 billion. The Offer will be financed by a bridge loan with a banking syndicate. It is expected that this facility will be refinanced using proceeds from the disposals made in creating the "New Suez", through a share capital increase with preferential subscription rights and, possibly, through the issuance of hybrid bonds. The contemplated share capital increase would be approximately €2.5 billion and would be performed in fall 2021 subject to standard conditions. The financing plan aims to maintain a investment grade credit rating for the enlarged group and to keep the net financial debt/EBITDA ratio below 3.0x in the medium term, in line with the Group's objectives.

A commitment received from the banking syndicate on the launch of the Tender Offer for Suez in the amount of €9,300 million has been registered (see note 8.4.2.).

Impact in the consolidated financial statements for the half-year ended June 30, 2021 of the investment in Suez

Recognition of the Share Block (acquisition of 29.9% of Suez shares from Engie)

In the absence of any change since December 31, 2020 in the rights attached to the Suez shares acquired on October 6, 2020:

- Veolia does not have a representative on the Suez Board of Directors;
- Veolia cannot freely use its voting rights to influence Suez policies due to the restrictions imposed by the combination control clearance process in Europe and the United Kingdom (excluding specific situations and derogations granted by the competent authorities).

As of June 30, 2021, Veolia management considers it cannot participate in Suez's financial and operating policy decisions within the meaning of IAS 28.

In the absence of significant influence, the 29.9% stake in Suez is recognized in the Consolidated Statement of Financial Position in "non-consolidated investments".

In accordance with IFRS 9, the shares are valued at fair value. In practice, the closing share price is used. In accordance with the Group accounting policy, all fair value gains and losses are recognized directly in other comprehensive income.

Accordingly, the Suez shares are valued at €3,765.0 million as of June 30, 2021. +€341 million has been recognized in other comprehensive income since October 6, 2020.

Top-up right in favor of Engie

Under the terms of the share purchase agreement, Engie benefits from a top-up clause in the event the market receives an improved offer from Veolia, thus allowing Engie to benefit from the increase in the Offer price to €20.50 euros (cum dividend). This top-up right would be equal – according to the scheduled combination planning - for each share sold in the context of the Share Block Acquisition, to the difference between the price per share paid under the Offer and the price per share paid in the context of the Share Block Acquisition. The payment would take place, subject to the successful completion of the Offer, within five (5) business days following the settlement-delivery of the Offer.

Veolia reviewed the mechanisms for activating this clause. It would enter into effect (payment of the top-up) if, and only if, the Tender Offer is effectively launched and successful, that is if Veolia obtains control of Suez.

The Group considers that the clause meets the criteria of a liability that is part of the "Business Combination" in accordance with IFRS 3R. It represents consideration for the takeover, a component of the exchange for the acquisition and will therefore be an integral component of the consideration paid on the allocation of assets acquired and liabilities assumed.

As of June 30, 2021, the financial commitment relating to this clause does not constitute a liability, as this would require the realization of two conditions not satisfied at the reporting date: the launch and success of the tender offer.

Accordingly, in the 2021 half-year financial statements, this clause represents an off-balance sheet commitment of €347.4 million.

NOTE 4 CONSOLIDATION SCOPE

4.1 Main change in Group structure

Acquisitions

OSIS (Global businesses)

On May 18, 2021, through its subsidiary SARP, the Group acquired SUEZ RV OSIS, a specialist in the maintenance of sanitation networks and structures and in industrial maintenance and cleaning services, for an enterprise value of €262 million, excluding IFRS 16. The combination of SARP and OSIS will enable the Veolia Group to position itself as a major player in this area, and due to the complementary nature of the two entities, will enable them to offer new, high added value services to their public, tertiary and industrial customers, covering the whole of France.

Divestitures

Shenzhen Water Concession (China)

On May 18, 2021, through its subsidiaries VE CGE and CGE-BC, the Group sold its investment in the Shenzhen water concession in China. This divestiture is part of the Impact 2023 strategic plan asset rotation policy. The transaction was completed for €403 million.

Divestiture of the Utilities Services business in Northern Europe

On June 30, 2021, the Group sold its Utilities Services business in Scandinavia. This transaction comprised the sale of industrial assets in Sweden and companies in Norway for €70 million.

4.2 Assets classified as held for sale, discontinued operations and divestitures

4.2.1 Discontinued operations

In the Consolidated Income Statement presented for comparative purposes, the net income (loss) of operations divested or in the course of divestiture was reclassified to “Net income (loss) from discontinued operations”.

In the first half of 2021 and 2020, discontinued operations concern VWT’s EPC (Engineering, Procurement, Construction) business, discontinued in all regions, in the amount of -€4.6 million and -€9.0 million respectively.

4.2.2 Assets/liabilities classified as held for sale

Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale are presented separately in the Group Consolidated Statement of Financial Position as follows::

(€ million)	As of December 31, 2020	As of June 30, 2021
Assets classified as held for sale	455.7	283.8
Liabilities directly associated with assets classified as held for sale	7.8	83.6

Movements in assets classified as held for sale between June 30, 2021 and December 31, 2020 is mainly due to the disposal of Shenzhen and Baoji during the 2021 first half-year (see also Note 4.1 and 6.2.1).

As of **June 30, 2021**, Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale, break down by operating segment as follows:

(€ million)	France	Europe excluding France	Rest of the world	Global businesses	Other	Total
Assets						
Non-current assets	-	165.9	14.4	32.7	-	213.0
Current assets	-	47.6	14.8	-	-	62.4
Cash and cash equivalents	-	8.4	-	-	-	8.4
ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**221.9**	**29.2**	**32.7**	**-**	**283.8**
Liabilities						
Non-current liabilities	-	22.6	-	12.1	-	34.7
Current liabilities	-	39.5	7.9	1.5	-	48.9
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**62.1**	**7.9**	**13.6**	**-**	**83.6**

They mainly comprise:

- in Europe excluding France, industrial maintenance activities in Sweden;
- in the Rest of the world, industrial services in Canada;
- iIn Global businesses, Ile de France branches that the SARP Group has committed to divesting in the context of the acquisition of OSIS, in accordance with the initial plan and competition authority demands.

As of December 31, 2020, Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale, break down by operating segment as follows:

(€ million)	France	Europe excluding France	Rest of the world	Global businesses	Other	Total
Assets						
Non-current assets	-	3.5	441.9	-		445.4
Current assets	-	10.3	-	-	-	10.3
Cash and cash equivalents	-			-	-	-
ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**13.8**	**441.9**	**-**	**-**	**455.7**
Liabilities						-
Non-current liabilities	-	0.8		-	-	0.8
Current liabilities	-	7.0		-	-	7.0
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**7.8**	**-**	**-**	**-**	**7.8**

As of December 31, 2020, these balances concerned waste assets in Eastern Europe and the entire investment in two Chinese concessions, Shenzhen and Baoji, sold in the first half of 2021.

4.3 Off-balance sheet commitments relating to the consolidation scope

4.3.1 Commitments given

Off-balance sheet commitments given break down as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021	Maturing in: Less than 1 year	1 to 5 years	More than 5 years
Vendor warranties	143.1	159.8	37.1	112.4	10.3
Securities purchase commitments	216.7	16.0	3.9	12.1	-
Sale commitments	-	-	-	-	-
Other commitments relating to the consolidation scope	3.2	3.2	1.3	1.5	0.4
TOTAL COMMITMENTS GIVEN RELATING TO THE CONSOLIDATION SCOPE	**363.0**	**179.0**	**42.3**	**126.0**	**10.7**

The decrease in commitments given relating to the consolidation scope mainly concerns the decrease in purchase commitments following the release of the guarantee covering the purchase of OSIS shares by SARP from Suez for €182.5 million

4.3.2 Commitments received

Commitments received relating to the consolidation scope total €522.8 million as of June 30, 2021, compared with €591.6 million as of December 31, 2020.

NOTE 5 REPORTING BY OPERATING SEGMENT

The operating segments are components of the Group that engage in activities and whose operating results are reviewed by the Group Chairman and Chief Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance. Information presented to the Chief Operating Decision Maker is taken from the Group internal reporting system.

Financial information by operating segment is prepared in accordance with the same rules used to prepare the Consolidated Financial Statements.

In accordance with the provisions of IFRS 8 on the identification of operating segments and after taking account of regrouping criteria, the following segments are presented:

- **France;**
- **Europe excluding France;**
- **Rest of the world;**
- **Global businesses;**
- **Other**, including the various Group holding companies.

The main financial aggregates, in Group share, are also presented for the Chinese Water concessions, under joint control.

The EBITDA indicator comprises the sum of all operating income and expenses received and paid (excluding restructuring costs, non-current impairment losses, renewal expenses and share acquisition and disposal costs) and principal payments on operating financial assets.

The main financial indicators by operating segment are as follows:

							Joint ventures Data in Group share
Half-year ended June 30, 2021 *(€ million)*	**France**	**Europe excluding France**	**Rest of the world**	**Global businesses**	**Other**	**Total consolidated financial statements**	**Chinese concessions**
Revenue	2,843.7	5,278.3	3,310.0	2,211.0	2.1	**13,645.1**	176.7
EBITDA	489.9	941.8	439.8	183.4	25.8	**2,080.7**	36.1
Operating income after share of net income (loss) of equity-accounted entities	86.2	493.5	186.2	84.7	(110.8)	**739.8**	11.7
Industrial investments net of subsidies	(128.0)	(234.1)	(198.7)	(50.6)	(9.4)	**(620.8)**	(16.3)

The decrease in the share of financial indicators attributable to Chinese concessions between the first half of 2020 and the first half of 2021 is mainly due to the sale of the Shenzhen water concession (see Note 4.1).

							Joint ventures Data in Group share
Half-year ended June 30, 2020 *(€ million)*	**France**	**Europe excluding France**	**Rest of the world**	**Global businesses**	**Other**	**Total consolidated financial statements**	**Chinese concessions**
Revenue	2,490.6	4,623.7	3,308.0	1,988.5	1.2	**12,412.0**	320.1
EBITDA	337.4	695.9	385.1	79.8	100.8	**1,599.0**	71.3
Operating income after share of net income (loss) of equity-accounted entities	(28.6)	315.9	34.9	(39.5)	9.8	**292.5**	37.6
Industrial investments net of subsidies	(97.2)	(236.4)	(217.3)	(46.5)	(6.7)	**(604.1)**	(22.0)

The EBITDA indicator reconciles with operating cash flow before changes in working capital for the half-years ended June 30, 2021 and 2020, as follows:

(€ million)		Half-year ended June 30, 2020	Half-year ended June 30, 2021
Operating cash flow before changes in working capital	**(A)**	**1,326.4**	**1,646.7**
Of which operating cash flow from financing activities	**(B)**	0.1	(42.8)
Of which adjusted operating cash flow	**(C)= (A)-(B)**	**1,326.3**	**1,689.5**
Less:	**(D)**	-	-
Renewal expenses		102.5	142.7
Restructuring costs		40.0	35.4
Share acquisition and disposal costs		7.4	70.1
Other items		57.1	59.6
Plus:	**(E)**		
Principal payments on operating financial assets		65.7	83.4
EBITDA	**(C)+(D)+(E)**	**1,599.0**	**2,080.7**

NOTE 6 OPERATING ACTIVITIES

6.1 Revenue

Revenue breaks down as follows:

(€ million)	Hal year ended June 30 2020	2021
Water	5,095.9	5,214.6
Waste	4,667.8	5,304.0
Energy	2,648.3	3,126.5
Group	**12,412.0**	**13,645.1**

A breakdown of revenue by operating segment is presented in Note 5.

6.2 Operating income

Operating income breaks down as follows :

(€ million)	Hal year ended June 30 2020	2021
Revenue	**12,412.0**	**13,645.1**
Cost of sales	**(10,717.8)**	**(11,374.3)**
o/w:	-	-
• Renewal expenses	(102.5)	(142.7)
Selling costs	**(279.3)**	**(279.0)**
General and administrative expenses	**(1,059.0)**	**(1,136.4)**
Other operating revenue and expenses	**(103.5)**	**(164.0)**
o/w:	-	-
• Restructuring costs	(23.4)	(35.5)
• Impairment of goodwill	-	-
• Employee costs – share-based payments	(2.2)	-
• Other non-current charges, impairment losses and net provisions	(29.7)	(61.2)
• Share acquisition costs	(4.0)	(65.8)
Operating income before share of net income (loss) of equity-accounted entities	**252.4**	**691.4**
Share of net income (loss) of equity-accounted entities	**40.1**	**48.4**
Operating income after share of net income (loss) of equity-accounted entities	**292.5**	**739.8**

Acquisition costs mainly comprise costs incurred in respect of the Suez combination of €63.0 million.

6.2.1 Joint-ventures and associates

All equity-accounted companies, whether joint ventures or associates, represent an extension of the Group's businesses and are therefore allocated to the four operating segments.

(€ million)	Half-year ended June 30, 2020	Half-year ended June 30, 2021
Share of net income (loss) of joint ventures	27.9	33.0
Share of net income (loss) of associates	12.2	15.4
Share of net income (loss) of equity-accounted entities	**40.1**	**48.4**

Joint-ventures

The joint ventures described below represent all joint ventures.

	Share of equity		Share of net income(loss)	
			Half-year ended June 30,	
(€ million)	As of December 31, 2020	As of June 30, 2021	2020	2021
Chinese concessions	857.4 (*)	1,194.3	18.2	21.5
Other joint ventures	163.4	176.6	9.7	11.5
TOTAL	**1,020.8**	**1,370.9**	**27.9**	**33.0**
Share of net income (loss) of joint ventures			**27.9**	**33.0**

(*) Including the impact of the transfer to assets classified as held for sale of Shenzhen and Baoji for €441.9 million as of December 31, 2020, disposed of during the first half-year 2021.

Movements in share of equity of Chinese concessions between December 31, 2020 and June 30, 2021 is due to the disposal of Shenzhen and Baoji, held by an equity-method holding, during the first half-year 2021.

6.3 Working capital

Net working capital includes "operating" working capital (inventories, trade receivables, trade payables and other operating receivables and payables, tax receivables and payables other than current tax), "tax" working capital (current tax receivables and payables) and "investment" working capital (receivables and payables related to industrial investments/disposals).

Movements in net working capital during the first half of 2021 are as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021
Inventories and work-in-progress, net	797.7	784.0
Operating receivables, net	9,106.2	9,523.7
Operating payables	(11,850.4)	(11,853.9)
Net working capital	**(1,946.5)**	**(1,546.2)**

The change in net working capital includes the impact of the seasonality of the Group's businesses (see note 1.3).

The +€400.3 million change in Net working capital presented above includes the change in "operating" working capital of +€387.5 million, the change in "tax" working capital included in Income taxes paid in the Consolidated Cash Flow Statement of -€31.8 million, and the change in "investment" working capital included under Industrial investments in the Consolidated Cash Flow Statement of +€44.6 million.

Factoring

Despite the crisis due to the COVID-19 pandemic, the Group did not encounter any difficulties continuing the factoring program. The criteria defined in the standard enabling the derecognition of receivables covered by these factoring programs are still met.

Under these programs, certain subsidiaries have agreed to assign, on a renewable basis, trade receivables by contractual subrogation or assignment of receivables (such as "Dailly" programs in France) without recourse against the risk of default by the debtor. The analysis of the risks and rewards as defined by IFRS 9 led the Group to derecognize nearly all receivables assigned under these factoring programs. In addition, the transferor subsidiaries remain, in certain cases, responsible for invoicing and debt recovery, for which they receive remuneration but do not retain control.

Accordingly, receivables totaling €1,871.6 million were assigned under these programs in the first half of 2021, compared with €2,074.5 million in the first half of 2020. Receivables derecognized as of June 30, 2021 total €549.8 million compared with €611.1 million as of December 31, 2020..

6.4 Non-current and current operating financial assets

Movements in the net carrying amount of non-current and current operating financial assets during the first half of 2021 are as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021
Gross	1,265.3	1,203.2
Impairment losses	(67.2)	(69.3)
Non-current operating financial assets	**1,198.1**	**1,133.9**
Gross	172.8	181.9
Impairment losses	-	-
Current operating financial assets	**172.8**	**181.9**
Non-current and current operating financial assets	**1,370.9**	**1,315.8**

The -€55.1 million decrease in operating financial assets in the first half of 2021 is mainly attributable to new assets of +€53.0 million, net of acquisition debt and repayments / disposals of -€83.4 million.

6.5 Non-current and current concession liabilities

Concession financial liabilities result from the application of IFRIC 12 on the accounting treatment of concessions and did not significantly change during the first half of 2021.

Movements in non-current and current concession liabilities in the first half of **2021** break down as follows:

	Non-current		Current		Total	
(€ million)	As of December 31, 2020	As of June 30, 2021	As of December 31, 2020	As of June 30, 2021	As of December 31, 2020	As of June 30, 2021
France	133.6	**126.1**	25.5	**28.0**	159.1	**154.1**
Europe excluding France	1,313.6	**1,296.3**	117.5	**123.4**	1,431.1	**1,419.7**
Rest of the world	12.7	**16.8**	2.5	**2.8**	15.2	**19.6**
Global businesses	-	**-**	0.1	**0.1**	0.1	**0.1**
Other	-	**-**	-	**-**	-	**-**
Concession liabilities	**1,459.9**	**1,439.2**	**145.6**	**154.3**	**1,605.5**	**1,593.5**

6.6 Contracts assets and liabilities

Non-current and current contract assets represent services rendered by the Group but not yet billed, where the right to remuneration is conditional. These assets are mainly receivables recognized on a percentage completion basis in respect of construction activities, concession contracts including construction services or public or private service contracts including a construction component (concession or industrial BOT contract).

Contract assets do not include estimated water consumptions, which are accounted for as operating receivables.

Non-current and current contract liabilities mainly reflect amounts already settled by customers for which the Group has not yet performed the service (deferred income, down payments received from customers). These liabilities are recognized in revenue when the Group performs the service.

Contract assets and liabilities break down as follows:

	Contract assets		Contract liabilities	
(€ million)	As of December 31, 2020	As of June 30, 2021	As of December 31, 2020	As of June 30, 2021
France	27.9	**20.7**	149.3	**85.1**
Europe excluding France	88.9	**101.9**	375.2	**373.2**
Rest of the world	121.4	**111.9**	294.4	**223.0**
Global businesses	307.3	**287.1**	234.4	**266.1**
Other	-	**-**	-	**-**
Total	**545.6**	**521.6**	**1,053.3**	**947.4**

Contract assets and liabilities are mainly included in Operating receivables, Non-current operating financial assets and Operating payables in the Consolidated Statement of Financial Position.

6.7 Commitments relating to operating activities

6.7.1 Commitments given relating to operating activities

Off-balance sheet commitments given relating to operating activities break down as follows:

			Maturing in		
(€ million)	As of December 31, 2020	As of June 30, 2021	Less than 1 year	1 to 5 years	More than 5 years
Operational guarantees including performance bonds	7,826.6	7,876.4	4,132.8	1,719.4	2,024.2
Purchase commitments	189.6	196.2	143.1	40.8	12.3
Total commitments relating to operating activities	**8,016.2**	**8,072.6**	**4,275.9**	**1,760.2**	**2,036.5**

In addition to the commitments given quantified above, Veolia has also granted commitments of an unlimited amount in respect of completion or performance bonds and a waste construction and treatment contract in Hong Kong, in the Waste and Water businesses. This commitment of an unlimited amount, is tied to the contract duration (37 months of construction and 15 years of operation) and has a residual duration of 7.5 years as of June 30, 2021.

These commitments are limited to the duration of the related contracts and were approved in advance by the Board of Directors of Veolia Environnement.

Total commitments given in respect of Veolia Water Technologies' activities amount to €1,867.4 million as of June 30, 2021, compared with €1,808.0 million as of December 31, 2020.

Operating commitments given in respect of joint ventures (at 100%) total €598.4 million as of June 30, 2021 compared with €578.8 million as of December 31, 2020 and mainly consist of performance bonds given to Al Wathba VB in the amount of €402.2 million and to Glen Water Holding in the amount of €76.8 million.

6.7.2Commitments received relating to operating activities

These commitments mainly consist of commitments received from our partners in respect of construction contracts.

They total €690.2 million as of June 30, 2021, compared with €723.4 million as of December 31, 2020.

Total commitments received in respect of Veolia Water Technologies activities amount to €89.1 million as of June 30, 2021, compared with €111.3 million as of December 31, 2020.

NOTE 7	GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

7.1 Goodwill

7.1.1 Movements in goodwill

Goodwill breaks down as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021
Gross	6,831.6	7,004.5
Accumulated impairment losses	(942.7)	(949.8)
Net	**5,888.9**	**6,054.7**

The net carrying amount of goodwill as of June 30, 2021 breaks down by operating segment as follows :

(€ million)	As of December 31, 2020	As of June 30, 2021
France	1,236.6	**1,236.6**
Europe excluding France	2,954.7	**2,890.9**
Rest of the world	975.4	**996.3**
Global businesses	719.7	**925.9**
Other	2.5	**5.0**
Total Goodwill	**5,888.9**	**6,054.7**

The main movements in Group goodwill during the first half of 2021 primarily concern the provisional goodwill recognized on the acquisition of OSIS in the amount of €180.1 million (see Note 4.1).

7.1.2 Impairment tests

Veolia performs annual impairment tests on goodwill and other intangible assets with an indefinite useful life in accordance with the Group timetable.

No indications of loss in value were identified as of June 30, 2021, including for the Cash Generating Units considered sensitive as of December 31, 2020 (see also Note 9.1.2.2. to the financial statements for the year ended December 31, 2020).

Accordingly, no additional impairment was recognized as of June 30, 2021.

7.2 Intangible assets

7.2.1 Concession intangible assets

Concession intangible assets break down by operating segment as follows:

		As of June 30, 2021		
(€ million)	Net carrying amount as of December 31, 2020	Gross carrying amount	Amortization and impairment losses	Net carrying amount
France	655.4	1,589.0	(936.5)	652.5
Europe excluding France	2,176.7	4,875.4	(2,683.1)	2,192.3
Rest of the world	711.5	1,504.2	(778.6)	725.6
Global businesses	1.3	11.1	(10.0)	1.1
Other	-	-	-	-
Concession intangible assets	**3,544.9**	**7,979.7**	**(4,408.2)**	**3,571.5**

The +€26.6 million increase in the net carrying amount of concession intangible assets is mainly attributable to:

- additions of +€116.6 million (including €60.9 million in the France segment, €26.1 million in the Europe excluding France segment and €29.5 million in the Rest of the world segment);
- amortization and impairment losses of -€209.6 million;
- foreign exchange translation gains and losses of €72.0 million.

7.2.2 Other intangible assets

Other intangible assets break down as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021
Intangible assets with an indefinite useful life, net	**46.6**	**45.7**
Intangible assets with a definite useful life, gross	3,824.7	3,818.1
Amortization and impairment losses	(2,500.0)	(2,554.2)
Intangible assets with a definite useful life, net	**1,324.7**	**1,263.9**
Other intangible assets, net	**1,371.3**	**1,309.6**

Other intangible assets have not materially changed since December 31, 2020.

7.3 Property, plant and equipment

Movements in the net carrying amount of property, plant and equipment during the first six months of 2021 are as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021
Property, plant and equipment, gross	20,386.1	**21,092.8**
Depreciation and impairment losses	(12,169.5)	**(12,750.8)**
Property, plant and equipment, net	**8,216.6**	**8,342.0**

The +€125.4 million increase in property, plant and equipment mainly comprises:

- net additions of €385.1 million (including €163.5 million in Europe excluding France and €142.0 million in the Rest of the world). In Northern Europe, additions mainly concern the purchase of rolling stock in the United Kingdom and the Czech Republic for €22 million and €20 million respectively and additions relating to a new generation power plant in Germany for €19.4 million. In the Rest of the world, additions concern maintenance expenditure for sulfuric acid processing and regeneration activities in the United States (€18 million), the construction of a granule plant in China (€11 million) and the construction of a hazardous waste incinerator in the Middle East (€8 million) ;
- depreciation and impairment losses of -€492.2 million ;
- changes in consolidation scope in the amount of €161.2 million including :
  - €77.6 million in Europe excluding France, mainly concerning the provisional allocation of the acquisition price for Central and Eastern Europe entities acquired in the second half of 2020 ;
  - €82.4 million in Global businesses, mainly concerning the entry of OSIS assets on acquisition (€72.0 million); the purchase price allocation process is still ongoing ;
- foreign exchange translation gains and losses of +€133.4 million (including +€75.5 million in Europe excluding France and +€55.7 million in the Rest of the world) ;
- reclassification to assets classified as held for sale of -€97.0 million, mainly in Norway and Sweden (see Note 4.2.2.).

Property, plant and equipment break down by asset class as follows:

(€ million)	Net carrying amount as of December 31, 2020	As of June 30, 2021 Gross carrying amount	Depreciation and impairment losses	Net carrying amount
Land	682.9	1,510.5	(839.8)	670.7
Buildings	1,726.5	3,818.7	(1,997.8)	1,820.9
Technical installations, plant and equipment	3,848.6	10,542.1	(6,731.7)	3,810.4
Rolling stock and other vehicles	643.0	2,375.0	(1,702.8)	672.2
Other property, plant and equipment	357.6	1,795.1	(1,441.9)	353.2
Property, plant and equipment in progress	958.0	1,051.4	(36.8)	1,014.6
Property, plant and equipment	**8,216.6**	**21,092.8**	**(12,750.8)**	**8,342.0**

7.4 Right of use

In accordance with the Lease standard (IFRS 16), the Group applies a single recognition method for all leases, excluding short-term leases (duration of 12 months or less) and leases of assets with a low value (less than US$5,000).

Right of use breaks down by operating segment as follows:

(€ million)	Net carrying amount as of December 31, 2020	As of June 30, 2021 Gross carrying amount	Depreciation and impairment losses	Net carrying amount
France	286.1	608.0	(323.0)	285.0
Europe excluding France	453.1	824.9	(397.9)	427.0
Rest of the world	353.8	692.3	(342.4)	349.9
Global businesses	318.7	762.8	(398.7)	364.1
Other	117.8	303.3	(188.3)	115.0
Right of use	**1,529.5**	**3,191.3**	**(1,650.3)**	**1,541.0**

Movements in the net carrying amount of right-of-use assets during the first half of **2021** are as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021
Right of use	3,183.3	**3,191.3**
Depreciation and impairment losses	(1,653.8)	**(1,650.3)**
Right of use, net	**1,529.5**	**1,541.0**

New contracts total €226.3 million and mainly concern France (€58.4 million), Europe excluding France (€50.1 million), the Rest of the world (€49.4 million) and Global businesses (€51.4 million).

Depreciation totals -€212.1 million and mainly concerns France (-€45.8 million), Europe excluding France (-€54.6 million), the Rest of the world (-€50.3 million) and Global businesses (-€44.1 million).

NOTE 8 FINANCING AND FINANCIAL INSTRUMENTS

8.1 Financial assets and liabilities

Financial assets and liabilities mainly consist of:

- Financial liabilities, presented in Note 8.1.1;
- IFRS 16 lease debt, presented in Note 8.1.2;
- Non-current and current financial assets, presented in Note 8.1.3;
- Cash and cash equivalents and bank overdrafts and other cash position items, presented in Note 8.1.4;
- Derivative instruments, presented in Note 8.2.2.

8.1.1 Financial liabilities

Movements in non-current and current financial liabilities are as follows :

		Non Current		Current		Total	
(€ million)	Notes	As of December 31, 2020	As of June 30, 2021	As of December 31, 2020	As of June 30, 2021	As of December 31, 2020	As of June 30, 2021
Bond issues	8.1.1.1	10,205.2	9,651.8	648.1	1,313.4	**10,853.3**	**10,965.2**
• maturing in < 1 year		-	-	648.1	1,313.4	648.1	1,313.4
• maturing in 2-3 years		2,304.6	1,760.8	-	-	2,304.6	1,760.8
• maturing in 4-5 years		1,477.8	728.7	-	-	1,477.8	728.7
• maturing in > 5 years		6,422.8	7,162.3	-	-	6,422.8	7,162.3
Other financial liabilities		631.2	679.6	6,548.6	6,617.8	**7,179.8**	**7,297.4**
• maturing in < 1 year				6,548.6	6,617.8	6,548.6	6,617.8
• maturing in 2-3 years		171.1	208.8	-	-	171.1	208.8
• maturing in 4- 5 years		109.1	125.6	-	-	109.1	125.6
• maturing in > 5 years		351.0	345.2	-	-	351.0	345.2
IFRS 16 lease debt	8.1.2.	1,296.8	1,286.8	402.9	408.9	**1,699.7**	**1,695.7**
Total non-current and current financial liabilities		**12,133.2**	**11,618.2**	**7,599.6**	**8,340.1**	**19,732.8**	**19,958.3**

8.1.1.1 Non current and current cond issues

Breakdown of bonds

Non-current bond issues mainly comprise publicly offered or traded issuances for €8,488.9 million as of June 30, 2021, including €273.4 million (euro-equivalent) on the US market, and bonds convertible into and/or exchangeable for new and/or existing shares ("OCEANE") for €711.7 million.

			Maturing in		
(€ million)	**As of December 31, 2020**	**As of June 30, 2021**	**2 to 3 years**	**4 to 5 years**	**> 5 years**
Publicly offered or traded issuances [(a)]	9,052.7	8,488.9	1,348.5	-	7,140.4
European market [(i)]	*8,789.0*	*8,215.5*	*1,348.5*	*-*	*6,867.0*
American market [(ii)]	*263.7*	*273.4*	*-*	*-*	*273.4*
Bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE)	713.4	711.7	-	711.7	-
Panda	376.3	389.3	389.3	-	-
Stirling Water Seafield Finance bond issue [(b)]	39.1	37.4	15.8	16.9	4.7
Other amounts < €50 million in 2020 and 2021	23.7	24.5	7.2	-	17.3
Non-current bond issues	**10,205.2**	**9,651.8**	**1,760.8**	**728.6**	**7,162.4**

(a) Publicly offered or traded issuances :

(i) European market: as of June 30, 2021, an amount of €9,518.6 million is recorded in the Consolidated Statement of Financial Position in respect of bonds issued under the European Medium Term Notes (EMTN) Program, including €8,215.5 million maturing in more than one year. The impact of the fair value remeasurement of hedged interest rate risk is €30 million at the year-end (non-current portion) ;

(ii) American market: as of June 30, 2021, remaining nominal outstandings on the bond issues performed in the United States on May 27, 2008 total USD 300.0 million, maturing June 1, 2038 and paying fixed-rate interest of 6.75% (Tranche 3).

(b) Stirling Water Seafield Finance bond issue: the outstanding nominal balance as of June 30, 2021 on the amortizable bond issue performed in 1999 by Stirling Water Seafield Finance (Veolia Water UK subsidiary, Water activities), is GBP 37.4 million (non-current and current portion). This bond issue is recognized at amortized cost for a euro equivalent of €37.4 million as of June 30, 2021 (non-current portion). This bond matures on September 26, 2026.

Change in bonds

On January 11, 2021, Veolia Environnement issued at par a €700 million bond maturing in January 2027 (i.e. 6 years) and bearing a coupon of -0.021%.

8.1.1.2 Information on early debt repayment clauses

Veolia Environnement debt

The legal documentation for bank financing and bond issues contracted by the Company does not contain any financial covenants, i.e. obligations to comply with a debt coverage ratio or a minimum credit rating which, in the event of non-compliance, could lead to the early repayment of the relevant financing.

Subsidiary debt

Certain project financing or financing granted by multilateral development banks to the Group's subsidiaries contain financial covenants (as defined above).

Based on due diligence performed within the subsidiaries, the Group considers that the covenants included in the Group's material financing agreements were satisfied (or had been waived by lenders) as of June 30, 2021.

8.1.2 IFRS 16 lease debt

Lease debt recognition and measurement principles are disclosed in Note 7.4.

(€ million)	**As of December 31, 2020**	**As of June 30, 2021**
Non-current IFRS 16 lease debt	1,296.8	1,286.8
Current IFRS 16 lease debt	402.9	408.9
IFRS 16 lease debt	**1,699.7**	**1,695.7**

Lease debt (IFRS 16) by operating segment breaks down as follows:

		As of June 30, 2021		
(€ million)	IFRS 16 lease debt as of December 31, 2020	Non-current IFRS 16 lease debt	Current IFRS 16 lease debt	IFRS 16 lease debt
France	336.5	232.1	96.6	328.7
Europe excluding France	510.5	379.7	99.1	478.8
Rest of the world	389.6	292.2	91.1	383.3
Global businesses	339.1	297.9	86.6	384.5
Other	124.0	84.9	35.5	120.4
IFRS 16 lease debt	**1,699.7**	**1,286.8**	**408.9**	**1,695.7**

IFRS 16 lease debt by type of assets breaks down as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021
Real estate	70.4%	69.1%
Technical installations, plant and equipment	9.9%	11.4%
Rolling stock and other vehicles	19.7%	19.5%

Lease debt (IFRS 16) by maturity breaks down as follows:

	Non-current		Current		Total	
(€ million)	As of December 31, 2020	As of June 30, 2021	As of December 31, 2020	As of June 30, 2021	As of December 31, 2020	As of June 30, 2021
IFRS 16 lease debt	**1,296.8**	**1,286.8**	**402.9**	**408.9**	**1,699.7**	**1,695.7**
• 1 year	-	-	402.9	408.9	402.9	408.9
• 2 years	328.5	330.9	-	-	328.5	330.9
• 3 years	249.6	260.3	-	-	249.6	260.3
• 4 years	184.5	179.1	-	-	184.5	179.1
• 5 years	127.6	108.4	-	-	127.6	108.4
• > 5 years	406.6	408.1	-	-	406.6	408.1

8.1.3 Non-current and current financial assets

Other non-current and current financial assets break down as follows:

	Non-current		Current		Total	
(€ million)	As of December 31, 2020	As of June 30, 2021	As of December 31, 2020	As of June 30, 2021	As of December 31, 2020	As of June 30, 2021
Gross	472.4	405.4	282.7	391.1	755.1	796.5
Impairment losses	(68.8)	(66.6)	(37.4)	(37.2)	(106.2)	(103.8)
Financial assets relating to loans and receivables, net	**403.6**	**338.8**	**245.3**	**353.9**	**648.9**	**692.7**
Other financial assets	**13.0**	**13.1**	**3.5**	**1.4**	**16.5**	**14.5**
Liquid assets and financing financial assets (*)	**10.7**	**12.2**	**824.4**	**958.8**	**835.1**	**971.0**
Total other financial assets, net	**427.3**	**364.1**	**1,073.2**	**1,314.1**	**1,500.5**	**1,678.2**

(*) Liquid assets are financial assets composed of funds or securities with an initial maturity of more than three months, easily convertible into cash, and managed with respect to a liquidity objective while maintaining a low capital risk

As of June 30, 2021, the main non-current and current financial assets in loans and receivables primarily comprise loans granted to equity-accounted joint ventures totaling €52.9 million, compared with €156.8 million as of December 31, 2020.

These loans mainly concerned the Chinese concessions for €105.9 million as of December 31, 2020, repaid almost in full following the divestiture of the Shenzhen concessions in the first half of 2021.

8.1.4 Cash and cash equivalents, bank overdrafts and other cash position items

Movements in cash and cash equivalents, bank overdrafts and other cash position items during the first half of 2021 are as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021
Cash	1,416.7	1,494.6
Cash equivalents	4,423.3	3,959.3
Cash and cash equivalents	**5,840.0**	**5,453.9**
Bank overdrafts and other cash position items	**217.6**	**224.5**
Net cash	**5,622.4**	**5,229.4**

Cash and cash equivalents total €5,453.9 million, including €192.0 million “subject to restrictions” as of June 30, 2021.

Restricted cash comprises €106 million subject to contractual legal restrictions (particularly for the Group’s reinsurance activities), €56 million backing the servicing of local financial liabilities and €30 million in respect of subsidiaries located in countries with currency restrictions.

The decrease in cash and cash equivalents during the period mainly reflects the payment of dividends for €480 million, including €397.0 million paid by the parent company.

As of June 30, 2021, the France segment held cash of €40.1 million, the Europe excluding France segment held cash of €319.0 million, the Rest of the world segment held cash of €424.5 million, the Global businesses segment held cash of €159.3 million and the Other segment held cash of €551.8 million (including €446.2 million held by Veolia Environnement).

Surplus cash balances of other Group subsidiaries, not pooled at Veolia Environnement level, are invested in accordance with procedures defined by the Group.

As of June 30, 2021, cash equivalents were primarily held by Veolia Environnement in the amount of €3,639.2 million, including monetary UCITS of €2,302.3 million and term deposit accounts of €1,336.9 million.

Bank overdrafts and other cash position items consist of credit balances on bank accounts and related accrued interest payable, corresponding to brief overdrafts.

8.2 Fair value of financial assets and liabilities

8.2.1 Fair value of financial assets and liabilities

Differences between the fair value and net carrying amount of these main financial asset and liability categories have not materially changed since December 31, 2020.

8.2.2 Offsetting of financial assets and financial liabilities

As of June 30, 2021, derivatives managed under ISDA or EFET agreements are the only financial assets and/or liabilities covered by a legally enforceable master netting agreement. These instruments may only be offset in the event of default by one of the parties to the agreement. They are not therefore offset in the accounts.

Such derivatives are recognized in assets in the amount of €205.5 million and in liabilities in the amount of €211.0 million in the Consolidated Statement of Financial Position as of June 30, 2021.

8.3 Financial income and expenses

8.3.1 Cost of net financial debt

Finance costs consist of interest payable on borrowings calculated using the amortized cost method and losses on interest rate derivatives, both qualifying and not qualifying as hedges.

Interest costs included in payments under lease finance contracts are recorded using the effective interest rate method.

Finance income consists of gains on interest rate derivatives, both qualifying and not qualifying as hedges and income from cash investments and equivalents.

Interest income is recognized in profit or loss when earned, using the effective interest method.

Finance costs and finance income represent the cost of financial liabilities net of income from cash and cash equivalents. In addition, the cost of net financial debt includes net gains and losses on derivatives allocated to debt, irrespective of whether they qualify for hedge accounting.

The cost of net financial debt is -€152.4 million for the half-year ended June 30, 2021 compared with -€215.6 million for the half-year ended June 30, 2020. This €63.2 million improvement is mainly due to management of the euro-denominated bond debt, the fall in euro/currency rate spreads and exceptional income of €20.0 million following the cancellation of the interest rate hedging portfolio (pre-hedge) subscribed in 2020.

The heading "Interest paid" in the Consolidated Cash Flow Statement reflects the cost of net financial debt of continuing and discontinued operations in the first half of 2021, adjusted for accrued interest and fair value adjustments to hedging derivatives.

(€ million)	**Half-year ended June 30, 2020**	**Half-year ended June 30, 2021**
Expenses on gross debt	(172.8)	(141.1)
Assets at fair value through the Consolidated Income Statement (fair value option)*	11.6	(1.4)
Net gains and losses on derivative instruments, hedging relationships and other	(54.4)	(9.8)
Cost of net financial debt	**(215.6)**	**(152.4)**

(*) Cash equivalents are valued at fair value through the Consolidated Income Statement.

Net gains and losses on derivative instruments, hedging relationships and other mainly include the following amounts for the first half of 2021:

- net interest income on hedging relationships (fair value hedges and cash flow hedges) of €22.4 million ;
- net losses on derivatives not qualifying for hedge accounting of -€32.2 million, mainly on foreign currency derivatives.

8.3.2 Other financial income and expenses

Other financial income and expenses primarily include capital gains and losses on disposals of financial assets, net of disposal costs, the unwinding of discounts on provisions, interest on concession liabilities and interest on IFRS 16 lease debt.

(€ million)	Half-year ended June 30, 2020	Half-year ended June 30, 2021
Net gains and losses on loans and receivables	6.3	15.1
Capital gains and losses on disposals of financial assets, net of disposal costs	0.2	(4.6)
Dividends received	1.0	123.0
Assets and liabilities at fair value through profit or loss	(0.2)	0.4
Unwinding of the discount on provisions	(11.1)	(5.8)
Foreign exchange gains and losses	(7.5)	(0.1)
Interest on concession liabilities	(39.8)	(37.8)
Interest on IFRS 16 lease debt	(17.8)	(14.0)
Other	(15.1)	(45.0)
Other financial income and expenses	**(84.0)**	**31.2**

Dividends received in the first half of 2021 mainly comprise Suez dividends of €122 million received on July 8, 2021.

8.4 Financing commitments

8.4.1 Financing commitments given

Off-balance sheet financing commitments given break down as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021	Maturing in: Less than 1 year	1 to 5 years	More than 5 years
Letters of credit	50.5	54.4	33.5	14.3	6.6
Debt guarantees	47.7	58.1	5.4	3.3	49.4
Other financing commitments given	42.2	41.8	27.7	1.4	12.7
Total financing commitments given	**140.4**	**154.3**	**66.6**	**19.0**	**68.7**

8.4.2 Financing commitments received

Financing commitments received total €9,442.4 million as of June 30, 2021, compared with €144.9 million as of December 31, 2020.

This increase is mainly due to commitments received from banks on the launch of the Tender Offer for Suez in the amount of €9,300 million. The Offer is financed by a bridge loan with a banking syndicate (see note 3).

8.4.3 Collateral guaranteeing financial liabilities

As of June 30, 2021, the Group has given €5.5 million of collateral guarantees in support of financial liabilities, compared with €47 million as of December 31, 2020. This decrease is mainly due to the cancellation of the pledge relating to the sale of the Shenzhen securities.

NOTE 9 EQUITY AND EARNINGS PER SHARE

9.1 Equity attributable to owners of the Company

9.1.1 Share capital

The share capital is fully paid-up.

9.1.1.1 Share capital increase reserved for Group employees

In the first half of 2021, Veolia Environment performed a share capital increase of €4.9 million by deducting from premiums, in order to grant performance shares to employees as decided by the Board of Directors on May 2, 2018.

9.1.1.2 Number of shares outstanding and par value

The number of shares outstanding was 579,583,189 as of June 30, 2021 and 578,611,362 as of December 31, 2020. The par value of each share is €5.

9.1.2 Offset of treasury shares against equity

Treasury shares are deducted from equity.

Gains or losses arising from the sale of treasury shares and related dividends are recognized directly in equity and do not impact the Consolidated Income Statement.

Veolia Environnement held 12,380,872 of its own shares, representing 2.14% of the Company's share capital, as of June 30, 2021. It held 12,839,673 shares, representing 2.21% of the Company's share capital, as of December 31, 2020.

9.1.3 Appropriation of net income and dividend distribution

The General Shareholders' Meeting of April 22, 2021 set the cash dividend for 2020 at €0.70 per share. The shares went ex-dividend on May 10, 2021 and the dividend was paid from May 12, 2021 for a total amount of €397.0 million.

A dividend of €277.1 million was distributed by Veolia Environnement in 2020 and deducted from 2019 net income.

9.1.4 Foreign exchange gains and losses

Accumulated foreign exchange translation reserves total -€405.6 million as of December 31, 2020 (attributable to owners of the Company).

The change in foreign exchange translation reserves primarily reflects fluctuations in the Chinese renminbi (-€47.4 million), the US dollar (-€108.0 million), the pound sterling (-€39.4 million) and the Hong Kong dollar (+€69.4 million).

Accumulated foreign exchange translation reserves total -€370.8 million as of June 30, 2021 (attributable to owners of the Company).

The change in foreign exchange translation reserves primarily reflects fluctuations in the Chinese renminbi (-€26.0 million), the US dollar (+€35.1 million), the pound sterling (+€35.6 million) and the Hong Kong dollar (-€32.0 million).

9.1.5 Fair value reserves

Fair value reserves attributable to owners of the Company total +€323.3 million as of June 30, 2021 and -€418.0 million as of December 31, 2020. This increase is mainly attributable to the fair value adjustment to the stake in Suez of €716.9 million, net of acquisition costs. The fair value reserve of Suez shares amounts to +€341.0 million as of June 30, 2021.

9.2 Equity attributable to non-controlling interests

A breakdown of the movement in non-controlling interests is presented in the Statement of Changes in Equity.

The fluctuation in non-controlling interests in the first six months of 2021 is mainly due to net income for the period offset by changes in consolidation scope, dividend distributions by subsidiaries, foreign exchange impacts and hedging derivatives.

Net income attributable to non-controlling interests is €95.5 million for the half-year ended June 30, 2021, compared with €66.3 million for the half-year ended June 30, 2020 re-presented.

In the first six months of 2021, this item primarily concerns minority interests in subsidiaries of the Europe excluding France (€60.4 million) and Rest of the world (€30.4 million) operating segments.

9.3 OCEANE convertible bonds

Veolia Environnement issued on September 12, 2019, as part of a private placement without preferential subscription rights, bonds convertible and/or exchangeable for new and/or existing shares ("OCEANEs") maturing on January 1, 2025, for a nominal value of €700 million (see also note 10.1.1.1 to the financial statements for the year ended December 31, 2020).

9.4 Deeply subordinated securities

As disclosed in Note 3, Veolia Environnement performed a €2 billion bond issue on October 14, 2020 to refinance the acquisition of the 29.9% Suez share block from Engie.

This issue comprised two tranches of deeply subordinated perpetual hybrid notes in euros:

- €850 million bearing a coupon of 2.25% until the first reset date in April 2026 ;
- €1,150 million bearing a coupon of 2.50% until the first reset date in April 2029.

Costs relating to this transaction totaled -€23.9 million.

Pursuant to IAS 32.11 and given its intrinsic characteristics (no mandatory repayment, no obligation to pay a coupon except in the event of a dividend distribution to shareholders or the buyback of its own instruments), this instrument is recognized in equity.

9.5 Earnings per share

Basic earnings per share is calculated by dividing adjusted net income attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the fiscal year.

Pursuant to IAS 33.9 and IAS 12, net income attributable to owners of the Company has been adjusted to take into account the cost of the coupon payable to holders of deeply subordinated securities issued by Veolia Environnement.

Diluted earnings per share is calculated by dividing adjusted net income attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the fiscal year plus the weighted average number of ordinary shares that would be issued following the conversion into ordinary shares of all potentially dilutive ordinary shares.

The weighted average number of outstanding shares in the half year ended June 30, 2021 was 590,765,738 (diluted) and 566,541,904 (basic). The main dilutive instruments taken into account in the calculation of earnings per share for the first half of 2021 are the OCEANE convertible bonds issued on September 12, 2019.

9.6 Liquidity contract

Veolia Environnement manages its share capital within the framework of a prudent and rigorous financial policy that seeks to ensure easy access to French and international capital markets, to enable investments in projects that create value and provide shareholders with a satisfactory remuneration, while maintaining an "Investment Grade" credit rating.

On May 28, 2019, Veolia Environnement entered into a liquidity contract with Kepler Chevreux, effective June 1, 2019, for an initial period expiring on December 31, 2019, tacitly renewable thereafter for periods of one year. This contract complies with the prevailing legal framework.

NOTE 10 PROVISIONS

Movements in non-current and current provisions in the first six months of **2021** are as follows:

(€ million)	As of December 31, 2020	As of June 30, 2021
Provisions excluding pensions and other employee benefits	**1,584.6**	**1,690.9**
Provisions for pensions and other employee benefits	**772.9**	**805.4**
TOTAL PROVISIONS	**2,357.5**	**2,496.3**
NON-CURRENT PROVISIONS	**1,846.8**	**1,911.9**
CURRENT PROVISIONS	**510.7**	**584.4**

(1) Provisions other than for income tax.

As of June 30, 2021, provisions excluding pensions and other employee benefits primarily comprise provisions for closure costs and post-closure costs (site rehabilitation, dismantling) of €710.7 million, principally accounted for in France in waste recovery and recycling activities for €268.2 million and in United Kingdom for €188.7 million

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NOTE 11 INCOME TAX EXPENSE

11.1 Income taxes

The income tax expense (income) includes the current tax expense (income) and the deferred tax expense (income).

The income tax expense breaks down as follows:

(€ million)	Half-year ended June 30, 2020	Half-year ended June 30, 2021
Current income tax (expense) income	**(105.3)**	**(168.2)**
France	(4.5)	(21.4)
Other countries	(100.8)	(146.8)
Deferred tax (expense) income	**50.1**	**(49.8)**
France	(4.1)	(9.4)
Other countries	54.2	(40.4)
Total income tax expense	**(55.2)**	**(218.0)**

The income tax expense presented in the Consolidated Cash Flow Statement reflects the income tax expense of continuing operations presented above and the income tax expense of discontinued operations.

A number of French subsidiaries elected to form a consolidated tax group with Veolia Environnement as the head company (five-year agreement, renewed in 2016). Veolia Environnement is liable to the French Treasury Department for the full income tax charge, calculated based on the group tax return. Any tax savings are recognized at Veolia Environnement level.

The Group income tax expense breaks down as follows:

	Half-year ended June 30, 2020	Half-year ended June 30, 2021
Net income (loss) from continuing operations (a)	(62.3)	400.6
Share of net income (loss) of associates (b)	12.2	15.4
Share of net income (loss) of joint ventures (c)	28.0	33.0
Share of net income (loss) of other equity-accounted entities (d)	-	-
Income tax expense (e)	(55.2)	(218.0)
Net income from continuing operations before tax (f) = (a)-(b)-(c)-(d)-(e)	(47.3)	570.2
Effective tax rate	**NA**	**38.23%**

In the half-year ended June 30, 2021, the application of the effective tax rate notably takes account of the expected improvement in the position of the French tax group (in accordance with IAS 34).

11.2 Tax audits

In the normal course of their business, the Group entities in France and abroad are subject to regular tax audits.

The Group assesses income tax risks in accordance with IFRIC 23, notably by considering that the tax authorities will conduct an audit and will have full knowledge of all relevant information.

The tax authorities have carried out various tax audits in respect of both consolidated tax groups and individual entities. To date, none of these reviews have led to liabilities to the tax authorities materially in excess of amounts estimated during the review of tax risks.

In estimating the risk as of June 30, 2021, the Group took account of the expenses that could arise as a consequence of these audits, based on a technical analysis of the positions defended by the Group before the tax authorities. The Group periodically reviews the risk estimate in view of developments in the audits and legal proceedings.

NOTE 12 CONTINGENT ASSETS AND LIABILITIES

In accordance with IAS 37 criteria, management does not consider it appropriate to record a provision or, as the case may be, an additional provision, or to recognize deferred income with respect to the following legal, administrative or arbitration proceedings as of June 30, 2021, due to the uncertain nature of their outcome.

The main contingent assets and liabilities relating to legal, administrative or arbitration proceedings are presented below :

North America

United States – Water – Flint

In November 2011, the Governor of Michigan declared the City of Flint, ("Flint") to be in financial difficulty and appointed an emergency manager ("Emergency Manager") for Flint. In an attempt to save money, the Emergency Manager decided to switch the city's water supply source (previously provided by Detroit) to the Flint River on an interim basis as part of a long-term plan to switch to water from Lake Huron.

In 2013, Flint hired the engineering firm Lockwood, Andrews & Newman ("LAN") to prepare the Flint water plant to switch water sources. In April 2014, the Flint water plant began treating Flint River water for distribution to its residents.

Following the switch to Flint River water, Flint residents began to complain about its odor, taste and appearance. Between August and December 2014, Flint experienced a number of water quality issues resulting in violations of National Primary Drinking Water Regulations, including "Total Trihalomethanes" - ("TTHM") (which are disinfection byproducts) maximum contaminant level violations.

In February 2015, Flint hired a US subsidiary of the Company, Veolia Water North America Operating Services, LLC ("VWNAOS"), to produce a report, which included a discussion of residual effects of the chlorination process, discoloration and taste and odor issues. This one-time review (invoiced at USD $40,000), was completed by VWNAOS in approximately four weeks. Throughout that time, and subsequently, Flint continued to retain LAN as its primary water engineering consultant. In December 2014 and during 2015, LAN developed a treatment plan for the Flint River water and submitted reports to Flint that addressed compliance with the Safe Drinking Water Act. In its plan and reports, LAN did not raise or address any concerns that Flint's new water supply could create problems with lead levels in the drinking water.

On February 18, 2015, VWNAOS issued an interim report based, among other things, on tests performed exclusively by Flint, which showed that the city was in compliance with the Lead & Copper rule. This report included a statement that the drinking water was "safe" in that it complied "with state and federal standards and required testing". During that evening's public meeting, which was organized by the Flint City Council Public Works Committee, VWNAOS employees communicated to the public the results of VWNAOS' interim report.

In parallel, Flint conducted lead tests at the home of a Flint resident which revealed high levels of lead in the water but did not share these results with VWNAOS. Michigan government officials maintained that it was an isolated incident, not a system-wide problem.

On March 12, 2015, VWNAOS delivered its final report to Flint, which was subsequently made available to the public. In its report, VWNAOS issued a broad set of recommendations to address TTHM compliance and improve water quality related to taste, odor and discoloration. The report also recommended that Flint work with the State regulators and Flint's engineering firm (LAN) to establish a corrosion control plan. Most of these recommendations were ignored by Flint.

On June 24, 2015, an employee of the U.S. Environmental Protection Agency issued a memorandum summarizing the available information regarding measures taken by Flint and several governmental agencies in response to high lead levels in Flint's drinking water reported by a Flint resident in February 2015.

On September 25, 2015, Flint issued a lead advisory to the residents of Flint regarding the presence of lead in the drinking water.

On October 16, 2015, Flint switched its water supply source back to the Detroit water system.

On October 21, 2015, the office of the Governor of the State of Michigan commissioned the Flint Water Advisory Task Force, a group of experts from a variety of disciplines, to conduct an independent review of the Flint water crisis, including lead contamination of the water.

On March 21, 2016, the Flint Water Advisory Task Force issued its final report, drafted after interviewing numerous individuals and reviewing many documents. The report concluded that the responsibility for the Flint water crisis rested largely with several governmental agencies and Flint. The report concluded that the Michigan Department of Environmental Quality and the City of Flint did not require the implementation of corrosion control when the source of the water supply was changed to the Flint River, which the Task Force found was contrary to requirements imposed by a federal law known as the Lead & Copper Rule.

Individual and class actions

Since February 2016, numerous individual complaints and putative class actions have been filed in Michigan state and federal courts by Flint residents against a number of defendants, including the State of Michigan, the Michigan Department of Environmental Quality, Flint, LAN and three of the US subsidiaries of the Company, Veolia North America Inc., VWNAOS and Veolia North America LLC (collectively "VNA"). Flint residents allege that they were injured by exposure to toxins, including lead, contained in Flint River water, and brought several claims against VNA, including for professional negligence and fraud. The federal court dismissed the fraud claims.

Although the Company has been named in several putative class actions and individual actions, it has not been served and is not a party to any of these actions. Only the three U.S. subsidiaries of the Company are active parties in these actions.

In January 2018, a mediation process was ordered by the federal court. The mediators required the participation of all parties to the federal litigation, which includes the three U.S. subsidiaries of the Company, but not the Company itself.

In mid-July 2020, the plaintiffs in the federal putative class action filed their motion for Class Certification. This procedure is ongoing.

In November 2020, the plaintiffs in the putative class actions and individual actions (both state and federal) reached a settlement with some defendants in these actions, including the State of Michigan and Flint, but not VNA, for USD $641.25 million. This settlement agreement remains subject to the final approval of the federal judge. The proceedings will continue with regard to those who are not parties to the settlement, including VNA.

The first trial for the individual federal actions is scheduled to begin in January 2022.

Civil action of the State of Michigan's Attorney General

On June 22, 2016, the State of Michigan's Attorney General filed a civil action in state court against several corporations, including VWNAOS and the Company itself, for their alleged roles in the Flint water crisis. The Attorney General subsequently dismissed that action, and filed a new civil action on August 17, 2016. Among other allegations, the Attorney General refers to the interim report delivered by VWNAOS. The Attorney General alleged that the acts and omissions of these corporations constitute, among other things, professional negligence and fraud. Subsequent to filing the new action, the Attorney General agreed to dismiss the Company without prejudice from the case. On September 12, 2016, stipulations of dismissal were filed with the state court to that effect.

On November 6, 2018, the State of Michigan elected a new Governor and a new Attorney General. The new Attorney General subsequently filed, on April 12, 2019, a new amended complaint against, among others, the Company and its three U.S. subsidiaries. The Company has not been served with that complaint and so it is not currently an active party in this civil action, but its U.S. subsidiaries are.

In early November 2019, the state court dismissed all claims against the Company's U.S. subsidiaries and LAN except for a claim for unjust enrichment. In early December 2019, the Attorney General, the Company's U.S. subsidiaries, and the LAN defendants, filed motions to reconsider this decision. Following these motions, the state court maintained the unjust enrichment and professional negligence counts against VNA.

The Group strongly contests the merits of all these legal proceedings.

Criminal actions

Criminal proceedings were initiated by the former Attorney General against fifteen employees of the State of Michigan and the City of Flint for their conduct related to the water crisis in Flint. Of these fifteen employees, seven pleaded guilty. On June 13, 2019, the new Attorney General dropped all charges against the remaining eight employees. In mid-January 2021, the Michigan Attorney General's Office announced that a Grand Jury had issued criminal indictments against eight former Flint and state officials and one current State official for their alleged roles in the Flint water crisis. The investigation remains open and is ongoing.

Insurance

These lawsuits have been reported to the insurers. Some of the insurers, relying on an exclusion clause contained in their policies, have made it known that they do not intend on covering the financial consequences of VNA's liability, if this were to be established, for damages resulting from lead.

The Group strongly contests this position, arguing that this exclusion clause is not applicable in the current situation and that, in any case, the clause is void as it is contrary to both the mandatory rule of article L.113-1 of the French Insurance Code, requiring that the exclusion shall be "formal and limited" and contrary to its interpretation by the courts.

Central and Eastern Europe

Lithuania - Energy

Between 2000 and 2003, the Lithuanian subsidiaries of the Group, UAB Vilniaus Energija ("UVE") and UAB Litesko ("Litesko"), signed a number of contracts with Lithuanian cities, of which the most significant was with the city of Vilnius ("Vilnius") in 2002 to rent, operate and modernize the heating and electricity production and distribution infrastructure. The Group made significant investments over the years for which it expects the cost incurred to be taken into account and a return on its investment.

Since 2009, the government publicly, and on numerous occasions, accused the Group of being responsible for high heating prices by waging a sustained campaign against it. Several steps were thus taken by the public authorities against the Lithuanian subsidiaries of the Group, among others:

- a €19M fine imposed on UVE by the Competition Council;
- the transfer of ownership without compensation of the individual heat exchange sub-stations invested by UVE;
- the unilateral reduction of the heating prices to capture the savings realized with the help of a smoke condenser invested by UVE;
- the retroactive annulment of the heating prices applied by UVE for the period 2011-2015;
- the annulment of the amendments extending the duration of the contract concluded between Litesko and the city of Alytus and the transfer to Alytus of the assets invested by Litesko.

All the harmful decisions taken against the Lithuanian subsidiaries of the Group are subject to pending challenges or appeals before the local courts.

In this context, the Company and its subsidiaries also had to initiate the arbitral proceedings described below.

(i) ICSID arbitration

In January 2016, the Company, Veolia Energie International (successor in law to Veolia Baltics and Eastern Europe), UVE and Litesko (collectively "the Companies") filed a request for arbitration against Lithuania before the International Center for Settlement of Investment Disputes ("ICSID").

To date, the Companies' claim amounts to circa €80M (not including interest). For its part, Lithuania withdrew its €150M counterclaim in its last submission. This procedure is still pending.

In June 2018, Lithuania filed an objection to the arbitral tribunal's jurisdiction, based on a decision rendered by the European Court of Justice on March 6, 2018 in the Achmea case, in which the Court ruled that investor-state arbitration provisions in intra-EU bilateral investment treaties are incompatible with European Union law. In a declaration dated January 15, 2019, the EU Member States indicated their intention to terminate the intra-EU bilateral investment treaties by December 2019. On May 5th 2020, a vast majority of Member states – including France and Lithuania – signed a plurilateral treaty organizing the termination of the intra-EU bilateral investment treaties. The treaty was ratified by France on June 12, 2021 and by Lithuania on July 15, 2021. These developments may have an impact on the ICSID arbitration and, as the case may be, on the enforcement of the future award as well as on the proceedings described hereafter.

In July 2020, Lithuania initiated a legal action against the Companies and other respondents before the Vilnius regional court, by which it seeks compensation for damages worth over € 240 million. Lithuania has indicated that this action is a transfer of the counterclaims it previously withdrew from the ICSID arbitration, following the Achmea decision. To date, only VEI, UVE and Litesko have been served with Lithuania's writ of summons. These latter vigorously contest Lithuania's claims. In August 2020, the Vilnius regional court declared Lithuania's claim inadmissible. Lithuania appealed that decision. In March 2021, the court of appeal annulled the decision and remanded the case back to the tribunal. At the end of March 2021, the supreme court accepted the cassation appeal filed by one of the Lithuanian respondents against the decision of the court of appeal. VEI, UVE and Litesko also filed cassation appeals. The proceedings on the merits are currently suspended until the supreme court rules on the cassation appeals.

(ii) SCC arbitration

In November 2016, in the context of the Vilnius agreement which expiration date was nearly reached (March 2017), the Company and UVE filed a request for arbitration before the Stockholm Chamber of Commerce ("SCC") to secure the appointment of an independent expert to evaluate the condition of the assets. That SCC arbitration has since expanded in scope to address claims by the Company, UVE, Vilnius and municipal company VST ("VST") in connection with the Vilnius lease.

In this arbitration, the Company and UVE filed a claim for an indemnity of circa €22M. For their part, Vilnius and VST submitted counterclaims quantified to date at circa €690M. This procedure is still ongoing. The

Company and UVE vigorously contest Vilnius and VST's counterclaims and seek their dismissal.

Southern Europe

Southern Europe

Veolia Propreté vs. Republic of Italy

In October 2007, Veolia Propreté made very significant investments in Italy through long-term concession contracts for the construction and management of waste recovery and power generation facilities in the regions of Calabria and Tuscany. The Italian subsidiaries of Veolia Propreté were unable to execute the concession contracts due to the serious failures of the Italian authorities. In 2014, these actions caused subsidiaries' bankruptcy and the destruction of Veolia Propreté's investment.

In June 2018, Veolia Propreté commenced an against the Republic of Italy arbitration before the International Center for Settlement of Investment Disputes alleging breaches of the Energy Charter Treaty.

The tribunal was constituted in January 2019. To date, Veolia Propreté claims amounts to circa €300M plus interests.

The arbitration is underway.

Veolia Technologies and Contracting

VWT v. K+S Potash

On December 1, 2012, Veolia Water Technologies, Inc. ("VWT") signed a $324.5MUSD contract with K + S Potash Canada GP ("KSPC") for the design, supply and commissioning of a evaporation and crystallization system, which includes 14 large evaporators and crystallizers (the "Tanks"), for a potash mine then under construction by KSPC in the province of Saskatchewan, Canada. In this framework, a letter of guarantee at first request was issued by VWT to the benefit of KSPC in the amount of $14.6MUSD.

On July 17, 2016, during the process of commissioning the Tanks, one tank collapsed (the "Incident"). A new replacement tank had to be manufactured and installed. The Incident also damaged other Tanks and plant equipment, which had to be removed and replaced. VWT cooperated with KSPC to determine the cause of the incident. The first investigation, conducted by KSPC, identified a defect in the design of the metal structure supporting the Tanks, for which VWT and one of its subcontractors were responsible. A second investigation conducted by VWT, however, found a defect in the production of the concrete bases to which the metal structure supporting the Tanks was affixed. These concrete bases were in turn built by a subcontractor of KSPC. VWT has repaired the damaged Tanks. These repairs resulted in significant contractual changes ("Change Orders") and additional costs. Mid-June, 2017, a second letter of guarantee at first request was issued by VWT to KSPC in the amount of $15MUSD.

Several procedures are currently in progress.

ADRIC Arbitration Procedure (ADR Institute of Canada)

On August 18, 2017, VWT filed a complaint with the ADRIC seeking KSPC's reimbursement of the costs incurred by the contractual modifications made to carry out repairs linked to the Incident, i.e. $19MUSD. Mid-January 2019, the arbitral tribunal accepted jurisdiction over only some claims (approximately $13.6MUSD). This procedure is stayed due to proceedings initiated by KSCP before the Court of Queen's Bench for Saskatchewan (see below).

Legal Proceedings (the Court of Queen's Bench for Saskatchewan and Paris Commercial Court)

On April 11, 2018, KSPC brought claims against VWT before the Court of Queen's Bench for Saskatchewan in the amount of $180MCAD (approximately €119M) for consequential damages and additional costs of repair in relation to the Incident. On January 18 2019, VWT made a settlement offer to KSPC who refused the offer.

By an Act of May 28, 2018, one of KSPC's subcontractors, AECON, sued KSPC before the Court of Queen's Bench for various claims for damages. On June 28, 2018, KSPC joined VWT as a third party to the proceedings in an attempt to require VWT to indemnify KSPC for a minimum of $466MCAD (approximately €318M) as well as for reimbursement of sums already paid by KSPC to other subcontractors.

On March 25, 2020, KSPC brought claims against VWT before the Court of Queen's Bench for Saskatchewan for an amount quantified to date at

$4,6MCAD (approximately €3M). These new claims include an equipment failure occurred in November 2018 and alleged corrosion in specific materials of the plant. In June 2020, VWT filed a statement of defense before this court and contested these new claims.

KSPC obtained payment of the first and second letter of guarantee in November 2020 and 2019, respectively.

The Group strongly contests the merits of all these legal proceedings.

These lawsuits have been reported to insurance companies, which have already covered part of the expenses incurred.

VWT v. Antero

In August 2015, Veolia Water Technologies Inc. ("VWT") and Antero Resources Corporation ("Antero") entered into a Design Build Agreement ("DBA") for a revised contract sum of USD $255,8 million for the treatment of water associated with the drilling, production and general development of shale gas at the Clearwater facility located in Pennsboro West Virginia ("Facility").

VWT achieved the substantial completion of the Facility on March 15, 2019. The Facility was fine-tuned over the following months. The final performance test was scheduled to begin on September 16, 2019 but by letter of 12 September 2019, Antero wrongly terminated the DBA without proper contractual notice.

On March 13, 2020 VWT filed suit against Antero in the District Court, City and County of Denver, Colorado, in the United States, alleging breach of contract and seeking damages of USD $120 million. On the same day and in front of the same tribunal, Antero filed suit against VWT and claimed that VWT breached its contractual obligations under the DBA. In this lawsuit, Antero asserts claims for damages of approximately USD $800 million and explains that the largest portion of its claims is based on an alleged VWT gross negligence. VWT vigorously rejected all of these claims, as they are without merit.

VWT's claims have been consolidated with Antero's claims. The consolidated proceedings were suspended for a few months due to COVID 19. The proceedings are now ongoing.

The Antero lawsuit has been reported to the insurers.

NOTE 13 RELATED-PARTY TRANSACTIONS

The Group identifies related parties in accordance with the provisions of paragraph 9 of IAS 24 revised, Related Party Disclosures.

Other than compensation and related benefits granted to key management and relations with joint ventures presented in the Notes to the 2020 Consolidated financial statements (see Note 8.4 and Note 7.2.4) there have been no material developments in relations with other related parties as of June 30, 2021.

NOTE 14 SUBSEQUENT EVENTS

With the exception of the items presented in Note 3 relating to:

- the notice of compliance on the proposed public tender offer received from the AMF on July 20, 2021;
- the notice published by the AMF on July 28 specifying that the public tender offer is opened from July 29, 2021;

No significant event occurred between the closing date and the date on which the consolidated accounts are closed by the board of directors.

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NOTE 15 MAIN COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2021, Veolia Environnement Group accounted for a total of 1,571 companies, compared with 1,662 companies as of December 31, 2020.

The decrease in the number of consolidated companies is mainly due to the divestiture of 89 Shenzhen water concession companies.

The list of main subsidiaries, excluding the Shenzhen concessions, has not materially changed since December 31, 2020.

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2.1.7 STATUTORY AUDITOR'S REVIEW REPORT ON THE CONDENSED INTERMIM CONSOLIDATED FINANCIAL STATEMENT

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Following our appointment as statutory auditors by your Annual General Meetings and in accordance with the requirements of Article L.451 -1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- -the review of the accompanying condensed interim consolidated financial statements of Veolia Environnement, for the period from January 1 to June 30, 2021;
- -the verification of the information contained in the half-year management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors on July 28, 2021, on the basis of the information available at that date.

Due to the global crisis related to the Covid-19 pandemic, the condensed interim consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Specific verifications

We have also verified the information presented in the half-year management report on the condensed interim consolidated financial statements subject to our review prepared on July 28, 2021.

We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

The Statutory Auditors

Paris-La Défense, July 29, 2021

KPMG Audit	ERNST & YOUNG et Autres
A Division of KPMG S.A.	
Baudouin Griton Eric Jacquet	Jean-Yves Jégourel Quentin Séné

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DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

3.1 Declaration by the person responsible for the half-yearly financial report

I hereby certify that, to the best of my knowledge, the interim consolidated financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all consolidated companies, and that the interim management report contained in this document provides a fair review of material events during the first six months of the year and their impact on the financial statements, the main transactions with related parties and descriptions of principal risks and uncertainties for the remaining six months of the year.

Aubervilliers,

July 2021, 29

Chairman and Chief Executive Officer

Antoine Frérot

Veolia Environnement
A public Limited Company (Société Anonyme)
With a share capital of 2,897,915,945 euros
403 210 032 RCS Paris

Administrative headquarters :
30, rue Madeleine Vionnet – 93300 Aubervilliers – France

Registered office :
21, rue La Boétie – 75008 – Paris

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Appendix 2

Unaudited pro forma financial information for the year ended December 31, 2020 and alternative performance measures for the half-years ended June 30, 2020 and June 30, 2021 and the year ended December 31, 2020

Contents

1. Introduction

Veolia Environnement ("**Veolia"**) Pro Forma financial information comprises the Pro Forma Consolidated Statement of Financial Position as of December 31, 2020 and the Pro Forma Consolidated Income Statement for the year ended December 31, 2020 and the notes thereto (together, the "**Pro Forma Financial Information**").

This unaudited Pro Forma Financial Information presented by Veolia aims to illustrate the impact of the planned takeover of Suez by Veolia (the "**Transaction**"), its financing and the Scope Divestment to the Consortium, described in Section 1.1. below (together, the "**Transactions**"), on the Veolia Consolidated Statement of Financial Position and Consolidated Income Statement for the year ended December 31, 2020 as if the Transactions had been performed on January 1, 2020 for the Pro forma Consolidated Income Statement, considering all competition authority agreements to have been obtained at this date, and on December 31, 2020 for the Pro forma Consolidated Statement of Financial Position.

1.1. Summary of the Transaction

1.1.1.Acquisition of the 29.9% Suez share block

Following the announcement by Engie on **July 31, 2020** of the launch of its strategic review encompassing its investment in Suez, Veolia submitted a firm offer to Engie, on August 30, 2020, to immediately acquire the Suez share block held by Engie representing approximately 29.9% of the Suez share capital and voting rights.

On **October 5, 2020**, Veolia and Engie entered into a share purchase agreement under which Veolia acquired from Engie, on October 6, 2020, 187,800,000 Suez shares, representing approximately 29.9% of the Suez share capital and voting rights, at a price of €18 (cum dividend) (the "**Share Block Acquisition**").

Engie benefits from a top-up clause in the event the market receives an improved offer from Veolia, thus allowing Engie to benefit from the increase in the Offer price, as described in section 1.1.2. below, to €20.50 euros (cum dividend). This top-up would be equal – according to the scheduled combination planning - for each share sold in the context of the Share Block Acquisition, to the difference between the price per share paid under the Offer and the price per share paid in the context of the Share Block Acquisition. The payment would take place, subject to the successful completion of the Offer, within five (5) business days following the settlement-delivery of the Offer.

1.1.2. Filing of a tender offer for Suez shares in February 2021

In its press release dated October 5, 2020, Veolia confirmed its intention to file a tender offer for Suez shares (the "Offer") at a price of €18 per share (cum dividend), as a result of which the AMF noted the start of the pre-offer period.

The Offer, at a price of €18 per share (cum dividend) and the corresponding draft offer document were filed with the AMF on February 8, 2021.

1.1.3.. Agreement in principle of April 12, 2021

On April 12, 2021, Veolia and Suez announced they had reached an agreement in principle on the key terms and conditions of the combination of the two groups.

This agreement set the draft Offer price at €20.50 per Suez share (cum dividend) and would enable:

- the implementation of Veolia's plan to create a global champion of ecological transformation, with revenues of approximately €37 billion, retaining all strategic assets identified by Veolia;

– the formation of a New Suez made up of assets forming a coherent and sustainable group from an industrial and social standpoint, with real growth potential and revenues of around €7 billion.

The agreement in principle notably provides for:

– the reiteration of Veolia's social commitments for a period of four years after the Offer closing,

– the suspension of ongoing legal proceedings between the two Groups (the parties withdrawing on the signature of the final combination agreements) and the deactivation of the Dutch foundation in the context of Suez's announcements.

– full cooperation by Suez, Veolia and the shareholders of the New Suez entity in obtaining all necessary authorizations as quickly as possible and under the best possible conditions,

– the termination of agreements with Cleanaway for the divestiture of assets in Australia (with the exception of the sales of assets in Sydney) and the suspension of all other divestitures.

– the signature of definitive combination agreements by May 14, 2021 at the latest.

1.1.4. May 14, 2021 combination agreement

On May 14, 2021, Veolia and Suez entered into a combination agreement (the **"Combination Agreement"**) and a Memorandum of Understanding (the **"Memorandum of Understanding"**) with Meridiam, Caisse des dépôts et consignations, CNP Assurances and Global Infrastructure Partners (the **"Consortium"**).

The **Combination Agreement** sets out the terms and conditions for the implementation of the Offer and establishes the general principles for the creation of the "new Suez" through the sale by Suez to the Consortium of its Water and Waste businesses (excluding hazardous waste) in France and certain international assets (the **"Scope Divestment"**).

1.1.5. Put Option agreement of June 29, 2021 and filing of a revised tender offer

On June 27, 2021, in accordance with the provisions of the Memorandum of Understanding, the consortium presented a firm and final offer to Suez and Veolia under which the Scope Divestment would be completed in favor of a newly created company owned by Meridiam and Global Infrastructure Partners, each holding 40% of the capital, by Caisse des dépôts et consignations holding 12% and by CNP Assurances holding 8% (the "**Consortium Acquisition Vehicle**").

The Scope Divestment would include:

i. Suez's Water and Waste operations (excluding hazardous waste) in France,

ii. Suez's global "Smart & Environmental Solutions" business unit (excluding "SES Spain", "SES Aguas Andinas" and part of "SES Colombia"),

iii. Suez's Municipal Water operations in Italy, as well as its stake in ACEA,

iv. Suez's Municipal Water operations in the Czech Republic,

v. Suez's Municipal Water and Waste (except hazardous waste) activities in Africa, as well as its stake in Lydec,

vi. Suez's Municipal Water activities in India, Bangladesh and Sri Lanka,

vii. Suez's Municipal Water, Industrial Water and Infrastructure Design and Construction activities in China as well as all of the activities of the Suyu group and two industrial incinerators in Shanghai and Suzhou,

viii. Suez’s Municipal Water activities in Australia,

ix. Suez’s activities in Uzbekistan, Azerbaijan, Turkmenistan and Kazakhstan

The Consortium's offer values the Scope Divestment at an enterprise value of €10.4 billion (including IFRS 16 liabilities). This valuation includes a potential earn-out of €300 million payable at the end of fiscal year 2021 and determined according to the level of EBITDA achieved by the divested scope at the end of fiscal year 2021. This offer values the Scope Divestment at an equity value of €9.1 billion.

The completion of the Scope Divestment would nevertheless be subject to

i. certain reorganizations relating to the divested scope,

ii. the transfer to the Consortium of at least 90% of the revenues of the divested scope, and

iii. the settlement-delivery of the Offer.

Following the submission of the Consortium’s firm and final offer, the Consortium Acquisition vehicle (new company created by the Consortium members), Suez and Veolia signed a Put Option Agreement (the **“Put Option Agreement”**), pursuant to which the Consortium Acquisition Vehicle granted a purchase commitment covering the Scope Divestment, which may be exercised by Suez as soon as the information and consultation procedures with the relevant Suez group employee representative bodies have been completed.

A draft Share and Asset Purchase Agreement is appended to the Put Option Agreement. This agreement, which will be entered into between Suez, Veolia and the Consortium Acquisition Vehicle, sets out the terms and conditions for the transfer of shares, assets and liabilities held by certain Suez group entities to the Consortium Acquisition Vehicle, with a view to creating the New Suez.

On **June 29, 2021,** in accordance with Article 231-19 of the AMF General Regulations, and having taken note of the Suez Group Committee’s opinion on the Offer of June 21, 2021 and the June 29, 2021 report of the independent expert, Finexsi, on the Offer’s financial conditions, the Suez Board of Directors considered the Offer to be in the interests of Suez, its shareholders and its employees and recommended shareholders tender their Suez shares to the Offer.

In accordance with the terms of the Combination Agreement, Veolia therefore decided to increase the Offer price from €18 per share (cum dividend) to €20.50 per share (cum dividend) and instructed the Presenting Banks to inform the AMF of the said price increase and to file the corresponding draft amendment to the Offer Document.

On **July 20, 2021**, the AMF declared the public tender offer for the shares of Suez filed by Veolia on June 30, 2021 to be compliant and approved the offer document.

Veolia's offer document and Suez's reply as well as the information mentioned in article 231-28 of the general regulation of the AMF are now available on the Veolia and Suez respective websites. Pursuant to the notice published by the AMF on July 28, 2021, the public tender offer opened from July 29, 2021.

It is recalled that after the ex-dividend date for the €0.65 dividend per share approved by the Suez General Shareholders’ Meeting, of June 30, 2021, the price of €20.50 per share (cum dividend) was automatically reduced by €0.65 to **€19.85 per share** (distribution rights attached).

1.1.6. Combination control clearance

In accordance with Article 231-11 of the AMF General Regulations, the Offer is subject to the condition precedent of obtaining combination control clearance from the European Commission, in accordance with Article 6.1.b) of EC Regulation no. 139/2004 of January 20, 2004, it being specified that the Offeror reserves the right to waive this condition, after prior consultation (without right of veto) with Suez, notably with a view to accelerating the Offer timetable after discussion with the European Commission.

The AMF will set the closing date of the Offer immediately on receipt of the above mentioned authorization by the European Commission or confirmation that there is no objection to such authorization has been received or, as the case may be, as soon as the Offeror has exercised its rights to waive this condition precedent.

In accordance with Article 231-11 of the AMF General Regulations, the Offer will automatically lapse if the combination is the subject of the European Commission procedure provided in Article 6.1.c) of EC Regulation no. 139/2004 of January 20, 2004, unless the Offeror has previously exercised its right to waive the aforementioned condition precedent.

The transaction has already received combination control clearance in the United States, Canada, Colombia, Ecuador, South Korea, Saudi Arabia, Taiwan, China and Russia.

1.1.7.. Transaction financing

Share Block Acquisition (29.9% of Suez share capital from Engie)

The acquisition of the Share Block was financed from the Group's own resources and then refinanced on October 14, 2020 by the issue of deeply subordinated perpetual hybrid notes in euros (€850 million bearing a coupon of 2.25% until the first reset date in April 2026 and €1,150 million bearing a coupon of 2.50% until the first reset date in April 2029). Thus, the transaction reinforced the Group’s financial structure while strengthening its credit ratios.

Tender Offer

Assuming that all the shares concerned are tendered, the maximum cost of the Offer would be approximately €8.97 billion. The Offer will be financed by a bridge loan with a banking syndicate. It is envisaged that that this facility will be refinanced by the proceeds of the disposals made in the context of the Scope Divestment and by a capital increase with preferential subscription rights of around €2.5 billion. The financing plan aims to maintain an investment grade credit rating for the enlarged group and to keep the net financial debt/EBITDA ratio below 3.0x in the medium term, in line with the Group’s objectives. In this context, an issuance of hybrid bonds could also be considered if necessary.

1.2. Nature of the pro forma financial information presented

In the context of the planned acquisition of Suez by Veolia, the unaudited Pro Forma Financial Information illustrates the impact of the Transaction on the Veolia Consolidated Statement of Financial Position and Consolidated Income Statement as of December 31, 2020 as if the Transaction had been performed on January 1, 2020 for the Pro forma Consolidated Income Statement, considering all competition authority agreements to have been obtained at this date, and on December 31, 2020 for the Pro forma Consolidated Statement of Financial Position.

This unaudited Pro Forma Financial Information also illustrates the impact of the Scope Divestment to the Consortium, described in Section 1.1. above, as if it had been performed and completed on January 1, 2020 for the Pro forma Consolidated Income Statement and on December 31, 2020 for the Pro forma Consolidated Statement of Financial Position. The related impacts such as the fair value remeasurement of assets and liabilities divested are presented in Note 9.2.3.

The Pro Forma Financial Information is provided for information purposes and presents a situation that is by nature hypothetical. It does not illustrate the successful completion of the Transaction and is not representative of future results or the future financial position of the combined new group in the event of the successful completion of the Transaction.

Pro Forma adjustments to the Pro Forma Financial Information are limited to those: (i) directly attributable to the Transaction, and (ii) that may reasonably be documented with regard to available information. These Pro Forma adjustments are prepared based on available information accessible to Veolia management and founded on estimates and assumptions considered reasonable by Veolia at the time of preparation of the Pro Forma Financial Information.

The following items are not therefore reflected in the Pro Forma Financial Information:

- restructuring and integration costs likely to be generated by the Transaction;
- synergies, operating efficiency improvements and other cost savings likely to be generated by the Transaction.

Furthermore, due to the context of the Transaction - takeover of a listed Group involving several anti-trust processes - the Veolia group only had access to public information. The detailed, in-depth review of the Suez financial statements necessary to a comparison of the Suez and Veolia financial statements was therefore impossible.

Accordingly, at the date of preparation of this Pro Forma Financial Information, the following potential adjustments could not be calculated: harmonization of accounting policies and methods (Section 4, Note 3), historical accounting value adopted for Suez assets acquired and liabilities assumed vs. fair value (Section 4, Note 4.1), reciprocal transactions (Section 4, Note 7), impacts of termination clauses (Section 4, Note 8), tax impacts resulting from the "New Suez" scope divestment (Section 4, Note 10).

In addition, in our preparation methodology we considered that the acquisition of OSIS, a Suez group entity sold to Veolia in May 2021, was not material with respect to the preparation basis rules.

Actual results may differ significantly from the Pro Forma financial information presented in this document as they will depend on a certain number of variable factors, including, notably, the fair value of the assets and liabilities acquired and market assumptions.

This valuation will be performed based on analyses conducted after completion of the Transaction. In addition, the disposal price of the scope assets and liabilities sold to the Consortium is determined on a provisional basis.

Accordingly, the goodwill determined based on the Suez Group aggregated statement of financial position as of December 31, is provisional and calculated solely for the purposes of preparing a Pro Forma statement of financial position and income statement in the context of the ongoing Transaction. It may therefore be modified subsequently based on the final fair value calculation.

2. Basis underlying the preparation of the pro forma financial information

This unaudited Pro Forma Financial Information is presented in accordance with Annex 20 of Commission Delegated Regulation (EU) 2019/980, supplementing Commission Regulation (EU) 2017/1129. The Pro Forma Financial Information applies the recommendation issued by ESMA (ESMA32-382-1138 of March 4, 2021) and the provisions of AMF position-recommendation no. 2021-02 on Pro Forma financial information.

The unaudited Pro Forma Financial Information was prepared based on the following items:

- The consolidated statement of financial position and the consolidated income statement taken from the published Veolia consolidated financial statements for the year ended December 31, 2020, prepared in accordance with IFRS as adopted in the European Union and audited by KPMG Audit, a division of KPMG S.A., and ERNST & YOUNG et Autres. The audit report does not contain any qualifications or emphases of matter.

- The consolidated statement of financial position and the consolidated income statement taken from the published Suez consolidated financial statements for the year ended December 31, 2020, prepared in accordance with IFRS as adopted in the European Union and audited by MAZARS, and ERNST & YOUNG et Autres. The audit report contains an emphasis of matter on Note 2.1 "Impacts of the COVID-19 pandemic" to the Consolidated Financial Statements relating to the various impacts of the COVID-19 pandemic on Suez's business and its Consolidated Financial Statements.

- The combined statement of financial position and the combined income statement taken from the combined financial statements for the year ended December 31, 2020 of the "New Suez" scope prepared by Suez and published on August 5, 2021 and subject to a limited review by MAZARS and ERNST & YOUNG et Autres. The statutory auditors' review report contains the following emphases of matter:
  - the "Context" note in the Basis of Preparation explains that this Financial Information is intended to be used by Veolia Environnement S.A. in the context of its publication of pro forma financial information pursuant to the provisions of the Commission Delegated Regulation (EU) 2019/980 and does not constitute full financial statements in accordance with IFRS as adopted by the European Union. In particular:
  - this Financial Information does not include certain information required by IFRS as adopted by the European Union or comparative information for financial year 2019,
  - the scope of combination excludes certain entities controlled by combined entities;
  - the "Scope of Combination" note in the Basis of Preparation sets out the structuring assumptions and approaches to the scope of combination used by management in preparing the Financial Information.

This information is public and available on the Veolia and Suez group websites.

The unaudited Pro Forma financial information was drawn up in accordance with the accounting policies used to prepare the audited Veolia consolidated financial statements for the year ended December 31, 2020.

The unaudited Pro Forma Financial Information is presented in millions of euros.

3. Pro forma Consolidated Statement of Financial Position and Income Statement

3.1 Pro forma Consolidated Statement of Financial Position as of December 31, 2020

Assets

(in millions of euros)	Veolia published historical data	Suez re-presented historical data	Harmonization of accounting policies and methods	**Re-presented historical data**	Business combination adjustments	Financing adjustments	Transaction cost adjustments	Divestment	Tax impact of Pro Forma adjustments	**Pro Forma data**
	Note 1	*Note 2*	*Note 3*		*Note 4*	*Note 5*	*Note 6*	*Note 9*	*Note 10*	
Goodwill	5,888.9	4,663.7	0.0	**10,552.6**	9,400.2	0.0	199.0	(6,472.1)	(66.3)	**13,613.4**
Concession intangible assets	3,544.9	3,009.2	0.0	**6,554.1**	0.0	0.0	0.0	(1,155.8)	0.0	**5,398.3**
Other intangible assets	1,371.3	1,455.6	0.0	**2,826.9**	0.0	0.0	0.0	(319.1)	0.0	**2,507.9**
Property, plant and equipment	8,216.6	7,756.0	0.0	**15,972.6**	0.0	0.0	0.0	(1,487.1)	0.0	**14,485.5**
Right of use (net)	1,529.5	1,168.0	0.0	**2,697.5**	0.0	0.0	0.0	(466.8)	0.0	**2,230.7**
Investments in joint ventures	1,020.8	925.5	0.0	**1,946.3**	0.0	0.0	0.0	(851.4)	0.0	**1,094.9**
Investments in associates	353.9	1,063.4	0.0	**1,417.3**	0.0	0.0	0.0	(778.3)	0.0	**639.0**
Non-consolidated investments	3,102.2	107.9	0.0	**3,210.1**	(3,046.0)	0.0	0.0	(52.7)	0.0	**111.4**
Non-current operating financial assets	1,198.1	349.6	0.0	**1,547.7**	0.0	0.0	0.0	(184.7)	0.0	**1,363.0**
Non-current derivative instruments - Assets	53.4	146.5	0.0	**199.9**	0.0	0.0	0.0	0.0	0.0	**199.9**
Other non-current financial assets	427.3	522.3	0.0	**949.6**	0.0	0.0	0.0	(269.2)	0.0	**680.4**
Deferred tax assets	1,036.5	432.4	0.0	**1,468.9**	0.0	0.0	0.0	(374.7)	0.0	**1,094.2**
Non-current assets	**27,743.6**	**21,600.1**	**0.0**	**49,343.7**	**6,354.2**	**0.0**	**199.0**	**(12,411.9)**	**(66.3)**	**43,418.7**
Inventories and work-in-progress	797.7	483.1	0.0	**1,280.8**	0.0	0.0	0.0	(192.5)	0.0	**1,088.3**
Operating receivables	9,106.2	4,903.3	0.0	**14,009.5**	0.0	17.4	72.0	(2,535.2)	149.1	**11,712.9**
Current operating financial assets	172.8	44.9	0.0	**217.7**	0.0	0.0	0.0	(26.3)	0.0	**191.4**
Other current financial assets	1,073.2	1,693.8	0.0	**2,767.0**	0.0	0.0	0.0	(810.8)	0.0	**1,956.2**
Current derivative instruments - Assets	174.8	96.4	0.0	**271.2**	0.0	0.0	0.0	(7.1)	0.0	**264.1**
Cash and cash equivalents	5,840.0	5,319.6	0.0	**11,159.6**	(245.2)	2,500.0	0.0	(584.0)	0.0	**12,830.4**
Assets classified as held for sale	455.7	1,443.0	0.0	**1,898.7**	0.0	0.0	0.0	0.0	0.0	**1,898.7**
Current assets	**17,620.3**	**13,984.1**	**0.0**	**31,604.4**	**(245.2)**	**2,517.4**	**72.0**	**(4,155.8)**	**149.1**	**29,942.0**
TOTAL ASSETS	45,363.9	35,584.2	0.0	80,948.1	6,109.0	2,517.4	271.0	(16,567.7)	82.8	73,360.7

Equity and Liabilities

(in millions of euros)	Veolia published historical data	Suez re-presented historical data	Harmonization of accounting policies and methods	Re-presented historical data	Business combination adjustments	Financing adjustments	Transaction cost adjustments	Divestment	Tax impact of Pro Forma adjustments	Pro Forma data
	Note 1	*Note 2*	*Note 3*		*Note 4*	*Note 5*	*Note 6*	*Note 9*	*Note 10*	
Share capital	2.893.1	2,513.4	0.0	5,406.5	(2,513.4)	2,500.0	0.0	0.0	0.0	5,393.1
Additional paid-in capital	7,291.8	5,252.1	0.0	12,543.9	(5,252.1)	(41.3)	0.0	0.0	0.0	7,250.6
Deeply-subordinated perpetual securities	1,987.1	1,575.9	0.0	3,563.0	82.1	0.0	0.0	0.0	0.0	3,645.1
Reserves and retained earnings attributable to owners of the Company	(4.955.8)	(3.934.8)	0.0	(8,890.6)	12.988.5	(45.9)	(161.2)	(8.272.1)	82.8	(4,298.5)
Total equity attributable to owners of the Company	**7,216.2**	**5,406.6**	**0.0**	**12,622.8**	**5,305.1**	**2,412.8**	**(161.2)**	**(8,272.1)**	**82.8**	**11,990.2**
Total equity attributable to non-controlling interests	**1,098.5**	**2,642.8**	**0.0**	**3,741.3**	**803.9**	**0.0**	**0.0**	**(803.9)**	**0.0**	**3,741.3**
Shareholders' equity	**8,314.7**	**8,049.4**	**0.0**	**16,364.1**	**6,109.0**	**2,412.8**	**(161.2)**	**(9,076.0)**	**82.8**	**15,731.5**
Non-current provisions	1,846.8	2,134.3	0.0	3,981.1	0.0	0.0	0.0	(1,105.2)	0.0	2,875.9
Non-current financial liabilities	10,836.4	11,027.6	0.0	21,864.0	0.0	0.0	0.0	(306.4)	0.0	21,557.6
Non-current IFRS 16 lease debt	1,296.8	975.5	0.0	2,272.3	0.0	0.0	0.0	(367.1)	0.0	1,905.2
Non-current derivative instruments - Liabilities	65.5	4.9	0.0	70.4	0.0	0.0	0.0	(0.4)	0.0	70.0
Concession liabilities - non-current	1,459.9	0.0	0.0	1,459.9	0.0	0.0	0.0	0.0	0.0	1,459.9
Deferred tax liabilities	1.094.4	596.2	0.0	1,690.6	0.0	0.0	0.0	(180.0)	0.0	1,510.6
Non-current liabilities	**16,599.6**	**14,738.5**	**0.0**	**31,338.1**	**0.0**	**0.0**	**0.0**	**(1,959.0)**	**0.0**	**29,379.1**
Operating payables	11,850.4	8,208.3	0.0	20,058.7	0.0	0.0	432.2	(4,094.1)	0.0	16,396.8
Concession liabilities - current	145.6	0.0	0.0	145.6	0.0	0.0	0.0	0.0	0.0	145.6
Current provisions	510.7	753.2	0.0	1,263.9	0.0	0.0	0.0	(310.9)	0.0	953.0
Current financial liabilities	7,196.7	1,871.9	0.0	9,068.6	0.0	104.6	0.0	(97.7)	0.0	9,075.6
Current IFRS 16 lease debt	402.9	255.6	0.0	658.5	0.0	0.0	0.0	(113.0)	0.0	545.5
Current derivative instruments - Liabilities	117.9	36.2	0.0	154.1	0.0	0.0	0.0	(7.4)	0.0	146.7
Bank overdrafts and other cash position items	217.6	1,084.7	0.0	1,302.3	0.0	0.0	0.0	(909.6)	0.0	392.7
Liabilities directly associated with assets classified as held for sale	7.8	586.4	0.0	594.2	0.0	0.0	0.0	0.0	0.0	594.2
Current liabilities	**20,449.6**	**12,796.3**	**0.0**	**33,245.9**	**0.0**	**104.6**	**432.2**	**(5,532.7)**	**0.0**	**28,250.1**
TOTAL EQUITY AND LIABILITIES	45,363.9	35,584.2	0.0	80,948.1	6,109.0	2,517.4	271.0	(16,567.7)	82.8	73,360.7

3.2 Pro forma Condensed Consolidated Income Statement for the year ended December 31, 2020

Income Statement *(in millions of euros)*	Veolia published historical condensed data	Suez published historical data	Harmonization of accounting policies and methods	**Re-presented condensed historical data**	Business combination adjustments	Financing adjustments	Transaction cost adjustments	Divestment	Tax impact of Pro Forma adjustments	**Pro forma condensed data**
	Note 1	*Note 2*	*Note 3*		*Note 4*	*Note 5*	*Note 6*	*Note 9*	*Note 10*	
Revenue	**26,009.9**	**17,209.0**	**0.0**	**43,218.9**	**0.0**	**0.0**	**0.0**	**(6,533.6)**	**0.0**	**36,685.3**
Operating income before share of net income of equity-accounted entities	**809.0**	**375.9**	**0.0**	**1,184.9**	**0.0**	**0.0**	**(113.6)**	**116.0**	**0.0**	**1,187.3**
Share of net income (loss) of equity-accounted entities	110.5	144.8	0.0	**255.3**	0.0	0.0	0.0	(119.3)	0.0	**136.0**
o/w share of net income (loss) of joint ventures	87.4	39.7	0.0	**127.1**	0.0	0.0	0.0	(36.6)	0.0	**90.5**
o/w share of net income (loss) of associates	23.1	105.1	0.0	**128.2**	0.0	0.0	0.0	(82.7)	0.0	**45.5**
Operating income after share of net income (loss) of equity-accounted entities	**919.5**	**520.7**	**0.0**	**1,440.2**	**0.0**	**0.0**	**(113.6)**	**(3.3)**	**0.0**	**1,323.3**
Net financial expense	(554.1)	(440.7)	0.0	**(994.8)**	0.0	(45.9)	0.0	71.3	0.0	**(969.4)**
Pre-tax net income (loss)	**365.4**	**80.0**	**0.0**	**445.4**	**0.0**	**(45.9)**	**(113.6)**	**68.0**	**0.0**	**353.9**
Income tax expense	(137.0)	(154.4)	0.0	**(291.4)**	0.0	0.0	0.0	44.8	53.2	**(193.4)**
Net income (loss) from continuing operations	**228.4**	**(74.4)**	**0.0**	**154.0**	**0.0**	**(45.9)**	**(113.6)**	**112.8**	**53.2**	**160.5**
Net income (loss) from discontinued operations	(19.9)	0.0	0.0	**(19.9)**	0.0	0.0	0.0	0.0	0.0	**(19.9)**
Net income (loss) for the year	**208.5**	**(74.4)**	**0.0**	**134.1**	**0.0**	**(45.9)**	**(113.6)**	**112.8**	**53.2**	**140.6**
Attributable to owners of the Company	88.8	(228.2)	0.0	**(139.4)**	0.0	(45.9)	(113.6)	157.8	53.2	**(88.0)**
Attributable to non-controlling interests	119.7	153.8	0.0	**273.5**	0.0	0.0	0.0	(45.0)	0.0	**228.5**

4. Notes to the unaudited pro forma financial information

Note 1: Veolia historical data

The Veolia historical data for the year ended December 31, 2020 presented in the Pro Forma statement of financial position and the Pro Forma condensed income statement corresponds to the data published in the Veolia consolidated financial statements for the year ended December 31, 2020.

Income Statement

As Veolia wished to continue presenting its income statement by function but did not have the information necessary to reclassify by function the operating expenses presented in the Suez income statement by nature, the Pro Forma income statement presents operating income before the share of net income of equity-accounted entities directly after revenue, without presenting expense accounts or the other intermediate operating aggregates.

Note 2: Suez re-presented historical data

The Suez historical data for the year ended December 31, 2020 presented in the Pro Forma statement of financial position and the Pro Forma condensed income statement corresponds to the data published in the Suez consolidated financial statements for the year ended December 31, 2020.

Presentation reclassifications were performed to align the presentation of Suez data with Veolia data based on information published in the Suez consolidated financial statements for the year ended December 31, 2020. These reclassifications are detailed below.

Statement of Financial Position

(in millions of euros)	Note	Suez published historical data	Reclassifications	**Suez re-presented historical data**
Goodwill		4,663.7		4,663.7
Concession intangible assets	(a)		3,009.2	3,009.2
Other intangible assets	(a)	4,464.8	(3,009.2)	1,455.6
Property, plant and equipment		7,756.0		7,756.0
Right of use (net)		1,168.0		1,168.0
Investments in joint ventures		925.5		925.5
Investments in associates		1,063.4		1,063.4
Non-consolidated investments		107.9		107.9
Non-current operating financial assets	(b)	0.0	349.6	349.6
Non-current derivative instruments - Assets		146.5		146.5
Other non-current financial assets	(c) (d)	0.0	522.3	522.3
Deferred tax assets		432.4		432.4
Contract assets	(e)	80.6	(80.6)	0.0
Loans and receivables at amortized cost	(b) (c)	712.2	(712.2)	0.0
Other non-current assets	(d)	159.7	(159.7)	0.0
Non-current assets		**21,680.7**	**(80.6)**	**21,600.1**
Inventories and work-in-progress		483.1		483.1
Operating receivables	(e)	4,324.3	579.0	4,903.3
Current operating financial assets	(f)	0.0	44.9	44.9
Other current financial assets	(g) (h) (i)	0.0	1,693.8	1,693.8
Current derivative instruments - Assets		96.4		96.4
Cash and cash equivalents		5,319.6		5,319.6
Contract assets	(e)	498.4	(498.4)	0.0
Loans and receivables carried at amortized cost	(f) (g)	77.0	(77.0)	0.0
Financial assets measured at fair value through income	(h)	54.9	(54.9)	0.0
Other current assets	(i)	1,606.8	(1,606.8)	0.0
Assets classified as held for sale		1,443.0		1,443.0
Current assets		**13,903.5**	**80.6**	**13,984.1**
TOTAL ASSETS		**35,584.2**	**(0.0)**	**35,584.2**

(in millions of euros)	Note	Suez published historical data	Reclassifications	**Suez re-presented historical data**
Share capital		2,513.4		2,513.4
Additional paid-in capital		5,252.1		5,252.1
Deeply-subordinated perpetual securities		1,575.9		1,575.9
Reserves and retained earnings attributable to owners of the Company		(3,934.8)		(3,934.8)
Total equity attributable to owners of the Company		**5,406.6**		**5,406.6**
Total equity attributable to non-controlling interests		**2,642.8**		**2,642.8**
Shareholders' equity		**8,049.4**		**8,049.4**
Non-current provisions	(j) (k)	1,413.9	720.4	2,134.3
Non-current financial liabilities	(l)	10,990.0	37.6	11,027.6
Non-current IFRS 16 lease debt		975.5		975.5
Non-current derivative instruments - Liabilities		4.9		4.9
Concession liabilities - non-current		0.0		0.0
Deferred tax liabilities		596.2		596.2
Other financial liabilities	(l)	37.6	(37.6)	0.0
Contract liabilities	(j)	196.3	(196.3)	0.0
Other non-current liabilities	(k)	524.1	(524.1)	0.0
Non-current liabilities		**14,738.5**	**0.0**	**14,738.5**
Operating payables	(m) (n)	3,263.2	4,945.1	8,208.3
Concession liabilities - non-current		0.0		0.0
Current provisions	(o)	541.8	211.4	753.2
Current financial liabilities	(p)	2,956.6	(1,084.7)	1,871.9
Current IFRS 16 lease debt		255.6		255.6
Current derivative instruments - Liabilities		36.2		36.2
Bank overdrafts and other cash position items	(p)	0.0	1,084.7	1,084.7
Contract liabilities	(m) (o)	1,176.1	(1,176.1)	0.0
Other current liabilities	(n)	3,980.4	(3,980.4)	0.0
Liabilities directly associated with assets classified as held for sale		586.4		586.4
Current liabilities		**12,796.3**	**0.0**	**12,796.3**
TOTAL EQUITY AND LIABILITIES		**35,584.2**	**0.0**	**35,584.2**

Certain items of the Suez statement of financial position were aggregated in line with the Veolia presentation format as follows:

(d) Other non-current assets were reclassified in Other non-current financial assets in the amount of €159.7 million

(e) Non-current and current contract assets were reclassified in Operating receivables in the amount of €80.6 million and €498.4 million, respectively

(h) Financial assets measured at fair value through income were reclassified in Other current financial assets in the amount of €54.9 million

(i) Other current assets were reclassified in Other current financial assets in the amount of €1,606,8 million

(j) (k) by reporting convention, Non-current contract liabilities and Other non-current liabilities, not presented on separate lines in Veolia's primary consolidated financial statements, were reclassified in Non-current provisions in the amount of €720.4 million

(l) Other non-current financial liabilities were reclassified in Non-current financial liabilities in the amount of €37.6 million

(n) by reporting convention and according to available published information, Other current liabilities were reclassified in Operating payables in the amount of €3,980.4 million

Pro Forma adjustments made to the Suez statement of financial position for harmonization with Veolia presentation rules are detailed below. These preliminary harmonization adjustments were made based on available published financial information and particularly the notes to the Suez consolidated financial statements for fiscal year 2020. Subsequent adjustments may therefore be necessary after completion of the Transaction.

(a) presentation on a separate line of Non-current concession assets of €3,009.2 million (Note 10.1 to the Suez 2020 consolidated financial statements)

(b) (c) Non-current concession receivables presented by Suez in Non-current loans and receivables carried at amortized cost were reclassified in Non-current operating financial assets in the amount of €349.6 million (Note 13.1.2 to the Suez 2020 consolidated financial statements). The remaining balance in the Statement of financial position was reclassified in Non-current financial assets by reporting convention

(f) (g) Current concession receivables presented by Suez in Current loans and receivables carried at amortized cost were reclassified in Current operating financial assets in the amount of €44.9 million (Note 13.1.2 to the Suez 2020 consolidated financial statements). The remaining balance in the Statement of financial position of €32.1 million was reclassified in Other current financial assets by reporting convention

(m) (o) the share of Contract liabilities corresponding to provisions for renewal expenses was reclassified in Current provisions in the amount of €211.4 million (Note 1.6.13.4 to the Suez 2020 consolidated financial statements). The remaining balance in the Statement of financial position was reclassified in Operating payables by reporting convention

(p) Bank overdrafts and other cash position items previously presented in Short-term borrowings by Suez were reclassified on a separate line in the amount of €1,084.7 million (Note 13.2.1 to the Suez 2020 consolidated financial statements).

Note 3: Harmonization of accounting policies and methods

The unaudited Pro Forma Financial Information is presented in accordance with Veolia accounting policies and methods used to prepare the consolidated financial statements for the year ended December 31, 2020.

In addition to the presentation adjustments detailed in Note 2, the prior harmonization of accounting policies and methods adopted by Suez with those adopted by Veolia, based solely on published information at this stage, did not identify any necessary adjustments. However, this is only a preliminary assessment and it is possible that subsequent adjustments will be required after completion of the Transaction when Veolia group will have access to detailed information on Suez accounting policies and methods and will have been able to conduct a detailed analysis.

Accordingly, further adjustments and reclassifications may prove necessary when Veolia has full access to financial information and will harmonize accounting policies.

Note 4: Business combination pro forma adjustments

4.1. Recognition of assets acquired and liabilities assumed

The takeover comprises two stages: i) the acquisition of a 29.9% share block from Engie on October 5, 2020 and ii) the successful completion of the tender offer to obtain the remaining 70.1% of shares. The Transaction will therefore be recognized as a step acquisition. The consideration transferred will therefore include: cash paid to shareholders participating in the tender offer, the fair value of the shares purchased from Engie (29.9%) and the additional consideration due to the latter pursuant to the contract signed by Veolia and Engie (see 1.1.).

The business combinations will be recorded in accordance with the acquisition method as defined in IFRS 3, revised. Under this method, Veolia is considered to be the acquirer.

On completion of the proposed Transaction, the Suez identifiable assets acquired and liabilities assumed will be recognized at fair value at that date, and any residual difference compared with the consideration transferred will be recognized as goodwill. The Pro Forma Financial Information does not include, at this stage, any fair value adjustments or allocations to new assets or liabilities, due to the restrictions imposed by competition law that prevent members of Veolia and Suez management from sharing the relevant information necessary to the performance of reliable fair value estimates. Accordingly, for preliminary purposes, the purchase consideration was allocated in the pro forma financial information to the historical value of assets acquired and liabilities assumed, which was considered representative of their fair value as of December 31, 2020, with the resulting difference recognized as goodwill.

4.2. Determination of provisional goodwill

The recognition of the acquisition takes into account the acquisition of the 29.9% share block from Engie and the related price supplement, and assumes the successful completion of the tender offer (acquisition of the remaining 70.1%) at a price of €20.5/share corrected for dividends paid in the meantime by Suez Group (€0.65/share), or €19.85/share.

Based on this price and the Suez financial statements for the year ended December 31, 2020, goodwill calculated using the partial goodwill method (with non-controlling interests valued at net value), would be as follows:

	Reference	12/31/2020
Price for 70.1% of shares not yet held	(a)	8,974
Price supplement payable to Engie on the 29.9% share block acquired	(b)	347
Total consideration transferred (A)		**9,321**
Valuation of non-controlling interests **(B)**	(c)	2,643
o/w scope acquired and retained by Veolia		*1,839*
o/w New Suez	*(d)*	*804*
Fair value at the transaction date of Suez shares held as of 12/31/2020 **(C)**	(e)	3,828
Valuation of deeply subordinated securities **(D)**	(f)	1,658
Suez Group identifiable assets acquired	(g)	35,584
Elimination of existing goodwill in Suez Group	(g)	(4,664)
Total identifiable assets acquired (E)		**30,920**
o/w scope acquired and retained by Veolia		*20,824*
o/w New Suez	*(d)*	*10,096*
Total liabilities assumed (F)	**(g)**	**27,535**
o/w scope acquired and retained by Veolia		*20,043*
o/w New Suez	*(d)*	*7,492*
Fair value adjustments to net assets acquired and immediately sold to New Suez **(G)**	(h)	6,472
Total Goodwill (= A+B+C+D-E+F-G)		**7,592**

(a) – At a price of a price of €20.5/share less €0.65/share (2021 dividend paid by Suez) for the purchase of 452,080,143 Suez shares outstanding at the date of the Tender Offer

(b) - Price supplement payable to Engie (see Note 1.1.1.)

(c) – Valuation at net carrying amount

(d) - See Note 9 for a breakdown of New Suez assets, equity and liabilities

(e) – Fair value at a price of €20.5/share less €0.65/share of the Suez shares held by Veolia as of 12/31/2020

(f) – Fair value based on Bloomberg estimates as of July 30, 2021

(g) – Based on the Suez IFRS consolidated financial statements as of 12/31/2020

(h) - Fair value adjustments to net assets acquired and immediately sold to New Suez were determined as follows:

Fair value adjustments to New Suez net assets acquired	*Reference*	12/31/2020
New Suez disposal price (at 100%, including non-controlling interests) (A)		**9,076**
New Suez identifiable assets	*(a)*	11,056
Elimination of existing goodwill in New Suez		(960)
Total New Suez identifiable assets (B)		**10,096**
New Suez liabilities assumed (C)		**7,492**
Fair value adjustments (= A-B+C)		**6,472**

(a) – total identifiable assets including goodwill and excluding fair value adjustments (see Note 9)

These fair value adjustments are included in the accounts of New Suez presented in Note 9.

The following adjustments were recognized to reflect the takeover and record the resulting goodwill:

In the pro forma statement of financial position as of December 31, 2020

- On the goodwill line: a net adjustment of €9,400 million was recorded as follows:

  (i) cancellation of goodwill included in Suez historical data in the amount of €4,664 million,

  (ii) recognition of goodwill in respect of the takeover of Suez of €7,592 million,

  (iii) €6,472 million relating to the New Suez amount recorded on the Goodwill line and detailed in Note 9, that cannot be allocated at this date (see Section 4.1.)
- On the non-consolidated investments line: non-consolidated Suez shares acquired as of 12/31/2020 and recorded in the amount of €3,046 million as of December 21,2020 were eliminated and their fair value included in determining the consideration transferred
- The Cash and cash equivalents line is impacted by the net amount payable in line with the assumptions adopted in the context of the takeover and the concurrent divestment of the New Suez scope for €245 million, as follows:

  (i) cash payable at the close of the tender offer (€8,974 million representing 452,080,143 shares at a price of €20.5 less €0.65 in respect of the 2021 dividend paid by Suez),

  (ii) the price supplement of €347 million payable to Engie,

  (iii) cash receivable in respect of the disposal price for New Suez of €9,076 million
- In equity, a net adjustment of €6,109 million, including a Group share of €5,305 million and non-controlling interests of €804 million, as follows:

  Equity attributable to owners of the Company

  (i) an increase in reserves through fair value remeasurement at a price of €19.85 per share of Suez shares held as of 12/31/2020 in the amount of €782 million,

(ii) the recognition of deeply subordinated perpetual securities at their fair value of €1,658 million (see above), offset in the amount of €1,576 million by the elimination of their historical value as of December 31, 2020,

(iii) elimination of historical Suez equity attributable to owners of the Company (excluding deeply subordinated securities eliminated in ii) for a total amount of €3,831 million,

(iv) cancellation of equity sold to New Suez for a total amount of €8,272 million.

Equity attributable to non-controlling interests

(i) elimination of the disposal of equity attributable to non-controlling interests of New Suez in the amount of €804 million,

(ii) a nil impact in respect of the increase in Suez equity attributable to non-controlling interests valued at a net carrying amount of €2,643 million, offset in the same amount by the elimination of Suez historical equity.

Note 5: Financing Pro Forma adjustments

The financing plan for all transactions is structured as follows:

- the implementation of a bridge loan with a banking syndicate during the first half of 2021, securing the financing of part of the Tender offer,
- the refinancing of this bridge loan through the proceeds from the disposal of New Suez assets, with the two transactions considered performed at the same time on January 1, 2020 for the Pro Forma income statements and on December 31, 2020 for the Pro forma statement of financial position,
- the issue of equity securities or securities granting access to the share capital for €2.5 billion. The costs relating to this share capital increase are estimated at €41.3 million and presented in equity.

Bridge loan implementation costs were incurred in fiscal year 2021 on the signature of the initial syndication phase in the amount of €41.6 million. These costs relate directly to the transaction and are therefore included in the Pro Forma adjustments.
In addition, finance costs on guarantee remuneration relating to the Tender offer incurred in 2021 of €4.3 million were included in Pro Forma adjustments.

The following adjustments were recognized to reflect these financing components:

<u>In the Pro forma income statement for the year ended December 31, 2020</u>

- An impact of €(45.9) million in net financial expense as follows:

  (i) additional financial expenses on guarantee remuneration incurred in 2021 of €4.3 million

  (ii) additional financial expenses corresponding to bridge loan implementation costs in 2021 of €41.6 million

<u>In the pro forma statement of financial position as of December 31, 2020</u>

- In cash and cash equivalents: an increase of €2,500 million relating to the share capital increase
- An impact of €2,412.8 million in equity as follows:

  (i) the share capital increase of €2.5 billion in the share capital line, and,

  (ii) related costs of €(41.3) million as a decrease in additional paid-in capital,

  (iii) the income statement impact detailed above in the amount of €(45.9) million.
- Within current financial liabilities, an increase of €104.6 million in current debt relating to:

  (i) share capital increase costs payable of €41.3 million,

  (ii) financial expenses relating to Tender offer guarantee remuneration of €4.3 million,

  (Iii) bridge loan costs incurred in 2021 and simulated in fiscal year 2020 of €41.6 million,

  (iv) VAT on these three amounts of €17.4 million.
- In operating receivables, the VAT tax receivable on different costs of €17.4 million.

Note 6: Transaction cost pro forma adjustments

Transaction costs borne by Veolia mainly comprise legal, financial and advisory costs relating to the transaction. Due to their nature, these costs should not impact the recurring performance of Veolia Group in the future.

For Pro Forma Financial Information reporting purposes, a preliminary analysis was conducted to allocate transaction costs between costs relating to the business combination and financing costs (see Note 5).

Business combination costs borne by Veolia are already reflected in the Veolia historical income statement for fiscal year 2020 in the amount of €59.1 million before tax. Costs still to be borne by Veolia up to the takeover are estimated at €161.2 million.

Transaction costs borne by Suez will be reflected in net assets acquired. Accordingly, Suez transaction costs recorded in the income statement of €47.6 million in 2020 (Note 5.6. to the Suez 2020 consolidated financial statements) were re-presented and eliminated in the pro forma consolidated income statement and presented in net assets acquired as of December 31, 2020.

Transactions costs borne by Suez in the first half of 2021 of €199.0 million (Note 4.2.5. to the Suez consolidated financial statements for the half-year ended June 30, 2021) were presented as a deduction from Suez net assets and equity.

Transactions costs are described by Suez in the notes to its financial statements as comprising personnel costs, the cost of implementing measures relating to the June 29 agreement and advisor costs and fees. Due to their nature, these costs should not impact the recurring performance of Veolia Group in the future.

Veolia considered all amounts published by Suez when performing the Pro Forma adjustment.

In the Pro Forma consolidated statement of financial position, costs incurred prior to the acquisition impact net assets of the target and, accordingly the goodwill calculation.

The following adjustments were recognized to reflect these transactions costs:

<u>In the Pro forma income statement for the year ended December 31, 2020</u>

- An impact of €(113.6) million in operating income as follows:

    (i) addition of estimated costs to be borne by Veolia up to completion of the Transaction of €161.2 million (for fiscal year 2021, up to the date of effective takeover), and,

    (ii) suppression of costs incurred by Suez Group in fiscal year 2020 of €47.6 million (Note 5.6. to the Suez 2020 consolidated financial statements)

<u>In the pro forma statement of financial position as of December 31, 2020</u>

- An increase in operating payables of €432.2 million as follows:

    (i) €193.4 million corresponding to the transactions costs estimated by Veolia Group in 2021 of €161.2 million, plus the corresponding VAT,

    (ii) €238.8 million corresponding to the decrease in Suez net assets relating to costs to be borne by Suez Group in 2021 (Note 4.2.5. to the Suez consolidated financial statements for the half-year ended June 30, 2021) for €199 million, plus the corresponding VAT,

- An operating receivable of €72.0 million corresponding to VAT on costs borne by Veolia and Suez,

- €199 million is reflected within the Goodwill line, in relation to the decrease in Suez net assets

Note 7: Pro Forma adjustments relating to reciprocal transactions

After the takeover completion date, balances and transactions between Veolia and Suez will represent intra-group transactions and will be eliminated in the Veolia Group consolidated financial statements. By convention and with regard to data published to date, no eliminations were recorded as Pro Forma adjustments in the Pro Forma Financial Information. Based on the Transaction detailed in the offer document, the Group does not foresee any transactions with a material impact.

Note 8: Other Pro Forma adjustments

Suez is a party to contracts (with customers, suppliers, partners in joint ventures and consortia, regulatory control authorities and financing contracts), certain of which contain changes in control clauses. Some of these clauses may be triggered by the Transaction in so far as Veolia will acquire control of Suez and some of its subsidiaries on completion of the Transaction. In addition, certain Suez contracts enable the authorities that granted the contracts to cancel them at any time, in return for compensation that could prove less than the actual value of the contracts concerned. The trigger of these clauses or the termination of the contracts could lead to the loss of contractual rights and benefits or the implementation of other clauses, such as sales promises and/or purchase options for securities held by Suez, the termination of contracts or their renegotiation.

In the absence of access to contracts and in the context of ongoing investigations by market authorities in the different countries impacted by the Transaction, the Group was unable to assess, at the date of preparation of the Pro Forma Financial Information, all the potential impacts of these changes in control clauses. This comprehensive and detailed review of changes in control clauses will be updated after completion of the Transaction.

<u>Financing agreements</u>

As indicated in the Suez 2020 Universal Registration Document, Suez has entered into certain financing agreements containing clauses that could lead, under certain conditions, to their early termination in the event of a change in control. These mainly include bonds issued under the EMTN program, issues of Undated Deeply Subordinated Notes, known as “hybrids and the syndicated credit facility set-up by the company. More specifically, it is recalled that early termination is only possible where the change in control is accompanied by a “downgrade of the Company’s rating to below a certain threshold” (Note 16.3.2 of the Group Suez 2020 URD).

Due to the context of the transaction - takeover of a listed Group involving several anti-trust processes - the Veolia group only had access to public information, making detailed review of these agreements impossible.

Based on available public information and the expected financing conditions of the transaction, we have assumed the early termination clauses will not be exercised.

Note 9: Pro forma adjustments relating to the divested scope

9.1. Objective of the quantified data detailed in this column

It is recalled that concurrent to the Transaction (Suez takeover) a group of entities and assets will be sold to the New Suez consortium.

This column therefore illustrates the impact of this divestment on the consolidated financial position and the consolidated income statement of the new grouping.

The preparation of the Pro Forma Financial Information assumes all Competition Authority clearances have been obtained despite certain processes potentially still being in progress in certain jurisdictions at this time. Account has not therefore been taken of the impact of any asset or entity divestments that may be required by competition authorities.

9.2. Information basis for assets and liabilities transferred to New Suez

The carrying amount of assets and liabilities transferred is based on:

- the combined financial statements for the year ended December 31, 2020 of the "New Suez" scope published on August 5, 2021, accompanied by,
- the preparation memorandum for the combined accounts, that was subject to a limited review by MAZARS and ERNST & YOUNG et Autres.

9.2.1. Basis underlying the preparation of the New Suez combined financial statements

The basis underlying the preparation of the New Suez combined financial statements is detailed in the August 5, 2021 publication on the "New Suez" combined financial statements.

9.2.2. Reclassifications in the New Suez combined financial statements

In the same way as the historical data for the Suez Group as a whole (Note 2), the New Suez historical data provided by Suez was subject to presentation reclassifications to align the presentation of New Suez with that of Veolia based on the information published in Appendix 2 - Specific financial information on the basis underlying the preparation of the New Suez combined financial statements for the year ended December 31, 2020. These reclassifications are detailed below.

Statement of Financial Position

(in millions of euros)	New Suez Data taken from the Suez combined FS	Reclassifications	Note	**Re-presented data taken from the Suez combined FS**
Goodwill	959.6			959.6
Concession intangible assets		1,155.8	(a)	1,155.8
Other intangible assets	1,474.9	(1,155.8)	(a)	319.1
Property, plant and equipment	1,487.1			1,487.1
Right of use (net)	573.8			573.8
Investments in joint ventures	851.4			851.4
Investments in associates	778.3			778.3
Non-consolidated investments	52.7			52.7
Non-current operating financial assets	0.0	184.7	(b)	184.7
Non-current derivative instruments - Assets	0.0			0.0
Other non-current financial assets	0.0	710.2	(c) (d)	710.2
Deferred tax assets	374.7			374.7
Contract assets	66.2	(66.2)	(e)	0.0
Loans and receivables carried at amortized cost	741.9	(741.9)	(b) (c)	0.0
Other non-current assets	153.0	(153.0)	(d)	0.0
Non-current assets	**7,513.6**	**(66.2)**		**7,447.4**
Inventories and work-in-progress	192.5			192.5
Operating receivables	2,327.3	333.9	(e)	2,661.2
Current operating financial assets	0.0	26.3	(f)	26.3
Other current financial assets	0.0	935.8	(g) (h) (i)	935.8
Current derivative instruments - Assets	7.1			7.1
Cash and cash equivalents	1,031.0			1,031.0
Contract assets	267.7	(267.7)	(e)	0.0
Loans and receivables carried at amortized cost	53.9	(53.9)	(f) (g)	0.0
Financial assets measured at fair value through incom	23.4	(23.4)	(h)	0.0
Other current assets	884.8	(884.8)	(i)	0.0
Assets classified as held for sale	0.0			0.0
Current assets	**4,787.6**	**66.2**		**4,853.8**
TOTAL ASSETS	**12,301.2**	**0.0**		**12,301.2**

(in millions of euros)	Data taken from the Suez combined FS	Reclassifications	Note	Re-presented data taken from the Suez combined FS
	New Suez			
Share capital				0.0
Additional paid-in capital				0.0
Deeply-subordinated perpetual securities				0.0
Reserves and retained earnings attributable to owners of the Company				0.0
Total equity attributable to owners of the Company	**2,752.1**			**2,752.1**
Total equity attributable to non-controlling interests	**803.9**			**803.9**
Shareholders' equity	**3,556.0**			**3,556.0**
Non-current provisions	765.8	339.4	(j) (k)	1,105.2
Non-current financial liabilities	777.7	0.7	(l)	778.4
Non-current IFRS 16 lease debt	454.1			454.1
Non-current derivative instruments - Liabilities	0.4			0.4
Concession liabilities - non-current	0.0			0.0
Deferred tax liabilities	180.0			180.0
Other financial liabilities	0.7	(0.7)	(l)	0.0
Contract liabilities	103.6	(103.6)	(j)	0.0
Other non-current liabilities	235.8	(235.8)	(k)	0.0
Non-current liabilities	**2,518.0**	**0.0**		**2,518.0**
Operating payables	1,660.8	2,684.8	(m) (n)	4,345.6
Concession liabilities - non-current	0.0			0.0
Current provisions	123.3	187.6	(o)	310.9
Current financial liabilities	1,427.3	(1,323.4)	(p)	103.9
Current IFRS 16 lease debt	136.0			136.0
Current derivative instruments - Liabilities	7.4			7.4
Bank overdrafts and other cash position items	0.0	1,323.4	(p)	1,323.4
Contract liabilities	651.6	(651.6)	(m) (o)	0.0
Other current liabilities	2,220.8	(2,220.8)	(n)	0.0
Liabilities directly associated with assets classified as held for sale	0.0			0.0
Current liabilities	**6,227.2**	**0.0**		**6,227.2**
TOTAL EQUITY AND LIABILITIES	**12,301.2**	**0.0**		**12,301.2**

Certain items of the Suez statement of financial position were aggregated in line with the Veolia presentation format as follows:

(d) Other non-current assets were reclassified in Other non-current financial assets in the amount of €153.0 million
(e) Non-current and current contract assets were reclassified in Operating receivables in the amount of €66.2 million and €267.7 million, respectively
(h) Financial assets at fair value through income were reclassified in Other current financial assets in the amount of €23.4 million
(i) Other current assets were reclassified in Other current financial assets in the amount of €884.8 million
(j) (k) by reporting convention, Non-current contract liabilities and Other non-current liabilities, not presented on separate lines in Suez's primary consolidated financial statements, were reclassified in Non-current provisions in the amount of €339.4 million
(l) Other non-current financial liabilities were reclassified in Non-current financial liabilities in the amount of €0.7 million
(n) by reporting convention and according to available published information, Other current liabilities were reclassified in Current operating payables in the amount of €2,220.8 million

Pro Forma adjustments made to the New Suez statement of financial position for harmonization with Veolia presentation rules are detailed below. These preliminary harmonization adjustments were made based on published financial information available in Appendix 2 on the basis underlying the preparation of the New Suez consolidated financial statements for fiscal year ended December 312020. Subsequent adjustments may therefore be necessary after completion of the Transaction.

(a) presentation on a separate line of Non-current concession assets of €1,155.8 million,

(b) (c) Non-current concession receivables presented by Suez in Non-current loans and receivables carried at amortized cost were reclassified in Non-current operating financial assets in the amount of €184.7 million. The remaining balance in the Statement of financial position was reclassified in Non-current financial assets by reporting convention,

(f) (g) Current concession receivables presented by Suez in Current loans and receivables carried at amortized cost were reclassified in Current operating financial assets in the amount of €26.3 million. The remaining balance in the Statement of financial position was reclassified in Other current financial assets by reporting convention,

(m) (o) the share of Contract liabilities corresponding to provisions for renewal expenses was reclassified in Current provisions in the amount of €187.6 million. The remaining balance in the Statement of financial position was reclassified in Operating payables by reporting convention,

(p) Bank overdrafts and other cash position items previously presented in Short-term borrowings by Suez were reclassified on a separate line in the amount of €1,323.4 million.

9.2.3. Adjustments in the New Suez combined financial statements

The New Suez combined financial statements as published by Suez for the year ended December 31, 2020 present balances on transactions between New Suez entities and other Suez entities to be acquired by Veolia as third-party accounts.

Accordingly, transactions between New Suez entities and those due to be acquired by Veolia were retained in the New Suez income statement and statement of financial position presented in the published combined financial statements.

By convention, these transactions are adjusted and eliminated in the Pro Forma financial information based on information communicated in Appendix 3 on the basis underlying the preparation of the New Suez combined financial statements.

The adjustments to the relevant balances are as follows:

Statement of Financial Position

(in millions of euros)	New Suez: Re-presented data taken from the Suez combined FS	Adjustments	Reference	Re-presented and adjusted data taken from the Suez combined FS Disposals Column
Goodwill	959.6	5,512.5	(i)	**6,472.1**
Concession intangible assets	1,155.8			**1,155.8**
Other intangible assets	319.1			**319.1**
Property, plant and equipment	1,487.1			**1,487.1**
Right of use (net)	573.8	(107.0)	(ii)	**466.8**
Investments in joint ventures	851.4			**851.4**
Investments in associates	778.3			**778.3**
Non-consolidated investments	52.7			**52.7**
Non-current operating financial assets	184.7			**184.7**
Non-current derivative instruments - Assets	0.0			**0.0**
Other non-current financial assets	710.2	(441.0)	(iii)	**269.2**
Deferred tax assets	374.7			**374.7**
Non-current assets	**7,447.4**	**4,964.5**		**12,411.9**
Inventories and work-in-progress	192.5			**192.5**
Operating receivables	2,661.2	(126.0)	(iv)	**2,535.2**
Current operating financial assets	26.3			**26.3**
Other current financial assets	935.8	(125.0)	(iii)	**810.8**
Current derivative instruments - Assets	7.1			**7.1**
Cash and cash equivalents	1,031.0	(447.0)		**584.0**
Current assets	**4,853.8**	**(698.0)**		**4,155.8**
TOTAL ASSETS	**12,301.2**	**4,266.5**		**16,567.7**

	New Suez			
(in millions of euros)	**Re-presented data taken from the Suez combined FS**	Adjustments	*Reference*	**Re-presented and adjusted data taken from the Suez combined FS** **Disposals Column**
Share capital	0.0			0.0
Additional paid-in capital	0.0			0.0
Deeply-subordinated perpetual securities	0.0			0.0
Reserves and retained earnings attributable to owners of the Company	0.0			0.0
Total equity attributable to owners of the Company	**2,752.1**	5,520.0	*(i)*	**8,272.1**
Total equity attributable to non-controlling interests	**803.9**			**803.9**
Shareholders' equity	**3,556.0**	**5,520.0**		**9,076.0**
Non-current provisions	1,105.2			1,105.2
Non-current financial liabilities	778.4	(472.0)	*(v)*	306.4
Non-current IFRS 16 lease debt	454.1	(87.0)	*(ii)*	367.1
Non-current derivative instruments - Liabilities	0.4			0.4
Concession liabilities - non-current	0.0			0.0
Deferred tax liabilities	180.0			180.0
Non-current liabilities	**2,518.0**	**(559.0)**		**1,959.0**
Operating payables	4,345.6	(251.5)	*(vi)*	4,094.1
Concession liabilities - non-current	0.0			0.0
Current provisions	310.9			310.9
Current financial liabilities	103.9	(6.2)	*(v)*	97.7
Current IFRS 16 lease debt	136.0	(23.0)	*(ii)*	113.0
Current derivative instruments - Liabilities	7.4			7.4
Bank overdrafts and other cash position items	1,323.4	(413.8)	*(v)*	909.6
Current liabilities	**6,227.2**	**(694.5)**		**5,532.7**
TOTAL EQUITY AND LIABILITIES	**12,301.2**	**4,266.5**		**16,567.7**

Income Statement

(in millions of euros)	New Suez Condensed data taken from the Suez combined FS	Adjustments	*Reference*	Condensed and adjusted data taken from the Suez combined FS Disposals Column
Revenue	**6,608.7**	**(75.1)**	*(vii)*	**6,533.6**
Operating income before share of net income (loss) of equity-accounted entities	**(111.4)**	**(4.6)**	*(vii)*	**(116.0)**
Share of net income (loss) of equity-accounted entities	119.3	0.0		119.3
o/w share of net income (loss) of joint ventures	36.6	0.0		36.6
o/w share of net income (loss) of associates	82.7	0.0		82.7
Operating income after share of net income (loss) of equity-accounted entities	**7.9**	**(4.6)**	*(vii)*	**3.3**
Net financial expense	(71.3)			(71.3)
Pre-tax net income (loss)	**(63.4)**	**(4.6)**		**(68.0)**
Income tax expense	(44.8)	0.0		(44.8)
Net income (loss) from continuing operations	**(108.2)**	**(4.6)**		**(112.8)**
Net income (loss) from discontinued operations	0.0	0.0		0.0
Net income (loss) for the year	**(108.2)**	**(4.6)**		**(112.8)**
Attributable to owners of the Company	(153.2)	(4.6)		(157.8)
Attributable to non-controlling interests	45.0	0.0		45.0

(i) Fair value remeasurement of New Suez net assets in accordance with the calculation detailed in Note 4

(ii) Elimination of the impacts on IFRS 16 right-of-use assets and liabilities of the lease for the CB21 tower in La Défense recognized in the combined financial statements, as this building will not be used by the Veolia combined group

(iii) Elimination of other non-current and current financial assets recognized in the combined financial statements in respect of transactions between New Suez entities and entities due to join Veolia

(iv) Elimination of operating receivables recognized in the combined financial statements in respect of transactions between New Suez entities and entities due to join Veolia

(v) Elimination of non-current and current financial liabilities and bank overdrafts and other cash position items recognized in the combined financial statements in respect of transactions between New Suez entities and entities due to join Veolia

(vi) Elimination of operating payables recognized in the combined financial statements in respect of transactions between New Suez entities and entities due to join Veolia

(vii) Elimination of revenue recognized in the combined financial statements in respect of transactions between New Suez entities and entities due to join Veolia

(viii) Elimination of operating income recognized in the combined financial statements in respect of transactions between New Suez entities and entities due to join Veolia, and comprising, revenue offset mainly by management fees, know-how fees and brand fees

9.3. Determining the disposal price applied

Pursuant to the **Put Option Agreement** between the Consortium, Suez and Veolia and its appendix - the draft "Share and Asset Purchase Agreement" to be entered into by the parties, the provisional disposal price used to prepare the Pro Forma Financial Information is €9.1 billion, including a potential earn-out of €300 million.

We draw attention to the following points concerning this disposal price:

- at this stage, it is merely for information purposes,
- it was calculated based on balance sheet items as of December 31, 2020 and will be updated based on the New Suez accounts at closing,
- it will be adjusted for the difference between closing WCR and normative WCR,
- it will be reduced in the amount of net inter-company financial liabilities,
- it could include additional liabilities resulting notably from the separation process, particularly for the head office,
- it could be corrected for any changes in scope,
- the earn-out depends on 2021 EBITDA generated by New Suez.

We recall that completion of the disposal is subject to the realization of the conditions detailed in Section 1.1.5.

Note 10: Tax impact of the Pro Forma adjustments

The 2020 actual tax rates published by Veolia and Suez are 53.8% and -238.1% respectively.

Suez's negative tax rate in 2020 is mainly due to the non-recognition of deferred tax assets on tax losses carried forward and other deductible temporary timing differences, compared with the pre-tax net loss of consolidated companies in 2020.

Given the exceptional items that impacted the 2020 effective tax rates of the two Groups, a tax rate of 33.33% was used to prepare the Pro Forma Financial Information, the standard rate in France, as the adjustments were considered to concern the French entities.

In the absence of available information, the Pro Forma Financial Information does not currently include all the potential tax impacts of the disposal of the New Suez scope to the Consortium and particularly the capitalization of deferred tax assets and any potential tax liabilities. The tax risks relating to the Transaction are detailed in Section 3, Risk Factors, of the Update to Veolia's 2020 Universal Registration Document.

The following adjustments were recognized in the Pro Forma accounts to reflect the taxation of the adjustment items:

<u>In the Pro forma income statement for the year ended December 31, 2020</u>

- In the income tax expense, addition of a tax income on Pro Forma net income of €53,2 million, corresponding to:

  (i) income tax income of €69,1 million resulting from the application of a tax rate of 33.33% to Pro Forma additional charges incurred by Veolia (implementation of the bridge loan, guarantee remuneration relating to the tender offer and transaction costs; these adjustments are described in Notes 5 and 6)

  (ii) an income tax expense of €15.9 million resulting from the application of a tax rate of 33.33% to Pro Forma additional income recorded in Suez data (restatement of transaction costs detailed in Note 6)

<u>In the pro forma statement of financial position as of December 31, 2020</u>

- In operating receivables, an increase was recognized in respect of the Pro Forma tax receivable of €149,1 million to reflect:

  (i) the additional income tax income on the restatements recorded by Veolia in net income of €69,1 million

  (ii) the additional income tax income on the restatements recorded by Veolia in equity of €13.7 million

  Points (i) and (ii) are reflected as an offsetting entry in shareholders' equity, Group share.

  (iii) €66.3 million corresponding to an increase in Suez net assets in respect of the income tax income on Pro Forma adjustments to Suez 2021 transaction costs (adjustment detailed in Note 6).

  Point (iii) is reflected as an offsetting entry in Goodwill.

5. Additional information on key performance measures

5.1. Introduction

The unaudited additional information presented below by Veolia aims to illustrate the impact of (i) the planned takeover of Suez by Veolia (the "**Transaction**") and the Scope Divestment to the Consortium, (ii) as well as the sale of assets put up for sale by the Suez group in fiscal years 2020 and 2021 (including Group transactions in Northern Europe) on a selection of key performance measures: re-presented Pro Forma revenue, re-presented Pro Forma EBITDA and Re-presented Pro Forma CAPEX net of industrial divestitures for the first half of 2020, fiscal year 2020 and the first half of 2021 in order to provide investors with visibility on changes in the main financial aggregates of the new entity.

The group scope including the Transaction and excluding the contribution of New Suez and the Northern Europe assets sold by Suez in fiscal years 2020 and 2021 is defined as the combined new Group.

The re-presented Pro Forma alternative performance measures differ from the Pro Forma performance measures based on the Pro Forma consolidated statement of financial position and income statement presented in Section 3, in so far as they aim not only to reflect the impact of the Transaction but also to neutralize the impact of asset disposals by Suez in fiscal years 2020 and 2021 (including Group transactions in Northern Europe), the impact of which does not reflect the normal course of business and therefor the performance of the combined new group.

This additional information is presented for information purposes and presents a situation that is by nature hypothetical. It does not represent the successful completion of the Transaction or the future results or the future financial position of the combined new group in the event of the successful completion of the Transaction.

These performance measures are based on the scope comprising the future activities of the Group and therefore exclude the contribution of "new Suez" and the Northern Europe assets sold by Suez in fiscal years 2020 and 2021.

5.2. Basis of preparation of the additional information

The additional information on key performance measures was determined based on the following items:

- The Veolia condensed interim consolidated financial statements for the half-years ended June 30, 2021 and June 30, 2020 prepared in accordance with IAS 34 - the International Financial Reporting Standard IFRS adopted in the European Union on interim financial reporting - and subject to a limited review by KPMG Audit, a division of KPMG S.A. and ERNST & YOUNG et Autres;
- The Suez condensed interim consolidated financial statements for the half-years ended June 30, 2021 and June 30, 2020 prepared in accordance with IAS 34 - the International Financial Reporting Standard adopted in the European Union on interim financial reporting - and subject to a limited review by MAZARS and ERNST & YOUNG et Autres;
- The combined financial statements for the year ended December 31, 2020 for the "new Suez" scope prepared by Suez and published on August 5, 2021, accompanied by the preparation memorandum for the combined financial statements, subject to a limited review by MAZARS and ERNST & YOUNG et Autres;
- The performance measures prepared by Suez for the purposes of this additional information, in respect of the half-years ended June 30, 2021 and June 30, 2020, respectively, at "new Suez" level.

Re-presented Pro Forma revenue is presented in accordance with IFRS 15 and adjusted for the contribution of Northern Europe assets sold by Suez in fiscal years 2020 and 2021.

EBITDA as defined by Suez and published in the combined financial statements was subject to the adjustments presented in Section 5.3.2. to comply with the Veolia definition of Pro Forma EBITDA, based on information communicated by Suez in the preparation memorandum:

- share of net income (loss) of equity-accounted entities,
- brand and know-how royalties,
- net charges to provisions for employee benefits (pension and LTI),
- impairment of inventories, trade receivables and other assets,
- cash receipts from financial receivables recognized in accordance with IFRIC 12,
- other items, including:
    - expenses recognized in respect of IFRIC 21;
    - the marking-to-market of operational financial instruments;

Re-presented Pro Forma CAPEX net of industrial divestitures was determined based on items communicated by Suez as follows:

- industrial and maintenance investment,
- disposals of intangible assets and property, plant and equipment;
- cash outflows on financial receivables recognized in accordance with IFRIC 12;
- asset entries in respect of IFRS 16 lease right-of-use assets;
- asset terminations in respect of IFRS 16 lease right-of-use assets.

The methodology for determining the scope covered by the financial performance measures is published by Suez in its preparation memorandum for the combined financial statements and additional information.

The selected alternative performance measures illustrating the combined new Group are as follows:

(in millions of euros)	**H1 2020**	**FY 2020**	**H1 2021**
Re-presented Pro Forma Revenue	16,870	35,321	18,287
Re-presented Pro Forma EBITDA	2,035	4,975	2,921
Re-presented Pro Forma CAPEX net of industrial divestitures	(1,320)	(3,106)	(1,277)

5.3. Reconciliation of additional information on 2020 performance measures with 2020 Pro Forma data

(in millions of euros)	Veolia published historical data	Suez re-presented published historical data	Harmonization of accounting policies and methods	**Re-presented published historical data**	Business combination adjustments	Financing adjustments	Transaction cost adjustments	Divestment of New Suez	Tax impact of pro forma adjustments	**Re-presented Pro Forma data**	Other divestments	**Re-presented Pro Forma data for the combined New Group**
References to Section 4 notes	*Note 1*	*Note 2*	*Note 3*		*Note 4*	*Note 5*	*Note 6*	*Note 9*	*Note 10*			
Other references	*(a)*	*(a)*					*(b)*	*(c)*			*(d)*	
Revenue	26,009.9	17,209.0	0.0	**43,218.9**	0.0	0.0	0.0	(6,533.6)	0.0	**36,685.3**	(1,363.9)	**35,321.4**
EBITDA	3,641.0	2,438.0	0.0	**6,079.0**	0.0	0.0	0.0	(915.1)	0.0	**5,163.9**	(188.8)	**4,975.2**
Operating income before share of net income (loss) of equity-accounted entities	809.0	375.9	0.0	**1,184.9**	0.0	0.0	(113.6)	116.0	0.0	**1,187.3**		

(a) Reconciliation of EBITDA and operating income before share of net income of equity-accounted entities presented in Section 5.6.

(b) By construction (see Section 5.7.1.), the financial impacts of transaction costs identified in the context of the transaction are excluded from the definition of Veolia Group EBITDA

(c) Reconciliation of New Suez amounts with published Suez data presented in Section 5.5.

(d) Performance measures seeking to illustrate the future performance of the combined Group and therefore excluding the contribution of Northern Europe assets sold by Suez in fiscal years 2020 and 2021; see preparation basis in Section 5.2.

5.4. Reconciliation of additional information on performance measures published by Suez and Veolia with performance measures illustrating the New Group

5.4.1. Re-presented Pro Forma Revenue

Reconciliation of revenue as published by Suez and Veolia and re-presented Pro Forma revenue of the combined new Group:

(in millions of euros)

Re-presented Pro Forma Revenue	Veolia published historical data	Suez published historical data	Divestment of New Suez	Other divestments	Total illustrative of the combined New Group
H1 2020	12,412	8,167	(3,050)	(658)	16,870
FY 2020	26,010	17,209	(6,534)	(1,364)	35,321
H1 2021	13,645	8,711	(3,563)	(506)	18,287

5.4.2. Re-presented Pro Forma EBITDA

Reconciliation of EBITDA as published by Suez and Veolia and re-presented Pro Forma EBITDA of the combined new Group:

(in millions of euros)

Re-presented Pro Forma EBITDA	Veolia published EBITDA	Suez published EBITDA	Suez EBITDA in accordance with Veolia definition	Divestment of New Suez	Other divestments	Total illustrative of the combined New Group
H1 2020	1,599	1,196	(302.5)	(380)	(78)	2,035
FY 2020	3,641	2,815	(376.7)	(915)	(189)	4,975
H1 2021	2,081	1,601	(110.7)	(569)	(81)	2,921

5.4.3. Re-presented Pro Forma CAPEX net of industrial divestitures

Reconciliation of net CAPEX as published by Suez and Veolia and re-presented Pro Forma CAPEX net of industrial divestitures of the combined new Group:

(in millions of euros)

Re-presented Pro Forma CAPEX net of industrial divestitures	Veolia published net CAPEX	Suez published net CAPEX	Suez net CAPEX in accordance with Veolia definition	Divestment of New Suez	Other divestments	Total illustrative of the combined New Group
H1 2020	(873)	(626)	(150.4)	272	57.2	(1,320)
FY 2020	(2,151)	(1,324)	(334.6)	591	112.1	(3,106)
H1 2021	(834)	(566)	(106.9)	214	16.6	(1,277)

5.5. Reconciliation of additional information on performance measures published by Suez with Suez performance measures as defined by Veolia

5.5.1. Re-presented EBITDA

Reconciliation of EBITDA as published by Suez and Suez EBITDA in accordance with the Veolia group Pro Forma EBITDA performance measure definition:

	A			B			C			A-B-C		
	Total Suez Group			New Suez divested scope			Other divestments			Total Suez Group excluding divested scope		
(in millions of euros)	**H1 2020**	**FY 2020**	**H1 2021**	**H1 2020**	**FY 2020**	**H1 2021**	**H1 2020**	**FY 2020**	**H1 2021**	**H1 2020**	**FY 2020**	**H1 2021**
Suez published EBITDA	1,196.4	2,814.7	1,600.7	562.1	1,182.7	711.0	91.4	212.0	90.7	542.9	1,420.0	799.0
	-	-					-	-	-	-	-	-
IFRIC 21 impact	(46.1)	0.3	(42.7)	(17.8)	-	(17.6)	(1.1)	-	(1.2)	(27.2)	0.3	(23.9)
Brand fees and know-how costs	(0.2)	1.2	2.6	(34.4)	(72.2)	(35.8)	(7.7)	(16.6)	(4.2)	41.9	90.0	42.6
Net income of equity-accounted companies considered as core business	(55.3)	(144.8)	(96.5)	(52.2)	(119.3)	(76.2)	(2.1)	(4.3)	(2.3)	(1.1)	(21.2)	(18.0)
Net charges to provisions for retirement benefits and other long-term employee benefits	(49.5)	(78.6)	(6.1)	(26.9)	(27.4)	(2.6)	(2.2)	(1.8)	(0.1)	(20.4)	(49.4)	(3.4)
Fair value adjustments to fair value hedge derivatives	(0.2)	4.6	(0.9)	-	4.5	0.2	-	-	-	(0.2)	0.1	(1.1)
Impairment of inventories, trade receivables and other assets	(168.7)	(203.8)	26.6	(57.5)	(62.5)	(14.1)	(0.2)	(0.6)	(1.8)	(111.0)	(140.7)	42.5
Principal payments on operating financial assets	17.5	44.4	6.3	6.4	9.3	4.1	-	-	-	11.1	35.1	2.2
Suez EBITDA per the Veolia EBITDA definition	**893.9**	**2,438.0**	**1,490.0**	**379.8**	**915.1**	**569.0**	**78.1**	**188.8**	**81.0**	**436.0**	**1,334.2**	**840.0**

5.5.2. Re-presented CAPEX net of industrial divestitures

Reconciliation of net CAPEX as published by Suez and Suez net CAPEX in accordance with the Veolia Pro Forma performance measure definition:

	A			B			C			A-B-C		
	Total Suez Group			**New Suez divested scope**			**Other divestments**			**Total Suez Group excluding divested scope**		
(in millions of euros)	**H1 2020**	**FY 2020**	**H1 2021**	**H1 2020**	**FY 2020**	**H1 2021**	**H1 2020**	**FY 2020**	**H1 2021**	**H1 2020**	**FY 2020**	**H1 2021**
Maintenance and development expenditure	(626.0)	(1,323.5)	(566.4)	(221.1)	(455.0)	(161.0)	(25.1)	(56.7)	(15.2)	(379.8)	(811.8)	(390.2)
Disposals of intangible assets and property, plant and equipment	18.7	40.6	34.2	2.0	15.2	9.6	0.8	1.9	1.0	15.9	23.5	23.6
	-	-	-	-	-	-						
Net change in IFRS 16 right-of-use assets	(151.6)	(323.0)	(95.3)	(43.7)	(117.5)	(52.0)	(32.9)	(57.3)	(2.4)	(75.0)	(148.2)	(40.9)
Net change in IFRIC 12 intangible rights	(17.5)	(52.2)	(45.8)	(9.1)	(34.0)	(10.2)	-	-	-	(8.4)	(18.2)	(35.6)
	-											
Suez net CAPEX per the Veolia definition	**(776.4)**	**(1,658.1)**	**(673.3)**	**(271.9)**	**(591.4)**	**(213.6)**	**(57.2)**	**(112.1)**	**(16.6)**	**(447.3)**	**(954.6)**	**(443.1)**

5.6. Reconciliation of additional information on published performance measures with performance measures based on the published financial statements

5.6.1. Reconciliation of Suez income from operating activities and EBITDA

Suez published data (a) *(in millions of euros)*	**H1 2020**	**FY 2020**	**H1 2021**
Income from operating activities	**(296.4)**	**375.9**	**634.5**
Mark-to-market on operating financial instruments	0.2	(4.6)	0.9
Impairment on property, plant and equipment, intangible and financial assets	199.9	209.2	69.5
Restructuring costs	54.9	157.0	66.8
Scope effects	(0.4)	(198.8)	(299.6)
Other gains and losses on disposals	16.5	50.6	(9.6)
Other significant non-recurring transactions	-	47.6	199.0
Current operating income	**(25.3)**	**636.9**	**661.5**
Share in net income (loss) of equity-accounted companies	55.3	144.8	96.6
IFRIC 21 impact	46.1	0	42.7
Other	0.2	(1.5)	(2.7)
Amortization, depreciation, impairment and charges to provisions	975.6	1,762.6	646.0
Share-based payments	3.8	0.8	24.6
Disbursements under concession contracts and other	140.7	271.1	132.0
EBITDA	**1,196.4**	**2,814.7**	**1,600.7**

(a) See Suez Financial Statements and notes thereto for the periods ended June 30, 2020, December 31, 2020 and June 30, 2021

5.6.2. Reconciliation of Veolia income from operating activities and EBITDA

Veolia published data (a) *(in millions of euros)*	**H1 2020**	**FY 2020**	**H1 2021**
Operating income before share of net income (loss) of equity-accounted entities	**252.4**	**809.0**	**691.4**
Impairment losses on goodwill and negative goodwill	44.2	44.1	1.6
Net charges to non-current provisions	(21.4)	(13.5)	(5.0)
Restructuring costs	23.4	106.6	35.5
Personnel costs - share-based payments	2.2	33.3	-
Non-current provisions and impairment of property, plant and equipment, intangible assets, operating financial assets and other	92.7	155.9	63.0
Share acquisition costs, with or without acquisition of control	4.0	29.4	65.8
Provisions, fair value adjustments & other	15.6	10.9	(10.1)
Depreciation and amortization	1,053.7	2,189.7	1,095.8
Renewal expenses	132.2	275.4	142.7
EBITDA	**1,599.0**	**3,640.8**	**2,080.7**

5.7. Alternative performance measure definitions applied by Veolia

5.7.1. EBITDA

EBITDA comprises the sum of all operating income and expenses received and paid (excluding restructuring charges, non-current WCR impairments, renewal expenses and share acquisition and disposal costs) and principal payments on operating financial assets.

5.7.2. CAPEX

CAPEX includes maintenance and development investment, net of disposals of intangible assets and property, plant and equipment and including acquisitions and disposals of IFRS 16 right-of-use assets and IFRIC 12 intangible rights.

<u>Appendix 3</u>
Statutory auditors' report on the pro forma financial information for the year ended December 31, 2020

This is a free translation into English of the auditors' report issued in the French language and is provided solely for the convenience of English speaking readers.
This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

To Antoine Frérot, Chairman and Chief Executive Officer of Veolia Environnement

In our capacity as statutory auditors of your company and in accordance with Regulation (EU) n°2017/1129 supplemented by the Commission Delegated Regulation (EU) n°2019/980, we hereby report to you on the pro forma financial information of Veolia Environnement (the "Company") for the year ended December 31, 2020 set out in section 7 of the amendment to the universal registration document (the "Pro Forma Financial Information").

The Pro Forma Financial Information has been prepared for the sole purpose of illustrating the impact of the planned take over of Suez by Veolia, its financing and the divestment of its Water and Waste businesses (excluding hazardous waste) in France and certain international assets of Suez, described in the section 1.1 of the Pro Forma Financial Information, might have had on the consolidated balance sheet at December 31, 2020 and the consolidated income statement of the Company for the year ended December 31, 2020 had it taken place with effect from December 31, 2020 for the consolidated balance and January 1, 202 for the consolidated income statement. By its very nature, this information is based on a hypothetical situation and does not represent the financial position or performance that would have been reported, had the operation or event taken place at an earlier date than the actual or contemplated date.

It is your responsibility to prepare the Pro Forma Financial Information in accordance with the provisions of Regulation (EU) n°2017/1129 and ESMA's recommendations on Pro Forma Financial Information.

It is our responsibility to express a conclusion, based on our work, in accordance with Annex 20, section 3 of Commission Delegated Regulation (EU) n°2019/980, as to the proper compilation of the Pro Forma Financial Information on the basis stated.

We performed those procedures that we deemed necessary according to the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagement. These procedures, which did not include an audit or a review of the financial information used as a basis to prepare the Pro Forma Financial Information, mainly consisted in ensuring that the information used to prepare the Pro Forma Financial Information was consistent with the underlying financial information, as described in the notes to the Pro Forma Financial Information, reviewing the evidence supporting the pro forma adjustments and conducting interviews with the management of the Company to obtain the information and explanations that we deemed necessary.

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated;
- that basis is consistent with the accounting policies of the Company.

This report has been issued solely for the purposes of:

the filing of the the amendment to the universal registration document with the French financial markets authority (Autorité des marchés financiers or "AMF") ;

- and, a public offer, of securities of the Company in France and in other EU member states in which the prospectus approved by the AMF is notified;

- and cannot be used for any other purpose.

Paris-La-Défense, September 15, 2021

The statutory auditors

KPMG Audit *Département de KPMG S.A.*	ERNST & YOUNG et Autres
Baudouin Griton Eric Jacquet	Jean-Yves Jégourel Quentin Séné