

This document is an unofficial English-language translation of the draft tender offer document (projet de note d'information) which was filed with the French market Authority (Autorité des marchés financiers) on February 8, 2021 and which remains subject to its review. In the event of any differences between this unofficial English-language translation and the official French draft tender offer document, the official French draft tender offer document shall prevail.

This Offer and the Draft Offer Document remain subject to review by the AMF

PROPOSED CASH TENDER OFFER

for the shares of:



initiated by:



presented by:



Advising and presenting Bank and Guarantor

Advising and presenting Bank and Guarantor

Morgan Stanley

Advising and presenting Bank

BANK OF AMERICA 

Advising and presenting Bank

Veolia is also advised by:



DRAFT OFFER DOCUMENT PREPARED BY VEOLIA

TERMS OF THE OFFER

€20.50 per Suez share (*cum dividend*)¹

OFFER PERIOD

The timetable for this Offer will be set out by the AMF in accordance with its General Regulation

¹ In the event that the dividend of 0.65 euro per share, which will be submitted to the vote of Suez shareholders at the general meeting to be held on June 30, 2021, is approved, the Offer price will be reduced by an amount of 0.65 euro per share from the ex-dividend date (see paragraph 2.2 of the Draft Offer Document).

This Draft Offer Document was prepared and filed with the AMF on 29 June 2021, in accordance with the provisions of Articles 231-13, 231-16 and 231-18 of the AMF General Regulation

**THIS OFFER AND THE DRAFT OFFER DOCUMENT REMAIN SUBJECT TO
REVIEW BY THE AMF**

IMPORTANT NOTICE

In the event the number of shares not tendered in the Offer by the minority shareholders of Suez does not represent, following the Offer, or, if applicable, of the Reopened Offer, more than 10% of the share capital and voting rights of Suez, Veolia intends, within a period of ten (10) trading days from the publication of the notice announcing the result of the Offer or, if applicable, at the latest within three (3) months following the closing of the Reopened Offer, in accordance with Article L. 433-4 II of the French Monetary and Financial Code and Articles 232-4 and 237-1 to 237-10 of the AMF General Regulation, to implement a squeeze-out to acquire the Suez shares not tendered in the Offer in exchange for compensation equal to the Offer price, after adjustments, where applicable.

The Draft Offer Document must be read together with all other documents published in relation to the Offer. In particular, in accordance with Article 231-28 of the AMF General Regulation, a description of the legal, financial and accounting characteristics of Veolia will be made available to the public no later than the day preceding the opening of the Offer. A press release will be issued to inform the public of the manner in which the information will be made available.

This Draft Offer Document is available on the websites of the AMF (www.amf-france.org) and Veolia (www.veolia.com) and may be obtained free of charge from:

Veolia Environnement

21, rue La Boétie
75008 Paris
France

or

30, rue Madeleine Vionnet
93300 Aubervilliers
France

Crédit Agricole Corporate and Investment Bank

12, place des États-Unis
CS 70052, 92547 Montrouge Cedex
France

HSBC Continental Europe

38, avenue Kléber
75116 Paris
France

Morgan Stanley Europe SE

61, rue de Monceau
75008 Paris
France

Bank of America Europe DAC (Branch in France)

51, rue La Boétie
75008 Paris
France

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1. DESCRIPTION OF THE OFFER

Pursuant to Title III of Book II and more specifically Articles 231-13 and 232-1 *et seq.* of the General Regulation of the *Autorité des marchés financiers* (the “**AMF**”), Veolia Environnement, a limited liability corporation with a board of directors (*société anonyme à conseil d’administration*), having its registered office at 21, rue La Boétie, 75008 Paris, France, registered with the Paris Trade and Companies Register under number 403 210 032, the shares of which are traded on the Euronext regulated market in Paris (“**Euronext Paris**”) under ISIN Code FR0000124141 (ticker symbol “VIE”) (“**Veolia**” or the “**Offeror**”), makes an irrevocable offer to the holders of shares of Suez, a limited liability corporation with a board of directors (*société anonyme à conseil d’administration*) having its registered office at Tour CB21, 16, place de l’Iris, 92040 Paris La Defense Cedex, France, registered with the Nanterre Trade and Companies Register under number 433 466 570, the shares of which are traded on Euronext Paris (compartment A) and Euronext in Brussels (“**Euronext Brussels**”) under ISIN Code FR0010613471 (ticker symbol “SEV” on Euronext Paris and “SEVB” on Euronext Brussels) (“**Suez**” or the “**Company**”), to acquire all of their Suez shares in the context of a tender offer, the terms and conditions of which are set forth in this draft offer document (the “**Draft Offer Document**”), and which may be followed by a squeeze-out, if applicable, in accordance with the provisions of Articles 237-1 to 237-10 of the AMF General Regulation (the “**Offer**”).

The Offer price is €20.50 per share (*cum dividend*)². The Offer price has been increased from the initial price of €18 per share (*cum dividend*) that appeared in Veolia’s press release of October 5, 2020 regarding its intention to file the proposed Offer,³ which was filed with the AMF on February 8, 2021 by the Presenting Banks, acting on behalf of the Offeror⁴, as described in paragraphs 1.1.1, 2.1 and 2.7 of this Draft Offer Document.

The Offer is for all Suez shares not held by the Offeror⁵:

- (i) that are currently issued and outstanding, i.e., to the Offeror’s best knowledge as of the date of this Draft Offer Document, a maximum number of 451,529,224 Suez Shares,⁶ and
- (ii) that may be issued prior to the closing of the Offer or the Reopened Offer (as such term is defined in paragraph 2.13 below), as a result of the vesting of the free shares granted by Suez (the “**Free Shares**”), i.e., to the Offeror’s best knowledge as of the date of this Draft Offer Document, a maximum of 550,919 new Suez shares,⁷

altogether representing, to the Offeror’s best knowledge as of the date of this Draft Offer Document, a maximum number of 452,080,143 Suez shares included in this Offer.

² It is specified that a 0.65 euro dividend per share will be submitted to the vote of Suez shareholders at the next annual general meeting of the Company to be held on June 30, 2021. The ex-dividend date would be July 6, 2021 and the payment date would be July 8, 2021. In the event that such dividend is approved by the said general meeting, the Offer price will be reduced by an amount of 0.65 euro per share as from the ex-dividend date.

³ Press release marking the start of the pre-bid period (see paragraph 1.1.1).

⁴ AMF notice no. 220C4173 of October 8, 2020 available on the AMF website (www.amf-france.org).

⁵ As of the date of the Draft Offer Document, the Offeror holds 187,810,000 Suez Shares (see paragraph 1.1.2) out of a total of 639,339,224 issued and outstanding shares.

⁶ On the basis of the information published by the Company on its website as at 31 May 2021 in accordance with Article 223-16 of the AMF’s General Regulations, i.e. 639,339,224 shares representing as many theoretical voting rights. This also includes treasury shares, i.e., on the basis of the same information, 187,161 shares. It is however specified that, in order to be able to deliver Free Shares to its employees and corporate officers, the Company has announced its intention not to tender its treasury shares to the Offer.

⁷ See paragraph 2.4.

It is specified that the tender of American Depository Receipts under ISIN Code US8646912092 (“**Suez ADR**”) will not be accepted in the Offer or the Reopened Offer, and that the holders of Suez ADRs who wish to tender their securities to the Offer or the Reopened Offer will be first required to exchange them for Suez shares, as indicated in paragraph 2.5 below.

To the Offeror’s best knowledge, there are no other equity securities, or other financial instruments issued by the Company or rights granted by the Company that could give access, either immediately or in the future, to the share capital or voting rights of the Company.

Crédit Agricole Corporate and Investment Bank, HSBC Continental Europe, Bank of America Europe DAC (branch in France) and Morgan Stanley Europe SE are acting as presenting banks of the Offer in accordance with the provisions of Article 231-13 of the AMF General Regulation (hereinafter referred to together as the “**Presenting Banks**”). Only Crédit Agricole Corporate and Investment Bank and HSBC Continental Europe guarantee the content and the irrevocable nature of the undertakings made by the Offeror in connection with the Offer.

The Offer is subject to the validity threshold referred to in Article 231-9, I of the AMF General Regulation, as described in more detail in paragraph 2.6.1 of this Draft Offer Document.

In addition, as of the date of this Draft Offer Document, the Offer is subject to the condition precedent (as described in paragraph 2.6.2 of this Draft Offer Document) of obtaining merger control clearance for the combination 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 precedent, after prior consultation (without right of veto) with Suez.

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.

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 1^{er} avril 2007 relative aux offres publiques d’acquisition*), the Offer will be opened in Belgium. In that regard, the Offeror will request the recognition of the offer document by the Belgian financial services and markets authority (*autorité belge des services et marchés financiers*) pursuant to the provisions of Article 20 of the aforementioned Belgian statute.

1.1 Background and Reasons for the Offer

1.1.1 Background

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, available on the Veolia website (www.veolia.com).

On October 5, 2020, the Board of Directors of Engie accepted Veolia’s improved offer and, prior to the announcement of the 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**”), as described in paragraph 1.1.3 below. In a press release published on the same day, also available on Veolia’s website (www.veolia.com), Veolia confirmed its intention to file the Offer at the price of €18

per share (*cum dividend*), as a result of which the AMF noted the start of the pre-offer period.⁸ In the context of the Block Acquisition, Veolia has also made the required declarations of intent and threshold crossing to the AMF and the Company, as described in paragraph 1.1.4 below. At that date, the filing of the Offer was expected to take place at the latest upon receipt of the necessary regulatory clearances, within 12 to 18 months, subject to the proposed combination being favorably received by the Suez Board of Directors.

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 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 Offer, was also the subject of a Veolia press release available on its website (www.veolia.com).

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, available on its website (www.veolia.com), 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 Offer on a favorable response from Suez's Board of Directors, in accordance with applicable regulations (as described in paragraph 1.1.4 below), and to file the Offer with the AMF accordingly.

The 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 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 AMF⁹ and the corresponding draft offer document was made available to the public in accordance with Article 231-16 of the AMF General Regulation.

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:

- (i) the increase of the Offer price from €18 per share (*cum dividend*) to €20.50 per share (*cum dividend*);
- (ii) the reiteration of Veolia's social commitments for a period of four years from the closing of the Offer;
- (iii) 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;
- (iv) 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;

⁸ AMF notice no. 220C4093 of October 6, 2020 available on the AMF website (www.amf-france.org).

⁹ AMF notice no. 221C0312 of February 8, 2021 available on the AMF website (www.amf-france.org).

- (v) the full cooperation of Suez, Veolia and the “New Suez” takeover consortium in obtaining the necessary clearances;
- (vi) 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
- (vii) the conclusion of the final agreements reflecting the said Agreement in Principle 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 “**MOU**”) with Meridiam, Caisse des dépôts et consignations, CNP Assurances and Global Infrastructure Partners (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.

The signing of the Combination Agreement and the Memorandum of Understanding was the subject of a joint press release issued by Veolia and Suez on the same day and available on their respective websites (www.veolia.com and www.suez.com).

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 waste) in France and certain international assets (the “**Perimeter Divestment**”). The Combination Agreement contains:

- (i) the terms and conditions of the Offer, as set out in this Draft Offer Document;
- (ii) the undertaking by Veolia to increase the Offer price from €18 per share (cum dividend) to €20.50 per share (cum dividend) and the filing of the 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;
- (iii) 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;
- (iv) the reiteration of Veolia’s social commitments for a period of four years from the first settlement-delivery date of the Offer;
- (v) 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, described in paragraph 2.6.2 of this Draft Offer Document;
- (vi) the guiding principles and draft Memorandum of Understanding in accordance with which the Perimeter Divestment must be prepared and implemented;
- (vii) Veolia and Suez’s commitment to cooperate fully in the preparation and completion of the Perimeter Divestment;

- (viii) the conditions for the deactivation of the Dutch foundation by Suez, and Veolia and Suez' withdrawal of the ongoing litigation;
- (ix) a customary exclusivity undertaking by Suez in favor of Veolia; and
- (x) 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 Perimeter 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 Disposal of the Perimeter have not occurred by 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 (including the recommendations of the AMF on data room procedures set out in the guide to permanent information and the management of privileged information¹⁰).

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 Perimeter 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 Perimeter 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 Perimeter 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 Perimeter Divestment at between €9.5 billion and €9.8 billion in enterprise value, resulting in an equity value of between €8.8 billion and €9.1 billion, based on an earn-out amounting to a maximum of 300 million determined according to the level of EBITDA achieved by the divested business at the end of the 2021 financial year, and taking into account the amount of 578 million euros recognized as of December 31, 2020 under IFRS 16. The sale price may also be subject to adjustments, upwards or downwards, as usually determined on the basis of financial

¹⁰ AMF – DOC-2016-08 available on the AMF website (www.amf-france.org).

statements prepared as of the completion date or linked to possible changes in the scope of the divested perimeter until the completion date.

The completion of the Perimeter Divestment would nevertheless be subject to (i) certain reorganizations relating to the divested perimeter, (ii) the transfer to the Consortium of at least 90 % of the revenues of the divested perimeter, 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**”), to which is annexed a share and asset purchase agreement and pursuant to which the Consortium Acquisition Vehicle has granted a promise to purchase relating to the Perimeter 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.

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 Perimeter Divestment.

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 the Offer price from €18 per share (*cum* dividend) to €20.50 per share (*cum* dividend) and has instructed the Presenting Banks, acting on behalf of the Offeror, to inform the AMF of the said price increase and to file this Draft Offer Document.

1.1.2 Suez Shares held by the Offeror

As at the date of the Draft Offer Document, the Offeror holds 187,810,000 shares and voting rights in the Company, representing, to the best of the Offeror’s knowledge, 29.38% of the share capital and voting rights of the Company.¹¹

These shares were acquired as follows:

- 100 shares were acquired on the market on January 28, 2016 at a price of €17.01 per share (*cum* dividend);
- 9,900 shares were acquired on the market on March 26, 2019 at a price of €11.70 per share (*cum* dividend); and
- 187,800,000 shares were acquired off-market on October 6, 2020 in the context of the Block Acquisition described in paragraphs 1.1.1 and 1.1.3.

¹¹ In accordance with the provisions of Article 223-11 of the AMF General Regulation, the total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares without voting rights such as treasury shares, i.e., as at May 31, 2021, a total of 639,339,224 theoretical voting rights, on the basis of the information published by the Company on its website in accordance with Article 223-16 of the AMF General Regulation.

1.1.3 Acquisition of the Block of Suez Shares by the Offeror

On October 5, 2020, prior to the announcement of the Offer, Veolia and Engie entered into share purchase agreement pursuant to which Veolia acquired 187,800,000 Suez shares from Engie. The effective completion of the Block Acquisition, entailing the transfer of ownership of the Suez shares to Veolia, occurred on October 6, 2020. The Block Acquisition was disclosed through required threshold crossing notifications and declarations of intents to the AMF and the Company, as specified in paragraph 1.1.4 below.

The Block Acquisition was made at a price of €18 per share (*cum* dividend). Under the terms of the share purchase agreement, Engie benefits from a top-up right in the event that the market receives an improved offer from Veolia, thus allowing Engie to benefit from the increase of the Offer price to €20.50 euros (*cum* dividend). This additional top-up right would be equal, for each share sold in the context of the Block Acquisition, to the difference between the price per share paid in the Offer and the price per share paid in the context of the 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.

The Block Acquisition was financed out of Veolia's group own resources.

1.1.4 Shareholding threshold crossing notifications and related declarations of intent

In accordance with Article L. 233-7 of the French Commercial Code, by letters sent to the AMF and the Company on October 7 and 8, 2020, the Offeror disclosed the upwards crossing of the 5%, 10%, 15%, 20%, and 25% legal thresholds of the share capital and the theoretical voting rights of the Company, as well as its intents, following the Block Acquisition. The Offeror has also declared to the AMF the purchases made during a public offer in accordance with Article 231-46 of AMF General Regulation. These declarations were reported in a notice by the AMF on October 8, 2020.¹²

In accordance with Article 7.4 of Suez' by-laws, by letter sent to the Company on October 7, 2020, the Offeror also disclosed the upwards crossing of the thresholds, set forth in the Company's bylaws, of between 1% and 29% (inclusive) of the share capital and the theoretical voting rights of the Company (i.e., the 1% threshold and all multiples of 1% between 1% and 29% (inclusive)).

By letters sent on February 7, 2021, the Offeror declared to the AMF and the Company the change of intention described in paragraph 1.1.1, in accordance with Article L. 233-7 VII of the French Commercial Code. This new declaration of intent was the subject of an AMF notice on February 8, 2021.¹³

1.1.5 Reasons for the Offer

The merger of the two groups 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 our 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.

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

¹² AMF notice no. 220C4173 of October 8, 2020 available on the AMF website (www.amf-france.org).

¹³ AMF notice no. 221C0311 of February 8, 2021 available on the AMF website (www.amf-france.org).

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% 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 our 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 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.

- 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 *raison d'être* of Veolia and Suez. It ideally positions the new group to meet the main challenge of the century: ecological transformation.

1.1.5.1 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 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 CIRSEE and Lyre Research & Development centers.

1.1.5.2 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.

1.1.5.3 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: on the basis of the 2019 figures published pro forma of the completed Shaping Suez 2030 disposals, the creation of the “new Suez” and additional disposals in Australia in particular, Veolia’s revenue would increase from €27 billion to €37 billion.

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 speciality 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, 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” perimeter, 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.

1.1.5.4 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.

1.2 Benefits of the Offer for the Offeror, the Company and their shareholders

Suez shareholders who tender their shares in the Offer will receive immediate liquidity and a premium of:

- (i) 98.7% over the closing price of the Suez share immediately prior to Engie's announcement of its strategic review including its investment in Suez on July 30, 2020;
- (ii) 95.5% over the volume-weighted average price for the last month preceding Engie's announcement of its strategic review including its investment in Suez on July 30, 2020;

- (iii) 97.3% over the volume-weighted average price for the last three months preceding Engie's announcement of its strategic review including its investment in Suez on July 30, 2020; and
- (iv) 79.7% over the average analyst consensus target price as of August 28, 2020.

Valuation criteria used to determine the Offer price are presented in Section 3 of this Draft Offer Document.

Veolia believes that the Offer is in the interest of the Company, given the intentions indicated in the reasons for the Offer (see paragraph 1.1.5 above).

The advantages for the Offeror and its shareholders resulting from such a transaction are detailed in the reasons for the Offer (see paragraph 1.1.5 above).

1.3 The Offeror's intentions for the next twelve months

1.3.1 Industrial, commercial and financial strategy and policy

The Offeror's intentions with regard to industrial, commercial and financial strategy and policies are described in the reasons for the Offer (see paragraph 1.1.5 above).

1.3.2 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 while fully respecting the social commitments described in paragraph 1.3.4.

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.

1.3.3 Composition of the management bodies of Suez

Subject to the success of the Offer, the Offeror intends to request, at the Company's general shareholders' meeting, the appointment of its representatives to the Board of Directors of the Company, in order to reflect the new composition of the shareholding, as well as the renewal or the appointment of directors unrelated to the Veolia group, 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 Perimeter 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 Perimeter Divestment, the board of directors of Suez will include three independent directors appointed by Suez until the date of completion of the Perimeter Divestment.

1.3.4 Employment policy

The Offer is part of a development strategy for the group formed by the combination of Veolia and Suez. This development strategy is allowing Veolia to make the commitments described below.

The integration of personnel will be the subject of analyses and integration processes specific to each country, to take into account the issues and legislation in force.

With respect to field staff in the European Union (excluding France), Veolia has already undertaken that the combination will not have any negative impact on these field jobs for a period of one year from the first settlement date of the Offer, subject of course to voluntary departures and individual decisions in the normal course of business. The status of operational activity operators will also be maintained.

As regards staff in central or support functions, in countries where any duplication is identified, Veolia will make every effort to support the staff concerned and to offer appropriate career paths whenever possible.

As regards bringing the management teams together, Veolia undertakes to integrate Suez executives into its management bodies in a spirit of balance and on the basis of skills. In this spirit, Veolia undertakes to have the candidates for the main management positions in the new group (country managers, heads of central functional departments and their main employees) independently assessed, i.e. around 100 positions. This evaluation may be extended to key managers in the major countries in which the Group has a joint presence (e.g., the United Kingdom, the United States, Australia, Spain, Belgium, China, and global businesses). The aim is to allocate responsibilities in an objective manner between professionals from both companies. Following this objective evaluation process, Veolia could include four or five executives from Suez in its executive committee out of the dozen or so members that make up the body.

In addition, Veolia is committed to fostering dialogue with employee representatives, which is essential to the successful construction of the new entity, in accordance with its social culture and taking into account that of Suez. To this end, in each of the countries of the new group where the number of employees justifies it, representatives from Suez will be welcomed in the various social dialogue bodies in accordance with the social democracy rules in force. Veolia also intends to pursue its policy of developing employee shareholding.

With respect to employment in France, Veolia's intention is that the combination will not have a negative impact but, on the contrary, a net positive impact on a lasting basis. In this respect, Veolia undertakes, for a period of four years from the first settlement date of the Offer, to maintain the existing employment and benefits in France of the Suez employees who will join Veolia, subject of course to voluntary departures and individual decisions in the normal course of business. With respect to the current employees at Suez headquarters, those whose activities primarily concern the "Water" or "Solid Waste" businesses in France, or the other businesses that will be sold in the context of the creation of the "new Suez", will join the New Suez. The remaining employees at Suez headquarters correspond, in part, to positions that Veolia absolutely needs. In addition, in the absence of strictly identical positions, Veolia is committed to building an appropriate and motivating career path within a group that will offer unprecedented opportunities thanks to its new size.

The development ambition of the new entity resulting from the merger of Veolia and Suez, in key business lines, as well as the very specific nature of the activities, services that cannot be relocated,

confirm that these commitments are entirely compatible with the pursuit of operational synergies as mentioned above.

1.3.5 Merger - Other reorganizations

In accordance with the terms of the Agreement in Principle, the Combination Agreement and the Memorandum of Understanding, the Offeror intends to implement the Perimeter Divestment by Suez to the Consortium in order to create the “New Suez”, as described in paragraph 1.1.1 above.

In addition, the Offeror reserves the right to examine the possibility of a merger of the Company (or other entities of Suez’s group) with itself or other entities of Veolia’s group, or a transfer of assets or activities, including by way of contribution or sale, between the Company (or other entities of Suez’s group) and the Offeror (or any entity of Veolia’s group). The Offeror also reserves the right to carry out any other reorganization of the Company (or other entities of Suez’s group). As of today, no decision has been made and no feasibility studies has been initiated, with the exception of the Perimeter Divestment.

1.3.6 Intentions with respect to squeeze-out

Pursuant to Articles L.433-4 II of the French Monetary and Financial Code and Articles 232-4 and 237-1 *et seq.* of the AMF General Regulation, the Offeror intends to apply to the AMF, within ten (10) trading days from the publication of the result of the Offer or, if applicable, within three (3) months from the closing of the Reopened Offer, to implement a squeeze-out with respect to Suez shares, if the number of shares not tendered in the Offer by the minority shareholders of the Company does not represent more than 10% of the share capital or the voting rights of Suez following the Offer or, if applicable, the Reopened Offer.

In that event, the squeeze-out will relate to the Suez shares other than those held by the Offeror and the treasury shares of the Company. The affected shareholders would receive compensation at the Offer price (as adjusted, if applicable, in accordance with paragraph 2.2 of the Draft Offer Document). The implementation of this procedure will entail delisting of Suez shares from Euronext Paris and Euronext Brussels.

The Offeror reserves the right, in the event that it should subsequently hold, directly or indirectly, alone or in concert, at least 90% of the share capital and voting rights of the Company, and a squeeze-out has not been implemented as described above, to file a buyout offer with the AMF, followed by a squeeze-out of the shares of the Company that it does not hold directly or indirectly, alone or in concert, on that date, under the conditions of Articles 237-1 *et seq.* of the AMF General Regulation. The squeeze-out will be subject to review by the AMF, if applicable, which shall rule on the squeeze-out’s compliance with its General Regulation, in particular in light of the report of the independent expert appointed in accordance with Article 261-1 I and II of the AMF General Regulation.

1.3.7 Dividend Distribution Policy

The table below shows the amount of dividends paid by the Company over the last five years:

| General Meeting | Dividend per share |
|------------------------|---------------------------|
| May 12, 2020 | €0.45 |
| May 14, 2019 | €0.65 |
| May 17, 2018 | €0.65 |
| May 10, 2017 | €0.65 |
| April 28, 2016 | €0.65 |

The shareholders of the Company will also vote on the distribution of a dividend of 0.65 euro per share at the General Meeting of Shareholders scheduled for June 30, 2021.

The Offeror reserves the right to modify the Company's dividend distribution policy following the Offer. Any change in the Company's distribution policy will be decided by its corporate bodies, in accordance with applicable laws and the Company's by-laws, based in particular on its distribution capacity and financing needs, and taking into account the constraints of the current economic environment.

In addition, the Offeror reserves the right to cease distributing dividends in order to reserve further funds to finance the Company's development and debt reduction.

To date, no decision has been made in this regard.

1.4 Agreements that may have a material effect on the valuation of the Offer or its outcome

With the exception of the share purchase agreement entered into between Veolia and Engie on October 5, 2021, the Agreement in Principle, the Combination Agreement and the Memorandum of Understanding, and the Put Option Agreement, as described in paragraphs 1.1.1 and 1.1.3, the Offeror is not aware of any other agreements that could have an impact on the assessment of the Offer or its outcome.

2. CHARACTERISTICS OF THE OFFER

2.1 Terms of the Offer

Pursuant to the provisions of Article 231-13 of the AMF General Regulation, Crédit Agricole Corporate and Investment Bank, HSBC Continental Europe, Bank of America Europe DAC (Branch in France) and Morgan Stanley Europe SE as Presenting Banks, acting on behalf of the Offeror, filed the draft Offer with the AMF on February 8, 2021 in the form of a voluntary public tender offer at a price of €18 per share (*cum* dividend). The price offered in the draft Offer, as filed on February 8, 2021, was €18 per share (*cum* dividend). On June 29, 2021, the Presenting Banks, acting on behalf of the Offeror, informed the AMF of the increase of the Offer price from €18 per share (*cum* dividend) to €20.50 per share (*cum* dividend) and filed this Draft Offer Document with the AMF. It is specified that only Crédit Agricole Corporate and Investment Bank and HSBC Continental Europe guarantee the content and the irrevocable nature of the commitments made by the Offeror in the context of the Offer.

This 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 and this Draft Offer Document remain subject to review by the AMF.

The Offeror irrevocably undertakes to acquire from the shareholders of Suez all shares of the Company included in the Offer, which will be tendered in the Offer, at a price of €20.50 per share (*cum* dividend)¹⁴ subject to adjustments, as discussed in paragraph 2.2, for a minimum period of twenty-five (25) trading days.

¹⁴ In the event that the dividend of 0.65 euro per share, which will be submitted to the vote of Suez shareholders at the general meeting to be held on June 30, 2021, is approved, the Offer price will be reduced by an amount of 0.65 euro per share from the ex-dividend date (see paragraph 2.2).

2.2 Adjustment of the terms of the Offer

If Suez were to proceed with a Distribution (as such term is defined below), in any form whatsoever, 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 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.

For the purposes of this paragraph, a “**Distribution**” means the amount per share of 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 capital amortization or capital decrease by Suez, or any acquisition or buy-back by Suez of its own shares, in any case at a date prior to the settlement of the Offer or, as the case may be, the Reopened Offer.

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.

Any adjustment of the price per share will be announced by the publication of a press release and subject to the AMF prior approval.

It is specified that a 0.65 euro dividend per share will be submitted to the vote of Suez shareholders at the next annual general meeting of the Company to be held on June 30, 2021. The ex-dividend date would be July 6, 2021 and the payment date would be July 8, 2021. In the event that such dividend is approved by the said general meeting, the Offer price will be reduced by an amount of 0.65 euro per share as from the ex-dividend date.

2.3 Number and type of shares included in the Offer

The Offer is for all the Suez shares not held by the Offeror¹⁵:

- (i) that are currently issued and outstanding, i.e., to the Offeror’s best knowledge as of the date of this Draft Offer Document, a maximum number of 451,529,224 Suez Shares,¹⁶ and
- (ii) that may be issued prior to the closing of the Offer or the Reopened Offer, as a result of the vesting of the Free Shares, i.e., to the Offeror’s best knowledge as of the date of this Draft Offer Document, a maximum of 550,919 new Suez shares,¹⁷

altogether representing, to the Offeror’s best knowledge as of the date of this Draft Offer Document, a maximum number of 452,080,143 Suez shares included in this Offer.

¹⁵ As of the date of the Draft Offer Document, the Offeror holds 187,810,000 Suez Shares (see Section 1.1.2) out of a total of 639,339,224 issued shares.

¹⁶ Based on the information published by the Company on its website as at May 31, 2021 in accordance with Article 223-16 of the AMF General Regulation. This also includes treasury shares, i.e., on the basis of the same information, 187,161 shares. It is however specified that, in order to be able to deliver Free Shares to its employees and corporate officers, the Company has announced its intention not to tender its treasury shares to the Offer.

¹⁷ See paragraph 2.4.

To the best of the Offeror's knowledge, there are no other equity securities, or other financial instruments issued by the Company or rights granted by the Company that could give access, either immediately or in the future, to the share capital or voting rights of the Company.

2.4 Situation of the beneficiaries of rights to receive Free Shares

To the best of the Offeror's knowledge, the Company put in place several Free Shares allocation plans, the vesting periods of which are still ongoing as of the date of this Draft Offer Document.

The beneficiaries of rights to receive Free Shares may tender such Free Shares in the Offer or in the Reopened Offer, provided they are fully vested and transferable¹⁸.

The table below summarizes the main characteristics of the Company's free share allocation plans outstanding as of the date of the Draft Offer Document, to the best of the Offeror's knowledge based on the information provided by the Company.

| | Free Shares allocation plan 2017 (the « 2017 Sharing Plan») | Free performance shares allocation plan 2018 (the « 2018 Plan ») | Free Shares allocation plan 2019 (the « 2019 Sharing Plan ») |
|---------------------------------------|--|---|---|
| Date general meeting | May 10, 2017 | May 17, 2018 | May 14, 2019 |
| Vesting period | From February 28, 2018 to December 19, 2022 | From July 25, 2018 to September 30 2021 | From January 28, 2020 to January 17, 2025 |
| Number of shares that may be acquired | 138,172 | 295,129 | 117,618 |

To the best knowledge of the Offeror, the Board of Directors of the Company on June 29, 2021 amended the terms and conditions of the 2017 Sharing Plan and the 2019 Sharing Plan in order to shorten their respective vesting periods.

It was thus decided that the vesting period of the 2017 Sharing Plan will end on November 16, 2021. Consequently, the vesting period of the Sharing 2017 Plan will expire before the closing of the Offer and the Free Shares delivered to the beneficiaries under this plan will be eligible to be tendered to the Offer.

It has also been decided that the vesting period of the 2019 Sharing Plan will expire at the end of the minimum two-year vesting period set by the Suez shareholders' meeting, i.e. on January 28, 2022.

With respect to the 2018 Plan, to the best of the Offeror's knowledge, the vesting period will expire on September 30, 2021, i.e., before the closing of the Offer, and the Free Shares delivered to the beneficiaries under this plan may therefore be tendered to the Offer.

¹⁸ In particular in the event of the lifting of unavailability pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code (due to the death or disability of the beneficiary).

In the event that the expiry of the vesting period of the Free Shares is subsequent to the closing of the Offer or, if applicable, the Reopened Offer, notably in the context of the 2019 Sharing Plan, the Offeror will offer to the beneficiaries of rights to receive Free Shares, who will not be able to tender such Free Shares to the Offer or, as the case may be, the Reopened Offer, to purchase them during a period of 60 calendar days following the expiry of the acquisition period, via the implementation of a liquidity mechanism in accordance with market practices applicable to similar transactions and which will be offered at the latest at the closing of the Offer or, if applicable, the Reopened Offer, if any. The purchase price of the said Free Shares will be equal to the price per share paid under the Offer, adjusted, if applicable, in accordance with paragraph 2.2, by the amount of any Distribution that has occurred between the closing of the Reopened Offer and the request for redemption of the Free Shares¹⁹. It is specified that, in the event of the implementation of a squeeze-out, the liquidity mechanism will not apply to shares definitively acquired prior to its implementation.

2.5 Situation of Suez ADR holders

It is specified that the tender of Suez ADRs will not be accepted in the Offer or the Reopened Offer, and that the holders of Suez ADRs who wish to tender their shares to the Offer or the Reopened Offer will be first required to exchange them for Suez shares. The process of exchanging Suez ADRs for underlying ordinary shares may take some time. The holders of Suez ADRs are encouraged to request cancellation of their Suez ADRs as soon as possible in order to ensure that they are able to subsequently tender the existing Suez shares to be delivered to them in connection with the cancellation of the Suez ADRs in the Offer or the Reopened Offer. Holders of Suez ADRs should contact their broker or Deutsche Bank Trust Company Americas (the “**Depository**”) through Deutsche Bank ADR broker services desks (by telephone in New York: Tel +1 212 250 9100 or in London: +44 207 547 6500 or by e-mail at adr@db.com) if they have questions in relation to the cancellation of Suez ADRs. It is the responsibility of holders of Suez ADRs to verify the potential application of any tax, governmental charges or cancellation fee for their Suez ADRs, which amount will be borne by such holders.

2.6 Conditions of the Offer

2.6.1 Validity threshold

In accordance with Article 231-9, I of the AMF General Regulation, the Offer will lapse if, at its closing date, the Offeror, acting alone or in concert within the meaning of Article L. 233-10 of the French Commercial Code,²⁰ 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 (3) 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.

2.6.2 Merger control clearances

In accordance with Article 231-11 of the AMF General Regulation, as of the date of this Draft Offer Document, the Offer is subject to the condition precedent of obtaining merger control clearance from

¹⁹ In the event that the dividend of 0.65 euro per share, which will be submitted to the vote of Suez shareholders at the general meeting to be held on June 30, 2021, is approved, the Offer price will be reduced by an amount of 0.65 euro per share from the ex-dividend date (see paragraph 2.2).

²⁰ It is specified that Veolia is not acting in concert with anyone.

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.

The AMF will set the closing date of the Offer as soon as the abovementioned 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 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 the Offeror has previously exercised its right to waive the aforementioned condition precedent.

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

2.7 Terms of the Offer

It should be noted that the draft Offer was filed with the AMF on February 8, 2021 and that, on that date, the Offer price was €18 per share (*cum dividend*). The filing of the draft Offer, thus formulated, and the corresponding draft offer document were the subject of a filing notice by the AMF,²¹ and the draft offer document was made available to the public in accordance with Article 231-16 of the AMF General Regulation.

On June 29, 2021, the Presenting Banks, acting on behalf of the Offeror, informed the AMF of the increase of the Offer price from €18 per share (*cum dividend*) to €20.50 per share (*cum dividend*) and filed this Draft Offer Document with the AMF accordingly. A notice has been published by the AMF on its website (www.amf-france.org) in this context.

A press release containing the main elements of the Draft Offer Document was issued by the Offeror on June 29, 2021 and remains available on its website (www.veolia.com).

In accordance with Article 231-16 of the AMF General Regulation, this Draft Offer Document, as filed with the AMF, is available to the public free of charge at the registered offices of the Offeror and each of the Presenting Banks, as well as online on the websites of the AMF (www.amf-france.org) and Veolia (www.veolia.com).

The AMF will publish on its website a reasoned clearance decision with respect to the Offer after having verified that the Offer complies with applicable laws and regulations. Such clearance decision will entail approval (“*visa*”) of the offer document. The offer document approved by the AMF as well as the information relating in particular to the legal, financial and accounting characteristics of the Offeror, will be made available to the public, in accordance with Article 231-28 of the AMF General Regulation, by the Offeror and each of the Presenting Banks, no later than the day preceding the opening of the Offer. Such documents will also be available on the websites of the AMF (www.amf-france.org) and Veolia (www.veolia.com).

A press release indicating how such documents will be made available will be issued no later than the day preceding 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 1^{er} avril 2007 relative aux offres publiques d’acquisition*), the Offer will be opened in Belgium. In that regard, the Offeror will request the recognition of the offer document by the Belgian financial services and

²¹ AMF notice no. 221C0312 of February 8, 2021 available on the AMF website (www.amf-france.org).

markets authority (*autorité belge des services et marchés financiers*) pursuant to the provisions of Article 20 of the aforementioned Belgian statute.

Prior to the opening of the Offer, the AMF will publish a notice of opening, and Euronext Paris and Euronext Brussels will publish a notice announcing the terms and opening of the Offer.

2.8 Procedure for tendering in the Offer

Shares tendered in the Offer (and, if applicable, in the Reopened Offer) must be freely tradeable and free of all liens, pledges or other sureties or restrictions of any nature whatsoever restricting the free transfer of their ownership. The Offeror reserves the right to reject any tendered share that does not comply with this condition.

The shareholders of the Company whose shares are held through a financial intermediary (credit institution, investment company, etc.) and who wish to tender their shares in the Offer must deliver to their financial intermediary, no later than the closing date of the Offer, a tender order in the form made available to them by their intermediary.

Holders of shares are invited to contact their intermediaries to verify the applicable terms and conditions. In accordance with Article 232-2 of the AMF General Regulation, orders to tender shares in the Offer may be revoked at any time until the closing date of the Offer (included). After that date, orders will be irrevocable.

Shareholders whose shares are recorded in “pure” registered form (“*nominatif pur*”) in the account register of the Company, held by CACEIS Corporate Trust (Service Assemblées Générales, 14 rue Rouget de Lisle 92862 Issy-les-Moulineaux Cedex 9), may request that their shares be converted into “administrative” registered form (“*nominatif administré*”) in order to tender their shares in the Offer, unless they have already requested their conversion to bearer form (“*au porteur*”). The Offeror reminds shareholders that any shareholder who expressly requests conversion into bearer form will lose the advantages of holding shares in registered form if the Offer does not succeed.

The Offer (and, if applicable, the Reopened Offer) and all of its related agreements are governed by French law. Any dispute or conflict, whatever its purpose or grounds, relating to the Offer (and, if applicable, the Reopened Offer) will be brought before the competent courts.

No commission will be paid by the Offeror to the financial intermediaries through whom the shareholders tender their shares in the Offer.

2.9 Centralization of orders to tender in the offer

Each financial intermediary and the registrar that holds the registered accounts for the shares of the Company will, on the date indicated on the notice published by Euronext Paris and Euronext Brussels, transfer to Euronext Paris the shares for which it has received order to tender in the Offer.

Following receipt by Euronext Paris of all orders to tender in the Offer in accordance with the above terms, Euronext Paris will centralize all of the orders and determine the outcome of the Offer.

2.10 Publication of the results and settlement of the Offer

Pursuant to Article 232-3 of its General Regulation, the AMF will announce the final result of the Offer no later than nine (9) trading days after the closing of the Offer. If the AMF observes the Offer is successful, Euronext Paris and Euronext Brussels will indicate in a notice the date and procedures for shares and payment delivery.

No interest will be due for the period running from the date of tendering shares in the Offer through the date of settlement of the Offer.

On the settlement date of the Offer (and, if applicable, the Reopened Offer), the tendered Suez shares and all of the rights attached thereto will be transferred to the Offeror. Intermediaries will credit the account of their clients who have tendered their shares to the Offer (or, if applicable, to the Reopened Offer) as from the settlement date of the Offer (and, if applicable, of the Reopened Offer).

2.11 Tentative timetable for the Offer

Prior to the opening of the Offer, the AMF will publish a notice of opening and timetable, and Euronext Paris and Euronext Brussels will publish a notice announcing the terms and timetable of the Offer. The notice setting out the closing date of the Offer will be published by the AMF upon receipt of the competition clearance described in paragraph 2.6.2 above or of the confirmation of the absence of opposition to such clearance or, as the case may be, of the waiver by Veolia of such clearance.

A tentative timetable is set forth below:

| Dates | Main steps of the Offer |
|-------------------------------|--|
| February 8, 2021 | - Offer filed with the AMF at a price of €18 per share (<i>cum dividend</i>), along with the corresponding draft offer document, and said draft offer document made available to the public |
| May 14, 2021 | - Veolia and Suez enter into the Combination Agreement |
| June 29, 2021 | <ul style="list-style-type: none"> - Offer price increased from €18 per share (<i>cum dividend</i>) to €20.50 per share (<i>cum dividend</i>) and Offeror’s Draft Offer Document filed with the AMF - Offeror’s Draft Offer Document posted on the websites of the Offeror (www.veolia.com) and of the AMF (www.amf-france.org) and made available to the public at the registered offices of the Offeror and of the Presenting Banks - Publication of the press release containing the main elements of the Offeror’s Draft Information Memorandum and specifying the terms and conditions for making it available |
| | <ul style="list-style-type: none"> - Company’s 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 - Company’s draft reply document posted on the websites of the Company (www.suez.com) and of the AMF (www.amf-france.org) and made available to the public at the Company’s registered office - Publication of press release announcing the filing and the availability of the Company’s draft reply document |
| [July 6, 2021; July 20, 2021] | <ul style="list-style-type: none"> - AMF’s clearance decision with respect to the Offer, which entails approval (“<i>visa</i>”) of the Offeror’s offer document - Offeror’s approved offer document posted on the websites of the Offeror (www.veolia.com) and of the AMF (www.amf-france.org) and made available to the public at the registered offices of the Offeror and of the Presenting Banks - Publication of the press release announcing the availability of the information notice |

| Dates | Main steps of the Offer |
|-------------------------------|--|
| | <ul style="list-style-type: none"> - AMF's approval ("visa") of the Company's reply document - Offeror's approved offer document posted on the websites of the Company (www.suez.com) and of the AMF (www.amf-france.org) and made available to the public at the registered offices of the Company - Publication of the press release announcing the availability of the Company's approved offer document |
| [July 7, 2021; July 21, 2021] | <ul style="list-style-type: none"> - Information relating to the Offeror, in particular to its legal, financial and accounting characteristics, posted on the websites of the Offeror (www.veolia.com) and of the AMF (www.amf-france.org) and made available to the public at the registered offices of the Offeror and of the Presenting Banks - Publication of the press release announcing the availability of the information relating to the Offeror, in particular to its legal, financial and accounting characteristics |
| | <ul style="list-style-type: none"> - Information relating in particular to the legal, financial and accounting characteristics of the Company posted on the websites of the Company (www.suez.com) and of the AMF (www.amf-france.org) and made available to the public at the registered office of the Company - Publication of the press release announcing the availability of the information relating to the Company, in particular to its legal, financial and accounting characteristics |
| | <ul style="list-style-type: none"> - Determination by the AMF of the Offer timetable - 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 8, 2021; July 22, 2021] | <ul style="list-style-type: none"> - Opening of the Offer |
| [November 15], 2021 | <ul style="list-style-type: none"> - Obtaining the approval with regard to merger control from the European Commission |
| [November 16], 2021 | <ul style="list-style-type: none"> - 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 |
| [November 29], 2021 | <ul style="list-style-type: none"> - Closing of the Offer |
| [December 3], 2021 | <ul style="list-style-type: none"> - Notice announcing the result of the Offer published by the AMF |
| [December 6], 2021 | <ul style="list-style-type: none"> - In the event the Offer is successful, opening of the Reopened Offer |
| [December 10], 2021 | <ul style="list-style-type: none"> - In the event the Offer is successful, settlement of the Offer |
| [December 20], 2021 | <ul style="list-style-type: none"> - Closing of the Reopened Offer |
| [December 24], 2021 | <ul style="list-style-type: none"> - Notice announcing the result of the Reopened Offer published by the AMF |
| [December 31], 2021 | <ul style="list-style-type: none"> - Settlement-delivery of the Reopened Offer |

2.12 Possibility of withdrawing the Offer

In accordance with Article 232-11 of the AMF General Regulation, the Offeror may withdraw its Offer within five (5) trading days following the publication of the timetable for a competing offer or an improved competing offer. It must inform the AMF of its decision which is 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 the Offeror.

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.

2.13 Reopening of the Offer

In accordance with Article 232-4 of the AMF General Regulation, if the Offer is successful, it will be automatically reopened within ten (10) 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 (10) trading days (the “**Reopened Offer**”).

If the Offer is reopened, the tender process and order centralization for the Reopened Offer will be identical to those applicable to the Offer described in paragraphs 2.7 and 2.8 of this Draft Offer Document, it being specified that orders to tender in the Reopened Offer will be irrevocable as from their issuance.

However, the Offeror 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.

2.14 Costs and financing of the Offer

2.14.1 Costs relating to the Offer

The overall amount of all fees, costs and external expenses incurred in connection with the Offer by the Offeror, including fees and expenses of its financial, legal and accounting advisors, publicity costs and costs relating to the financing of the Offer, is estimated at approximately €150 million (excluding taxes).

2.14.2 Financing terms of the Offer

Assuming that all the shares concerned are tendered, the maximum cost of the Offer would be approximately €9.3 billion. The Offer will be financed by a bridge loan concluded with a banking syndicate. It is expected that this facility will be refinanced using proceeds from the disposals made in the context of the creation of the “New Suez”, through a capital increase with preferential subscription rights and, possibly, through the issuance of hybrid bonds. The contemplated capital increase would be in the range of 2 to 2.5 billion euros. 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.

2.14.3 Payment of costs charged to shareholders

No fees will be reimbursed and no commission will be paid by the Offeror to any person soliciting tender of shares.

2.15 Offer restrictions outside of France

Neither the Draft Offer Document nor any other document relating to the Offer constitutes an offer to buy or sell financial instruments or a solicitation of an offer in any country in which such offer or solicitation would be illegal, or to any person to whom such an offer cannot legally be made. The shareholders of the Company located outside of France may participate in the Offer only to the extent that such participation is authorized by the local law to which they are subject.

The distribution of this Draft Offer Document and of any document relating to the Offer or to participation in the Offer may be subject to legal restrictions in certain jurisdictions.

The Offer is not being made to persons subject directly or indirectly to such restrictions, and may not in any way be the subject of an acceptance from a country in which the Offer is subject to restrictions.

Those who come into possession of this Draft Offer Document must inform themselves of the applicable legal restrictions and comply with them. A failure to comply with legal restrictions may constitute a violation of applicable stock exchange laws and regulations in certain jurisdictions. The Offeror will not be liable for the violation of applicable legal restrictions by any person.

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 1^{er} avril 2007 relative aux offres publiques d'acquisition*), the Offer will be opened in Belgium. In that regard, the Offeror will request the recognition of the offer document by the Belgian financial services and markets authority (*autorité belge des services et marchés financiers*) pursuant to the provisions of Article 20 of the aforementioned Belgian statute.

The Offer will also be made in the United States of America in compliance with Section 14(e) of the U.S. Securities Exchange Act of 1934 as amended (the “**U.S. Exchange Act**”), and the rules and regulations promulgated thereunder, including Regulation 14E, and otherwise in accordance with applicable requirements under French law. The Offer is subject to the exemptions from certain provisions of Regulation 14E provided by Rule 14d-1 (d) under the U.S. Exchange Act (“Tier II” exemption). Accordingly, the Offer will be subject to certain procedural requirements, including with respect to the settlement procedures, which are different from those applicable under U.S. tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. shareholder of the Company may be a taxable transaction for U.S. federal income tax purposes. Each U.S. shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of accepting the Offer.

It may be difficult for U.S. shareholders of the Company to enforce their rights and claims arising out of the U.S. federal securities laws, the Offeror and the Company being headquartered in a country other than the United States of America, and some or all of their respective officers and directors may be residents of a country other than the United States of America. U.S. shareholders of the Company may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violation of U.S. securities laws. Further, it may be difficult to subject a non-US company (or its affiliates) to a U.S. court’s judgment.

To the extent permissible under applicable laws and regulations, including Rule 14e-5 of the U.S. Exchange Act, and in accordance with usual French practice, the Offeror and its affiliates or broker(s) (acting as agents or in the name and on behalf of the Offeror or its affiliates, where appropriate) and the

Company and its affiliates or broker(s) (acting as agents or in the name and on behalf of the Company or of its affiliates, where appropriate), may, both prior to and after the date thereof, and other than pursuant to the Offer, directly or indirectly purchase, or arrange, to purchase shares of Suez. These purchases can occur either in the open market at prevailing prices or in private transactions at negotiated prices. In no event will any such purchases be made for a price per share that is greater than the Offer price. To the extent information about such purchases or arrangements to purchase is made public in France, such information will be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders of such information. No purchases will be made outside of the Offer in the United States of America by or on behalf of the Offeror, the Company and/or their respective affiliates. Affiliates of the financial advisors of the Offeror and of the Company may engage in ordinary course trading activities in securities of Suez, which may include purchases or arrangements to purchase such securities.

This Draft Offer Document has not been filed with or reviewed by any federal or state securities commission or regulatory authority of any jurisdiction in the United States of America, nor has any such commission or authority passed upon the accuracy or adequacy of this Draft Offer Document. Any representation to the contrary is unlawful and may be a criminal offense.

2.16 Tax regime of the Offer

2.16.1 Tax regime in France

This section outlines certain tax consequences under current French tax laws and regulations that may apply to persons participating in the Offer.

Persons participating in the Offer should note, however, that this information is only a summary of the tax regime applicable under current French legislation, presented for general information purposes.

The rules described below could be impacted by possible changes in laws and regulations, which could have a retroactive effect or could apply to the current year, or by possible changes in their interpretation by the French tax authorities or case-law.

The tax information set forth below does not constitute a comprehensive description of all the tax consequences that may apply to persons participating in the Offer.

Participating persons are therefore urged to consult with their usual tax advisor in order to determine the tax regime applicable to their particular situation.

Persons who are not French tax residents must also comply with the tax legislation of their state of residence and, where applicable, with the provisions of any tax treaty entered into between France and such jurisdiction.

- (i) Individual French tax residents holding shares as part of their private estate and who do not trade on the markets on a regular basis and who do not hold shares acquired pursuant to an employee benefits plan or as part of employee incentive schemes

The following does not apply to individuals who carry out stock market transactions under conditions similar to those which characterize an activity carried out by a person conducting such operations on a professional basis nor to individuals who hold or have acquired their shares through a company savings plan (*plan d'épargne d'entreprise*) or a group savings plan (*plan d'épargne de groupe*) (including through a company mutual investment fund (*fonds commun de placement d'entreprise*, "FCPE") or from the exercise of share purchase or subscription options or who received free shares (or rights to receive such shares).

Such individuals are urged to consult with their usual tax advisor in order to determine the tax regime applicable to their particular situation.

(a) *Standard tax regime*

Personal income tax

In accordance with Articles 200 A, 158, 6 *bis* and 150-0 A *et seq.* of the French Tax Code (“**FTC**”) net capital gains resulting from the sale of securities by individuals who are French tax residents are, in principle, subject to a 12.8% flat tax, without rebate.

However, pursuant to the paragraph 2 of Article 200 A of the FTC, taxpayers may elect globally, expressly and irrevocably, before the deadline for filing their income tax return for a given year, that such net capital gains be taken into account for the purposes of determining the net global income subject to the progressive income tax rate scale. The election applies on a yearly basis to all investment income (with the exception of certain tax-exempt income) and capital gains falling within the scope of the abovementioned 12.8% flat tax and earned during the given year.

If such an election is filed, the net capital gains resulting from the sale of shares acquired or subscribed before January 1, 2018 will be taken into account for the purposes of determining the net global income subject to the progressive income tax rate scale after application of a proportional rebate in accordance with Article 150-0 D of the FTC, which is equal to:

- 50% of their amount where the shares have been held for at least two years and less than eight years, at the date of the sale;
- 65% of their amount where the shares have been held for at least eight years, at the date of the sale.

Subject to exceptions, for the application of this rebate, this holding period is calculated from the share subscription or acquisition date. In any case, no such rebate will apply to shares acquired or subscribed on or after January 1, 2018.

Persons with reportable net capital losses or recognizing capital losses on the sale of shares in the context of the Offer are urged to consult with their usual tax advisor in order to review the conditions for the use of such capital losses.

Where relevant, tendering shares in the Offer will trigger the termination of any tax deferral or rollover relief that may have been available to the relevant persons in prior transactions with respect to the shares tendered in the Offer.

Persons potentially concerned by these rules should consult their usual tax advisor to determine the consequences applicable to their particular situation.

Social levies

Net capital gains resulting from the sale of shares are also subject to social levies at an overall rate of 17.2%, without any rebate where such a rebate is applicable for income tax purposes under the conditions specified above, broken down as follows.

- the general social contribution (*contribution sociale généralisée*, “**CSG**”), at a rate of 9.2%;
- the contribution for social debt repayment (*contribution pour le remboursement de la dette sociale*, “**CRDS**”), at a rate of 0.5%; and
- the solidarity levy (*prélèvement de solidarité*), at a rate of 7.5%.

If the net capital gains resulting from the sale of shares are subject to the abovementioned 12.8% flat tax, none of these social levies are deductible from the taxable income. If the taxpayer opts for taxation

based on the progressive income tax rate scale, the CSG will be partially deductible, in the amount of 6.8%, from the taxable income of the year during which it is paid, it being understood that other social levies will not be deductible from the taxable income.

Exceptional contribution on high income

Article 223 *sexies* of the FTC provides that taxpayers subject to personal income tax are also subject to an exceptional contribution on high income applicable when their reference income for tax purposes exceeds certain thresholds.

Such contribution is calculated by applying a rate of:

- 3% for the portion of reference income (i) in excess of €250,000 and representing less than or equal to €500,000 for taxpayers who are single, widowed, separated, divorced or married but taxed separately and (ii) in excess of €500,000 and representing less than or equal to €1,000,000 for taxpayers subject to joint taxation;
- 4% for the portion of reference income (x) exceeding €500,000 for taxpayers who are single, widowed, separated, divorced or married but taxed separately and (y) €1,000,000 for taxpayers subject to joint taxation.

For the purposes of such rules, the reference income of a tax household is defined in accordance with the provisions of Article 1417, IV, 1° of the FTC, without application of the “*quotient*” rules defined under Article 163-0 A of the FTC, and, where applicable, by applying the specific *quotient* rules provided for in Article 223 *sexies*, II of the FTC.

The abovementioned reference tax income includes net capital gains resulting from the sale of shares by the concerned taxpayers, before the application of the income tax rebate, if such a rebate is applicable in accordance with the conditions described above, in the event that the taxpayer opts for taxation according to the progressive income tax rate scale (see paragraph (a) (**Personal income tax**) above).

(b) *Shares held through a share savings plan (plan d'épargne en action or “PEA”)*

Persons holding shares of the Company as part of a PEA can participate in the Offer.

Subject to certain conditions, the PEA offers (i) during the lifetime of the PEA, an exemption from personal income tax and social levies with respect to capital gains and other income derived from investments made through the PEA, provided, in particular, that such income and capital gains are maintained within the PEA and (ii) at the time of the closing of the PEA (if this occurs more than five (5) years after the PEA opening date) or at the time of a partial withdrawal from the PEA (if such withdrawal occurs more than five (5) years after the PEA opening, unless otherwise specified), an exemption from personal income tax for net gains realized since the opening of the plan.

Such net gain is not taken into account for the calculation of the exceptional contribution on high income, described above, but remains subject to the social levies described in paragraph (a) (**Social levies**) above at a rate of 17.2% for net gains realized as from January 1, 2018. However, the applicable rate of these social levies may vary depending on the date of realization of such net gains for (i) net gains acquired or recognized before January 1, 2018 and (ii) net gains realized within the first five years following the opening of the plan, where such plan was opened before January 1, 2018.

Specific provisions, not described in this Draft Offer Document, apply if capital losses are realized, if the plan is closed before the end of the fifth year following the opening of the PEA or if a withdrawal is made from the PEA in the form of an annuity. Concerned persons are urged to consult with their usual tax advisor.

Persons holding their shares as part of a PEA who wish to participate in the Offer are urged to consult with their usual tax advisor in order to determine the consequences of the sale of their shares held as part of a PEA in the context of the Offer and the tax regime applicable to such a sale, particularly with regard to the treatment of the related costs.

- (c) *Shares acquired pursuant to free shares allocation plan (except cases of shares held in the context of a group savings plan (PEG) or a company collective savings plan (FCPE))*

It should be noted that among the free share granted by Suez in application of the provisions of articles L. 225-197-1 *et seq.* of the French Commercial Code, shares for which the vesting period is still running at the closing date of the Offer may not be tendered in the Offer. In addition, a special lockup period is applicable to corporate officers. Persons in any of these situations are therefore not concerned by the information below and are urged to consult section 2.4 “Situation of beneficiaries eligible to receive Free Shares” and to consult with their tax advisor to determine the tax regime applicable to them. In other cases, tendering, in the Offer, free shares granted pursuant to the provisions of Articles L.225-197-1 *et seq.* of the French Commercial Code will constitute a taxable event for the acquisition gain and will also give rise to the recognition of any capital gain or loss arising from the sale.

The acquisition gain on the shares concerned will be taxed in accordance with the regime applicable to each free share allocation plan from which the shares tendered in the Offer originated. The persons concerned are invited to review their specific tax situation with their usual tax advisor.

Net gains realized as a result of tendering, in the Offer, shares resulting from free share allocation plans for which the vesting period has expired, corresponding to the difference between the offer price, net of any costs borne by the tenderer, and the first quoted price of the shares of the company on the date of final acquisition of the free shares, will be taxed in accordance with the regime described in paragraph 2.17(i)(a).

The abovementioned sale and acquisition gains are taken into account in the calculation of the reference tax income on which the exceptional contribution on high income is based, where applicable.

Persons who would hold their free shares as part of an employee benefits plan are invited to consult with their usual tax advisor to determine the tax and social security regime applicable to them.

- (ii) *Legal entities that are tax residents in France and subject to corporate income tax and for which the Company's shares do not qualify as equity investment or assimilated securities for the purposes of Article 219 I-a quinquies of the FTC*

Net capital gains resulting from the sale of shares in the context of the Offer will be included in the taxable income subject to corporate income tax (“CIT”) at the relevant applicable standard tax rate, plus the 3.3% social contribution (Article 235 *ter* ZC of the FTC), where applicable, which is assessed on the basis of the amount of CIT after application of a rebate which may not exceed an amount of €763,000 per twelve-month period.²²

The applicable CIT rate will depend on the legal entity’s revenues and, in some cases, the amount of its taxable income, as well as the date of the sale and the opening date of the fiscal year during which the sale takes place, it being specified that the standard tax rate for fiscal years opened on or after January 1,

²² Companies with revenues (excluding taxes) of less than €7,630,000 and whose fully paid-up share capital has been continuously held for at least 75% during the fiscal year in question by individuals or companies meeting these conditions are exempt from the 3.3% social contribution.

2021 is 26.5%.²³ Legal entities participating in the Offer are urged to consult with their usual tax advisor in order to determine the CIT rate applicable to their particular situation.

Capital losses incurred on the sale of shares of the Company in the context of the Offer are deductible from the legal entity's taxable income.

Furthermore, it should be noted that tendering shares in the Offer will result in the termination of any tax deferral or rollover relief that may have been available to the relevant companies with respect to prior transactions.

Legal entities that are residents in France for which the Company's shares qualify as equity investment or assimilated securities for the purposes of Article 219 I-a *quinquies* of the FTC are urged to consult with their usual tax advisor in order to determine the tax regime applicable to their particular situation.

(iii) Non-French tax residents

Non-French tax residents are urged to consult with their usual tax advisor regarding their particular situation in order to take into consideration the tax regime applicable both in France and in the jurisdiction where they reside for tax purposes.

Subject to any international tax treaties and any specific rules, where applicable, that may apply to individuals who are not French tax residents and have acquired their shares through an employee benefits plan or any incentive scheme, capital gains on the sale of their shares, by taxpayers who are not French tax residents within the meaning of Article 4 B of the FTC or whose registered office is located outside of France (and which do not own their shares in connection with a fixed base or a permanent establishment subject to taxation in France on the balance sheet of which the shares are recorded as an asset) and that have at no time during the five (5) years preceding the sale held, directly or indirectly, alone or together with the members of their family, an interest of over 25% in the Company's profits are in principle not subject to taxation in France (Articles 244 *bis* B and C of the FTC), except where the capital gains have been realized by persons or organizations that are domiciled, established or incorporated outside of France in a non-cooperative State or territory within the meaning of Article 238-0 A of the FTC ("NCSTs"), other than those mentioned in Article 238-0 A, 2 *bis*, 2°. In the latter case, subject to the provisions of any international tax treaties that may apply, regardless of the percentage of rights held in the Company's profits, capital gains will be taxed at the flat rate of 75%, unless it is demonstrated that the principal purpose or effect of the transactions triggering such capital gains is not simply to allow their location in an NCST. A list of NCSTs is published by ministerial decree and may be updated at any time and, in principle, at least once a year. In this respect, it should be noted that the Law no. 2018-898 of October 23, 2018 relating to the fight against tax fraud, which entered into force on December 1, 2018, expanded the list of NCSTs as defined under Article 238-0 A of the FTC to the States and jurisdictions included in the blacklist published by the Council of the European Union, which is regularly updated.

Persons or organizations domiciled, established or incorporated in an NCST that do not fulfil the conditions to qualify for exemption are urged to consult with their usual tax advisor.

The sale of shares in the context of the Offer will trigger the termination of any payment deferral that may have been available to individuals subject to the "exit tax" rules set out in Article 167 *bis* of the

²³ It being specified that for taxpayers with revenues equal to or greater than €250 million, this rate is increased to 27.5 %. In addition, companies whose turnover (excluding tax) is less than €10 million and whose fully paid-up share capital has been continuously held for at least 75% during the fiscal year in question by individuals or by companies meeting these conditions benefit from a reduced corporate tax rate of 15%, up to a taxable profit of €38,120 for a period of twelve (12) months

FTC in the context of the transfer of their tax residence outside of France. Such individuals are urged to consult with their usual tax advisor.

(iv) Persons subject to a different tax regime

Shareholders of the Company participating in the Offer subject to a tax regime other than those referred to above, in particular taxpayers who carry out transactions on securities exceeding the mere management of their private portfolio or whose shares are recorded as assets on their commercial balance sheet, non-residents or individuals who benefited from an allocation of free shares or who hold or have acquired shares through a company or group savings plan (including through a FCPE) or by the exercise of stock purchase or subscription options or legal entities subject to CIT and for which the shares qualify as equity investment or assimilated securities are urged to consult with their usual tax advisor in order to determine the tax regime applicable to their particular situation.

(v) Transfer tax or financial transaction tax

Pursuant to Article 235 *ter* ZD of the FTC, the financial transaction tax (“**French FTT**”) will be due at a rate of 0.3% (assessed based on the Offer price) with respect to shares acquired by the Offeror in the context of the Offer and will be borne by the Offeror.

The 0.1% transfer tax referred to in Article 726 of the FTC is not due when the French FTT applies.

2.16.2 Tax regime in Belgium

Based on the current state of Belgian law and regulations, the following is a summary of certain tax consequences that may apply to persons who participate in the Offer.

Their attention is nevertheless drawn to the fact that this information is merely a summary, given for general information purposes, of the tax regime applicable under Belgian law as of today.

The rules referred to below may be affected by possible legislative and regulatory changes which may have retroactive effect or apply to the current year or financial year, as well as by possible changes in their interpretation by the Belgian tax authorities.

The tax information below is not an exhaustive description of all tax effects that may apply to persons who participate in the Offer. They are therefore invited to consult their usual tax advisor about the tax regime applicable to their particular situation.

(i) Belgian natural persons with tax residence in Belgium

a) *Privately held shares*

Capital gains realized by a Belgian individual having his tax residence in Belgium, i.e. a person who is subject to personal income tax in Belgium, on the sale of shares of a non-resident company belonging to its private assets are in principle not subject to income tax when this sale of shares is a normal management transaction of a private. Losses realized on these shares are in principle not tax deductible.

On the other hand, if the capital gain on the sale of shares belonging to private assets does not constitute a normal management transaction of private assets, while realized outside the exercise of a professional activity, an individual will be subject to an income tax of 33% on this capital gain (plus additional local taxes, which are usually in the range of 6% to 9% of the income tax). Capital losses on these shares are in principle not tax deductible.

b) *Shares held for professional purposes*

The capital gains realized by individuals holding shares in a professional capacity are taxed at the ordinary progressive personal income tax rates applicable to professional income ranging from 25 to 50% (plus additional local taxes). However, such capital gains may be taxed at separate rates under certain conditions (e.g. 16.5% where the shares have been used for business purposes for more than five years at the time of realization, plus additional local taxes). Capital losses realized on the sale of these shares are in principle deductible and losses resulting from these capital losses may, where applicable and under certain conditions, be carried forward.

(ii) Companies with tax residence in Belgium

As a rule, capital gains on shares realized by companies with tax residence in Belgium, i.e. companies that are subject to corporate income tax in Belgium, generated from the disposal of shares are fully exempt from income tax to the extent that any income from these shares is deductible from profits under the definitively taxed income regime referred to in Articles 202 and 203 of the 1992 Income Tax Code. The application of the definitively taxed income regime requires, on the one hand, that the participation conditions are met on the part of the investor, i.e. that he/she has held full ownership for an uninterrupted period of at least one year of a shareholding representing at least 10% of the capital or whose investment value is at least 2.5 million euros, and on the other hand, that the taxation conditions are met on the part of the company whose shares are being sold.

Otherwise, these capital gains are taxable at the ordinary Belgian corporate income tax rate of 25% (or 20% on the first €100,000 of taxable income for certain small companies).

Capital losses on shares of Belgian companies are not, as a rule, tax-deductible.

(iii) Belgian legal persons with tax residence in Belgium

Capital gains realized by Belgian resident legal persons with tax residence in Belgium, i.e. legal persons subject to taxation in Belgium, on the sale of shares in a non-resident company are, in principle, not subject to income tax. Capital losses realized on these shares are not tax deductible.

(iv) Individuals and companies not having their tax residence in Belgium

The capital gain, resulting from the transfer to a transferee not having its tax residence in Belgium and without a Belgian establishment, realized on the shares of a company not having its tax residence in Belgium by a person who is not a tax resident in Belgium and who has not allocated the shares to the exercise of professional activities in Belgium by means of a fixed base or a Belgian establishment, is not subject to taxation in Belgium. Moreover, Belgium has entered into double taxation treaties with a large number of countries which generally provide for a full exemption from Belgian tax on capital gains on shares realized by residents of these countries. Capital losses are generally not deductible.

The capital gain realized on the shares of a company not having its tax residence in Belgium by a person not having its tax residence in Belgium and who has allocated these shares to the exercise of professional activities in Belgium through a fixed base or a Belgian establishment, will in principle be taxable in Belgium, according to rules very similar to those described above for Belgian residents.

(v) Tax on stock exchange transactions

A tax on stock exchange transactions is levied on any sale, purchase, and more generally any transfer or acquisition for consideration of shares concluded or executed in Belgium (or deemed to be concluded or executed in Belgium) at a current rate of 0.35% of the transaction price, when a professional intermediary intervenes in the transaction or contracts, either on behalf of one of the parties or for his own account. This tax is however limited to €1,600 per taxable transaction and per party. The tax is payable separately by each party in such a transaction, i.e. the seller (transferor) and the buyer (purchaser), and collected for each party by the professional intermediary if the latter is established in

Belgium. The tax is also due when the order is given directly or indirectly to a professional intermediary established outside Belgium by a natural person having his usual residence in Belgium or by a legal person on behalf of a registered office or an establishment of the latter in Belgium.

Professional intermediaries not established in Belgium may, before executing or concluding stock exchange transactions in Belgium, have a responsible representative (*représentant responsable*) established in Belgium approved by the Minister of Finance or his delegate. This representative undertakes jointly and severally, towards the Belgian State, to pay the duties on the transactions carried out by the professional intermediary established abroad, either for the account of third parties or for his own account, and to fulfil all the obligations to which the latter is bound.

If an order has been given to a professional intermediary not established in Belgium and who has not had a responsible representative approved in Belgium, it is the originator of the order who will be responsible for submitting the declaration to the tax on stock exchange transactions and for making the payment thereof, unless he can establish that the tax has been paid.

No later than the business day following the day on which the transaction is executed, the intermediary or its responsible representative is required to issue to any principal a numbered slip (*bordereau numéro*), indicating the names of the beneficiary and the intermediary, the specification of the transactions, the amount or value thereof and the amount of the tax due.

The tax on stock-exchange transactions is not payable by, among others:

- intermediaries referred to in Article 2, 9° and 10° of the Law of August 2, 2002 on the supervision of the financial sector and financial services, acting on their own behalf;
- insurance undertakings referred to in Article 2, § 1, of the Law of July 9, 1975 on the supervision of insurance undertakings, acting on their own account;
- the institutions for occupational retirement provision referred to in Article 2, 1° of the Law of October 27, 2006 on the supervision of institutions for occupational retirement provision, acting on their own account;
- collective investment undertakings, acting on their own behalf, namely :
 - o a mutual fund (*fonds commun de placement*) or an investment company (*société d'investissement*) as referred to in Part II of the law of August 3, 2012 relating to undertakings for collective investment which comply with the conditions of Directive 2009/65/EC and to undertakings for collective investment in debt securities;
 - o a mutual fund (*fonds commun de placement*) or an investment company (*société d'investissement*) as referred to in Part III of the law of April 19, 2014 relating to undertakings for collective investment and their managers;
 - o another undertaking which is considered or assimilated, under the law of another E.E.A. Member State, as an undertaking for collective investment in transferable securities within the meaning of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities or an alternative investment fund within the meaning of Directive 2011/61/EU of the European Parliament and of the Council, of June 8, 2011 on alternative investment fund managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010, and which is so regulated and is the subject of a registration, recordation or notification with the competent authority of another Member State of the E.E.A.

- regulated property companies (*sociétés immobilières réglementées*), namely any regulated public or institutional real estate company referred to in Article 2 of the Act of 12 May 2014 on regulated real estate companies, acting on their own behalf; and
- non-residents, acting on their own behalf, provided that they provide the financial intermediary in Belgium with a certificate confirming their non-resident status.

The tax on stock exchange transactions will therefore not be due on the purchase of Suez shares by the Offeror, but will apply to the sale of Suez shares by Belgian resident shareholders, subject to exceptions.

The Offeror will bear the burden of the tax on stock exchange transactions due by the Shareholders.

Shareholders subject to the Belgian tax regime described above are advised to consult the section above on the French tax aspects that may apply, and to consult their usual tax advisor regarding these.

3. ASSESSMENT OF THE OFFER PRICE

The Offer price offered by the Offeror is fixed at 20.50 euros per Suez share cum dividend, ie. 19.85 euros in cash per share, dividend of 0.65 euro per share detached. This price is identical to the one mentioned in the press release of April 12th 2021 and included in the combination agreement signed between Veolia and Suez on May 14th 2021. This price is €2.50 higher than the price previously proposed when Veolia filed its offer for Suez last February.

The valuation assessment of the Offer price has been prepared by the Presenting Banks, on the basis of a multi-criteria approach using customary valuation methodologies.

The analysis presented hereafter is based on a valuation assessment made by the Presenting Banks on behalf and with the full consent of the Offeror. The valuation assessment has been prepared solely based on publicly available information on the Company, the Offeror having had no access to any additional information on the Company at the time of the determination of the Offer price²⁴. The sources of information are indicated in this document and did not undergo any independent verification by the Presenting Banks.

3.1 Main assumptions used for the valuation assessment

3.1.1 Financial metrics

The historical financial metrics are based on the consolidated financial statements of Suez as of December 31st 2019 and December 31st 2020.

Suez adopted IFRS 16 accounting standards as of January 1st 2019. Financial metrics related to 2019 and 2020, as well as financial analysts estimates for 2021E-2023E include the impact of IFRS 16 implementation (unless stated otherwise).

The financial forecasts used for 2021E to 2023E are based on a consensus of financial analysts estimates²⁵ :

- Published post Suez full year 2020 results release, on February 26th 2021;
- Which include financial forecasts for all metrics, except for the net disbursements under concession contracts (forecasts not disclosed by any of the financial analysts) and for the income from equity accounted entities (not disclosed by all financial analysts);

²⁴ Except for the number of outstanding performance shares as of May 31st 2021, as indicated by the Company to the Offeror

²⁵ Oddo (04/30/2021), Jefferies (03/10/2021), Kepler Cheuvreux (03/10/2021), Exane BNP Paribas (03/01/2021)

- In which investment cash flow forecasts explicitly factor in the disposal proceeds related to the “Shaping Suez 2030” strategic plan.

Suez consolidated financial forecasts based on financial analysts consensus
(post IFRS 16 implementation)

Financial forecasts are presented hereafter:

| <i>As of December 31st, €m</i> | 2019A | 2020A | 2021E | 2022E | 2023E |
|---|---------------|---------------|---------------|---------------|---------------|
| Revenues | 18,015 | 17,209 | 16,791 | 17,372 | 18,124 |
| <i>% growth</i> | <i>3.9%</i> | <i>(4.5%)</i> | <i>(2.4%)</i> | <i>3.5%</i> | <i>4.3%</i> |
| Reported EBITDA²⁶ | 3,022 | 2,670 | 3,007 | 3,176 | 3,324 |
| <i>% margin</i> | <i>16.8%</i> | <i>15.5%</i> | <i>17.9%</i> | <i>18.3%</i> | <i>18.3%</i> |
| Adjusted EBITDA²⁷ | 2,759 | 2,399 | 2,742 | 2,903 | 3,038 |
| <i>% margin</i> | <i>15.3%</i> | <i>13.9%</i> | <i>16.3%</i> | <i>16.7%</i> | <i>16.8%</i> |
| Adjusted EBIT | 1,227 | 636 | 1,275 | 1,455 | 1,583 |
| <i>% margin</i> | <i>6.8%</i> | <i>3.7%</i> | <i>7.6%</i> | <i>8.4%</i> | <i>8.7%</i> |
| Adjusted net income | 352 | (228) | 386 | 587 | 673 |
| <i>% margin</i> | <i>2.0%</i> | <i>(1.3%)</i> | <i>2.3%</i> | <i>3.4%</i> | <i>3.7%</i> |

Sources: Company, financial analysts

The adjustment related to net disbursements under concession contracts amounted to 271.1 million euros according to Suez consolidated financial statements as of December 31st 2020. Given no financial analyst discloses any forecasts for this adjustment, the amounts corresponding to the net disbursements under concessions contracts have been computed for the years 2021E to 2023E by applying the same growth rate as the consolidated sales growth

3.1.2 Number of shares retained

The number of Suez shares retained corresponds to the number of shares outstanding as of May 31st 2021 (639.3 million), less shares held in treasury as of May 31st 2021 (0.2 million), plus performance shares outstanding as of May 31st 2021 (0.3 million), plus the number of shares allocated and undelivered as of December 31st 2020 as part of the matching plan “Sharing December 2017” (0.1 million), plus the number of shares allocated and undelivered as of December 31st 2020 as part of the matching plan “Sharing December 2019” (0.1 million). On a fully diluted basis, the number of Suez shares retained is therefore 639.7 million of shares.

Number of shares retained

| | |
|--|--------------------|
| Number of shares outstanding as of May 31 st 2021 | 639,339,224 |
| Number of shares held in treasury as of May 31 st 2021 | (187,161) |
| Number of performance shares outstanding as of May 31 st 2021 | 295,129 |
| Number of shares allocated and undelivered as of December 31 st 2020 as part of the matching plan “Sharing December 2017” | 138,172 |
| Number of shares allocated and undelivered as of December 31 st 2020 as part of the matching plan “Sharing December 2019” | 117,618 |
| Number of shares retained | 639,702,982 |

²⁶ Excluding income from equity accounted entities and before net disbursements under concession contracts

²⁶ Adjusted for net disbursement under concession contracts. This item corresponds to the sum of renewal expenditures related to concession and to changes in assets and liabilities for concession renewals

3.2 Methodology

3.2.1 Retained Valuation Methodologies

In order to assess the Offer price, a multi-criteria valuation has been performed based on the following methodologies and references:

Market and trading references:

- Analysis of Suez historical stock market price as of July 30th 2020
- Target prices of financial analysts covering Suez since the announcement, on July 29th 2020, of Suez H1 2020 results and until August 28th 2020, last trading day before the announcement by the Offeror of its offer to acquire Engie's stake in Suez on August 30th 2020

Intrinsic valuation:

- Discounted Cash Flows ("DCF")

Comparable valuation:

- Trading multiples of listed peers

3.2.2 Valuation based on retained methodologies

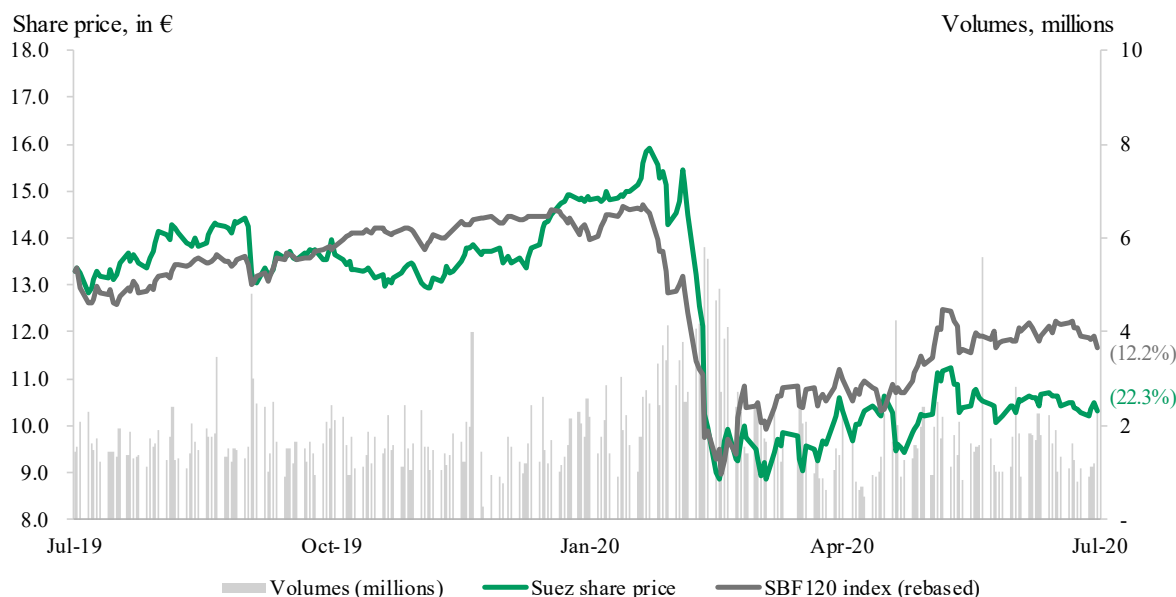
3.2.2.1 *Analysis of Suez historical stock market price as of July 30th 2020*

Suez shares are listed on the regulated market of Euronext Paris²⁸ under the ISIN code FR0010613471. Suez is part of the SBF120 index. The Suez shares volumes traded daily reflect significant liquidity, supporting the relevance of the historical stock market valuation method.

Stock market references are considered as of the date of July 30th 2020, which corresponds to the last trading day before the announcement by Engie on July 31st 2020 of its strategic review including alternatives with regards to its stake in Suez. This announcement led to a significant increase of Suez share price reflecting a speculative premium as indicated in paragraph 3.2.3.1.

Suez market share price performance over the twelve months before July 30th 2020 is as follows:

²⁸ Secondary listing on Euronext Brussels



Source: FactSet as of July 30th 2020 (Euronext Volumes only)

| As of July 30 th 2020 | 12-month | 9-month | 6-month | 3-month | 1-month | Closing price as of July 30 th 2020 |
|--|---------------|---------------|---------------|---------------|---------------|--|
| Volume-weighted average price (VWAP) | 12.45 | 12.08 | 11.46 | 10.39 | 10.49 | 10.32 |
| Minimum daily VWAP over the period | 8.57 | 8.57 | 8.57 | 9.42 | 10.19 | |
| Maximum daily VWAP over the period | 15.89 | 15.89 | 15.89 | 11.22 | 10.68 | |
| Average daily volume (k shares) | 1,831 | 1,877 | 2,020 | 1,598 | 1,577 | 2,318 |
| Premium/discount of Offer price vs. VWAP | +64.6% | +69.7% | +78.8% | +97.3% | +95.5% | +98.7% |
| Premium/discount of Offer price vs. minimum daily VWAP | +139.2% | +139.2% | +139.2% | +117.7% | +101.2% | |
| Premium/discount of Offer price vs. maximum daily VWAP | +29.0% | +29.0% | +29.0% | +82.7% | +91.9% | |

Source: FactSet as of July 30th 2020 (Euronext Volumes only)

The Offer price implies a premium of 99% on the last closing share price as of July 30th 2020 and a premium of 65% to 97% to the 12-month and 3-month volume weighted average prices (“VWAP”), respectively. The Offer price also implies a 29% premium over the highest share price recorded over the last twelve months as of July 30th 2020.

For illustrative and comparability purposes, French public offers premia (excluding simplified public takeover offers or “OPAS”) for significant transactions (100% equity value greater than 500 million euros) over the last 10 years are displayed below:

| Public offer premia vs. reference share price | |
|---|--------|
| Reference share price ²⁹ | +31.0% |
| 1-month VWAP to reference share price | +35.0% |
| 3-month VWAP to reference share price | +35.1% |

²⁹ As indicated in the Offer Document published by the AMF

3.2.2.2 Target prices of financial analysts since H1 2020 results release on July 29th 2020 and until August 28th 2020

The table below shows the latest financial analysts' target prices after the Company's half-year results publication (July 29th 2020) but before the Offeror's announcement of its offer to acquire Engie's stake in Suez (August 30th 2020). Target prices are generally 12-month forward looking.

| Target prices from analysts covering Suez (from H1 2020 results announcement on 29/07/2020 to 28/08/2020) | | | |
|--|------------------|------------------------------|---|
| Latest recommendation | Analyst | Target price In € | Premium/(Discount) of Offer Price vs. Target Price |
| 27/08/2020 | Société Générale | 14.0 | +46.4% |
| 19/08/2020 | HSBC | 12.0 | +70.8% |
| 18/08/2020 | Jefferies | 10.5 | +95.2% |
| 18/08/2020 | Barclays | 11.0 | +86.4% |
| 05/08/2020 | J.P. Morgan | 12.0 | +70.8% |
| 03/08/2020 | Morgan Stanley | 12.0 | +70.8% |
| 31/07/2020 | Goldman Sachs | 12.1 | +69.4% |
| 30/07/2020 | Oddo BHF | 13.0 | +57.7% |
| 30/07/2020 | Deutsche Bank | 9.0 | +127.8% |
| 30/07/2020 | Exane | 11.0 | +86.4% |
| 29/07/2020 | Bank of America | 8.9 | +130.3% |
| Average | | 11.4 | +79.7% |
| Lowest target price | | 8.9 | +130.3% |
| Highest target price | | 14.0 | +46.4% |

The Offer price implies a 80%, 130% and 46% premium on the average target price, the minimum target price and the maximum target price of the financial analysts retained in this section, respectively.

3.2.2.3 Discounted Cash Flow

This approach consists in determining the fundamental economic asset value of the Company by discounting its future free cash flows. This is a "control" value because, by construction, it assumes complete control of the Company's financial policy. The associated Equity Value is obtained by subtracting non-equity claims and other adjustments from the calculated Enterprise Value.

Free cash flows retained before implementation of IFRS 16 have been determined on the basis of financial projections before implementation of IFRS 16 for the period 2021E-2023E, and extrapolation assumptions for the period 2024E-2028E prepared using the methodology detailed below.

Since IFRS 16 lease liabilities are only recognised for the residual value of existing contracts, they do not reflect the necessary amount to operate over the entire period of discounted future cash flows. Consequently, we have excluded lease liabilities from the Enterprise Value to Equity Value bridge, and we have used, for consistency purposes, financial projections excluding the impact of IFRS 16.

According to Suez' 2019 Annual Report, the following adjustments were applied to go from post-IFRS 16 financial statements to pre-IFRS 16 financial statements:

- -328.6 million euros in EBITDA in 2019, representing 11.9% of adjusted EBITDA (after implementation of IFRS 16);

- -13.2 million euros in EBIT in 2019, representing 1.1% of adjusted EBIT (after implementation of IFRS 16).

Consolidated financial projections used for the company
(before implementation of IFRS 16)

| <i>As of December 31st, in €m</i> | 2019A | 2020A | 2021E | 2022E | 2023E |
|--|----------------|----------------|---------------|----------------|----------------|
| Revenues | 18,015 | 17,209 | 16,791 | 17,372 | 18,124 |
| <i>% growth</i> | 3.9% | (4.5%) | (2.4%) | 3.5% | 4.3% |
| Adjusted EBITDA³⁰ | 2,430 | 2,113 | 2,416 | 2,557 | 2,676 |
| <i>% margin</i> | 13.5% | 12.3% | 14.4% | 14.7% | 14.8% |
| Adjusted EBIT | 1,214 | 629 | 1,261 | 1,439 | 1,566 |
| <i>% margin</i> | 6.7% | 3.7% | 7.5% | 8.3% | 8.6% |
| Capital Expenditure³¹ | (1,417) | (1,324) | 161 | (1,083) | (1,241) |
| <i>% revenues</i> | (7.9%) | (7.7%) | 1.0% | (6.2%) | (6.8%) |

Sources: Company, financial analysts

The disposals completed in 2020 are accounted for in the net debt as of December 31st 2020 (as published by Suez in its 2020 annual report).

The cash flows from disposals occurred in 2021 are accounted for at the line “capital expenditure” (according to the brokers’ respective estimates), therefore impacting the cash flows and the value of the DCF.

The valuation date retained is December 31st 2020. For consistency, the adjustments retained for the bridge from Enterprise Value to Equity Value are estimated at December 31st 2020.

The adjustment items for the bridge from Enterprise Value to Equity Value have been established on the basis of publicly available information, i.e. Suez’ consolidated accounts as of December 31st 2020.

As of December 31st 2020, Suez’ net financial debt (after implementation of IFRS 16) was of 9.61 billion euros. Before implementation of IFRS 16, the net financial debt is estimated at 8.38 billion euros, or 9.61 billion euros, minus lease liabilities (1.23 billion euros in 2020).

The other adjustment items taken into account are: non-controlling interests (2.8 billion euros, of which 807 million euros for the stake in Aguas Andinas valued at its market value³²), equity-accounted entities (-2.3 billion euros, of which -979 million euros for the stake in Acea Group valued at its market value³³), pension provisions (708 million euros³⁴), other provisions (1.2 billion euros³⁵), net deferred tax liabilities (164 million euros), hybrid debt (1.6 billion euros), the amount of future cash payments related to performance unit settlement (80 million euros³⁶) as well as the amount related to the capital increase associated to the offer “Sharing 2021” (-160 million euros)³⁷.

As of December 31st 2020

€m

³⁰ Adjusted for disbursements under concession contracts

³¹ Capital expenditure net of disposals and acquisitions

³² As of June 23rd 2021, with a CLP / EUR conversion rate of 0.0011 (spot rate as of June 23rd 2021)

³³ As of June 23rd 2021

³⁴ No post-tax adjustment given tax impact related to pensions is captured in total deferred tax asset

³⁵ Before application of tax rate

³⁶ Based on a price of 20.50 euros per share

³⁷ Based on 10,976,645 shares and a subscription price of 85% of the average closing price of Suez during the 20 trading days preceding the settlement of the subscription price on March 5th 2021 (17.18 euros)

| | |
|--|---------------|
| Net financial debt (December 2020) | 9,611 |
| Lease liabilities (December 2020) | (1,231) |
| Net financial debt (excl. lease liabilities) | 8,380 |
| Non-controlling interests (<i>December 2020 / Aguas Andinas at market value as of June 23rd 2021</i>) | 2,827 |
| Equity accounted entities (<i>December 2020 / Acea at market value as of June 23rd 2021</i>) | (2,343) |
| Pension provisions (<i>December 2020</i>) | 708 |
| Other provisions (<i>December 2020</i>) | 1,248 |
| Net deferred tax liabilities (<i>December 2020</i>) | 164 |
| Hybrid Debt (<i>December 2020</i>) | 1,600 |
| Performance units settlements | 80 |
| Capital increase associated to the offer “Sharing 2021” | (160) |
| Total other adjustments | 4,123 |
| Total Enterprise Value to Equity Value bridge | 12,503 |

Source: Company, financial analysts

Tax rates retained across the business plan are the following: 28.41% in 2021 and 25.83% from 2022 onwards, in line with French “Loi des Finances”³⁸ (27.50% in 2021 and 25.00% in 2022, increased by the social contribution of 3.3% of the corporate tax rate).

Based on the below assumptions, the weighted average cost of capital (“WACC”) stands at 5.6%:

- Levered beta of 0.97 based on the average of unlevered betas for selected peers (as indicated in the section “Multiples for listed peer companies”) (source: Global Barra Beta), Suez’ gearing (including hybrid debt) and a normative tax rate of 25.8%;
- Risk-free rate of 1.09% based on 10-year average of French 10y OAT (source: Bloomberg);
- Market risk premium (“MRP”) of 7.53% based on the average of France MRP according to Damodaran (as of January 2021, latest data available), Bloomberg (as of June 23rd 2021) and Detryat (12-month average as of June 23rd 2021), respectively 5.2%, 9.4% and 8.0%;
- Cost of debt before tax of 1.57%, computed as 1.09% risk-free rate plus Suez’ bond spread to 10y OAT of 0.48%, i.e. a cost of debt after tax of 1.2%;
- Cost of hybrid debt before tax of 3.03%, computed as 1.09% risk-free rate plus Suez’ hybrid spread to OAT 6y of 1.94% (source: Bloomberg), i.e. a cost of hybrid debt after tax of 2.2%.

| Estimated WACC | |
|---|--------------|
| Unlevered beta | 0.66 |
| Normative tax rate | 25.8% |
| Levered beta | 0.97 |
| Risk-free rate | 1.09% |
| Market risk premium | 7.53% |
| Cost of Equity | 8.4% |
| (a) <i>Weighted Cost of Equity (8.4% * 61%)</i> | <i>5.13%</i> |
| Cost of debt (pre-tax) | 1.57% |
| Normative tax rate | 25.8% |
| Cost of Debt (post-tax) | 1.2% |
| (b) <i>Weighted Cost of Debt (1.2% * 33%)</i> | <i>0.38%</i> |

³⁸ For companies with turnover above 250 million euros and profit above 0.5 million euros

| | |
|--|-------------|
| Cost of Hybrid (pre-tax) | 3.03% |
| Normative tax rate | 25.8% |
| Cost of Hybrid (post-tax) | 2.2% |
| (c) <i>Weighted Cost of Hybrid (2.2% * 6%)</i> | 0.14% |
| WACC (a)+(b)+(c) | 5.6% |

Sources: Company, Damodaran, Bloomberg, Detroyat, Barra Beta

The above WACC is consistent with the average WACC retained by financial analysts who value Suez through DCF, i.e. 5.7%.

WACC – Financial analysts consensus

| Analysts | Date | WACC |
|--|-----------------------------------|-------------|
| Kepler Cheuvreux | April 29 th 2021 | 4.7% |
| Exane BNP Paribas | April 16 th 2021 | 6.2% |
| Oddo | March 1 st 2021 | 5.4% |
| Société Générale | August 27 th 2020 | 6.9% |
| HSBC | August 19 th 2020 | 4.7% |
| JP Morgan | July 30 th 2020 | 6.4% |
| <i>Jefferies (excluded)³⁹</i> | <i>March 10th 2021</i> | <i>9.0%</i> |
| Average WACC | | 5.7% |
| Median WACC | | 5.8% |

Sources: Financial analysts

The pre-IFRS 16 estimates over the 2024E-2028E period were extrapolated on the basis of the below assumptions:

- Revenue growth rate progressively decreasing from 4.3% in 2023E to 1.0% in 2028E consistently with the hypothesis of perpetual growth rate mentioned below;
- Adjusted EBITDA margin stable at 14.8% from 2023E (last year of the financial analyst consensus) to 2028E;
- D&A progressively increasing from 2023E to 2028E, so as to be coherent with the capex forecast in 2028E (terminal year);
- Capex as % of sales stable at 7.3% from 2024E to 2028E, in line with the average level (excluding acquisitions and disposals) observed across 2021E-2023E⁴⁰;
- No change in working capital requirement from 2024E onwards.

Suez' terminal value (corresponding to the present value of cash flows beyond 2028E) was computed according to the Gordon-Shapiro methodology, based on the below assumptions:

- Normative revenue of 20.3 billion euros, in line with 2028E;
- Normative adjusted EBITDA margin (excluding equity accounted entities) of 14.8%, in line with 2028E;
- Normative D&A equal to capital expenditure;
- No change in working capital requirement, in line with the extrapolation period.

³⁹ The estimate of Suez' WACC as per Jefferies' analysis being significantly different from the financial analysts consensus, we decided to exclude it from the retained average and median

⁴⁰ Average levels observed from Kepler Cheuvreux and Exane BNP Paribas insofar as Jefferies and Oddo do not clearly communicate on an amount of capital expenditure excluding acquisitions and disposals

The perpetual growth rate (« PGR ») retained stands at 1.0%, in line with financial analysts' consensus.

PGR – Financial analysts consensus

| Analysts | Date | PGR |
|--------------------|------------------------------|-------------|
| Kepler Cheuvreux | April 29 th 2021 | 0.5% |
| Oddo | March 1 st 2021 | 1.8% |
| Société Générale | August 27 th 2020 | 2.0% |
| HSBC | August 19 th 2020 | 1.0% |
| Morgan Stanley | August 3 rd 2020 | 0.0% |
| Average PGR | | 1.1% |
| Median PGR | | 1.0% |

Sources: Financial analysts

As such, and on the basis of the present value of Suez' future cash flows, Suez' economic asset value is estimated at 23.9 billion euros, resulting in an equity value of 11.4 billion euros or 17.88 euros per share.

| Discounted cash flows | €m |
|----------------------------------|---------------|
| WACC | 5.6% |
| PV of FCF | 8,007 |
| Normative FCF | 1,122 |
| Terminal Value | 24,640 |
| Discounted Terminal Value | 15,934 |
| Enterprise Value | 23,941 |
| Enterprise Value to Equity | (12,503) |
| Value Bridge | |
| Equity Value | 11,438 |
| Retained number of shares | 639.7 |
| Price per share (€) | 17.88 |

The tables below illustrate the sensitivity of Suez' value per share to WACC and PGR, as well as the corresponding premiums implied by the Offer price.

Discounted Cash Flows valuation sensitivity analysis over the price per share

Price per share (€)

| WACC | PGR | | |
|-------------|--------------|--------------|--------------|
| | <i>0.75%</i> | <i>1.00%</i> | <i>1.25%</i> |
| 5.35% | 18.19 | 19.91 | 21.85 |
| 5.60% | 16.34 | 17.88 | 19.59 |
| 5.85% | 14.68 | 16.06 | 17.58 |

Offer premium / (discount)

| WACC | PGR | | |
|-------|-------|-------|--------|
| | 0.75% | 1.00% | 1.25% |
| 5.35% | 12.7% | 2.9% | (6.2%) |
| 5.60% | 25.4% | 14.6% | 4.6% |
| 5.85% | 39.6% | 27.7% | 16.6% |

The offer price results in a premium of 14.6% on the value per share obtained in the central case of the discounted cash flows analysis.

3.2.2.4 Trading multiples of listed peers

The trading multiples of listed peers method consists in applying to the financial aggregates of the target company the valuation multiples observed on a sample of companies operating in the same sector, over comparable geographies and segments. Market capitalizations are computed on the basis of volume-weighted average monthly prices over a 1-month period as of June 23rd 2021 for all peers except Veolia as of April 9th 2021⁴¹.

A sample of 6 companies operating in the waste and water sector and with characteristics as close as possible to those of Suez has been selected:

- Geographical breakdown of revenues (worldwide presence with an emphasis on Europe);
- EBITDA contribution of activities (significant share of water and waste activities);
- Size and liquidity (significant market capitalization, in excess of 500 million euros).

The companies are presented below:

Most comparable company:

- **Veolia (the Initiator)**
 - o French group with an international presence, specializing in environmental and utilities services: water cycle management, waste management and recovery, and energy management for local authorities and companies. The company employs around 180,000 people worldwide and generated in fiscal year 2020 revenues of 26.0 billion euros and EBITDA of 3.6 billion euros, of which 24% in France, 40% in Western Europe (excluding France), 27% in the rest of the world and 9% in the field of hazardous waste. Veolia is the most direct comparable to Suez: two global players present across the entire waste and water management chain;
 - o Veolia has a market capitalization of 12.8 billion euros as of April 9th 2021 and is part of the CAC 40 index.

Other comparable companies, with a lesser degree of comparability due to the business profile and geographies in which these companies operate:

- **Hera**
 - o Italian multi-utility company operating mainly in Central and North-Eastern Italy: water management, electricity production and gas transport. 33% of its EBITDA comes from its gas network, 24% from water management, 23% from waste management and 17% from its electricity network. It operates almost exclusively in Italy and generated revenues of 7.1 billion euros in 2020;

⁴¹ Last trading day prior to the announcement of the agreement between Suez and Veolia in the press release of April 12th 2021 for a price of €20.5

- Hera has a market capitalization of 5.2 billion euros as of June 23rd 2021.
- **Acea**
 - Italian multi-utility company operating mainly in Central Italy: distribution and production of electricity, water management and the heating network of the city of Rome. 53% of its EBITDA comes from its water business, 36% from energy infrastructure and 4% from its environmental business. The company generated revenue of 3.4 billion euros in 2020;
 - Acea has a market capitalization of 4.2 billion euros as of June 23rd 2021.
- **FCC**
 - Spanish company specialized in environmental services and construction of large infrastructures. FCC employs over 59,000 people in more than 30 countries and has revenues of 6.2 billion euros and EBITDA of 1.0 billion euros in 2020. 43% of FCC's EBITDA comes from its environmental services business, 27% from its integrated water management activity, 19% from its construction and cement business and 9% from its concession activity. The company operates mainly in Spain, but also in the rest of Europe, Latin America, the Middle East and Africa;
 - FCC has a market capitalization of 4.0 billion euros as of June 23rd 2021 and is part of the IBEX 35 index.
- **Biffa**
 - UK company whose operations cover the full scope of the waste management process, including collection, recycling, treatment, disposal and energy production. 73% of its EBITDA is related to waste collection and 27% to resources and energy. The company generated revenues of 1.2 billion euros in the fiscal year ending March 2021;
 - Biffa has a market capitalization of 1.1 billion euros as of June 23rd 2021.
- **Lassila & Tikanoja**
 - Finnish company operating in environmental management and maintenance services, with almost exclusive operations in Finland. 54% of its EBITDA comes from environmental services, 20% from industrial services and 26% from installation services. The company generated revenues of 752 million euros in 2020;
 - Lassila & Tikanoja has a market capitalization of 0.5 billion euros as of June 23rd 2021.

The following companies were also analyzed but were excluded for the reasons set out below.

Companies excluded for reasons of size:

- **Renewi and Séché**
 - These 2 companies have business profiles similar to some of Suez's activities (collection and recycling of commercial waste for Renewi and recycling of hazardous waste for Séché);
 - However, they are mainly focused on a particular segment and their activity is not very internationalized (activity carried out mainly in the Netherlands for Renewi, where Suez recently sold activities, and in France for Séché). In addition, their market capitalization is significantly lower than Suez (as of June 23rd 2021, approximately 439 million British pounds for Renewi and 392 million euros for Séché), which affects the liquidity of their shares and could limit the relevance of their share price.

Companies excluded due to the difference in activities:

- **Befesa**

- This Luxembourg company is particularly active in hazardous waste management from the steel and aluminium sectors. It was excluded because its activity focuses on a specific sub-sector of the recycling industry whose dynamics are largely dependent on the price of certain metals (notably zinc and aluminum).
- **Derichebourg**
 - This French company is particularly active in metal waste management. It was excluded because its activity focuses on a specific sub-sector of the recycling industry whose dynamics are largely dependent on the price of certain metals. Furthermore, its activities are not very internationalized with a presence mainly in France.
- **Pennon, United Utilities and Severn Trent**
 - These 3 companies are active in the water distribution and wastewater treatment segment in the United Kingdom. These companies were excluded because their activities are fully regulated and benefit from regulatory revenue benefits and cost transfer provisions. As a result, they have very little exposure to the business cycles of environmental services companies such as Suez.
- **Engie, Enel and Iberdrola**
 - These 3 multinationals are mainly present in the power generation sector, with a preponderant share in renewable energies, energy infrastructure and energy services. Their exposure to energy infrastructures, which benefit from a regulated framework in Europe, as well as to the production and supply of electricity, gives them a risk profile different from that of Suez. In addition, their growing presence in the renewable energy sector (mainly wind and solar photovoltaic) gives them a higher expected growth profile than Suez, but also a different risk profile due to the long-term electricity sales contracts from which these activities benefit.
- **Clean Harbors and US Ecology**
 - These 2 companies operating in the United States specialize in the collection and treatment of hazardous, complex or radioactive waste. They also provide cleaning and industrial dismantling services, which correspond to a minor part of Suez's business. In addition, their main clients are industrial or government entities, which also differ from the majority of Suez's client base.

Asian companies excluded given their presence mainly concentrated in China (while Suez only generated 3% of its revenues in Asia in 2020):

- **Chongqing Water Group, Beijing OriginWater Technology, Beijing Capital, Grandblue, Hongchenq Waterworks, Wuhan Sanzhen Industry, Heilongjiang Interchina Water, Guangdong Investment Limited, Beijing Enterprises Water Group, China Everbright Environment Group, Dynagreen, Capital Environmental Protection, Capital Environmental Protection, China Water, Canvest, Dongjiang Environment, Zheneng Jinjiang Environment, Everbright Water and SIIC Environment Holdings**
 - The proportion of revenues generated in China is greater than 80% for all these companies.
- **Only one of the Asian companies operating in the water and waste sector has a strong presence outside of China: China Tianying, with 89% of its revenue generated outside of China**
 - This revenue split is primarily a result of the Urbaser acquisition finalised in November 2018. However, China Tianying is currently conducting a process to sell 100% of Urbaser. Apart from Urbaser, China Tianying mainly focuses on supplying equipment

related to the environment. Note that its market capitalization is c.€1.6bn and is covered by few financial analysts.

The multiples retained are those of:

- Enterprise Value (EV) to EBITDA⁴², after implementation of IFRS 16, to be consistent with the comparables applying IFRS 16;
- Market capitalization, calculated on the basis of the fully diluted number of shares, to adjusted net income (group share).

The Enterprise Value to Equity Value bridge in the context of valuation by trading multiples of listed peers are based on publicly available information and are as follows:

- 9.61 billion euros⁴³ of Suez's net financial debt as of December 31st 2020 (after implementation of IFRS 16, to be consistent with the calculation of EBITDA multiples of comparable companies);
- Non-controlling interests as of December 31st 2020 (2.8 billion euros, including 0.8 billion euros for the investment in Aguas Andinas valued at market value⁴⁴);
- Equity accounted entities as of December 31st 2020 (-2.3 billion euros, including -1.0 billion euros for the investment in Acea Group valued at market value⁴⁵);
- Pension provisions (708 million euros⁴⁶), other provisions (1.2 billion euros⁴⁷), net deferred tax liabilities (164 million euros) and hybrid debt (1.6 billion euros) as of December 31st 2020;
- The amount of future cash payments corresponding to performance units settlement (80 million euros⁴⁸);
- The capital increase associated to the offer "Sharing 2021" (-160 million euros⁴⁹);
- Amounts to be received under "Wave 1" of the disposal plan have also been added (-2.3 billion euros in Enterprise Value) to be consistent with the discounted cash flow methodology. This amount has been adjusted for disposals related to "Wave 1" already completed in the fourth quarter of 2020 and therefore included in net debt as of December 31st 2020. This adjustment for an amount of 568 million euros, based on publicly available information, breaks down as follows:
 - o 357 million euros related to the disposal of its recycling and recovery activities in Sweden (excluding IFRS 16) and 28 million euros related to IFRS 16, completed on November 30th 2020;
 - o 183 million euros⁵⁰ related to the disposal of its 53.51% stake in ESSAL through its subsidiary Aguas Andinas S.A., completed on October 13rd 2020 and including the deconsolidation of net debt;

⁴² Excluding share of equity accounted entities and before net disbursements on concessions

⁴³ Based on 2020 Annual Report

⁴⁴ As of June 23rd 2021, with a CLP/EUR conversion rate of 0.0011 (spot rate as of June 23rd 2021)

⁴⁵ As of June 23rd 2021

⁴⁶ Without application of the normative tax rate. Deferred taxes related to retirement commitments are already included in the calculation of the net deferred tax position

⁴⁷ Before application of tax rate

⁴⁸ Based on a price of 20.50 euros per share

⁴⁹ Based on 10,976,645 shares and a subscription price of 85% of the average closing price of Suez during the 20 trading days preceding the settlement of the subscription price on March 5th 2021 (17.18 euros)

⁵⁰ 92.3 million dollars for the value of the 53.51% stake in ESSAL and 123.0 million dollars for the net debt, converted at the USD/EUR spot rate of 0.851499 as of October 13th 2020

- The net impact of "Wave 1" of the disposal plan thus amounts to -1,732 million euros.

| <i>As of December 31st 2020</i> | | €m |
|--|--|---------------|
| Net financial debt | | 9,611 |
| Non-controlling interests | | 2,827 |
| Equity accounted entities | | (2,343) |
| Pensions provisions | | 708 |
| Other provisions | | 1,248 |
| Net deferred tax liabilities | | 164 |
| Hybrid | | 1,600 |
| Performance units settlement | | 80 |
| March 2021 capital increase | | (160) |
| Net impact of "Wave 1" proceeds adjustment | | (1,732) |
| Other adjustments | | 2,391 |
| Total Equity value – Enterprise Value adjustments | | 12,002 |

Comparable companies multiples are computed after the impact of IFRS 16, for consistency with the treatment of financial projections, and are presented in the table below.

| Country | Company | Reference date of the 1-month volume weighted average price | EV / EBITDA | | Adjusted P/E | |
|--|--------------------|---|-------------|-------------|--------------|--------------|
| | | | 2021E | 2022E | 2021E | 2022E |
| <i>Most comparable company</i> | | | | | | |
| France | Veolia | 09/04/2021 | 6.3x | 5.9x | 16.1x | 13.5x |
| <i>Other European comparable companies</i> | | | | | | |
| Italy | Hera | 23/06/2021 | 7.9x | 7.7x | 16.6x | 16.3x |
| Italy | Acea | 23/06/2021 | 6.8x | 6.4x | 14.0x | 13.5x |
| Spain | FCC | 23/06/2021 | 7.3x | 7.2x | 13.5x | 13.4x |
| UK | Biffa | 23/06/2021 | 8.4x | 7.0x | 19.9x | 13.1x |
| Finland | Lassila & Tikanoja | 23/06/2021 | 7.3x | 6.9x | 15.2x | 13.6x |
| Average of other comparable companies | | | 7.5x | 7.1x | 15.9x | 14.0x |
| Global average | | | 7.3x | 6.9x | 15.9x | 13.9x |
| Global median | | | 7.3x | 7.0x | 15.7x | 13.5x |

Trading multiples have been applied to the estimated Suez EBITDA⁵¹ for 2021E and 2022E, after implementation of IFRS 16.

For reference, the unaffected Suez EV/EBITDA multiples for 2021E and 2022E (as of July 30th 2020, last trading day before Engie's announcement on July 31st 2020 of the strategic review of its assets and in particular its options with respect to its stake in Suez) were 7.5x and 7.1x respectively. For comparison purposes, unaffected Veolia EV/EBITDA multiples for 2021E and 2022E (as of July 30th 2020) were 6.6x and 6.0x, respectively.

Adjusted P/E multiples of comparable companies have been applied to the estimated adjusted net income of Suez for 2021E and 2022E.

For reference, the unaffected Suez P/E multiples for 2021E and 2022E (as of July 30th 2020, last trading day before Engie's announcement on July 31, 2020 of the strategic review of its assets and in particular its options with respect to its stake in Suez) were 16.2x and 14.9x, respectively. For comparison purposes, unaffected Veolia P/E multiples for 2021E and 2022E (as of July 30th 2020) were 15.0x and 13.9x, respectively.

⁵¹ Excluding share of equity accounted entities and before net disbursements on concessions

The below tables show the methodology results:

| Implied valuation of listed peers trading multiples EV/EBITDA post IFRS 16 | | |
|---|---------------|---------------|
| | 2021E | 2022E |
| Veolia | | |
| EV/EBITDA | 6.3x | 5.9x |
| Reported EBITDA (excl. Equity accounted entities) (€m) | 3,007 | 3,176 |
| Enterprise Value (€m) | 18,889 | 18,780 |
| EV / Equity Value adjustments (€m) | 12,002 | 12,002 |
| Implied Equity Value (€m) | 6,887 | 6,778 |
| Fully diluted number of shares | 640 | 640 |
| Value per share (€) | 10.8 | 10.6 |
| <i>Implied premium of the offer</i> | <i>90.4%</i> | <i>93.5%</i> |
| Other European comparable companies | | |
| EV/EBITDA | 7.5x | 7.1x |
| Reported EBITDA (excl. Equity accounted entities) (€m) | 3,007 | 3,176 |
| Enterprise Value (€m) | 22,624 | 22,397 |
| EV / Equity Value adjustments (€m) | 12,002 | 12,002 |
| Implied Equity Value (€m) | 10,622 | 10,395 |
| Fully diluted number of shares | 640 | 640 |
| Value per share (€) | 16.6 | 16.3 |
| <i>Implied premium of the offer</i> | <i>23.5%</i> | <i>26.2%</i> |

| Implied valuation of listed peers trading multiples Adjusted P/E | | |
|---|--------------|--------------|
| | 2021E | 2022E |
| Veolia | | |
| Adjusted P/E | 16.1x | 13.5x |
| Adjusted net income (€m) | 386 | 587 |
| Implied Equity Value (€m) | 6,213 | 7,902 |
| Fully diluted number of shares | 640 | 640 |
| Value per share pre proceeds from disposals (€) | 9.7 | 12.4 |
| Impact per share of proceeds from disposals (€) | 2.7 | 2.7 |
| Value per share (€) | 12.4 | 15.1 |
| <i>Implied premium of the offer</i> | <i>65.1%</i> | <i>36.1%</i> |
| Other European comparable companies | | |
| Adjusted P/E (average) | 15.9x | 14.0x |
| Adjusted net income (€m) | 386 | 587 |
| Implied Equity Value (€m) | 6,119 | 8,206 |
| Fully diluted number of shares | 640 | 640 |
| Value per share pre proceeds from disposals (€) | 9.6 | 12.8 |
| Impact per share of proceeds from disposals (€) | 2.7 | 2.7 |
| Value per share (€) | 12.3 | 15.5 |
| <i>Implied premium of the offer</i> | <i>67.0%</i> | <i>31.9%</i> |

The Offer price reflects a premium of between 90% and 94% over the value per share obtained by applying the EBITDA multiples of Veolia and a premium of between 24% and 26% over the value per share obtained by applying the EBITDA multiples of other comparable European companies.

The Offer price reflects a premium of between 36% et 65% over the value per share obtained by applying the adjusted Veolia P/E multiples and a premium of between 32% et 67% over the value per share obtained by applying the adjusted P/E multiples of other comparable European companies.

3.2.3 Valuation methodologies presented for illustrative purposes

3.2.3.1 *Historical share price analysis as of April 9th 2021*

Market references presented as of April 9th 2021, the last trading day prior to the announcement of the agreement between Suez and Veolia in the press release of April 12th 2021 for a price of €20.5:

| As of April 9 th 2021 | 12-month | 9-month | 6-month | 3-month | 1-month | Closing price as of April 9 th 2021 |
|--|---------------|---------------|---------------|---------------|---------------|--|
| Volume-weighted average price (VWAP) | 14.15 | 15.17 | 16.70 | 17.46 | 18.11 | 18.44 |
| Minimum daily VWAP over the period | 9.10 | 10.19 | 15.40 | 16.60 | 17.84 | |
| Maximum daily VWAP over the period | 18.50 | 18.50 | 18.50 | 18.50 | 18.50 | |
| Average daily volume (k shares) | 1,896 | 1,990 | 1,450 | 1,393 | 1,279 | 973 |
| Premium/discount of Offer price vs. VWAP | +44.8% | +35.2% | +22.7% | +17.4% | +13.2% | +11.2% |
| Premium/discount of Offer price vs. minimum daily VWAP | +125.4% | +101.2% | +33.1% | +23.5% | +14.9% | |
| Premium/discount of Offer price vs. maximum daily VWAP | +10.8% | +10.8% | +10.8% | +10.8% | +10.8% | |

Source: FactSet as of April 9th, 2021 (Volumes traded on Euronext only)

3.2.3.2 *Financial analysts' target prices prior to the announcement of a combination agreement between Suez and Veolia on April 12th 2021*

The below table presents the target prices published by the selected financial analysts prior to the announcement of a combination agreement between Suez and Veolia on April 12th 2021 (last trading day prior to the announcement: April 9th 2021):

| Target prices from analysts covering Suez as of 09/04/2021 | | | |
|--|-----------------|----------------------|--|
| Latest recommendation | Analyst | Target price In € | Premium/(Discount) of Offer Price vs. Target Price |
| 05/04/2021 | Jefferies | 17.8 | +15.2% |
| 22/03/2021 | Barclays | 18.0 | +13.9% |
| 22/03/2021 | Oddo BHF | 16.3 | +25.8% |
| 22/03/2021 | Kepler Chevreux | 18.0 | +13.9% |
| 08/03/2021 | Exane | 18.0 | +13.9% |
| 15/02/2021 | Berenberg | 18.0 | +13.9% |
| Average | | 17.7 | +15.9% |
| Lowest target price | | 16.3 | +25.8% |
| Highest target price | | 18.0 | +13.9% |

3.2.4 Valuation methodologies not retained

3.2.4.1 *Book net asset value*

This method, based on historical value of the Company's assets and liabilities, has been discarded because it does not take into account:

- i. The market value of the Company's intangible assets (market shares, customer relationship, contracts, intellectual property, etc.);
- ii. The Company's future performance.

As of December 31st 2020, the book net asset value of Suez was 5,406.6 million euros, representing a valuation of 8.4 euros per share on a fully diluted basis.

3.2.4.2 *Market net asset value*

This method consists in correcting the net book value for identified realised or unrealised gains or losses in the assets, liabilities or off-balance sheet commitments. This approach is customarily used to value diversified holding companies, such as those holding real estate assets or minority financial investments. Moreover, it is also a method used in a liquidation approach, which is not adequate in the present case.

3.2.4.3 *Sum-of-the-parts valuation*

The "sum-of-the-parts" valuation approach was not retained for several reasons.

a) Limited financial information available by operating segment

Suez modified the presentation of its financial information since its first quarter 2020 results' announcement in three operating segments: "Water", "Recycling & Recovery" and "Environmental Tech & Solutions (ETS)". Suez communicated a 2020 EBITDA breakdown by division on its presentation dated February 26th 2021. However, few financial analysts publish explicit forecasts on this new format with sufficient granularity and in line with the consolidated consensus. It is therefore not possible, based on available research reports, to create a reliable consensus by segment.

There are disparities between activities within the same operating segment in terms of capital intensity, the nature and duration of contracts, profitability or geographic exposure. This disparity within the operating segments, as well as the lack of financial reporting by sub-segment, makes the "sum-of-the-parts" valuation approach impossible without making assumptions that cannot be verified.

b) Limits of financial analysts' estimates by operating segment

Of the 14 financial analysts covering the Company, 8 published a "sum-of-the-parts" valuation prior to Veolia's offer on August 30th 2020 with EBITDA or EBIT estimates by operating segment:

- Of these 8 financial analysts,
 - o 4 financial analysts are following the old segmentation. These valuations are based on estimates that no longer correspond to the definition of operating segments and therefore cannot be compared to the new financial data provided by Suez;
 - o 4 financial analysts are following the new segmentation;
 - Of these 4 financial analysts, only one provides sufficient granularity, which does not allow for a reliable and relevant analysis.

Only 2 financial analysts with a detailed "sum-of-the-parts" valuation analysis have updated their data since Veolia's offer on August 30th 2020: Exane (April 21st 2021) and Barclays (March 3rd 2021). Exane's update is still using the old operating segmentation and Barclays does not provide any forecasts per division on financial aggregates.

3.2.4.4 *Comparable transactions*

The comparable transactions methodology consists in valuing the Company by applying to its financials multiples observed in recent transactions involving companies operating in similar sectors and having comparable operating characteristics.

With respect to Suez, it is difficult to identify transactions directly comparable due to:

- The diversity of activities within Suez itself
- The geographical footprint of Suez, which benefits from a large international presence while comparable companies are more focused on specific regions or countries.

In our view, the Saur transaction is not comparable to the transaction under consideration here for the following reasons:

- Different business, focused on water in France with marginal international activity and therefore not comparable with a diversified group;
- Saur was acquired by an infrastructure fund using financial leverage, whereas Veolia has adopted a cautious approach aimed at preserving its balance sheet and its current BBB rating in order to ensure the group's development.

In the absence of comparable transactions, we have nevertheless presented in section “Analysis of Suez historical stock market price as of July 30th 2020” a reference to the average premiums offered in a selection of French public tender offers (100% of equity value above 500 million euros).

3.2.4.5 Dividend discount model

This method consists in valuing a company's equity based on dividend assumptions resulting from a company's business plan. The future flows of dividends received by its shareholders are discounted at the cost of equity.

It is essentially based on the dividend policy proposed by management and approved by its shareholders and is not necessarily correlated with the company's operating results.

3.3 Summary valuation assessment

The below table summarizes the valuation outcomes based on the retained valuation methodologies, as well as the premium and discounts implied by the Offer price of 20.50 euros per share:

| Methodologies | Share price / valuation | Offer price (€20.5) premium/discount vs. share price/valuation |
|--|-------------------------|--|
| | In euros | In % |
| Retained methodologies | | |
| Historical share price analysis as of 30/07/2020* | | |
| Closing price as of 30/07/2020 | 10.32 | +98.7% |
| 1-month VWAP as of 30/07/2020 | 10.49 | +95.5% |
| 3-month VWAP as of 30/07/2020 | 10.39 | +97.3% |
| 6-month VWAP as of 30/07/2020 | 11.46 | +78.8% |
| 9-month VWAP as of 30/07/2020 | 12.08 | +69.7% |
| 12-month VWAP as of 30/07/2020 | 12.45 | +64.6% |
| Lowest price over the last 12 months as of 30/07/2020 (on 17/03/2020) | 8.57 | +139.2% |
| Highest price over the last 12 months as of 30/07/2020 (on 21/02/2020) | 15.89 | +29.0% |
| Target prices from analysts from 29/07/2020 to 28/08/2020** | | |
| Average of target prices from analysts | 11.41 | +79.7% |
| Lowest target price | 8.90 | +130.3% |
| Highest target price | 14.00 | +46.4% |
| Discounted cash flows | | |
| WACC of 5.60% & PGR of 1.00% | 17.88 | +14.6% |
| WACC of 5.85% & PGR of 1.25% | 17.58 | +16.6% |
| WACC of 5.35% & PGR of 0.75% | 18.19 | +12.7% |
| Trading multiples of listed peers*** | | |
| EV/EBITDA 2021E – Veolia | 10.77 | +90.4% |
| EV/EBITDA 2022E – Veolia | 10.60 | +93.5% |
| EV/EBITDA 2021E – Average of other comparable companies | 16.61 | +23.5% |
| EV/EBITDA 2022E – Average of other comparable companies | 16.25 | +26.2% |
| Adjusted P/E 2021E – Veolia | 12.42 | +65.1% |
| Adjusted P/E 2022E – Veolia | 15.06 | +36.1% |
| Adjusted P/E 2021E – Average of other comparable companies | 12.27 | +67.0% |
| Adjusted P/E 2022E – Average of other comparable companies | 15.54 | +31.9% |
| Methodologies presented for illustrative purpose | | |
| Historical share price analysis as of 09/04/2021**** | | |
| Closing price as of 09/04/2021 | 18.44 | +11.2% |
| 1-month VWAP as of 09/04/2021 | 18.11 | +13.2% |
| 3-month VWAP as of 09/04/2021 | 17.46 | +17.4% |
| 6-month VWAP as of 09/04/2021 | 16.70 | +22.7% |
| 9-month VWAP as of 09/04/2021 | 15.17 | +35.2% |
| 12-month VWAP as of 09/04/2021 | 14.15 | +44.8% |
| Lowest price over the last 12 months as of 09/04/2021 (on 16/04/2020) | 9.10 | +125.4% |
| Highest price over the last 12 months as of 09/04/2021 (on 08/04/2021) | 18.50 | +10.8% |
| Target prices from analysts from the 28/08/2020** to the 09/04/2021**** | | |
| Average of target prices from analysts | 17.68 | +15.9% |
| Lowest target price | 16.30 | +25.8% |
| Highest target price | 18.00 | +13.9% |

* Last closing price before Engie's strategic plan announcement on 31/07/2020

** Last closing price before Veolia's announcement of its offer for the acquisition of Engie's stake on 30/08/2020

*** Computed on the basis of the share price as of 23/06/2021 for the comparables, except for Veolia as of 09/04/2021

**** Last closing price before the announcement of the agreement between Suez and Veolia for an Offer price of €20.5 as of 12/04/2021

4. HOW INFORMATION ABOUT THE OFFEROR WILL BE MADE AVAILABLE

In accordance with Article 231-28 of the AMF General Regulation, information relating in particular to the legal, financial and accounting characteristics of the Offeror will be the subject of a specific document filed with the AMF and made available to the public in a manner intended to ensure full and effective disclosure, no later than the day prior to the opening of the Offer.

5. PERSONS RESPONSIBLE FOR THE OFFER DOCUMENT

5.1 For the Offeror

“To the best of my knowledge, the information contained in this offer document corresponds to reality and contains no omission likely to affect their import.”

Antoine Frérot, Chairman and Chief Executive Officer

5.2 For the Presenting Banks of the Offer

“In accordance with Article 231-18 of the AMF General Regulation, Crédit Agricole Corporate and Investment Bank, HSBC Continental Europe, Bank of America Europe DAC (Branch in France) and Morgan Stanley Europe SE, as Presenting Banks of the Offer, certify that, to the best of their knowledge, the presentation of the Offer, which they examined on the basis of information provided by the Offeror, and the valuation criteria for the proposed price corresponds to reality and contains no omission likely to affect their import.”

Crédit Agricole Corporate and Investment Bank
HSBC Continental Europe
Bank of America Europe DAC (Branch in France)
Morgan Stanley Europe SE