

**VIGIE (ex-Suez)**

Public limited company with a Board of Directors  
Share capital: 2,558,811,124.00 euros  
21, rue La Boétie - 75008 PARIS  
433 466 570 RCS PARIS

(the "**Company**")

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**REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY AS OF AUGUST 31, 2022**

**MERGER OF THE COMPANY INTO VEOLIA**

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Dear bondholders,

In accordance with the provisions of Articles L. 228-65, I 3° and L. 236-13 of the French Commercial Code, we wish to convene you to a general meeting (the "**General Meetings**") in order to submit for your approval the proposed merger of the Company into Veolia Environnement (a French *société anonyme à conseil d'administration* with a share capital of EUR 3,502,858,580, having its registered office at 21, rue La Boétie, 75008 Paris, registered in the Paris Trade and Companies Register under number 403 210 032 ("**Veolia**")) (the "**Merger**") as more fully described in the merger agreement set forth in Annex 1 (the "**Merger Agreement**").

The proposed Merger is subject to the simplified regime of Article L. 236-11 of the French Commercial Code and, accordingly, the Company is not required to prepare the report provided for in Articles L. 236-9, paragraph 4, and R. 236-5 of the French Commercial Code. This report is prepared on a voluntary basis by the Company for the purposes of the consultation of the General Meetings of the Company's bondholders in the context of the said proposed Merger.

In particular, it is asked that:

- each of the General Meetings of the holders of the Series no. 3, 4, 9, 10, 12, 13, 15, 16, 17, 18, 19 and 20 of the Company (the "**Senior Bonds**") and the Hybrids 1 bonds, as set forth in the Merger Agreement, approve the Merger; and
- each of the general meetings of the holders of Hybrids 1 and 2 bonds of the Company as described in the Merger Agreement (the "**Hybrid Bonds**" and, together with the Senior Bonds, the "**Bonds**") approve certain amendments to the terms and conditions of the Bonds to comply with the criteria of S&P in order to benefit from the *equity credit* treatment that is sought after.

The approval of all the resolutions presented to the relevant General Meetings on first or second notice would be accompanied, as the case may be, by the payment by the Company to each holder having cast a vote at the General Meeting (i) with respect to holders of Senior Bonds of a premium of an amount in euros of 0.10% of the nominal amount of the relevant Senior Bonds and (ii) in the case of holders of Hybrid Bonds, of a premium of an amount in euros of 0.25% of the nominal amount of the relevant Hybrid Bonds.

This report is made available on a voluntary basis at the Company's registered office, in accordance with applicable legal and regulatory provisions.

## MERGER-ABSORPTION PROJECT OF THE COMPANY BY VEOLIA

### Introduction

#### Reminder of the main stages of the merger with the Company

The rationale for the combination between the two groups has been set forth in Veolia's offer document<sup>1</sup> and the Company's document in reply<sup>2</sup> dated as of July 20, 2021.

The main stages of the merger with the Company are listed in the timetable below:

- **April 12, 2021: agreement in principle between the Company and Veolia** setting the price of the cash tender offer at 20.50 euros per share of the Company (*coupon attached*) and the creation of a New Suez to be sold to a consortium of investors composed of Meridiam, Caisse des dépôts et consignations, CNP Assurances and Global Infrastructure Partners (the "**Consortium**");
- **May 14, 2021:**
  - o **Combination agreement** between the Company and Veolia setting forth the terms and conditions of the tender offer and the general principles for the creation of the New Suez;
  - o **Memorandum of Understanding** between Veolia, the Company and the Consortium for the takeover of the Suez: water and waste activities (excluding hazardous waste) in France and certain international activities;
- **June 27, 2021:** submission by the Consortium of a firm offer to purchase the New Suez perimeter;
- **July 20, 2021:** AMF clearance decision on the proposed tender offer;
- **July 29, 2021:** opening of the tender offer with a price of 19.85 euros per share following the detachment of the dividend of 0.65 euros per share approved by the annual general meeting of the Company's shareholders on June 30, 2021;
- **December 14, 2021:** approval by the European Commission of the proposed acquisition of the Company by Veolia, including remedies;
- **January 7, 2022:** closing of the tender offer, at the end of which Veolia holds 551,451,261 shares of the Company, *i.e.* 86.22% of its share capital and voting rights;
- **January 12-27, 2022:** reopening of the takeover bid, at the end of which Veolia holds 613,682,445 shares of the Company, *i.e.* 95.95% of its share capital and voting rights;
- **January 31, 2022:** completion of the sale of the New Suez by Veolia to the Consortium;
- **February 18, 2022:** completion of the squeeze-out and delisting of the Company's shares from Euronext after market close.

### Merger Project

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<sup>1</sup> See the prospectus prepared by Veolia (AMF visa n°21-338)

<sup>2</sup> See the information memorandum in response prepared by the Company (AMF visa n°21-339)

Following the completion of the tender offer initiated by Veolia for all of the shares of the Company, the positive outcome of which led to the implementation of a mandatory squeeze-out procedure on February 18, 2022, Veolia holds all of the Company's shares, *i.e.*, all of the share capital and voting rights of the Company.

The Merger is a measure of simplification and legal rationalization of the existing structures following the realization of the above-mentioned operations.

Upon completion of the Merger, Veolia will become the primary obligor for all of the Company's obligations, including those arising from or in connection with the Bonds.

The Merger will eliminate the structural costs and complexities associated with the Company's existence as a legal entity.

The Merger is subject to the simplified merger regime of Article L. 236-11 of the French Commercial Code as well as to the provisions of Articles L. 236-1 *et seq.* and R. 236-1 *et seq.* of the French Commercial Code.

In accordance with the provisions of Article L. 236-3, II of the French Commercial Code, and since all of the shares of the Company are held by Veolia (and will be held until the completion of the Merger), there will be no exchange of the shares of the Company for shares of Veolia. The Merger will therefore not result in the issuance of shares by Veolia.

As a result, the provisions of Articles L. 621-8, IV of the French Monetary and Financial Code and 232-34 of the General Regulation of the French Autorité des Marchés Financiers are not applicable to Veolia, which will therefore not publish any prospectus or exemption document in the context of the completion of the Merger.

### Merger Agreement

Following the approval of the UK Competition & Markets Authority for the completion of the Merger on July 22, 2022, the respective boards of directors of the Absorbing Company and the Absorbed Company have, respectively, on August 2, 2022 and July 29, 2022, approved the Merger Agreement.

The merger agreement was filed and published with the clerk of the Paris Commercial Court and published in the *Bulletin officiel des annonces civiles et commerciales* (BODACC) and the *Bulletin des Annonces Légales Obligatoires* (BALO) as well as on the websites of Veolia and the Company ([www.veolia.com](http://www.veolia.com)). In addition, all documents and information to be made available will be made available in accordance with the applicable legal and regulatory conditions.

Pursuant to Article L. 228-65 I 3° of the French Commercial Code, any merger transaction in which an issuer of bonds (which is French entity), as this is the case for the present Bonds, is absorbed by another entity, must be approved in advance by the general meeting of the relevant bondholders, except if this approval has been expressly excluded by the terms and conditions of the relevant bonds. This legal obligation is the reason why the bondholders (except from the holders of Hybrid 2 bonds) are being consulted and the General Meetings are being convened with respect to the Merger.

In this context, we encourage you to approve the Merger.

This report details and justifies the Merger from a legal and economic point of view, in particular with respect to the valuation of the contributions and the methods used. The characteristics of the Merger are further detailed in the Merger Agreement, which is attached as Annex 1 to this report.

## **Main features of the Merger**

### **1. Rationale and goals of the operation**

Following the completion of the tender offer initiated by Veolia for all of the shares of the Company, the positive outcome of which led to the implementation of a mandatory squeeze-out procedure on February 18, 2022, Veolia holds all of the Company's shares, *i.e.* all of the Company's share capital and voting rights.

The Merger is a measure of simplification and legal rationalization of the existing structures following the realization of the above-mentioned operations.

The Merger will eliminate the structural costs and complexities associated with the Company's existence as a legal entity.

### **2. Legal regime of the Merger and opposition rights**

The Merger is subject to the simplified merger regime of Article L. 236-11 of the French Commercial Code as well as to the provisions of Articles L. 236-1 *et seq.* and R. 236-1 *et seq.* of the French Commercial Code.

All of the assets and liabilities of the Company will be transferred to Veolia by way of a universal transfer of assets and liabilities, in accordance with the terms and conditions of the Merger Agreement, resulting in the dissolution without liquidation of the Company.

In accordance with Article L. 236-14 of the French Commercial Code, Veolia will be the debtor of the Company's non-bondholders in lieu of the Company, without this substitution entailing novation with respect to the creditors and debtors. It is specified, as may be required, that the foregoing stipulations do not constitute an acknowledgement of debt for the benefit of any alleged creditor, the latter being required, on the contrary, to establish their rights and to justify their titles.

Pursuant to the provisions of Article L. 236-14 of the French Commercial Code, the non-bondholder creditors of Veolia and of the Company whose claim predates the publication of the Merger Agreement will be able to file an objection within thirty (30) days as from the last insertion provided for by Article R. 236-2 of the French Commercial Code. Any objection made by a creditor shall be brought before the Commercial Court, which may either reject it or order the reimbursement of the concerned claim or the provision of guarantees if Veolia or the Company, as the case may be, offers them and if they are deemed sufficient. Absent any reimbursement of the concerned claims or the provision of the ordered securities, the Merger shall be unenforceable against the relevant opposing creditors. In accordance with the legal provisions, the opposition raised by a creditor shall not have the effect of prohibiting the continuation of the transactions relating to the Merger or its completion.

In accordance with Article L. 236-13 of the French Commercial Code, the Merger will be subject to the approval of the general meetings of the Company's bondholders for which the consultation of the general meeting of bondholders provided for in Article L. 228-65 I 3° of the French Commercial Code has not been expressly excluded by the terms and conditions of the relevant bonds, the holding and convening procedures of the general meetings of the bondholders are organized by the provisions of the French Commercial Code, as modified, where applicable, by the terms and conditions set forth in the issuance contract the relevant bonds issue.

In case of approval by a general meeting of bondholders, as provided for in the terms and conditions of the relevant bonds, the decision of the general meeting will be binding on all bondholders of the relevant series, including the bondholders who were absent or voted against the Merger. Upon completion of the Merger, Veolia will become the debtor of the bonds of the Company, in lieu of the Company.

In case the Merger is rejected by one or more general meetings of the bondholders of the Company whose approval is sought, the board of directors of the Company may decide to override such rejection under the conditions set forth in Article L. 228-73 of the Commercial Code. It is nevertheless specified that, in such case, the general meetings of the concerned bondholders of the Company may give a mandate to the representative of the competent group of bondholders to oppose the Merger, under the conditions and with the effects set forth in Article L. 236-14 of the Commercial Code (except in the case of the Bonds series without representative of the creditors (*représentant de la masse*), where this right will be exercised in the same manner as for non-bondholders creditors). A court decision will then have to be rendered, either to dismiss the filed opposition, or to order the repayment of the relevant Bonds or the provision of guarantees. If the relevant claims are not repaid or the guarantees are not provided, the Merger will not be enforceable against the opposing creditors. In accordance with the legal provisions, the opposition raised by a creditor shall not have the effect of prohibiting the continuation of the transactions relating to the Merger or its completion.

In accordance with the provisions of Article L. 236-15 of the French Commercial Code, the Merger will not be submitted to the Veolia bondholders' meetings. However, it is specified that each general meeting of Veolia's bondholders will be able to give a mandate to the representative of the competent mass to file an objection to the Merger, under the conditions and with the effects set forth in Article L. 236-14 of the French Commercial Code. A court decision will then have to be rendered, either to reject the opposition lodged, or to order the reimbursement of the bonds concerned or the provision of guarantees. In the absence of the reimbursement of the concerned claims or the provision of the ordered guarantees, the Merger will be unenforceable against the opposing creditors. In accordance with the legal provisions, it is specified that the objection thus made by a creditor shall not have the effect of prohibiting the continuation of the transactions relating to the Merger or its completion.

### 3. Completion and effective dates of the Merger

In accordance with the provisions of Article L. 236-11 of the French Commercial Code, the Merger will not require the approval of Veolia in its capacity as sole shareholder of the Company, nor by the shareholders of Veolia.

Pursuant to the provisions of Article L. 236-11, paragraph 2 of the French Commercial Code, one or more shareholders of Veolia, representing at least 5% of the share capital of Veolia, may request in court the appointment of an agent (*mandataire*) for the purpose of convening the extraordinary general meeting of Veolia to vote on the Merger.

As a result, the Merger Agreement provides that the definitive completion of the Merger as well as the resulting dissolution of the Company will be completed and effective on October 31, 2022 (the "**Completion Date**"), subject to the publications prescribed in Article L. 236-6 of the French Commercial Code having been completed at least thirty (30) days prior to such date and to the fulfilment and/or waiver of the conditions precedent referred to in Article 5 of the Merger Agreement and recalled hereafter.

In accordance with the provisions of Article L. 236-4 of the French Commercial Code, it is specified that the Merger will have, from an accounting and tax point of view, a retroactive effect as of January 1, 2022 (the "**Effective Date**"), which date is not prior to the closing of the Company's last fiscal year. This retroactivity will only be effective as between Veolia and the Company.

Consequently, and in accordance with the provisions of article R. 236-1 of the French Commercial Code, the operations carried out by the Company as from the Effective Date and until the Completion Date, will be automatically considered as being carried out on behalf of the Company, which will exclusively bear the active or passive results of the operation of the transferred assets.

### 4. Conditions precedent

Pursuant to Article 5 of the Merger Agreement, the final completion of the Merger as well as the subsequent dissolution of the Company will be completed on the Completion Date, provided that on such date the conditions precedent set forth below have been fulfilled and/or waived:

- the approval of the Merger by the extraordinary shareholders' meeting of Veolia if, pursuant to the provisions of Article L. 236-11, paragraph 2 of the French Commercial Code, one or more shareholders of Veolia, representing at least 5% of the share capital of Veolia, request and obtain in court the appointment of an agent (*mandataire*) for the purpose of convening the extraordinary shareholders' meeting of Veolia in order to vote on the Merger; and
- the approval of the Merger by the general meetings of the bondholders of the Company for which the consultation of the general meeting of the bondholders provided for in Article L. 228-65 I 3° of the French Commercial Code has not been expressly excluded by the terms and conditions of the concerned bonds or, for the bonds of the Company for which the general meeting of the bondholders will have rejected the Merger, the decision of the board of directors of the Company to overrule such rejection(s).

The Company will be automatically dissolved on the Completion Date solely as a result of the fulfilment and/or waiver of the aforementioned conditions precedent. The liabilities of the Company being entirely assumed by Veolia, the dissolution of the Company will not be followed by any liquidation operation. Upon completion of the Merger, Veolia will become the primary obligor for all of the Company's obligations, including those arising from or in connection with the Bonds.

If the aforementioned conditions precedent are not fulfilled by December 31, 2022 at 11:59 p.m., the Merger Agreement shall, unless the aforementioned conditions are waived by Veolia and the Company, be deemed to be null and void, without any right to indemnity on either side.

#### 5. Accounts used to establish the terms of the Merger

The terms and conditions of the Merger Agreement were established by Veolia and the Company on the basis of the Company's financial statements as of December 31, 2021 and Veolia's financial statements as of December 31, 2021.

#### 6. Details of contributions and amount of net assets contributed

In accordance with the provisions of Article L. 236-11 of the French Commercial Code, the completion of the Merger does not require the appointment of a contribution auditor (*commissaire aux apports*), a merger auditor (*commissaire à la fusion*) or an independent expert (*expert indépendant*).

As the transaction consists of an internal restructuring, the contributions will be made at their net book value, in accordance with Articles 710-1, 720-1, and 743-1 of Title VII of Regulation no. 2014-03 of June 15, 2014 of the French Accounting Standards Authority (*Autorité des Normes Comptables*) relating to the General Chart of Accounts as amended by Regulation no. 2019-06 of November 8, 2019, approved by order of December 26, 2019 and published in the Journal Officiel of December 30, 2019.

The Company will contribute to Veolia, as a merger, under the ordinary warranties of fact and law, all of the assets and liabilities of the Company as of the Merger Completion Date, including the results of the active and passive transactions carried out by the Company between the Effective Date and the Completion Date.

The Merger Agreement sets forth the assets contributed by the Company as a result of the Merger, which comprise all the assets of which a non-exhaustive list, based on the Company's statutory accounts

as of December 31, 2021, is set forth in Article 1.2.1 of the Merger Agreement. The total book value of the transferred assets is 19,721,490,271 Euro.

The contributions will be made under the condition that Veolia pays, in favour of the Company, all of its corporate liabilities. The liabilities of the Company include the items presented in Article 1.2.2 of the Merger Agreement, in a non-limitative manner, based on the Company's financial statements as of December 31, 2021. The total book value of the transferred liabilities is 11,352,838,691 Euro.

Since the closing of the Company's financial statements for the year ended December 31, 2021, the Company has paid a dividend to Veolia in the amount of 414,739,888 euros. The net assets contributed by the Company to Veolia amount to 7,952,911,692 euros.

#### 7. Merger Compensation and Veolia Capital Increase

In accordance with the provisions of Article L. 236-3, II of the French Commercial Code, as the entire share capital of the Company is held by Veolia (and will be held until the completion of the Merger), there will be no exchange of the Company's shares against Veolia's shares.

The Merger will not be compensated by the issuance of new shares of Veolia and will not result in any increase of its share capital or in any determination of an exchange ratio.

#### 8. Mali de fusion

The difference between the net book value of the net assets contributed by the Company on the Effective Date, excluding losses related to the interim period and the distribution of dividends, *i.e.* €8,368,651,580, and the net book value of the Company's shares in Veolia's accounts, *i.e.* €12,977,558,675, shall constitute a merger loss (*mali de fusion*) in the amount of €4,608,907,095.

#### 9. Tax system

From a tax point of view, the Merger will be subject to the preferential regime of Article 210 A of the French General Tax Code with respect to corporate income tax and will be exempted from the payment of the fixed registration fee pursuant to Article 816 of the French General Tax Code.

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For more information, we encourage you to read the Merger Agreement appended in Annex 1 of this report.

If the Merger is not approved on first or second notice for one or more Bonds issues, the Board of Directors of the Company shall have the right, in accordance with the provisions of Article L. 228-73 of the French Commercial Code, to override any such refusal with respect to the relevant Bonds issue and such decision shall be published in accordance with the applicable laws.

**The Board of Directors**

**Annexe 1**

**Merger Agreement**



*This text is a free translation from the French language and is supplied solely for information purposes.  
Only the original version has legal force.*

**MERGER PROJECT**

**BY ABSORPTION**

**OF**

**VIGIE S.A.**

**BY**

**VEOLIA ENVIRONNEMENT S.A.**

**On August 2, 2022**

## MERGER AGREEMENT as of August 2, 2022

### BETWEEN :

- (1) **VEOLIA ENVIRONNEMENT S.A.** a *société anonyme* organized under the laws of France with a capital of €3,502,858,580.00, having its registered office at 21 rue la Boétie, 75008 Paris, France, registered with the Paris Trade and Companies Registry under number 403 210 032 R.C.S. Paris, represented by Mrs Estelle Brachlianoff,

(hereinafter referred to as the “**Absorbing Company**” or “**Veolia**”),

- (2) **VIGIE S.A** (formerly “**Suez**”), a public limited company with a capital of € 2,558,881,124.00, having its registered office at 21 rue la Boétie, 75008 Paris, France, registered with the Paris Trade and Companies Registry under number 433 466 570 R.C.S. Paris, represented by Mr. Sébastien Daziano,

(hereinafter referred to as the “**Absorbed Company**” or “**Vigie**”),

The Absorbing Company and the Absorbed Company are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”.

### IT WAS PREVIOUSLY STATED THAT :

#### A. OBJECT

In order to simplify the structure of the Veolia Group, following the acquisition of Vigie by Veolia, it is planned to proceed with the merger of Vigie into Veolia (the “**Merger**”).

The Parties have decided to enter into this draft merger agreement (the “**Merger Agreement**”) under the terms and conditions described below in order to define their rights and obligations.

Each of the Parties to the Merger will make available to its shareholders and to the shareholders of the other Party the documents required by the applicable legal provisions, and in particular this Merger Agreement, the approved annual financial statements and the related management reports for the financial years ending on December 31, 2019, December 31, 2020 and December 31, 2021, an interim accounting statement of Vigie SA as of June 30, 2022 and the half-yearly financial results of Veolia as of June 30, 2022.

Beforehand, the main characteristics of the Absorbing Company and the Absorbed Company, the links between the Parties, the reasons and purposes of the Merger, the basis of the Merger transaction and the effective date of the Merger will be recalled.

#### B. CONSULTATION OF EMPLOYEE REPRESENTATIVE BODIES

In accordance with the provisions of Article L. 2312-8 of the French Labor Code, Veolia's social economic committee has, prior to the date hereof, been informed and consulted on the Merger, and has rendered, on April 22, 2022, a favorable opinion on the Merger.

Similarly, the social and economic committee of Vigie's economic and social unit has, prior to the date hereof, been informed and consulted on the Merger, and has rendered, on April 14, 2022, a favorable opinion on the Merger.

#### C. PRESENTATION OF THE COMPANIES INVOLVED IN THE MERGER

##### 1. Absorbing company

- 1.1. The Absorbing Company is a French *société anonyme* registered with the Paris Trade and Companies Registry under number 403 210 032, whose shares are listed on Euronext Paris (compartment A) under ISIN code FR0000124141 (mnemonic “VIE”).
- 1.2. The Absorbing Company was incorporated for a period of ninety-nine (99) years from the date of its registration in the Trade and Companies Register, *i.e.* until December 18, 2094.
- 1.3. The object of the Absorbing Company, in France and in all other countries, is :
- carrying on, for private, business and public customers, all service activities relating to the environment and, more particularly, to water, sewage, energy, transport, waste management, etc. ;
  - acquiring, taking over and exploiting all patents, licences, trademarks and designs relating directly or indirectly to its business activity.;
  - acquiring interests in existing or future companies through shares, bonds and other securities, whether by subscription, purchase, contribution, exchange or any other means, the Company retaining the right to assign such interests;
  - and, in general, all commercial, industrial and financial operations and all operations connected with real or movable property, relating directly or indirectly to the above-mentioned object and, in particular, issuing any guarantee, first-demand guarantee, surety and other securities, in particular in favour of any group, undertaking or company in which it holds an interest, in the context of its activities, as well as the financing or refinancing of its activities.
- 1.4. On the date of the Merger Agreement, the share capital of the Absorbing Company amounts to 3,502,858,580.00 euros, divided into 700,571,716 ordinary shares with a nominal value of 5 euros each, fully paid up.
- 1.5. The Absorbing Company issued the following bonds (the “**Veolia Bonds**”):
- Series no. 12: issue of bonds under the EMTN program on November 25, 2003 for a principal amount of €700,000,000.00, bearing interest at a rate of 6.125% and maturing on November 25, 2033, of which €700,000,000.00 are outstanding;
  - Series no. 24: issue of bonds under the EMTN program on October 29, 2007 in the principal amount of £500,000,000.00, bearing interest at a rate of 6.125% and maturing on October 29, 2037, of which £650,000,000.00 is outstanding;
  - Series no. 29 [(OPE)]: issue of bonds under the EMTN program on March 30, 2012 in a principal amount of €750,000,000.00, bearing interest at a rate of 4.625% and maturing on March 30, 2027, of which €750,000,000.00 are outstanding;
  - Series no. 31 [(OPE)]: issue of bonds under the EMTN program on April 9, 2015 for a principal amount of €500,000,000.00, bearing interest at a rate of 1.590% and maturing on January 10, 2028, of which €500,000,000.00 are outstanding;
  - Series no. 33: issue of bonds under the EMTN program on October 4, 2016 for a principal amount of €600,000,000.00, bearing interest at a rate of 0.314% and maturing on October 4, 2023, of which €600,000,000.00 are outstanding;
  - Series no. 34: : issue of bonds under the EMTN program on October 4, 2016 for a principal amount of €500,000,000.00, bearing interest at a rate of 0.927% and maturing on January 4, 2029, of which €500,000,000.00 are outstanding;
  - Series no. 36: issue of bonds under the EMTN program on March 30, 2017 for a principal amount of €650,000,000.00, bearing interest at a rate of 1.496% and maturing on November 30, 2026, of which €650,000,000.00 are outstanding;

- Series n. 38: issue of bonds under the EMTN program on December 5, 2018 in a principal amount of €750,000,000.00 euros bearing interest at a rate of 1.940% maturing on January 7, 2030, of which €750,000,000.00 are outstanding;
  - Series no. 39: issue of bonds under the EMTN program on January 14, 2019 in a principal amount of €750,000,000.00, bearing interest at a rate of 0.892%, maturing on January 14, 2024, of which €750,000,000.00 are outstanding;
  - Series no. 40: issue of bonds under the EMTN program on January 15, 2020 in a principal amount of €500,000,000.00, bearing interest at 0.664% and maturing on January 15, 2031, of which €500,000,000.00 are outstanding;
  - Series no. 41: issue of bonds under the EMTN program on April 15, 2020 in a principal amount of €700,000,000.00, bearing interest at a rate of 1.250%, maturing on April 15, 2028, of which €700,000,000.00 are outstanding;
  - Series no. 42: issue of bonds under the EMTN program on June 15, 2020 in a principal amount of €500,000,000.00, bearing interest at a rate of 0.800%, maturing on January 15, 2032, of which €500,000,000.00 are outstanding;
  - Series no. 43: issue of bonds under the EMTN program on January 14, 2021 in a principal amount of €700,000,000.00, bearing interest at a rate of 0.000% and maturing on January 14, 2027, of which €700,000,000.00 are outstanding;
  - Hybrid 1: issue of subordinated bonds on October 20, 2020 in a principal amount of €1,150,000,000.00 at a resettable fixed rate of interest, of which €1,150,000,000.00 are outstanding;
  - Hybrid 2: issue of subordinated bonds on October 20, 2020 in a principal amount of €850,000,000.00 at a resettable fixed rate of interest, of which €850,000,000.00 are outstanding;
  - Hybrid 3: issue of subordinated bonds on November 15, 2021 in a principal amount of €500,000,000.00 a resettable fixed rate of interest, of which €500,000,000.00 are outstanding;
  - USD issue: issue of USD 400,000,000.00 in fixed-rate bonds on May 27, 2008, maturing in June 2038 (fixed rate of 6.75%), of which USD 300,000,000.00 are outstanding;
  - Panda 1: Issuance of bonds on June 24, 2020 in the principal amount of 750,000,000.00 renminbi (RMB) bearing interest at a rate of 3.850% maturing on June 24, 2023, of which RMB 750,000,000.00 are outstanding;
  - Panda 2: Issuance of bonds on June 24, 2020 in the principal amount of 750,000,000.00 renminbi (RMB) bearing interest at a rate of 3.850% maturing on June 24, 2023, of which RMB 750,000,000.00 are outstanding;
  - Panda 3: Bond issue on December 16, 2020 in the principal amount of 750,000,000.00 renminbi (RMB) bearing interest at 4.450% maturing on December 16, 2023, of which RMB 750,000,000.00 are outstanding; and
  - Panda 4: Bond issue on December 16, 2020 in the principal amount of 750,000,000.00 renminbi (RMB) bearing interest at 4.450% maturing on December 16, 2023, of which RMB 750,000,000.00 are outstanding.
- 1.6. On September 12, 2019, the Absorbing Company also issued bonds convertible and/or exchangeable into new or existing non-interest bearing shares for a principal amount of nearly €700,000,000.00 maturing on January 1, 2025, of which €699,990,091 euros are outstanding.
- 1.7. As of the date of this Merger Agreement and with the exception of the ordinary shares and securities referred to above, the Absorbing Company has not issued any securities or securities

giving access or not to its share capital, nor granted any rights giving access to its share capital (with the exception of the free share allocation plans dated May 5, 2020, May 4, 2021 and May 2, 2022 set up by the Absorbing Company).

- 1.8. The fiscal year of the Absorbing Company begins on January 1 and ends on December 31 of each year.

## **2. Absorbed company**

- 2.1. The Absorbed Company is a French *société anonyme* registered with the Paris Trade and Companies Register under number 433 466 570.

- 2.2. The Absorbed Company was incorporated for a period of ninety-nine (99) years from the date of its registration in the Trade and Companies Register, i.e. until November 9, 2099.

- 2.3. The purpose of the Absorbed Company is, in all countries and by all means :

- To operate, under any form whatsoever, any services related to the environment and, in particular:
  - any water production, transportation and distribution services, for any domestic, industrial, agricultural or other requirements or uses, on behalf of public authorities or private persons;
  - any wastewater disposal services, including the removal of sludge of domestic, industrial or other origin;
  - any services that may directly or indirectly concern the collection, sorting, treatment, recycling, incineration or recovery of all types of waste, by-products and residues, and generally any operation and venture relating to waste management;
  - the creation, acquisition, operation and assignment of any transport and road haulage services;
  - the creation, purchase, sale, leasing, rental, management, installation and operation of any waste management facilities;
  - and, generally, any services on behalf of public or private authorities and individuals connected with the foregoing.
- At a secondary level, to produce, distribute, transport, utilise, manage and develop energy in all its forms.
- To study, draw up and carry out any projects, services and public or private works on behalf of any public or private authorities and private individuals; to prepare and enter into any contracts and agreements of any kind whatsoever related to the carrying out of these projects and works.
- To acquire, in the form of subscription, purchase, contribution, exchange or by any other means, holdings, shares, interests, bonds and any other securities of companies existing or to be created in the future, and the right to sell such holdings.
- To obtain, purchase, sell and exploit any patents, trademarks, models or patent licences and any processes.
- To issue any guarantees, first demand guarantees, bonds and other securities for the benefit of any group company or entity, in connection with their activities, as well as the financing or refinancing of their activities.
- To take out any loans and, more generally, to avail of any kind of financing, in particular by issuing or, where applicable, subscribing for debt securities or financial instruments, with a view to enabling the financing or refinancing of the company's activities.

- And, more generally, to carry out any industrial, financial, commercial, property or real estate operations related directly or indirectly to one of the objects specified or to any other similar or related object or which may promote and develop the Company's activities.
- 2.4. On the date of the Merger Agreement, the share capital of the Absorbed Company amounts to 2,558,811,124.00 euros, divided into 639,702,781 fully paid-up ordinary shares with a par value of 4 euros each (the “**Vigie Shares**”), fully paid-up.
- 2.5. The Absorbed Company issued the following bonds (the “**Vigie Bonds**”):
- Series no. 3: issue of bonds under the EMTN program on June 8, 2009 for a principal amount of €250,000,000.00, bearing interest at 5.200% until June 8, 2017 (excluded) and at 1.904% from June 8, 2017 (included) maturing on June 8, 2027, of which €250,000,000.00 are outstanding;
  - Series no. 4: issue of bonds under the EMTN program on July 22, 2009 for a principal amount of €500,000,000.00, bearing interest at 5.500% and maturing on July 22, 2024, of which €461,000,000.00 euros are outstanding;
  - Series no. 9: issue of bonds under the EMTN program on December 2, 2011 for a principal amount of £250,000,000.00 pounds sterling (GBP), bearing interest at 5.375% maturing on December 2, 2030, of which £250,000,000.00 are outstanding;
  - Series no. 10: issue of bonds under the EMTN program on March 25, 2013 for a principal amount of €100,000,000.00, bearing interest at 3.300%, maturing on March 25, 2033, of which €100,000,000.00 are outstanding;
  - Series no. 12: issue of bonds under the EMTN program on October 8, 2013 for a principal amount of €500,000,000.00, bearing interest at 2.750% and maturing on October 9, 2023, of which €376,000,000.00 are outstanding;
  - Series no. 13: issue of bonds under the EMTN program on May 21, 2014 for a principal amount of €75,000,000.00, bearing interest at 2.000%, maturing on May 21, 2029, of which €75,000,000.00 are outstanding;
  - Series no. 15: issue of bonds under the EMTN program on June 30, 2015 for a principal amount of €50,000,000.00, bearing interest at 2.250%, maturing on July 1, 2030, of which €50,000,000.00 are outstanding;
  - Series no. 15: issue of bonds under the EMTN program on September 10, 2015 for a principal amount of €500,000,000.00, bearing interest at 1.750% and maturing on September 10, 2025, of which €500,000,000.00 are outstanding;
  - Series no. 17: issue of bonds under the EMTN program in two tranches on May 19, 2016 and April 16, 2020 for a principal amount of €800,000,000.00, bearing interest at 1.250% and maturing on May 19, 2028, of which €800,000,000.00 are outstanding;
  - Series no. 18: issue of bonds under the EMTN program on April 3, 2017 for a principal amount of €500,000,000.00, bearing interest at 1.000% and maturing on April 3, 2025, of which €500,000,000.00 are outstanding;
  - Series no. 19: issue of bonds under the EMTN program on April 3, 2017 for a principal amount of €700,000,000.00, bearing interest at 1.500% and maturing on April 3, 2029, of which €700,000,000.00 are outstanding;
  - Series no. 20: issue of bonds under the EMTN program in two tranches on September 21, 2017 and April 14, 2020 for a principal amount of €540,000,000.00, bearing interest at 1.625%, maturing on September 21, 2032, of which €540,000,000.00 are outstanding;

- Series no. 21: issue of bonds under the EMTN program on September 17, 2018 for a principal amount of €500,000,000.00, bearing interest at 1.625%, maturing on September 17, 2030, of which €500,000,000.00 are outstanding;
  - Series no. 22: issue of bonds under the EMTN program on October 14, 2018 for a principal amount of €700,000,000.00, bearing interest at 0.500%, maturing on October 14, 2031, of which €700,000,000.00 are outstanding;
  - Series no. 23: issue of bonds under the EMTN program on April 2, 2020 for a principal amount of €850,000,000.00, bearing interest at 1.250%, maturing on April 2, 2027, of which €850,000,000.00 are outstanding;
  - Series no. 24: issue of bonds under the EMTN program on May 14, 2020 for a principal amount of €750,000,000.00, bearing interest at 1.250%, maturing on May 14, 2035, of which €750,000,000.00 are outstanding;
  - Series no. 25: issue of bonds under the EMTN program on March 9, 2021 for a principal amount of €750,000,000.00, bearing interest at 0.000%, maturing on June 9, 2026, of which €750,000,000.00 are outstanding;
  - Hybrid 1: issuance of subordinated bonds on April 19, 2017 for a principal amount of €600,000,000.00 at a resettable fixed rate, of which €600,000,000.00 are outstanding; and
  - Hybrid 2: issue of subordinated bonds on September 12, 2019 in a principal amount of €500,000,000.00 at a resettable fixed rate, of which €500,000,000.00 are outstanding.
- 2.6. As of the date of the Merger Agreement and with the exception of the ordinary shares and securities referred to in paragraph 2.5 above, the Absorbed Company has not issued any securities or securities giving access to its share capital, nor granted any rights giving access to its share capital. The shares of the Absorbed Company are no longer listed on Euronext Paris and Euronext Brussels since the implementation by the Absorbing Company of a squeeze-out on February 18, 2022 following the public tender offer initiated by the Absorbing Company for the shares of the Absorbed Company.
- 2.7. As of the date of the Merger Agreement and with the exception of the securities referred to above, the Absorbed Company has not issued any securities or securities giving access or not to its share capital, nor granted any rights giving access to its share capital.
- 2.8. The fiscal year of the Absorbed Company begins on January 1<sup>st</sup> and ends on December 31<sup>st</sup> of each year.

### **3. Relationship between the Parties**

- 3.1. Since the filing of the Merger Agreement with the Clerk of the Commercial Court and until the completion of the Merger, the Absorbing Company holds and will hold permanently all of the Vigie Shares, *i.e.* the entire share capital and voting rights of the Absorbed Company.
- 3.2. Neither Party is an officer of the other. Furthermore, as of the date hereof, the Parties do not have any common officers.

### **D. REASON AND GOALS OF THE MERGER**

Following the completion of the tender offer initiated by the Absorbing Company for all of the shares of the Absorbed Company, the positive outcome of which led to the implementation of a mandatory squeeze-out procedure on February 18, 2022, the Absorbing Company holds all of the Vigie shares, *i.e.* all of the share capital and voting rights of the Absorbed Company.

The Merger is a measure of simplification and legal rationalization of the existing structures following the completion of the above-mentioned operations (the “**Simplification**”).

The Merger will eliminate the structural costs and complexities associated with the existence of the Absorbed Company as a legal entity.

Following the approval of the UK Competition & Markets Authority for the completion of the Merger on July 22, 2022, the respective boards of directors of the Absorbing Company and the Absorbed Company have, respectively, on August 2, 2022 and July 29, 2022, approved this Merger Agreement.

#### **E. LEGAL REGIME**

The Merger is subject to the simplified merger regime of Article L. 236-11 of the French Commercial Code as well as to the provisions of Articles L. 236-1 *et seq.* and R. 236-1 *et seq.* of the French Commercial Code.

As indicated in paragraph G. 2. below, the Merger will not give rise to the issuance of shares of the Absorbing Company. Consequently, the provisions of Articles L. 621-8, IV of the French Monetary and Financial Code and 232-34 of the general regulations of the French *Autorité des Marchés Financiers* are not applicable to the Absorbing Company, which, as a consequence, will not publish any prospectus or exemption document in the context of the completion of the Merger.

#### **F. ACCOUNTS USED TO ESTABLISH THE TERMS OF THE MERGER**

For the purposes of Article R. 236-1 of the French Commercial Code, it is specified that the terms and conditions of the Merger Agreement have been established by the Parties on the basis of :

- (i) the financial statements of the Absorbed Company as of December 31, 2021, which are attached in **Appendix F1**; and
- (ii) the financial statements of the Absorbing Company as at December 31, 2021, which are attached in **Appendix F2**.

#### **G. VALUATION PRINCIPLES**

##### **1. Contributed values**

As the transaction consists of an internal restructuring, the contributions will be made at their net book value, in accordance with Articles 710-1, 720-1, and 743-1 of Title VII of Regulation No. 2014-03 of June 15, 2014 of the French Accounting Standards Authority (*Autorité des Normes Comptables*) relating to the General Chart of Accounts (*Plan Comptable Général*) as amended by Regulation No. 2019-06 of November 8, 2019, approved by order of December 26, 2019 and published in the Journal Officiel of December 30, 2019.

##### **2. Methodology for the remuneration of the Merger**

In accordance with the provisions of Article L. 236-3, II of the French Commercial Code, as long as all the Vigie Shares are held by the Absorbing Company (and will be held until the completion of the Merger), the Vigie Shares will not be exchanged against shares of the Absorbing Company.

The Merger will not be compensated by the issuance of new shares of the Absorbing Company and will not give rise to any capital increase of the Absorbing Company or to any determination of an exchange ratio.

#### **H. AUDITOR OF CONTRIBUTIONS**

In accordance with the provisions of Article L. 236-11 of the French Commercial Code, the completion of the Merger does not require the appointment of a contribution auditor (*commissaire aux apports*), a merger auditor (*commissaire à la fusion*) or an independent expert (*expert indépendant*).



## **I. DATE OF COMPLETION AND EFFECT OF THE MERGER**

In accordance with the provisions of Article L. 236-4 of the French Commercial Code, it is specified that the Merger will have, from an accounting and tax point of view, a retroactive effect as of January 1, 2022 (the “**Effective Date**”), which date is not earlier than the closing of the last fiscal year of the Absorbed Company. This retroactivity is only effective between the Parties.

Consequently, and in accordance with the provisions of Article R. 236-1 of the French Commercial Code, the transactions carried out by the Absorbed Company from the Effective Date until the Completion Date (as defined in Article 4 below), will be considered by operation of law as being carried out on behalf of the Absorbing Company, which will exclusively bear the active or passive results of the operation of the assets transferred.

### **WITH THIS IN MIND, IT WAS AGREED AS FOLLOWS:**

#### **1. DESIGNATION AND VALUATION OF THE ASSETS AND LIABILITIES CONTRIBUTED TO THE ABSORBING COMPANY**

##### **1.1 Prerequisites**

- 1.1.1 The Absorbed Company shall contribute, under the usual de facto and de jure guarantees in the matter, and subject to the conditions precedent expressed hereinafter, to the Absorbing Company, which shall accept it, all the property, rights and obligations, assets and liabilities making up its assets and liabilities, without exception or reservation, it being specified that such property, rights and obligations, assets and liabilities shall be vested in the Absorbing Company in the state in which they will be at the Completion Date.
- 1.1.2 It is specified that, in accordance with the applicable provisions of the French Commercial Code, the following enumeration is only indicative and non-limitative, and that all the assets and liabilities that the Absorbed Company will hold as at the Completion Date shall be added thereto; the Merger contemplated by the present Merger Agreement constituting a universal transfer (*transmission universelle de patrimoine*) of all the assets and liabilities composing the assets of the Absorbed Company in the state in which they will be at the Completion Date.
- 1.1.3 It is further specified that, as may be required, the indications contained in the present Merger Agreement or in any of its appendixes shall not constitute an acknowledgement of debt to the benefit of any third party, which shall be required, in accordance with the applicable regulations, to establish their rights and to prove their titles.
- 1.1.4 In accordance with Articles 710-1, 720-1, and 743-1 of Title VII of Regulation No. 2014-03 of June 15, 2014 of the French Accounting Standards Authority (*Autorité des Normes Comptables*) relating to the General Chart of Accounts (*Plan comptable général*), as amended by Regulation No. 2019-06 of November 8, 2019, approved by order of December 26, 2019 and published in the Official Journal (*Journal Officiel*) of December 30, 2019, the assets and liabilities contributed will be transcribed into the accounts of the Absorbing Company on the basis of their book value in the books of the Absorbed Company as of the Effective Date.

##### **1.2 Contributions of the Absorbed Company**

- 1.2.1 Contributed assets (carrying amount as at December 31, 2021)

Amount (in euros)		
Gross	Amortization	Net

<b>I. Fixed assets :</b>	<b>16 714 122 607</b>	<b>-1 111 267</b>	<b>16 713 011 340</b>
▪ Intangible assets	30 847 677	-818 681	30 028 996
▪ Property, plant and equipment	29 729	-4 203	25 526
▪ Holdings	8 857 390 269		8 857 390 269
▪ Receivables related to equity investments	7 795 566 024		7 795 566 024
▪ Other financial assets	30 288 908	-288 383	30 000 525
<b>II. Current assets :</b>	<b>2 931 974 780</b>	<b>-2 672 196</b>	<b>2 929 302 584</b>
▪ Advances and deposits paid on orders	31 784		31 784
▪ Trade receivables and related accounts	50 873 709	-2 672 196	48 201 513
▪ Other receivables	1 476 832 565		1 476 832 565
▪ Availability	1 403 399 913		1 403 399 913
▪ Marketable securities	836 809		836 809
<b>Accruals and deferred income:</b>	<b>79 176 347</b>		<b>79 176 347</b>
▪ Prepaid expenses	9 193 669		9 193 669
▪ Loan issue expenses to be deferred	21 771 739		21 771 739
▪ Bond redemption premiums	41 308 848		41 308 848
▪ Currency translation adjustments	6 902 091		6 902 091
<b>Total book value of contributed assets :</b>	<b>19 725 273 734</b>	<b>-3 783 463</b>	<b>19 721 490 271</b>

1.2.2 Assumed liabilities (carrying amount as at December 31, 2021)

	Amount (in euros)
<b><i>I. Other equity:</i></b>	<b>1 637 879 495</b>
▪ Super-subordinated securities	
<b><i>II. Provisions for liabilities and charges :</i></b>	<b>280 290 272</b>
▪ Provision for risks	8 613 392
▪ Provision for expenses	271 676 880
<b><i>III. Borrowings and Debts :</i></b>	<b>9 428 231 830</b>
▪ Bonds	8 873 108 248
▪ Loans and debts with credit institutions	14 670
▪ Miscellaneous loans and financial debts	
▪ Trade payables and related accounts	344 729 957
▪ Tax and social security liabilities	105 168 684
▪ Other debts	67 947 985
▪ Deferred income	34 007 343
	3 254 943
<b>Currency translation adjustment liabilities</b>	<b>6 437 094</b>
<b>Total book value of liabilities contributed :</b>	<b>11 352 838 691</b>

### 1.2.3 Determination of the net assets contributed (book value as at December 31, 2021)

Taking into account the elements indicated in Articles 1.2.1 and 1.2.2 above, the net book value of the assets and liabilities contributed at the time of the Merger ( the“**Net Value**”), is as follows

Total net book value of assets contributed	<b>19 721 490 271 €</b>
Total book value of liabilities contributed	<b>- 11 352 838 691 €</b>
Provisions for possible losses	0 €
Dividend distribution	- 415,739,888 €
<b>Net book value of items assets and liabilities contributed :</b>	<b>7 952 911 692 €</b>

The difference between:

- the net book value of the net assets contributed by the Absorbed Company on the Effective Date, excluding losses related to the interim period and dividend distribution, *i.e.* €8,368,651,580; and
- the net book value of the shares of the Absorbed Company in the accounts of the Absorbing Company, *i.e.* €12,977,558,675;

will constitute a **merger loss (*mali de fusion*) in the amount of €4,608,907,095.**

### **1.3 Universal transfer of assets**

It is expressly agreed between the Parties that the Merger entails the universal transmission of the assets and liabilities of the Absorbed Company and that, consequently, all of its property, rights and obligations, assets and liabilities included in its corporate assets, as they will exist and in the state they will be in on the Completion Date will be transferred from the Absorbed Company to the Absorbing Company at the time of the Merger, even if (i) they would have been omitted or would not appear, for any reason whatsoever (except fraud), in the assets or liabilities referred to in Articles 1.2.1 and 1.2.2 above or (ii) they have not been valued at that time, all at the risk of each of the Parties.

In particular, any liabilities that will be contributed to the Absorbed Company upon completion of the Merger, as well as any liabilities relating to the business of the Absorbed Company, and not known or not foreseeable at the Completion Date, that may arise thereafter, will be assumed by the Absorbing Company.

### **1.4 Off-balance sheet commitments**

The Absorbing Company will assume all commitments that may have been entered into by the Absorbed Company and which, because of their contingent nature, are off-balance sheet commitments.

The off-balance sheet commitments of the Absorbed Company existing as of the date hereof are listed in **Appendix 1.4**

### **1.5 Origin of ownership of the business**

The Absorbed Company does not own any business.

### **1.6 Designation and origin of ownership of real estate and rights**

The Absorbed Company does not hold any real estate assets.

## **2. OWNERSHIP AND USE**

On the Completion Date, in accordance with Article L. 236-3 of the French Commercial Code, the Merger will result in the universal transmission of the assets and liabilities of the Absorbed Company to the Absorbing Company, in the state in which they will be on the Completion Date.

The Absorbing Company agrees, by the present Merger Agreement, to take, on the day the transfer of these assets and rights will be made to it, the assets and liabilities composing the patrimony of the Absorbed Company as they will exist then. The same shall apply to all debts and expenses of the Absorbed Company, including those which originated prior to the Completion Date, and which would have been omitted in the accounts of the Absorbed Company, as a result of the realization and/or the release of the conditions precedent stipulated in Article 5 of this Merger Agreement.

Generally speaking, the Absorbing Company will be subrogated purely and simply in all the rights, obligations and various commitments of the Absorbed Company, without any exception or reservation.

The Absorbing Company will take over all the employees of the Absorbed Company it being specified that, as of the date hereof, the Absorbed Company does have any employee.

The Absorbing Company will continue to exist under the name “Veolia Environnement”, a French *société anonyme*, having its registered office at 21 rue la Boétie, 75008 Paris, France.

### **3. CHARGES AND CONDITIONS**

The contributed assets are transferred according to the charges and conditions listed below:

#### **3.1 Statement of Charges and General Conditions of the Absorbing Company**

- 3.1.1 The Absorbing Company will take the assets contributed by the Absorbed Company in the same condition as they will be on the Completion Date.
- 3.1.2 The contributions of the Absorbed Company are granted and accepted in consideration of the assumption by the Absorbing Company of all the liabilities of the Absorbed Company, as referred to above. Generally speaking, the Absorbing Company will assume all the liabilities of the Absorbed Company, as such liabilities will exist on the Completion Date. Finally, the Absorbing Company will assume the liabilities that have not been accounted for or identified in this Merger Agreement, as well as the liabilities that have a cause prior to the Completion Date, but that would only become apparent after the Completion Date.
- 3.1.3 The Absorbing Company will be purely and simply substituted to the Absorbed Company in all the rights and obligations of the Absorbed Company relating to the assets and liabilities contributed in the framework of the Merger and more generally relating to the said assets and liabilities without this substitution entailing novation with respect to the creditors and debtors.

#### **3.2 Statement of charges and special conditions of the Absorbing Company**

- 3.2.1 The Absorbing Company shall have all powers, as of the Completion Date, in particular to bring any legal action or to defend any legal action in progress, in the place and stead of the Absorbed Company and relating to the contributed assets and rights, to give any acquiescence to any decision in order to receive or pay any sum due following any award, judgment or transaction relating to the contributed assets.
- 3.2.2 Any liability relating to the business of the Absorbed Company that may arise after the Completion Date shall become a liability of the Absorbing Company.
- 3.2.3 The Absorbing Company will assume the liabilities of the Absorbed Company contributed to it on the terms and conditions on which they are and will become due, the payment of all interests, and more generally the execution of all the conditions of the loan agreements and debt instruments that may exist, as the Absorbed Company is obliged to do, and even any early repayments if the situation arises.
- 3.2.4 The Absorbing Company shall assume and pay, as from the Completion Date, the taxes, duties and contributions, insurance premiums and contributions, as well as all charges of any kind, whether ordinary or extraordinary, that are or may be imposed on the contributed assets and rights and those that are or will be inherent to the ownership of the contributed assets and rights, including those that may date back to a date prior to the Completion Date and that may have been omitted from the accounting records of the Absorbed Company.
- 3.2.5 The Absorbing Company will be responsible for all guarantees that may have been granted in relation to the liabilities it has assumed. It will also be bound, under the same conditions, to the execution of the sureties and guarantees taken by the Absorbed Company and will benefit from all related counter-guarantees.
- 3.2.6 In the event that a difference is revealed, in excess or in deficit, between the liabilities declared and the amounts claimed by third parties and recognized as due, the Absorbing Company shall be obliged to pay any excess liabilities and shall benefit from any reduction of the said liabilities, without recourse or possible claim between the Parties.
- 3.2.7 The Absorbing Company will execute, as from the Completion Date, all treaties, contracts, insurance policies and agreements entered into with third parties and will be subrogated in all rights and obligations resulting therefrom.

- 3.2.8 The Absorbing Company will comply with the legal and regulatory requirements governing the contributed assets and will personally obtain any authorizations that may be required, all at its own risk.
- 3.2.9 The Absorbing Company will be subrogated, as from the Completion Date, to the benefit and the burden of contracts of any kind validly binding the Absorbed Company to third parties. The Absorbing Company will personally undertake to obtain the approval of all third parties to this subrogation, the Absorbed Company commits, for its part, to undertake, whenever necessary, the steps in view of the transfer of these contracts; the possible lack of approval will not in any way compromise the validity of the Merger.
- 3.2.10 In accordance with Article L. 236-14 of the French Commercial Code, the Absorbing Company will become the debtor of the non-bondholder creditors in lieu of the Absorbed Company, without this substitution entailing novation with respect to the creditors and debtors. It is specified, as may be required, that the foregoing stipulations do not constitute an acknowledgement of debt for the benefit of any alleged creditor, the latter being required, on the contrary, to establish their rights and to justify their titles.
- 3.2.11 In accordance with Article L. 236-13 of the French Commercial Code, the Merger will be subject to the approval of the general meetings of Vigie bondholders for which the consultation of the general meeting of bondholders provided for in Article L. 228-65 I 3° of the French Commercial Code with respect to the approval of the Merger has not been expressly excluded by the terms and conditions of the relevant bonds, the procedures for convening and holding meetings are organized by the provisions of the French Commercial Code, as modified, where applicable, according with the terms and conditions of the relevant bonds.

In case of approval by a general meeting of bondholders, as provided for in the terms and conditions of the relevant bonds, the decision of the general meeting will be binding on all bondholders of the relevant bond series, including the bondholders who were absent or voted against the Merger. Upon completion of the Merger, Veolia will become the debtor of the Vigie Bonds, in lieu of the Absorbed Company.

### **3.3 Creditors' rights**

- 3.3.1 Pursuant to the provisions of Article L. 236-14 of the Commercial Code, the non-bondholder creditors of the Absorbing Company and the Absorbed Company whose claim predates the publication of the Merger Agreement may file an opposition within thirty (30) days as from the last publication provided for by Article R. 236-2 of the Commercial Code. Any objection made by a creditor shall be brought before the Commercial Court, which may either reject it or order the reimbursement of the concerned claim or the provision of guarantees if the Absorbing Company or the Absorbed Company, as the case may be, offers them and if they are deemed sufficient. Absent any reimbursement of the concerned claims or the provision of the ordered securities, the Merger shall be unenforceable against the relevant opposing creditors. In accordance with the legal provisions, the opposition raised by a creditor shall not have the effect of prohibiting the continuation of the transactions relating to the Merger or its completion.
- 3.3.2 In the event of a rejection of the Merger by one or more general meetings of the holders of the relevant Vigie Bonds, whose approval is sought, the board of directors of the Absorbed Company may decide to override such rejection under the conditions set forth in Article L. 228-73 of the French Commercial Code. It is nevertheless specified that, in this case, the general meetings of the holders of the relevant Vigie Bonds may give a mandate to the representative of the relevant group of bondholders to oppose the Merger, under the conditions and with the effects provided for in Article L. 236-14 of the French Commercial Code (except in the case of the Bonds series without representative of the creditors (*représentant de la masse*), where this right will be exercised in the same manner as for non-bondholders creditors). A court decision will then have to be rendered, either to dismiss the filed opposition, or to order the repayment of the relevant Vigie Bonds or the provision of guarantees. If the relevant claims are not repaid or the guarantees

are not provided, the Merger will not be enforceable against the opposing creditors. In accordance with the legal provisions, the opposition raised by a creditor shall not have the effect of prohibiting the continuation of the transactions relating to the Merger or its completion.

- 3.3.3 In accordance with the provisions of Article L. 236-15 of the French Commercial Code, the Merger will not be submitted to the approval of the general meetings of the Absorbing Company's bondholders. However, it is specified that each general meeting of the bondholders of the Absorbing Company may grant a mandate to the representative of the competent mass to file an opposition to the Merger, under the conditions and with the effects provided for in Article L. 236-14 of the French Commercial Code. A court decision will then have to be rendered, either to dismiss the filed opposition, or to order the reimbursement of the concerned bonds or the provision of guarantees. In the absence of the reimbursement of the concerned claims or the provision of the ordered guarantees, the Merger will not be enforceable against the opposing creditors. In accordance with the legal provisions, the opposition raised by a creditor shall not have the effect of prohibiting the continuation of the transactions relating to the Merger or its completion.
- 3.3.4 Moreover, the Absorbing Company shall take care of all the formalities and publicity relating to the transfer of all the assets or rights included in the contributions and whose transfer shall only become effective against third parties following these formalities and publicity.

#### **3.4 Commitments of the Absorbed Company**

- 3.4.1 The Absorbed Company undertakes, until the Completion Date, not to take any action or to allow any action to be taken that could result in the depreciation of the contributed assets.
- 3.4.2 Moreover, until the Completion Date, it undertakes not to carry out any act of disposal concerning the assets that are the subject of the present contribution, apart from the current corporate operations, and not to contract any loan without the agreement of the Absorbing Company.
- 3.4.3 It undertakes to provide the Absorbing Company with all the information that the latter may need, to give it all signatures and to provide it with all useful assistance in order to ensure, with respect to anyone, the transfer of the assets and rights included in the contributions and the full effect of the Merger Treaty.
- 3.4.4 It shall, in particular, at the first request of the Absorbing Company, have all additional, reiterative or confirmatory deeds of the present contributions drawn up and provide all justifications and signatures that may become subsequently necessary.
- 3.4.5 It undertakes to hand over and deliver to the Absorbing Company, immediately after the Completion Date, all the above-mentioned assets and rights, as well as all securities and documents of any kind relating thereto.

#### **4. DATE OF COMPLETION OF THE MERGER**

- 4.1.1 In accordance with the provisions of Article L. 236-11 of the French Commercial Code, the Merger will not be subject to approval by the Absorbing Company in its capacity as sole shareholder of the Absorbed Company, nor by the shareholders of the Absorbing Company.
- 4.1.2 Pursuant to the provisions of Article L. 236-11, paragraph 2 of the French Commercial Code, one or more shareholders of the Absorbing Company, representing at least 5% of the share capital of the Absorbing Company, may request in court the appointment of an agent (*mandataire*) for the purpose of convening the extraordinary general meeting of the Absorbing Company in order to approve the Merger. As of the date hereof, the Absorbing Company has not been informed of such a request.
- 4.1.3 As a result, the Absorbing Company and the Absorbed Company agree that the final completion of the Merger as well as the resulting dissolution of the Absorbed Company will be completed

and effective on October 31, 2022 (the “**Completion Date**”), subject to the publications prescribed in Article L. 236-6 of the French Commercial Code having been completed at least thirty (30) days prior to such date and to the fulfilment and/or waiver of the conditions precedent set forth in Article 5 below.

## **5. CONDITIONS PRECEDENT**

**5.1** The final completion of the Merger and the resulting dissolution of the Absorbed Company will be realized on the Completion Date, provided that on such date the conditions precedent set forth hereinafter have been fulfilled and/or waived:

- the approval of the Merger by the extraordinary general meeting of shareholders of the Absorbing Company if, pursuant to the provisions of Article L. 236-11, paragraph 2 of the French Commercial Code, one or more shareholders of the Absorbing Company, representing at least 5% of the share capital of the Absorbing Company, request and obtain in court the appointment of an agent (*mandataire*) for the purpose of convening the extraordinary general meeting of shareholders of the Absorbing Company in order to approve the Merger; and
- the approval of the Merger by the general meetings of the holders of the Vigie Bonds for which the consultation of the general meeting of the bondholders provided for in Article L. 228-65 I 3° of the French Commercial Code has not been expressly excluded by the terms and conditions of the relevant bonds or, for the Vigie Bonds for which the general meeting of the bondholders will have rejected the Merger, the decision of the board of directors of the Absorbed Company to overrule such refusal(s).

The fulfilment and/or release of the conditions precedent referred to in this Article 5 by the Parties may be established by any appropriate means.

The Merger will become final on the Completion Date.

**5.2** The Absorbed Company shall be dissolved by operation of law on the Completion Date solely as a result of the fulfilment and/or waiver of the aforementioned conditions precedent. The liabilities of the Absorbed Company being entirely assumed by the Absorbing Company, the dissolution of the Absorbed Company will not be followed by any liquidation operation.

**5.3** If the conditions precedent are not fulfilled and satisfied and/or waived prior to December 31, 2022, the present Merger Agreement will automatically lapse, without any right to indemnity on either side.

## **6. GENERAL STATEMENTS**

### **6.1 With respect to the Absorbed Company**

The Absorbed Company represents and warrants:

- (i) that it is a French *société anonyme* duly incorporated under the laws of France;
- (ii) that it has the capacity and power to enter into this Merger Agreement and, more generally, to meet its obligations arising therefrom;
- (iii) that this Merger Treaty has been validly signed by the Absorbed Company and is enforceable against it in accordance with its terms.

### **6.2 With regard to the Absorbing Company**



The Absorbing Company represents and warrants:

- (i) that it is a French *société anonyme* duly incorporated under the laws of France;
- (ii) that it has the capacity and power to enter into this Merger Agreement and, more generally, to meet its obligations arising therefrom;
- (iii) that this Merger Treaty has been validly signed by the Absorbing Company and is enforceable against it in accordance with its terms.

### **6.3 With respect to the Absorbed Company**

The Absorbed Company declares that, on the Completion Date, the contributed assets will be transferred with all the rights attached to them, as they will appear on the Completion Date in the assets of the Absorbed Company.

## **7. TAX REGIME OF THE MERGER**

### **7.1 General provisions**

The respective representatives of the Absorbed Company and the Absorbing Company oblige the latter to comply with all applicable legal provisions, with regard to the declarations to be made for corporate income tax or any other taxes resulting from the final realization of the contributions made by way of merger, in accordance with the stipulations below

Generally speaking, and as from the Completion Date, the Absorbing Company will substitute itself for the Absorbed Company for the performance of all commitments and obligations of a fiscal nature.

### **7.2 Registration fees**

The registration formality will be carried out free of charge in application of article 816 of the French General Tax Code.

### **7.3 Corporate income tax**

#### **7.3.1 Retroactivity**

As a result of the above provisions, the Merger will be effective from an accounting and tax point of view on January 1, 2022. The Absorbed Company and the Absorbing Company expressly acknowledge that these stipulations have a full tax effect, of which they undertake to accept all consequences. It is specified that this retroactivity is only effective between the Parties.

Consequently, the results of all active and passive transactions carried out by the Absorbed Company from January 1, 2022 until the Completion Date shall be considered as completed by the Absorbing Company.

#### **7.3.2 Favourable regime**

The legal representatives of the Absorbing Company and the Absorbed Company declare that the Parties are subject to corporate income tax in France under the conditions of ordinary law and that they intend for the Merger to benefit from the preferential tax regime for mergers provided for by the provisions of Article 210 A of the French General Tax Code.

To this end, the Absorbing Company undertakes to comply with all the provisions of Article 210 A of the General Tax Code, and in particular undertakes (taking into account the provisions of paragraphs 5 and 6 of Article 210 A of the General Tax Code) to :

- (i) to include in the liabilities side of its balance sheet, on the one hand, the provisions of the Absorbed Company, the taxation of which has been deferred and, on the other hand, if applicable, the special reserve where the Absorbed Company has recorded long-term

capital gains previously subject to the reduced rate of 10%, 15%, 18%, 19% or 25%, as well as the reserve where the provisions for price fluctuations have been recorded in application of the sixth subparagraph of 5° of 1 of Article 39 of the French General Tax Code ;

- (ii) to substitute itself for the Absorbed Company for the reintegration of the results whose recognition would have been deferred for the taxation of the latter;
- (iii) to calculate the capital gains realized subsequently on the disposal of the non-depreciable fixed assets contributed - including portfolio securities whose disposal result is excluded from the regime of long-term capital gains or losses and which are treated as fixed assets pursuant to paragraph 6 of Article 210 A of the General Tax Code - according to the value they had, from a tax point of view, in the corresponding records of the Absorbed Company;
- (iv) reintegrate, if applicable, in its profits subject to corporate income tax, under the conditions set forth in Article 210 A of the General Tax Code, the capital gains generated by the Merger on the contribution of the depreciable assets; the transfer of a depreciable asset will however entail the immediate taxation of the fraction of the capital gain relating to the transferred asset that would not have been reintegrated;
- (v) record in its balance sheet the items other than fixed assets at the value they had, from a tax point of view, in the corresponding records of the Absorbed Company or, failing that, include in its results of the financial year during which the completion of the Merger occurs the profit corresponding to the difference between the new value of these items and the value they had, from a tax point of view, in the records of the Absorbed Company; and
- (vi) in view of the transcription of the contributions on the basis of their net book value, to include in its balance sheet the accounting entries of the Absorbed Company, showing the original value of the fixed assets and the depreciation and provisions for depreciation recorded, and to continue to calculate the depreciation allowances on the basis of the original value that the contributed assets had in the entries of the Absorbed Company

The Absorbing Company undertakes to attach to its income tax return a follow-up statement, in accordance with the model provided by the administration, of the capital gains subject to tax deferral for the fiscal year of the Merger and for the following fiscal years, showing for each type of item, the information necessary to calculate the taxable result of the subsequent disposal of the considered items, in accordance with the provisions of article 54 *septies* I of the French General Tax Code.

Furthermore, the Absorbing Company undertakes, on its own behalf as well as on behalf of the Absorbed Company, in respect of the Merger, to comply with the reporting obligations set forth in Article 54 *septies* of the French General Tax Code and in Article 38 *quindecies* of the Annex III to the French General Tax Code and to keep the register of capital gains on non-depreciable items provided for by Article 54 *septies* of the French General Tax Code.

#### **7.4 Value Added Tax**

The Absorbing Company and the Absorbed Company intend to benefit, with respect to the Merger, from the regime defined by Article 257 bis of the French General Tax Code, according to which the transfer for valuable consideration or free of charge of the assets of a total or partial universe of goods is exempt from VAT, provided that it takes place between two companies that are liable (in full or in part) for VAT, which is the case of the companies in question.

In this respect, they shall send a letter to the Tax Authorities of which they are part, informing them of the Merger and indicating, if applicable, the amount of the transferred VAT credit.

The Absorbing Company will be deemed to continue the person of the Absorbed Company and will be subrogated in all its rights and obligations as of the Completion Date, which implies :

- (i) on the one hand, that the VAT credit that the Absorbed Company may have at the date when it legally ceases to exist is automatically transferred to it;
- (ii) and, secondly, that it shall proceed, if necessary, with the regularization of the right to deduct VAT and the taxation of sales or self-supplies that may become due after the transfer of universality and under the same conditions as those that would have been applied to the Absorbed Company in the absence of the merger.

Finally, in accordance with the requirement defined by Article 287 5, c of the French General Tax Code, the total amount, excluding tax, of the goods and services transferred in the context of the universal transfer within the meaning of Article 257 bis of the French General Tax Code will be reported on the turnover declaration of the Absorbed Company and of the Absorbing Company filed for the month during which the completion of the Merger takes place, on the line “Other non-taxable transactions”.

#### **7.5 Taxes based on salaries**

As of the Completion Date, the Absorbing Company will take into account the remuneration paid to employees who have worked for it in order to determine, if applicable, its obligations with respect to payroll taxes.

#### **7.6 Employee profit-sharing**

The Absorbing Company undertakes to substitute itself to the Absorbed Company for the application of articles L. 3321-1 and following of the French Labor Code relating to the participation in the company's results for the participation rights of the employees acquired at the Completion Date. The Absorbing Company undertakes to record in its balance sheet the special profit-sharing reserve corresponding to the employees' rights that will be transferred to it in the context of the Merger.

#### **7.7 Previous operations**

In general and as from the Completion Date, the Absorbing Company will substitute itself to the Absorbed Company for the execution of all commitments and obligations relating to the assets transferred to it in the context of the present Merger, and in particular those that may have been previously undertaken by the Absorbed Company pursuant to articles 145 and 216, 209 II, 210 A, 210 B, 210 B bis and 210 C of the French General Tax Code and, in general, any commitment entered into by the Absorbed Company at the time of the realization of previous transactions of partial contributions of assets or mergers or similar transactions that benefited from a preferential tax regime in terms of corporate income tax and/or registration fees.

#### **7.8 Other taxes**

With respect to other taxes and duties, the Absorbing Company will be subrogated to all the rights and obligations of the Absorbed Company and undertakes to meet the corresponding payments and reporting obligations.

### **8. MISCELLANEOUS PROVISIONS**

#### **8.1 Formalities**

The Absorbing Company will complete, within the legal deadlines, all legal formalities of publication and legal filings relating to the contributions and to the Merger.

In particular, this Merger Agreement shall be filed at the clerk's office of the commercial court of Paris at least thirty days before the operation takes effect. The Merger Agreement shall also be published in the *Bulletin officiel des annonces civiles et commerciales* (BODACC) and in the *Bulletin des Annonces Légales Obligatoires* (BALO), within the same timeframe, unless it is published continuously on the websites of the concerned companies, at least thirty days before the Merger takes effect.

It shall personally take care of the necessary declarations and formalities with all administrations or organizations that it may deem appropriate, in order to have the contributed assets registered in its name, the Absorbed Company giving it, under the terms of the Merger Agreement, all the necessary powers to this effect.

It will, in general terms, carry out all necessary formalities in order to make the transfer of the assets and movable rights contributed to it enforceable against third parties, the Absorbed Company granting it, under the terms of the Merger Agreement, all necessary powers for this purpose.

## **8.2 Delivery of titles**

The originals of the constitutive and amending deeds of the Absorbing Company, as well as the accounting books, the title deeds, the certificates relating to the securities, the proof of ownership of the shares and all contracts, records, documents or other documents relating to the contributed assets and rights will be delivered to the Absorbing Company on the Merger Completion Date.

## **8.3 Fees**

All costs, duties and fees related to the completion of the Merger will be borne by the Absorbing Company.

## **8.4 Severability**

In the event that any of the provisions of the Merger Agreement is deemed void, invalid or unenforceable against any of the Parties by a court of competent jurisdiction, a fully valid provision having similar economic consequences and scope as the provision deemed void or unenforceable shall be substituted by mutual agreement of the Parties to the fullest extent possible; in any event, the nullity, invalidity or unenforceability of such provision shall have no effect on the validity, legality or enforceability of the Merger Agreement and the other provisions of the Merger Agreement.

## **8.5 Election of domicile**

For the performance of the present contract and its consequences, and for all notifications, the representatives of the companies in question, in their capacity as such, shall elect domicile at the respective addresses of the Parties appearing on the recitals of the present contract.

## **8.6 Applicable law - Jurisdiction**

This Merger Agreement shall be governed by and construed in accordance with French law.

Any dispute or litigation that may arise from or in connection with the present contract, and in particular any dispute or litigation relating to the validity of the present contract, its interpretation, its execution or non-execution, shall be submitted to the exclusive jurisdiction of the Commercial Court of Paris.

## **8.7 Powers**

All powers are hereby expressly granted to:

- (i) the undersigned, in their capacity as representatives of the companies involved in the Merger, with the faculty to act together or separately and to sub-delegate, in order to do what is necessary, if anything, by way of any additional or supplementary deeds, including in particular for the purpose of drawing up and signing the declaration of compliance (*declaration de conformité*); and
- (ii) to the holders of originals or certified extracts of the Merger Agreement and of all documents evidencing the final completion of the Merger, to carry out all formalities and to make all declarations, notifications, registrations, filings, entries, publications and the like.

Done on August 2, 2022,

In five (5) copies, one for each of the Parties, and three (3) for filing and formalities.

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**Veolia Environnement S.A.**

Represented by Estelle Brachlianoff

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**Vigie S.A.**

Represented by Sébastien Daziano

### Annexes

Appendix F1	Financial statements of the Absorbed Company as of December 31, 2021
Appendix F2	Financial statements of the Absorbing Company as of December 31, 2021
Annex 1.4	Off-balance sheet commitments of the Absorbed Company

## **Appendix F1**

**Parent company financial statements of the Absorbed Company as of December 31, 2021**



PARENT COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

SUEZ SA



## 18.3 PARENT COMPANY FINANCIAL STATEMENTS

### 18.3.1 BALANCE SHEET ASSETS

		December 31, 2021			December 31, 2020
	Reference in Notes	Gross	Amortization, depreciation and impairment	Net	Net
In thousands of euros					
<b>NON-CURRENT ASSETS</b>					
<b>Intangible assets</b>	<b>Note 1</b>	<b>30,847.7</b>	<b>(818.7)</b>	<b>30,029.0</b>	<b>30,004.7</b>
<b>Property, plant and equipment</b>	<b>Note 1</b>	<b>29.7</b>	<b>(4.2)</b>	<b>25.5</b>	<b>57.1</b>
Equity investments	<b>Note 1</b>	8,857,390.3	-	8,857,390.3	9,160,781.2
Loans to equity investments	<b>Notes 1 and 2</b>	7,795,566.0	-	7,795,566.0	7,776,584.5
Other financial assets	<b>Notes 1 and 2</b>	30,288.9	(288.4)	30,000.5	30,164.9
<b>Financial assets</b>	<b>Note 1</b>	<b>16,683,245.2</b>	<b>(288.4)</b>	<b>16,682,956.8</b>	<b>16,967,530.6</b>
<b>NON-CURRENT ASSETS I</b>		<b>16,714,122.6</b>	<b>(1,111.3)</b>	<b>16,713,011.3</b>	<b>16,997,592.4</b>
<b>CURRENT ASSETS</b>					
<b>Advances and down payments on orders</b>	<b>Note 2</b>	<b>31.8</b>	<b>-</b>	<b>31.8</b>	<b>29.1</b>
Trade and related receivables	<b>Note 2</b>	50,873.7	(2,672.2)	48,201.5	21,702.1
Other receivables	<b>Note 2</b>	119,887.7	-	119,887.7	110,802.7
Current accounts	<b>Note 2</b>	1,341,138.1	-	1,341,138.1	1,931,468.9
Accrued income from cash instruments	<b>Note 2</b>	15,806.8	-	15,806.8	17,507.4
<b>Receivables</b>		<b>1,527,706.3</b>	<b>(2,672.2)</b>	<b>1,525,034.1</b>	<b>2,081,481.1</b>
Cash and cash equivalents		1,403,400.0	-	1,403,400.0	1,320,404.8
Marketable securities	<b>Note 3</b>	836.8	-	836.8	2,360.0
<b>Financial accounts</b>		<b>1,404,236.8</b>	<b>-</b>	<b>1,404,236.8</b>	<b>1,322,764.8</b>
<b>Prepayments</b>	<b>Note 4</b>	<b>30,965.4</b>	<b>-</b>	<b>30,965.4</b>	<b>36,712.4</b>
<b>Bond redemption premiums</b>		<b>41,308.8</b>	<b>-</b>	<b>41,308.8</b>	<b>43,496.5</b>
<b>CURRENT ASSETS II</b>		<b>3,004,249.0</b>	<b>(2,672.2)</b>	<b>3,001,576.8</b>	<b>3,484,483.9</b>
<b>UNREALIZED FOREIGN EXCHANGE LOSSES III</b>	<b>Note 9</b>	<b>6,902.1</b>	<b>-</b>	<b>6,902.1</b>	<b>12,683.4</b>
<b>TOTAL ASSETS (I+II+III)</b>		<b>19,725,273.7</b>	<b>(3,783.5)</b>	<b>19,721,490.2</b>	<b>20,494,759.7</b>

## 18.3.2 BALANCE SHEET EQUITY AND LIABILITIES

In thousands of euros	Reference in Notes	December 31, 2021	December 31, 2020
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		2,558,399.3	2,513,450.3
Additional paid-in capital		5,362,386.9	5,252,130.8
Legal reserve		255,735.7	251,345.0
Retained earnings		537,045.5	706,351.3
Net income (loss) for the year		(344,915.7)	246,143.0
<b>Shareholders' equity I</b>	<b>Note 5</b>	<b>8,368,651.7</b>	<b>8,969,420.4</b>
<b>PROVISIONS FOR CONTINGENCIES AND LOSSES</b>			
Provisions for contingencies		8,613.4	42,314.3
Provisions for losses		271,676.9	138,466.1
<b>Provisions for contingencies and losses II</b>	<b>Note 6</b>	<b>280,290.3</b>	<b>180,780.4</b>
<b>LIABILITIES</b>			
Bonds		8,873,108.3	8,715,834.0
Bank borrowings		265,014.7	747,000.0
Deeply subordinated notes		1,637,879.5	1,638,038.1
Participating loans		-	-
Current accounts and loans with subsidiaries		79,729.9	153,431.0
<b>Financial debt</b>	<b>Notes 7 et 8</b>	<b>10,855,732.4</b>	<b>11,254,303.1</b>
Trade and related payables		105,168.7	16,779.6
Tax and employee-related liabilities		67,947.9	19,904.8
Debt on fixed assets and related accounts		-	12.8
Accrued expenses on cash instruments		517.4	346.7
Other liabilities		33,489.9	32,985.5
<b>Operating payables</b>	<b>Note 8</b>	<b>207,123.9</b>	<b>70,029.4</b>
<b>LIABILITIES III</b>		<b>11,062,856.3</b>	<b>11,324,332.5</b>
<b>DEFERRED INCOME IV</b>	<b>Note 4</b>	<b>3,254.9</b>	<b>7,673.7</b>
<b>UNREALIZED FOREIGN EXCHANGE GAINS V</b>	<b>Note 9</b>	<b>6,437.1</b>	<b>12,552.7</b>
<b>TOTAL EQUITY AND LIABILITIES (I+II+III+IV+V)</b>		<b>19,721,490.3</b>	<b>20,494,759.7</b>

### 18.3.3 INCOME STATEMENT

In thousands of euros	Reference in Notes	December 31, 2021	December 31, 2020
Services	<b>Note 10</b>	125,830.8	99,084.6
Other income		1,164.0	36.0
Operating subsidies		54.0	-
Reversals of provisions for call options and free shares	<b>Note 11</b>	9,689.6	-
Reversals of depreciation and amortization, provisions and expense transfers	<b>Note 11</b>	225,981.9	27,965.9
<b>Operating income</b>		<b>362,720.3</b>	<b>127,086.5</b>
Other purchases and external expenses		(256,852.0)	(38,913.0)
Taxes and duties and other income tax		(4,427.5)	(5,520.5)
Wages and salaries		(48,593.5)	(26,641.0)
Payroll taxes		(23,886.5)	(12,304.9)
Charges to provisions for free shares	<b>Note 6</b>	(141,573.5)	(79,331.4)
Depreciation, amortization and Impairment		(5.8)	(0.1)
Charges to other provisions		(9,026.6)	(13,656.5)
Other current management expenses		(2,987.4)	(6,856.2)
<b>Operating expenses</b>		<b>(487,352.8)</b>	<b>(183,223.6)</b>
<b>NET OPERATING INCOME (LOSS) I</b>		<b>(124,632.5)</b>	<b>(56,137.1)</b>
Financial income from equity investments		18,485.4	461,899.9
Other financial income		44,659.1	51,942.4
Other interest and similar income		38,005.5	41,070.5
Capital gain on sale of marketable securities		0.0	32.5
Reversals of provisions and expense transfers	<b>Note 11</b>	12,683.4	7,680.4
Foreign exchange gains		9.5	4,917.8
<b>Financial income</b>		<b>113,842.9</b>	<b>567,543.5</b>
Interest and similar expenses		(216,763.1)	(229,420.2)
Capital loss on sale of marketable securities		(228.9)	-
Charges to amortization and provisions		(14,042.6)	(18,847.6)
Foreign exchange losses		(75.3)	(5,130.9)
<b>Financial expenses</b>		<b>(231,109.9)</b>	<b>(253,398.7)</b>
<b>NET FINANCIAL INCOME (LOSS) II</b>	<b>Note 12</b>	<b>(117,267.0)</b>	<b>314,144.8</b>
<b>NET INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX III=I+II</b>		<b>(241,899.6)</b>	<b>258,007.7</b>
Exceptional income from capital transactions		404,868.1	236.3
Reversals of provisions and expense transfers	<b>Note 11</b>	28,193.7	3,830.2
<b>Exceptional income</b>		<b>433,061.8</b>	<b>4,066.5</b>
Exceptional expenses on non-capital transactions		(280,386.8)	(18,852.4)
Exceptional expenses on capital transactions		(303,391.0)	(87.4)
Charges to depreciation, amortization and provisions		(490.6)	(28,861.8)
<b>Exceptional expenses</b>		<b>(584,268.4)</b>	<b>(47,801.6)</b>
<b>NET EXCEPTIONAL ITEMS IV</b>	<b>Note 13</b>	<b>(151,206.6)</b>	<b>(43,735.1)</b>
<b>STATUTORY EMPLOYEE PROFIT-SHARING V</b>		<b>(751.2)</b>	<b>(921.8)</b>
<b>INCOME TAX EXPENSE (TAX CONSOLIDATION GAIN) VI</b>	<b>Note 14</b>	<b>48,941.6</b>	<b>32,792.2</b>
<b>NET INCOME (LOSS) (III+IV+V+VI)</b>		<b>(344,915.7)</b>	<b>246,143.0</b>

## 18.3.4 CASH FLOW STATEMENT

In thousands of euros	Reference in Notes	December 31, 2021	December 31, 2020
Net income (loss)		(344,915.7)	246,143.0
Net depreciation, amortization and provisions		97,959.6	117,320.8
<b>Gross cash flow</b>		<b>(246,956.1)</b>	<b>363,463.8</b>
Change in net working capital		31,524.2	54,608.3
<b>Net cash flow from (used in) operating activities</b>		<b>(215,431.9)</b>	<b>418,072.1</b>
Acquisitions of property, plant and equipment and intangible assets, net	<b>Note 1</b>	1.5	(12.9)
Sales of equity investments		303,391.0	0.0
Change in receivables		126.6	618.2
Change in other financial assets	<b>Note 1</b>	(3.4)	(408.1)
<b>Net cash flow from (used in) investing activities</b>		<b>303,515.6</b>	<b>197.2</b>
Dividends and interim dividends paid to shareholders	<b>Note 5</b>	(415,448.8)	(282,678.9)
Share capital increase	<b>Note 5</b>	43,906.6	39,880.2
Increase in additional paid in capital and reserves	<b>Note 5</b>	115,135.6	72,344.5
Buyback of treasury shares		1,523.3	(3,704.5)
Change in current accounts		590,330.7	(908,783.6)
Bonds		153,400.0	1,484,746.7
Deeply subordinated notes		0.0	(147,950.6)
Change in other financial debt		(482,000.0)	68,583.0
Accrued interest & premiums		(11,935.9)	10,764.8
<b>Net cash flow from (used in) financing activities</b>		<b>(5,088.5)</b>	<b>333,201.6</b>
<b>INCREASE (DECREASE) IN NET CASH</b>		<b>82,995.3</b>	<b>751,470.9</b>
Net cash at the beginning of the year		1,320,404.8	568,933.9
Net cash at the end of the year		1,403,400.0	1,320,404.8

## 18.3.5 MAJOR EVENTS OF THE YEAR

### SUEZ AND VEOLIA COMBINATION AGREEMENT

On June 29, 2021, the SUEZ SA Board of Directors approved the public tender offer launched by Veolia for SUEZ SA shares at a price of €20.50 per share, cum dividend.

At the same time, and as provided in the combination agreement entered into on May 14, 2021 by Veolia and SUEZ, a consortium of long-term investors comprising the Meridiam and GIP funds, Caisse des Dépôts and CNP Assurances presented Veolia and SUEZ with a binding final purchase commitment to buy New SUEZ for an enterprise value of €10.4 billion, accompanied by a draft Share and Purchase Agreement (SAPA).

On October 22, 2021, following finalization of information and consultation procedures with the relevant SUEZ group employee representative bodies, Veolia, SUEZ and the Consortium signed the SAPA, whose terms and conditions are in line with the terms presented in the draft version announced on June 29, 2021.

On December 14, 2021, the European Union authorized Veolia, accompanied by a list of "remedies" for the hazardous waste and industrial water business sectors, to launch the public tender offer for SUEZ shares, lifting the final condition precedent blocking the sale of New SUEZ to the Consortium.

The activities comprising the scope of the future New SUEZ are:

- municipal water (Water France) and solid waste (R&V France) in France (including the main research center in France: CIRSEE);
- SUEZ activities, particularly in water and the following geographic areas: Italy (including the stake in Acea), Czech Republic, Africa (including Lydec in Morocco), Central Asia, India, China, Australia and global digital and environmental activities (SES);
- two hazardous waste incinerators in continental China.

In 2020, this scope generated revenue of approximately €7 billion and had around 35,000 employees.

## **LITIGATION ARISING FROM THE PLANNED TAKEOVER OF VEOLIA**

Pursuant to the Combination Agreement concluded on May 14, 2021, the Company and Veolia withdraw from all ongoing litigation proceedings in 2021.

## **SALE OF EQUITY INVESTMENT**

As part of restructuring operations preparing the combination with Veolia, on December 22, 2021, SUEZ SA sold its 10.85% investment in ACEA SpA to SUEZ International.

## **SHARE CAPITAL INCREASES**

On March 18, 2021, the Company issued 10,976,645 shares under the "SHARING 2021" French employee shareholding plan, resulting in a €43.9 million share capital increase.

On October 1, 2021, the Company issued 260,603 shares as part of the delivery of performance shares granted on July 25, 2018, resulting in a €1.04 million share capital increase.

## **BOND REDEMPTION**

On May 17, 2021, SUEZ SA redeemed the €596.6 million bond issued on May 17, 2011. It bore an annual fixed coupon of 4.078%.

## **NEW BOND ISSUES**

On March 9, 2021, SUEZ SA launched a new €750 million bond maturing in 5 years and 3 months, bearing a zero coupon.

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## **18.3.6 ACCOUNTING PRINCIPLES AND METHODS**

The annual financial statements have been prepared in accordance with legal and regulatory provisions applicable in France based on ANC Regulation no. 2014-03 relating to the French Chart of Accounts issued by the French national accounting standards body (*Autorité des Normes Comptables*), as amended with subsequent regulations published.

Financial transactions relating to equity investments and loans to equity investments, in particular charges to and reversals of impairment, are included in exceptional items instead of net financial income. Pursuant to Article 120-2 of the French Chart of Accounts, SUEZ considers that this classification, which deviates from the French Chart of Accounts, presents a more accurate picture of the income statement, as it allows all gains and losses from disposals to be grouped together with income items related to equity investments under exceptional items.

The fiscal year spans a 12-month period from January 1 to December 31, 2021.

### **INTANGIBLE ASSETS**

Intangible assets are recorded at purchase or production cost and amortized on a straight-line basis over periods of 1 to 5 years. This heading includes licenses and trademarks. However, trademarks are acquired for an unlimited term and are not amortized.

Moreover, research and development expenditure is expensed in the year incurred.

### **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are recorded at purchase cost.

Property, plant and equipment are depreciated on a straight-line basis over their useful life, determined according to the expected use of the assets. The useful lives of the main assets fall within ranges of 3 to 10 years.

## FINANCIAL ASSETS

### Equity investments

Equity investments are long-term in nature and provide the Company with control or significant influence over the issuer, or help it to establish business relations with the issuer.

New investments are recognized at acquisition cost plus directly related external incidental expenses.

Following the change in the tax treatment of equity investment acquisition costs resulting from Article 21 of the French Finance Act of 2007, and based on Notice no. 2007-C of the French National Accounting Council (*Conseil national de la comptabilité* - CNC), SUEZ accounts for the tax deferral of such costs over five years in a tax depreciation account.

In the case of equity investments intended to be held on a long-term basis by SUEZ, an impairment allowance is made to adjust the acquisition value to value in use, estimated primarily based on their intrinsic value, time value, expected cash flows, share prices, and taking into account any currency hedges.

The carrying amount of equity investments that SUEZ has decided to divest is adjusted to their market value if this is lower. If negotiations are underway, this value is determined by reference to the best estimate available.

### Loans to equity investments

This heading comprises loans granted to companies in which SUEZ holds an equity investment.

Related receivables are recognized at nominal value. Receivables denominated in a foreign currency are translated at the closing exchange rate. In line with the treatment adopted for equity investments, related receivables are impaired if the associated risk is higher than the value of the securities and if the securities have already been impaired.

### Other financial assets

These mainly include mutual funds held by SUEZ under the liquidity contract. A provision may be constituted based on the criteria used for equity investments as described above.

## RECEIVABLES

Receivables reported within current assets are carried on the balance sheet at their nominal value, with non-payment risk analyzed on a case-by-case basis. Debtor insolvency risk is provided in the amount of the risk incurred.

## TREASURY SHARES

SUEZ treasury shares are recognized on the date of their delivery, at their acquisition cost excluding transaction fees.

Shares intended to be held on a long-term basis, for cancellation or trading purposes, are recognized under financial assets.

Shares acquired as part of buyback programs or the liquidity contract<sup>1</sup> are recorded under marketable securities. Shares held as part of free share grant plans are part of such programs and are therefore also recorded under marketable securities.

The cost price of divested shares is established by allocation category according to the first-in, first-out (FIFO) method.

When the market value of SUEZ shares classified as marketable securities falls below their acquisition cost, an impairment provision for an amount equal to the difference is recorded in net financial income (liquidity contract). This market value is measured based on the average price in the closing month.

## MARKETABLE SECURITIES, EXCLUDING TREASURY SHARES

Marketable securities are recognized at acquisition cost. If the closing market price is less than their carrying amount, a provision for impairment is recognized in the amount of the difference. In the case of listed securities, their market value is measured based on the average price in the closing month.

## FOREIGN CURRENCY-DENOMINATED TRANSACTIONS

Income and expenses denominated in a foreign currency are recorded at their equivalent value in euros at the transaction date.

Foreign currency receivables, payables and cash and cash equivalents are translated at the closing exchange rate. Foreign exchange gains and losses are recognized in income when they relate to cash and cash equivalents and in the balance sheet under "Foreign exchange gains or losses" when they relate to receivables and payables. A provision is recognized in respect of unrealized losses.

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<sup>1</sup> SUEZ signed a liquidity contract with an investment services provider, which is responsible for buying and selling SUEZ shares on a daily basis to ensure liquidity and promote the Company's shares on the Paris stock market. Fees paid to this service provider are recorded in "Other financial assets".

## PROVISIONS FOR CONTINGENCIES AND LOSSES

A provision is recognized when the company has a legal or implicit obligation to a third party as a result of a past event, it is probable that an outflow of resources embodying future economic benefits will be required with no equivalent benefit in return and the amount of the obligation can be reliably estimated, pursuant to ANC regulation 2014-03 concerning liabilities.

The amount recognized as a provision should be the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

### Provision for employee free share grant plans

In accordance with ANC regulation 2014-03, the provision for employee free share grant plans is recorded on a straight-line basis over the vesting period for employees, and ultimately covers the loss on disposal equal to the carrying amount of the treasury shares allocated to employees. This provision is recognized in "Provisions for losses" and has an impact on the Company's operating income.

## Pensions

The valuation of Company commitments regarding retirement, early retirement, severance packages and benefit schemes is based on actuarial valuations. The commitments are determined using the projected unit credit method. As a result, the company's debt corresponds to the portion of commitments related to services already rendered by each employee. These calculations include assumptions regarding mortality, staff turnover and future salary increases, as well as a discount rate determined according to the yield, at the measurement date, of bonds issued by top-tier companies.

### Provisions for equity investment risk

The Company may establish provisions for contingencies if it believes that its commitments exceed assets held or if some of its equity investments harbor risk that may not materialize as an asset impairment.

## FINANCIAL LIABILITIES

### Bond issue premiums and costs

Bond issues that include a premium are recognized as liabilities on the balance sheet at their total value, including any redemption premium. As an offset, the latter are recognized as assets on the balance sheet under "redemption premiums" and amortized on a straight-line basis over the term of the bond.

Issue premiums received are deducted from the issue costs. Any outstanding difference is recorded as deferred income over the term of the bond.

In accordance with the CNC recommendation, bond issuance costs are amortized on a straight-line basis over the term of the bond. Issuance costs mainly include brokerage fees.

### Deeply-subordinated perpetual notes

In accordance with notice 28 issued by the *Ordre des Experts Comptables* (French Institute of Chartered Accountants) in October 1994, deeply subordinated notes are classified as financial debt. The issue premium is recorded under assets in the balance sheet and tax-deductible interest paid annually is recognized under financial expenses in the income statement. Issuance costs are amortized on a straight-line basis over the term of the contracts.

## FINANCIAL AND OPERATING INSTRUMENTS

SUEZ participates in the derivatives market to manage and reduce its exposure to interest rate and exchange rate volatility or to secure the value of certain financial assets. In accordance with the new ANC regulation no. 2015-05 of July 2, 2015 on the accounting treatment of forward financial instruments and hedging transactions:

- no provisions are recorded for unrealized losses identified at the period-end on financial instruments held for hedging purposes by SUEZ and presented in off-balance-sheet commitments;
- gains and losses on interest rate and/or foreign exchange swaps are recognized on a time apportioned basis in the income statement as financial income/expenses over the life of the underlying assets. Premiums paid for options are recognized on the same basis.

## INCOME TAX AND TAX CONSOLIDATION

Measures to limit interest deductions resulting from the enactment into French law of the ATAD directive (Articles 212 bis of the French General Tax Code and 223B bis of the French General Tax Code for tax consolidation groups) came into effect on January 1, 2019.

This law established a general rule to cap net financial expenses at 30% of earnings before tax, interest, provisions, depreciation and amortization (EBITDA for tax purposes) or at €3 million if this amount is greater, with more restrictive rules for undercapitalized companies.

SUEZ SA is the head company of a French tax consolidation group created in 2008 and consisting of 123 companies in fiscal year 2021.



## 18.3.7 NOTES TO THE FINANCIAL STATEMENTS

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## NOTE 1: INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

1 – Intangible assets and property, plant and equipment:

Changes in gross carrying amounts break down as follows:

In thousands of euros	As of Dec. 31, 2020	Increase	Decrease	As of Dec. 31, 2021
Software	758.4			758.4
Trademarks	30,004.7			30,004.7
Other	54.6	30.0		84.6
Intangible assets in progress	0.0		0.0	0.0
<b>Intangible assets</b>	<b>30,817.7</b>	<b>30.0</b>	<b>-</b>	<b>30,847.7</b>
Office equipment	4.5			4.5
Other	-	25.2		25.2
PP&E in progress	56.7	22.4	(79.1)	0.0
<b>Property, plant and equipment</b>	<b>61.2</b>	<b>47.6</b>	<b>(79.1)</b>	<b>29.7</b>
<b>Intangible assets and PP&amp;E</b>	<b>30,879.0</b>	<b>77.6</b>	<b>(79.1)</b>	<b>30,877.4</b>

Depreciation, amortization and impairment break down as follows:

In thousands of euros	As of Dec. 31, 2020	Charge	Reversal	As of Dec. 31, 2021
Software	758.4			758.4
Other	54.6	5.7		60.3
<b>Intangible assets</b>	<b>813.0</b>	<b>5.7</b>	<b>-</b>	<b>818.7</b>
Office equipment	4.1	0.1		4.2
<b>Property, plant and equipment</b>	<b>4.1</b>	<b>0.1</b>	<b>-</b>	<b>4.2</b>
<b>Intangible assets and PP&amp;E</b>	<b>817.1</b>	<b>5.8</b>	<b>-</b>	<b>822.9</b>

Net carrying amounts break down as follows:

### Net intangible assets

In thousands of euros	Software	Trademarks	Other	Total Intangible Assets
As of Dec. 31, 2020	-	30,004.7	-	30,004.7
<b>As of Dec. 31, 2021</b>	<b>-</b>	<b>30,004.7</b>	<b>24.3</b>	<b>30,029.0</b>

### Net property, plant and equipment

In thousands of euros	Office equipment	PP&E in progress	Other	Total Property, Plant and Equipment
As of Dec. 31, 2020	0.4	56.7	-	57.1
<b>As of Dec. 31, 2021</b>	<b>0.3</b>	<b>-</b>	<b>25.2</b>	<b>25.5</b>

## 2 – Financial assets:

In thousands of euros	As of Dec. 31, 2020	Increase	Decrease	Impairment	As of Dec. 31, 2021
Consolidated equity investments <sup>(1)</sup>	9,160,781.2		(303,390.9)		8,857,390.3
<b>Equity investments</b>	<b>9,160,781.2</b>	<b>-</b>	<b>(303,390.9)</b>	<b>-</b>	<b>8,857,390.3</b>
Loans to equity investments <sup>(2)</sup>	7,776,584.5	19,108.0	(126.5)		7,795,566.0
Other financial assets <sup>(3)</sup>	30,164.9	3.5	(0.1)	(167.8)	30,000.5
<b>Other financial assets</b>	<b>7,806,749.4</b>	<b>19,111.5</b>	<b>(126.6)</b>	<b>(167.8)</b>	<b>7,825,566.5</b>
<b>Financial assets</b>	<b>16,967,530.6</b>	<b>19,111.5</b>	<b>(303,517.5)</b>	<b>(167.8)</b>	<b>16,682,956.8</b>

(a) Consolidated equity investments include equity investments in SUEZ Groupe.

The decrease in equity investments corresponds to the sale of Acea securities to SUEZ International on December 22, 2021.

(2) All loans to equity investments concern SUEZ Groupe.

(3) As of December 31, 2021, other financial assets mostly involve sums paid to the investment service provider under the liquidity contract.

## NOTE 2: RECEIVABLES MATURITY SCHEDULE

In thousands of euros	Net amount as of Dec. 31, 2021	Less than one year	More than one year
Loans to equity investments	7,795,566.0	3,163.5	7,792,402.5
Other financial assets	30,000.5	30,000.5	
<b>Non-current assets</b>	<b>7,825,566.5</b>	<b>33,164.0</b>	<b>7,792,402.5</b>
Advances and down payments on orders	31.8	31.8	
Trade and related receivables	48,201.5	48,201.5	
Other receivables	119,887.7	119,887.7	
Current accounts	1,341,138.1	1,341,138.1	
Accrued income from cash instruments	15,806.8	15,806.8	
<b>Current assets</b>	<b>1,525,065.9</b>	<b>1,525,065.9</b>	<b>-</b>
<b>Receivables</b>	<b>9,350,632.4</b>	<b>1,558,229.9</b>	<b>7,792,402.5</b>

“Other receivables” mostly comprise a receivable with the French State for €110.8 million. This amount includes the 2021 tax consolidation gain benefiting SUEZ as the head company of the tax group for €53.4 million and various tax credits from subsidiaries pending refund from the French State for €57.4 million, including Research Tax Credits (*Credit d'Impot Recherche* - CIR) for €13.4 million, Sponsorship Tax Credits (*Credit d'Impot Mecenat*) for €6.9 million and Competitiveness and Employment (CICE) tax credits for €37.1 million.

## NOTE 3: MARKETABLE SECURITIES

This heading comprises:

In thousands of euros	As of Dec. 31, 2021	As of Dec. 31, 2020
Treasury shares held under free share grant plans	836.8	2,360.0
Treasury shares held under the liquidity contract	-	-
<b>Gross amount</b>	<b>836.8</b>	<b>2,360.0</b>
Provisions for impairment of treasury shares held	-	-
<b>Provisions for impairment</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>836.8</b>	<b>2,360.0</b>

## NOTE 4: PREPAYMENTS AND DEFERRED INCOME, ACCRUED EXPENSES AND ACCRUED INCOME

Prepayments and deferred income break down as follows:

In thousands of euros	As of Dec. 31, 2020	Increase	Decrease	As of Dec. 31, 2021
Bond issuance costs	23,097.0	2,868.0	(5,830.5)	20,134.5
Credit facility set-up fees	2,355.0		(717.7)	1,637.3
Prepayments	11,260.4		(2,066.8)	9,193.6
<b>Prepayments</b>	<b>36,712.4</b>	<b>2,868.0</b>	<b>(8,615.0)</b>	<b>30,965.4</b>

The €2.87 million increase in issuance costs is related to the issue of:

- a bond totaling €750 million in March 2021.

(See Section 18.3.5: Major events of the year)

The decrease in bond issuance costs corresponds to the annual amortization payment.

In thousands of euros	As of Dec. 31, 2020	Increase	Decrease	As of Dec. 31, 2021
Deferred income	7,673.7		(4,418.8)	3,254.9
<b>Deferred income</b>	<b>7,673.7</b>	<b>-</b>	<b>(4,418.8)</b>	<b>3,254.9</b>

Bond issues that include a premium are recognized as liabilities on the balance sheet at their total value, including any redemption premium. The corresponding entry is recognized in assets on the balance sheet under "redemption premiums" and amortized on a straight-line basis over the term of the bond.

Issue premiums received are deducted from the issue costs. Any outstanding difference is recorded as deferred income over the term of the bond.

In accordance with the CNC recommendation, bond issuance costs are amortized on a straight-line basis over the term of the bond. Issuance costs mainly include brokerage fees.

Accrued expenses and accrued income associated with receivables and payables can be analyzed as follows:

In thousands of euros	As of Dec. 31, 2021	As of Dec. 31, 2020
Interest on bonds	60,688.4	76,256.5
Interest on deeply subordinated notes	37,879.5	38,038.1
<b>Accrued interest expense</b>	<b>98,567.9</b>	<b>114,294.6</b>
Supplier purchase invoice accruals	104,180.2	12,703.7
Tax and employee-related liabilities	64,243.9	11,462.3
Amounts payable on fixed assets and related accounts	0.0	12.8
Cash instruments	517.4	346.7
Miscellaneous accrued expenses	466.2	-
<b>Other accrued expenses</b>	<b>169,407.7</b>	<b>24,525.4</b>
<b>Accrued expenses</b>	<b>267,975.6</b>	<b>138,820.0</b>

In thousands of euros	As of Dec. 31, 2021	As of Dec. 31, 2020
Interest on loans to equity investments	3,163.5	3,290.0
Customer sales invoice accruals	29,268.6	1,245.0
Cash instruments	15,806.8	17,507.4
<b>Accrued income</b>	<b>48,238.9</b>	<b>22,042.4</b>

## NOTE 5: SHAREHOLDERS' EQUITY

The share capital is fully paid up. Each share confers one vote.

	As of Dec. 31, 2020	Increase/Decrease	Purchase/Sale	As of Dec. 31, 2021
Outstanding shares	628,175,418	11,237,248	120,908	639,533,574
Treasury shares held	187,161		(120,908)	66,253
<b>Total number of shares</b>	<b>628,362,579</b>	<b>11,237,248</b>	<b>-</b>	<b>639,599,827</b>

As of December 31, 2021, SUEZ holds 66,253 treasury shares acquired in the context of free share grant plans for a net carrying amount of €837 thousand, the market value of which was €1.3 million as of December 31, 2021.

The increase in the number of outstanding share corresponds to the share capital increase of March 18, 2021 under the Sharing 2021 plan for 10,976,645 shares and the delivery of 260,603 performance shares on October 1, 2021.

The decrease in shareholders' equity breaks down as follows:

In thousands of euros	Share capital	Additional paid-in capital	Legal reserve	Other reserves	Retained earnings	2021 net income	Total
<b>As of December 31, 2020 before appropriation of net income</b>	<b>2,513,450.3</b>	<b>5,252,130.8</b>	<b>251,345.0</b>	<b>-</b>	<b>706,351.3</b>	<b>246,143.0</b>	<b>8,969,420.4</b>
Appropriation of 2020 net income					246,143.0	(246,143.0)	-
Dividends distributed for fiscal year 2020					(415,448.8)		(415,448.8)
Net income for fiscal year 2021						(344,915.7)	(344,915.7)
Share capital increase reserved for employees (Sharing 2021), including costs	43,906.6	111,298.5	4,390.7				159,595.8
Share capital increase relating to delivery of performance shares	1,042.4	(1,042.4)					-
Other movements	-						-
<b>As of December 31, 2021 before appropriation of net income</b>	<b>2,558,399.3</b>	<b>5,362,386.9</b>	<b>255,735.7</b>	<b>-</b>	<b>537,045.5</b>	<b>(344,915.7)</b>	<b>8,368,651.7</b>

Changes in the rights assigned under the various SUEZ share plans over the course of the fiscal year were as follows:

– Free share and performance share plans:

Number of shares	Free shares			
	Performance shares	Contribution under Sharing (1)	Contribution under Sharing (1)	TOTAL
	July 2018	December 2017	December 2019	
Shares granted but not delivered as of January 1, 2021	639,016	138,172	117,618	894,806
Granted				
Delivered	(260,603)	(120,908)		(381,511)
Canceled or expired	(378,413)	(17,264)	(14,664)	(410,341)
Net change in fiscal 2021				
<b>Shares granted but not delivered as of December 31, 2021</b>	<b>0</b>	<b>0</b>	<b>102,954</b>	<b>102,954</b>

(a) *employer's contribution paid to foreign employees (outside France and the United Kingdom)*

As of December 31, 2021, SUEZ holds 66,253 treasury shares acquired under employee share plans.

Taking into account all the current plans (free share and performance share plans), the number of beneficiaries and staff turnover assumptions, SUEZ estimates its obligation to deliver shares over the different vesting periods at 102,954 shares.

## NOTE 6: PROVISIONS

In thousands of euros	As of Dec. 31, 2020	Charge	Reversal	As of Dec. 31, 2021
<b>Provisions for contingencies</b>	<b>42,314.3</b>	<b>7,393.2</b>	<b>(41,094.1)</b>	<b>8,613.4</b>
Provisions for foreign exchange losses	12,683.3	6,902.1	(12,683.4)	6,902.0
Provisions for restructuring	29,243.0	491.1	(28,193.7)	1,540.4
Provisions for employee litigation	388.0		(217.0)	171.0
<b>Provisions for losses</b>	<b>138,466.1</b>	<b>142,920.3</b>	<b>(9,709.6)</b>	<b>271,676.8</b>
Provisions for pensions and similar benefits	998.0	1,346.8	(20.0)	2,324.8
Provisions for free share grant plans	137,468.1	141,573.5	(9,689.6)	269,352.0
<b>Total</b>	<b>180,780.4</b>	<b>150,313.5</b>	<b>(50,803.7)</b>	<b>280,290.2</b>

### Classification in the Income Statement:

Net operating income (loss)	142,920.3	(9,926.6)
Net financial income (loss)	6,902.1	(12,683.4)
Net exceptional items	491.1	(28,193.7)
<b>Total</b>	<b>150,313.5</b>	<b>(50,803.7)</b>

The foreign exchange loss provision mainly covers the unrealized loss on loans to equity investments contracted with SUEZ Groupe for £245.7 million in 2011. See Note 9 "Foreign exchange gains and losses".

The breakdown of the change in the provision for pensions and similar benefits is shown in Note 16 "Post-employment benefits".

## NOTE 7: FINANCIAL DEBT

In thousands of euros	As of Dec. 31, 2021	As of Dec. 31, 2020
Bonds (nominal amount)	8,812,419.9	8,639,577.5
Bank borrowings (nominal amount)	265,000.0	747,000.0
Deeply subordinated notes (nominal amount)	1,600,000.0	1,600,000.0
Current accounts and loans with subsidiaries	79,729.9	153,431.0
<b>Borrowings</b>	<b>10,757,149.8</b>	<b>11,140,008.5</b>
Accrued interest expense	98,567.9	114,294.6
Bank balances in credit	14.7	0.0
<b>Other financial debt</b>	<b>98,582.5</b>	<b>114,294.6</b>
<b>Total financial debt</b>	<b>10,855,732.4</b>	<b>11,254,303.1</b>

The change in financial debt corresponds principally to:

- the issue on March 9, 2021 of a €750 million bond maturing in 5 years and 3 months;
- the redemption on May 17, 2021 of the bond that was issued on May 17, 2011 for €596.6 million;
- the €482 million decrease in outstanding short-term securities (commercial paper) classified as "Bank borrowings".

## NOTE 8: DEBT MATURITY SCHEDULE

In thousands of euros	Gross amount as of Dec. 31, 2021	2022	Due date From 2023 to end-2025	2027 and beyond
Bonds (nominal amount)	8,812,419.9	612,900.0	2,587,000.0	5,612,519.9
Bank borrowings (nominal amount)	265,000.0	265,000.0		
Deeply subordinated notes (nominal amount)	1,600,000.0			1,600,000.0
Subsidiary current account and loans with subsidiaries	79,729.9	79,729.9		
Other financial debt (a)	98,582.5	98,582.5		
<b>Financial debt</b>	<b>10,855,732.4</b>	<b>1,056,212.5</b>	<b>2,587,000.0</b>	<b>7,212,519.9</b>
<b>Trade and related payables</b>	<b>105,168.7</b>	<b>105,168.7</b>		
<b>Tax and employee-related liabilities</b>	<b>67,947.9</b>	<b>67,947.9</b>		
<b>Amounts payable on fixed assets and related accounts</b>	<b>-</b>	<b>-</b>		
Accrued expenses on cash instruments	517.4	517.4		
Other	33,489.9	33,489.9		
<b>Other liabilities</b>	<b>34,007.3</b>	<b>34,007.3</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11,062,856.3</b>	<b>1,263,336.3</b>	<b>2,587,000.0</b>	<b>7,212,519.9</b>

(a) Accrued interest on bonds and deeply subordinated notes (see Notes 4 and 7).

### Breakdown of bond issues (nominal amount):

	Amount as of Dec. 31, 2021	Issue date	Maturity date	Rate
<b>Public placements</b>				
In thousands of euros	461,000.0	July 22, 2009	July 22, 2024	5.500%
In thousands of euros	612,900.0	June 24, 2010	June 24, 2022	4.125%
In thousands of euros (1)	297,519.9	December 2, 2011	December 2, 2030	5.375%
In thousands of euros	376,000.0	October 8, 2013	October 9, 2023	2.750%
In thousands of euros	500,000.0	September 10, 2015	September 10, 2025	1.750%
In thousands of euros	500,000.0	May 19, 2016	May 19, 2028	1.250%
In thousands of euros	500,000.0	April 3, 2017	April 3, 2025	1.000%
In thousands of euros	700,000.0	April 3, 2017	April 3, 2029	1.500%
In thousands of euros	500,000.0	September 21, 2017	September 21, 2032	1.625%
In thousands of euros	500,000.0	September 17, 2018	September 17, 2030	1.625%
In thousands of euros	700,000.0	October 14, 2019	October 14, 2031	0.500%
In thousands of euros	850,000.0	April 2, 2020	April 2, 2027	1.250%
In thousands of euros	40,000.0	April 14, 2020	September 21, 2032	1.625%
In thousands of euros	300,000.0	April 16, 2020	May 19, 2028	1.250%
In thousands of euros	750,000.0	May 14, 2020	May 14, 2035	1.250%
In thousands of euros	750,000.0	March 9, 2021	June 9, 2026	0.000%
<b>Private placements</b>				
In thousands of euros (2)	250,000.0	June 8, 2009	June 8, 2027	1.904%
In thousands of euros	100,000.0	March 25, 2013	March 25, 2033	3.300%
In thousands of euros	75,000.0	May 21, 2014	May 21, 2029	2.000%
In thousands of euros	50,000.0	June 30, 2015	July 1, 2030	2.250%
<b>Total</b>	<b>8,812,419.9</b>			

(1) i.e. £250 million

(2) Coupon of 5.20% until 2017, then 1.904% until maturity in 2027

### Breakdown of deeply subordinated notes (nominal amount):

In thousands of euros	Amount as of Dec. 31, 2021	Issue date	Maturity date	Rate
Deeply subordinated notes	500,000.0	March 30, 2015	perpetual	2.500%
Deeply subordinated notes	600,000.0	April 19, 2017	perpetual	2.875%
Deeply subordinated notes	500,000.0	September 12, 2019	perpetual	1.625%
<b>Total</b>	<b>1,600,000.0</b>			

## NOTE 9: UNREALIZED FOREIGN EXCHANGE GAINS AND LOSSES

The following unrealized foreign exchange gains and losses were recognized as a result of the remeasurement of receivables and payables denominated in a foreign currency at the exchange rate prevailing on December 31, 2021:

In thousands of euros	Unrealized loss	Unrealized gain
<b>Unrealized gains and losses on:</b>		
- Loans to equity investments	12.2	6,437.1
- Trade and related receivables	0.0	-
- Bonds	6,889.8	0.0
- Trade and related payables	0.1	-
<b>Total</b>	<b>6,902.1</b>	<b>6,437.1</b>

The foreign exchange exposure, established in accordance with the accounting principles described in section 18.3.6, "Accounting principles and methods", highlights the following as of December 31, 2021:

- a net unrealized loss of €6.9 million arising from fluctuations in the pound sterling relating to the loan contracted with SUEZ Groupe for £245.7 million.
- a net unrealized gain of €6.4 million arising from fluctuations in the pound sterling relating to the £250 million bond issue subscribed in 2011.

## NOTE 10: SERVICES AND OTHER INCOME

Services amounting to €127 million correspond principally to services billed to SUEZ Groupe and the billing of licensing fees for the SUEZ brand.

## NOTE 11: REVERSALS OF DEPRECIATION AND AMORTIZATION, PROVISIONS AND EXPENSE TRANSFERS

In thousands of euros	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
<b>Total costs</b>	<b>218,375.6</b>	<b>25,136.4</b>
Costs relating to bonds	394.1	578.2
Costs relating to restructuring	216,019.7	20,745.0
Costs relating to insurance	891.6	50.0
Costs relating to capitalization operations	553.5	1,529.7
Costs relating to employee compensation	516.7	2,233.5
<b>Reversals of provisions for call options and free shares</b>	<b>9,689.6</b>	<b>0.0</b>
<b>Reversals of provisions for customer impairment</b>	<b>3,189.3</b>	<b>2,251.5</b>
<b>Reversals of provisions for restructuring</b>	<b>28,193.7</b>	<b>3,830.2</b>
<b>Other</b>	<b>237.0</b>	<b>578.0</b>
Reversals of provisions for employee benefits	20.0	578.0
Reversals of provisions for employee litigation	217.0	0.0
<b>Financial</b>	<b>12,683.4</b>	<b>7,680.4</b>
<b>Total</b>	<b>272,368.5</b>	<b>39,476.5</b>

Bond issuance costs and credit line set-up fees are recognized as assets in the balance sheet and amortized over the life of these instruments. They correspond to fees paid to brokers for setting up these instruments.

Restructuring costs relate to the Veolia-Suez combination.

The financial provision reversal of €12.7 million corresponds to the reversal of the provision for foreign exchange losses recorded in 2020 for the £250 million bond.



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**NOTE 12: NET FINANCIAL INCOME (LOSS)**

In thousands of euros	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
Dividends received	18,485.4	461,899.9
Interest on loans to equity investments	44,659.1	51,942.4
Interest on current accounts	19.6	37.4
Interest on cash instruments	25,901.1	26,253.4
Other similar income and expenses	(204,678.3)	(214,608.0)
Foreign exchange gain/(loss)	(65.8)	(213.1)
Charges net of reversals to financial provisions	(1,359.2)	(11,167.2)
Net proceeds from sales of marketable securities	(228.9)	-
<b>Total</b>	<b>(117,267.0)</b>	<b>314,144.8</b>

Dividends received in 2021 of €18.5 million correspond to dividends paid by Acea in respect of 2020.

Interest on loans to equity investments and on current accounts mainly corresponds to interest paid by SUEZ Groupe.

Foreign exchange gains and losses were realized in the settlement of foreign currency transactions.

Other similar income and expenses relate mainly to interest expenses on bonds.

Financial provision charges and reversals of -€1.3 million involve:

- the provision for foreign exchange losses of -€6.9 million related to the GBP receivable
- amortization of bond issuance premiums for -€7.1 million
- the reversal of the provision for foreign exchange losses set up in 2020 for €12.7 million (see Note 11).

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**NOTE 13: NET EXCEPTIONAL ITEMS**

Net exceptional items break down as follows:

In thousands of euros	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
Exceptional expenses on non-capital operations	(275,275.9)	(18,852.4)
Restructuring provision charges and reversals	27,702.6	(25,031.6)
Gain (loss) on sale of treasury shares	(1,523.3)	153.0
Capital gains on sale of equity investments	101,477.1	-
Other	(3,587.1)	(4.1)
<b>Total</b>	<b>(151,206.6)</b>	<b>(43,735.1)</b>

Exceptional expenses on non-capital operations for €275.3 million and reversals of restructuring provisions for €27.7 million correspond to the various costs of the Veolia-SUEZ combination. They comprise employee compensation and various consulting costs and fees.

The €101.5 million gain on the sale of equity investments corresponds to the sale of the SUEZ SA investment in ACEA to Suez International.

In 2020, exceptional expenses on non-capital operations for €18.8 million and charges to restructuring provisions for €25 million corresponded to Group transformation / restructuring costs totaling €14.6 million and costs related to changes in the shareholding structure for €29.2 million.

## NOTE 14: INCOME TAX AND TAX CONSOLIDATION

In thousands of euros	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
Tax consolidation gain / (loss) for the year	53,406.0	38,497.4
Adjustment of prior year gain / (loss)	(4,057.8)	(5,045.2)
Income tax and Additional taxes	(406.6)	(660.0)
<b>INCOME TAX GAIN (EXPENSE)</b>	<b>48,941.6</b>	<b>32,792.2</b>

### Company's deferred tax position

The future tax liability position is the result of timing differences between the tax and accounting treatment of SUEZ income or expenses only:

In thousands of euros	Dec. 31, 2021	Dec. 31, 2020
<b>Tax losses carried forward (calculation basis) (1)</b>	<b>1,001,464.1</b>	<b>630,005.1</b>
Amortization of deeply subordinated notes issue costs	2,701.0	3,825.0
<b>Deferred tax liabilities (calculation basis) (2)</b>	<b>2,701.0</b>	<b>3,825.0</b>
Non-deductible provisions for contingencies and losses	(3,636.0)	19,355.0
Other non-deductible provisions	841.0	1,000.0
<b>Provisions not deductible in their year of recognition</b>	<b>(2,795.0)</b>	<b>20,355.0</b>
Difference in carrying/tax amount of marketable securities	385.6	217.8
<b>Other</b>	<b>385.6</b>	<b>217.8</b>
<b>Deferred tax assets (calculation basis) (3)</b>	<b>(2,409.4)</b>	<b>20,572.8</b>
<b>TOTAL : (1)-(2)+(3)</b>	<b>996,353.7</b>	<b>646,752.9</b>

The sum of these timing differences is €996.3 million, which represents a theoretical net tax receivable of €264 million calculated based on the tax rates applicable in France as of December 31, 2021.

## NOTE 15: OFF-BALANCE SHEET COMMITMENTS

### FINANCIAL COMMITMENTS GIVEN

Regarding its net debt position, SUEZ applies a policy to optimize financing costs using several types of financial instruments (interest rate swaps and options) depending on market conditions.

In thousands of euros	Notional as of December 31, 2021				Total	Fair value of derivatives as of Dec. 31, 2021	Notional as of Dec. 31, 2020
	Less than one year	One to five years	Six to ten years	Over ten years			
INTEREST RATE SWAP							
fixed-rate payer/floating-rate receiver	167,000.0	1,350,000.0	900,000.0	350,000.0	2,767,000.0	4,121.9	1,917,000.0
floating-rate payer/fixed-rate receiver	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>167,000.0</b>	<b>1,350,000.0</b>	<b>900,000.0</b>	<b>350,000.0</b>	<b>2,767,000.0</b>	<b>4,121.9</b>	<b>1,917,000.0</b>

The fair value of €4.1 million represents the market value of derivatives in place as of December 31, 2021.

## Other financial commitments given

In thousands of euros	As of Dec. 31, 2021	2022	Maturing in 2023 to 2026	2027 and beyond
FINANCING COMMITMENTS				
Securities, endorsements and guarantees given to subsidiaries	11,213.0		213.0	11,000.0
<b>TOTAL</b>	<b>11,213.0</b>	<b>-</b>	<b>213.0</b>	<b>11,000.0</b>

## FINANCIAL COMMITMENTS RECEIVED

In thousands of euros	As of Dec. 31, 2021	2022	Maturing in 2023 to 2026	2027 and beyond
Credit facilities obtained and not used	2,805,000.0	180,000.0	375,000.0	2,250,000.0
<b>TOTAL</b>	<b>2,805,000.0</b>	<b>180.0</b>	<b>375,000.0</b>	<b>2,250,000.0</b>

## OPERATIONAL COMMITMENTS GIVEN

In thousands of euros	As of Dec. 31, 2021	2022	Maturing in 2023 to 2026	2027 and beyond
OPERATIONAL COMMITMENTS				
Securities, endorsements and guarantees given to subsidiaries	10,789.0		8,000.0	2,789.0
<b>TOTAL</b>	<b>10,789.0</b>	<b>-</b>	<b>8,000.0</b>	<b>2,789.0</b>

SUEZ granted the government of Hong Kong two guarantees for the operation of several landfills.

## NOTE 16: POST-EMPLOYMENT BENEFITS

SUEZ grants post-employment benefits to its employees (retirement pensions, lump-sum retirement payments, medical coverage, benefits-in-kind), as well as other long-term benefits (long-service awards).

## OVERVIEW OF COMMITMENTS

In thousands of euros	As of Dec. 31, 2020	Current service cost	As of Dec. 31, 2021
Pensions (1)	998.0	1,326.8	2,324.8
<b>TOTAL</b>	<b>998.0</b>	<b>1,326.8</b>	<b>2,324.8</b>

(1) Pensions and retirement termination payments

The post-employment benefit commitment totaled €2.6 million, including €0.3 million in off-balance sheet commitments.

The total commitment is based on the following assumptions:

- Discount rate: yield curve based on Corporate AA interest rates
- Long-term inflation rate: 1.75%

## NOTE 17: EMPLOYEES

The average number of employees breaks down as follows:

	As of Dec. 31, 2021	As of Dec. 31, 2020
Operational staff	7	10
Supervisory staff	10	12
Management	152	160
<b>Total</b>	<b>169</b>	<b>182</b>

## NOTE 18: RELATED-PARTY TRANSACTIONS

In thousands of euros	Related companies
Equity investments	8,857,390.3
Loans to equity investments	7,795,566.0
Trade and related receivables	43,704.2
Current accounts in credit	79,730.0
Current accounts in debit	1,341,138.1
Trade and related payables	660.5
Interest on loans to equity investments	44,659.1
Interest on current accounts in debit	19.6

The items presented above mainly correspond to relations with SUEZ Groupe SAS.

## NOTE 19: SUBSIDIARIES AND EQUITY INVESTMENTS

In thousands of euros

Company name	Share capital	Reserves and retained earnings	% share capital held as of Dec. 31, 2021	Carrying amount of shares held as of Dec. 31, 2021		Loans and advances granted	Guarantees and endorsements given	2021 revenue	2021 net income (loss)	Year end date	Currency
				Gross	Provision						

### A - A - Detailed information for investments with a gross value in excess of 1% of the SUEZ share capital

#### 1. SUBSIDIARIES (Over 50% share capital held by SUEZ)

SUEZ Groupe SAS	3,371,215	290,794	100%	8,857,390	0	0		136,854	2,682	Dec-20	EUR
Tour CB21											
16, place de l'Iris											
92040 Paris La Défense											
SIREN : 410 118 608											

#### 2. EQUITY INVESTMENTS (Between 10% and 50% share capital held by SUEZ)

### B - Information for other subsidiaries and equity investments

#### 1. SUBSIDIARIES

None

#### 2. EQUITY INVESTMENTS

None

As figures for 2021 are not available for SUEZ Groupe, the information shown relates to fiscal year 2020.

On December 22, 2021, SUEZ SA sold its 10.85% investment in ACEA SpA to SUEZ International.

## **NOTE 20: COMPENSATION OF BOARD OF DIRECTORS' MEMBERS, THE CHIEF EXECUTIVE OFFICER AND THE CHAIRMAN OF THE BOARD OF DIRECTORS**

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Gross compensation of €2,102.5 thousand was paid to the Chief Executive Officer in 2021.

Gross compensation of €399.1 thousand was paid to the Chairman of the Board of Directors in 2021.

The members of the Board of Directors receive directors' fees. The maximum annual amount was set by the Shareholders' Meeting of May 22, 2014 at €700,000.

## **NOTE 21: SUBSEQUENT EVENTS**

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On January 27, 2022, following the Public Tender Offer, Veolia acquired 95.95% of the share capital and voting rights of SUEZ SA. The squeeze-out procedure was completed on February 18, 2022. The SUEZ SA shares were delisted shortly afterwards.

On January 31, 2022, the sale to the Consortium of the scope comprising New SUEZ was completed in accordance with the terms of the SAPA signed on October 22, 2021.

## FIVE-YEAR FINANCIAL SUMMARY

	2021	2020	2019	2018	2017
<b>SHARE CAPITAL AT THE END OF THE YEAR</b>					
Share capital (in euros)	2,558,399,308	2,513,450,316	2,485,450,316	2,485,450,316	2,493,450,316
Number of shares issued	639,599,827	628,362,579	621,362,579	621,362,579	623,362,579
<b>TRANSACTIONS AND NET INCOME</b>					
<b>(in thousands of euros)</b>					
Provision of services excluding taxes	125,830.8	99,084.6	91,186.5	82,724.6	73,015.7
Net income before tax, employee profit sharing, depreciation, amortization and provisions	(281,748.3)	340,629.8	775,335.1	367,790.7	399,093.2
Employee profit-sharing	(751.2)	(921.8)	(750.3)	(832.0)	(491.5)
Income tax expense	48,941.6	32,792.2	83,996.0	67,700.6	28,819.2
Net income (loss)	(344,915.7)	246,143.0	917,186.6	386,840.8	392,692.9
Dividend paid (1)	415,448.8	282,678.9	401,762.0	401,920.8	366,612.8
<b>PER SHARE DATA (in euros)</b>					
Net income after tax and employee profit sharing but before depreciation, amortization and provisions	(0.37)	0.59	1.38	0.70	0.69
Net income (loss)	(0.54)	0.39	1.48	0.62	0.63
Dividend paid	0.65	0.45	0.65	0.65	0.65
<b>EMPLOYEES ( in thousands of euros)</b>					
Average number of employees	169	182	182	176	163
Payroll	48,593.5	26,641.0	28,097.6	21,542.3	23,128.9
Total benefits (social security and pension plan contributions, etc.)					
	23,886.5	12,304.9	9,764.3	10,596.4	9,655.8
(1) Excluding treasury shares					

## REALIZABLE AND AVAILABLE ASSETS AND CURRENT LIABILITIES FALLING DUE WITHIN ONE YEAR

In thousands of euros

	As of December 31, 2021	As of December 31, 2020
<b>REALIZABLE ASSETS</b>		
<b>Non-current assets</b>	<b>33,164.0</b>	<b>29,547.2</b>
Loans to equity investments	3,163.5	(617.7)
Other financial assets	30,000.5	30,164.9
<b>Current assets</b>	<b>1,525,065.9</b>	<b>2,081,510.2</b>
Trade and related receivables	48,201.5	21,702.1
Advances and down payments on orders	31.8	29.1
Other receivables, including cash instruments	1,476,832.6	2,059,779.0
<b>Cash and cash equivalents / Marketable securities</b>	<b>1,404,236.8</b>	<b>1,322,764.8</b>
<b>Total realizable assets</b>	<b>2,962,466.7</b>	<b>3,433,822.2</b>
<b>CURRENT LIABILITIES</b>		
<b>Financial debt</b>	<b>1,056,212.4</b>	<b>1,611,325.6</b>
Bank borrowings	877,900.0	1,343,600.0
Other borrowings and current accounts in credit (1)	178,312.4	267,725.6
<b>Operating payables</b>	<b>207,123.8</b>	<b>70,029.4</b>
Trade and related payables	105,168.7	16,779.6
Tax and employee-related liabilities	67,947.9	19,904.8
Debt on fixed assets and related accounts	-	12.8
Other liabilities, including cash instruments	34,007.3	33,332.2
<b>Total current liabilities</b>	<b>1,263,336.2</b>	<b>1,681,355.0</b>
<b>Realizable assets - current liabilities</b>	<b>1,699,130.5</b>	<b>1,752,467.2</b>
(1) including bank balances in credit	14.7	0.0

## SUPPLIER AND CUSTOMER SETTLEMENT PERIODS (ART. D.441-4 & L.441-6-1)

In accordance with the provisions of Articles D.441-4 and L.441-6-1 (arising from the LME [French law on the modernization of the economy] No. 2008-776 of August 4, 2008) of the French Commercial Code, we hereby present the breakdown, in accordance with the provisions established by the Decree of March 20, 2017, of supplier and customer settlement periods, and invoices received and issued but which remain unpaid at the closing date of the fiscal year and whose term has expired:

Figures are expressed in thousands of euros	Article D. 441 I.-1°: Invoices <u>received</u> but unpaid at the closing date of the fiscal year whose term has expired					Article D. 441 I.-2°: Invoices <u>issued</u> but not settled at the closing date of the fiscal year whose term has expired					
	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	
(A) Late payment bands											
Number of invoices concerned						70					504
Total value of invoices concerned incl. tax	139.3	849.0	0.0	0.0	988.4	18,928.3	90.7	111.4	2,385.3	21,515.6	
Percentage of total amount of purchases including VAT for the fiscal year	0.0%	0.3%	0.0%	0.0%	0.3%						
Percentage of revenue incl. VAT for the fiscal year						12.5%	0.1%	0.1%	1.6%	14.2%	
(B) Invoices excluded from (A) relating to disputed or non-recognized debts and receivables											
Number of invoices excluded	None					None					
Total value of invoices excluded	None					None					
Reference settlement periods applied (contractual or statutory period - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)											
Reference settlement periods applied to determine late payment	Legal terms: 60 days net from the invoice date In accordance with the LME law of August 4, 2008					Legal terms: 60 days net from the invoice date In accordance with the LME law of August 4, 2008					

As of December 31, 2021, 99% of trade receivables are intragroup receivables. Trade payables are primarily non-Group payables.



## **Appendix F2**

**Parent company financial statements of the Absorbing Company as of December 31, 2021**

## 6.2 Company financial statements AFR

### 6.2.1 BALANCE SHEET AS OF DECEMBER 31, 2021

#### Assets

			As of December 31, 2021	As of December 31, 2020
(€ thousand)	Gross	Deprec., amort. & impairment	Net	Net
<b>Share capital subscribed but not called</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Preliminary expenses	-	-	-	-
Research & development expenditure	-	-	-	-
Concessions, patents, licenses, trademarks, processes, and software, rights and similar	213,656	196,408	17,248	21,310
Purchased goodwill <sup>(1)</sup>	-	-	-	-
Other intangible assets	-	-	-	-
Intangible assets in progress	12,447	-	12,447	16,223
<b>Property, plant and equipment</b>				
Land	-	-	-	-
Buildings	-	-	-	-
Industrial and technical plant	-	-	-	-
Other property, plant and equipment	39,528	30,890	8,638	11,549
Property, plant and equipment in progress	697	-	697	235
Payments on account – PP&E	-	-	-	-
<b>Long-term loans and investments<sup>(2)</sup></b>				
Equity investments	16,704,877	1,166,188	15,538,689	15,476,691
Loans to equity investments	13,288,184	-	13,288,184	12,236,979
Long-term portfolio investments	7,149	1,152	5,997	5,712
Other long-term investment securities	9,280	-	9,280	8,777
Loans	1,091,872	-	1,091,872	1,256,429
Other long-term loans and investments	741,363	33,717	707,646	616,461
<b>TOTAL (I)</b>	<b>32,109,053</b>	<b>1,428,355</b>	<b>30,680,698</b>	<b>29,650,366</b>

	As of December 31, 2021			As of December 31, 2020
(€ thousand)	Gross	Deprec., amort. & impairment	Net	Net
<b>Current assets</b>				
<b>Inventories and work-in-progress</b>				
Raw materials & supplies	-	-	-	-
Work in process – goods and services	-	-	-	-
Semi-finished and finished goods	-	-	-	-
Bought-in goods	-	-	-	-
<b>Payments on account – inventories</b>	<b>2,259</b>	<b>-</b>	<b>2,259</b>	<b>2,302</b>
<b>Receivables<sup>(3)</sup></b>				
Operating receivables:				
Trade receivables and related accounts	112,265	15,304	96,961	99,708
Other receivables	4,010,021	22,001	3,988,020	1,864,526
Miscellaneous receivables:				
Share capital subscribed and called but not paid in	-	-	-	-
<b>Marketable securities</b>				
Treasury shares	86,193	-	86,193	88,347
Other securities	7,485,562	-	7,485,562	2,772,762
Treasury instruments	223,500	-	223,500	234,785
<b>Cash at bank and in hand</b>	<b>608,359</b>	<b>-</b>	<b>608,359</b>	<b>494,387</b>
<b>Prepayments<sup>(4)</sup></b>	<b>252,945</b>	<b>-</b>	<b>252,945</b>	<b>122,521</b>
<b>TOTAL (II)</b>	<b>12,781,104</b>	<b>37,305</b>	<b>12,743,799</b>	<b>5,679,338</b>
<b>Accrued income and deferred charges</b>				
Deferred charges (III)	61,586	-	61,586	68,258
Bond redemption premiums (IV)	80,284	-	80,284	93,297
Unrealized foreign exchange losses (V)	2,473,422	-	2,473,422	2,097,442
<b>GRAND TOTAL (I+II+III+IV+V)</b>	<b>47,505,449</b>	<b>1,465,660</b>	<b>46,039,789</b>	<b>37,588,701</b>
(1) Of which leasehold rights			-	-
(2) Portion due in less than one year			318,235	157,464
(3) Portion due in more than one year			19,592	19,800
(4) Portion due in more than one year			56,318	45,445

## Equity and Liabilities

(€ thousand)	As of December 31, 2021	As of December 31, 2020
<b>Shareholders' equity</b>		
Share capital (of which paid in: 3,498,626)	3,498,626	2,893,057
Additional paid-in capital	9,122,145	7,104,502
Revaluation reserves	-	-
Equity-accounting revaluation reserve	-	-
<b>Reserves</b>		
Reserve required by law	349,863	289,306
Reserves required under the Articles of Association or contractually	-	-
Special long-term capital gains reserve	-	-
Other reserves	-	-
Retained earnings	1,531,709	1,307,827
Net income for the year	1,248,830	620,913
<b>Sub-total: Shareholders' equity</b>	<b>15,751,173</b>	<b>12,215,605</b>
Investment subsidies	-	-
Tax-driven provisions	17,983	9,095
<b>TOTAL (I)</b>	<b>15,769,156</b>	<b>12,224,700</b>
<b>Equity equivalents</b>		
Proceeds from issues of equity equivalent securities	-	-
Subordinated loans	-	-
Other	2,500,000	2,000,000
<b>TOTAL (I A)</b>	<b>2,500,000</b>	<b>2,000,000</b>
<b>Provisions</b>		
Provisions for contingencies	26,246	36,499
Provisions for losses	9,138	7,029
<b>TOTAL (II)</b>	<b>35,384</b>	<b>43,528</b>

(€ thousand)	As of December 31, 2021	As of December 31, 2020
<b>Liabilities<sup>(1)</sup></b>		
Convertible bonds	-	-
Other bond issues	11,200,222	11,027,063
Bank borrowings <sup>(2)</sup>	715,023	10,010
Other borrowings <sup>(3)</sup>	12,468,128	9,904,904
Payments received on account for work-in-progress	-	-
<b>Operating payables</b>		
Trade payables and related accounts	239,509	140,419
Tax and employee-related liabilities	88,965	76,804
Other operating payables	-	-
<b>Miscellaneous liabilities</b>		
Amounts payable in respect of PP&E and related accounts	351,002	6,633
Tax liabilities (income tax)	-	-
Other miscellaneous liabilities	104,611	67,196
Treasury instruments	312,347	192,654
<b>Accrued income and deferred charges</b>		
<b>Deferred income<sup>(1)</sup></b>	<b>59,938</b>	<b>75,075</b>
<b>TOTAL (III)</b>	<b>25,539,745</b>	<b>21,500,758</b>
<b>UNREALIZED FOREIGN EXCHANGE GAINS (IV)</b>	<b>2,195,504</b>	<b>1,819,715</b>
<b>GRAND TOTAL (I+II+III+IV)</b>	<b>46,039,789</b>	<b>37,588,701</b>
(1) Portion due in more than one year	9,896,874	10,338,495
Portion due in less than one year	15,642,871	11,162,263
(2) Of which overdrafts and current bank facilities	15,692	10,010
(3) Of which equity equivalent loans	-	-

## 6.2.2 INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

(€ thousand)	2021	2020
<b>Operating revenue<sup>(1)</sup></b>		
Sales of bought-in goods	-	-
Sales of own goods and services	512,206	526,656
Net sales	512,206	526,656
Of which export sales		
Changes in inventory of own production of goods and services	-	-
Own production capitalized	7,795	9,606
Operating subsidies	74	174
Write-back of provisions (and depreciation and amortization) and expense reclassifications	17,994	75,525
Other revenue	80,195	74,331
<b>TOTAL (I)</b>	<b>618,264</b>	<b>686,292</b>
<b>Operating expenses<sup>(2)</sup></b>		
Purchases of bought-in goods	-	-
Change in inventories of bought-in goods	-	-
Purchases of raw materials and other supplies	-	-
Change in inventories of raw materials and other supplies	-	-
Other purchases and external charges*	401,495	366,401
Duties and taxes other than income tax	17,113	31,581
Wages and salaries	143,757	133,442
Social security contributions	82,400	73,120
Depreciation, amortization, impairment and charges to provisions:		
On non-current assets: depreciation and amortization	32,174	32,892
On non-current assets: impairment	139	211
On current assets: impairment	2,492	2,444
For contingencies and losses: charges to provisions	7,727	6,347
Other expenses	102,065	96,559
<b>TOTAL (II)</b>	<b>789,362</b>	<b>742,997</b>
<b>1. OPERATING LOSS (I - II)</b>	<b>(171,098)</b>	<b>(56,705)</b>
<b>Joint venture operations</b>	<b>1,784</b>	<b>1,499</b>
Profits transferred in or losses transferred out (III)	1,784	1,499
Profits transferred out or losses transferred in (IV)	-	-
* Of which:		
Equipment finance lease installments	-	-
Real estate finance lease installments	-	-
(1) Of which income relating to prior periods	-	-
(2) Of which expenses relating to prior periods	-	-

(€ thousand)	2021	2020
<b>Financial income</b>		
Financial income from equity investments <sup>(3)</sup>	886,059	498,175
Financial income from other securities and long-term receivables <sup>(3)</sup>	3,456	5,754
Other interest and similar income <sup>(3)</sup>	186,714	162,916
Write-back of provisions for financial items, impairment and expense reclassifications	819,681	650,093
Foreign exchange gains	784,888	1,042,163
Net proceeds from sales of marketable securities	59	666
<b>TOTAL (V)</b>	<b>2,680,857</b>	<b>2,359,767</b>
<b>Financial expenses</b>		
Amortization, impairment and charges to provisions for financial items	26,932	220,720
Interest and similar expenses <sup>(4)</sup>	497,389	504,037
Foreign exchange losses	785,626	1,041,032
Net expenses on sales of marketable securities	5,915	6,167
<b>TOTAL (VI)</b>	<b>1,315,862</b>	<b>1,771,956</b>
<b>2. NET FINANCIAL INCOME (V-VI)</b>	<b>1,364,995</b>	<b>587,811</b>
<b>3. NET INCOME FROM ORDINARY ACTIVITIES BEFORE TAX (I-II+III-IV+V-VI)</b>	<b>1,195,680</b>	<b>532,605</b>
<b>Exceptional income</b>		
Exceptional income from non-capital transactions	3	6
Exceptional income from capital transactions	2,877	1,665
Write-back of provisions, impairment and expense reclassifications	11,761	4,045
<b>TOTAL (VII)</b>	<b>14,641</b>	<b>5,716</b>
<b>Exceptional expenses</b>		
Exceptional expenses on non-capital transactions	52	15
Exceptional expenses on capital transactions	10,031	3,136
Amortization, impairment and charges to provisions	11,549	4,560
<b>TOTAL (VIII)</b>	<b>21,632</b>	<b>7,711</b>
<b>4. NET EXCEPTIONAL ITEMS (VII-VIII)</b>	<b>(6,991)</b>	<b>(1,995)</b>
<b>STATUTORY EMPLOYEE PROFIT-SHARING (IX)</b>	<b>-</b>	<b>-</b>
<b>INCOME TAX EXPENSE (X)</b>	<b>60,140</b>	<b>90,303</b>
<b>TOTAL INCOME (I+III+V+VII)</b>	<b>3,315,546</b>	<b>3,053,274</b>
<b>TOTAL EXPENSES (II+IV+VI+VIII+IX-X)</b>	<b>2,066,716</b>	<b>2,432,361</b>
<b>NET INCOME/(LOSS)</b>	<b>1,248,830</b>	<b>620,913</b>
(3) Of which income from related parties	927,580	536,346
(4) Of which interest charged by related parties	19,829	16,704

## 6.2.3 PROPOSED APPROPRIATION OF 2021 NET INCOME

(in euros)

2021

<b>2021 Net income</b>	<b>1,248,829,856</b>
Distributable reserves	9,122,144,895
Prior year retained earnings	1,531,708,868
<b>i.e. a total of</b>	<b>11,902,683,619</b>
To be appropriated as follows <sup>(1)</sup>	
• to the reserve required by law	0
• to dividends (€1.00 x 687,328,394 shares) <sup>(2)</sup>	687,328,394
• to retained earnings	2,093,210,330
<b>Shareholders' equity accounts after appropriation and distribution of the dividend</b>	
Share capital	3,498,626,330
Additional paid-in capital	9,122,144,895
Reserve required by law	349,862,633
<b>2021 retained earnings</b>	<b>2,093,210,330</b>
<b>TOTAL<sup>(3)</sup></b>	<b>15,063,844,188</b>

(1) Subject to the approval of the General Shareholders' Meeting.

(2) The total dividend distribution presented in the above table is calculated based on 699,725,266 shares outstanding as of December 31, 2021, less 12,396,872 treasury shares held as of this date and may change depending on movements in the number of shares conferring entitlement to dividends up to the ex-dividend date. Accordingly, amounts deducted from "2021 retained earnings" and/or "distributable reserves" may change depending on the definitive dividend amount paid.

(3) After appropriation of net income and distribution of the proposed dividend for 2021, shareholders' equity of the Company will be €15,063,844,188.



## 6.2.4 STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(€ thousand)	2021	2020
<b>Source of funds</b>		
Operating cash before changes in working capital <sup>(1)</sup>	485,025	228,440
Disposals or decreases in non-current assets:		
• Disposals of intangible assets and property, plant and equipment	-	-
• Disposals of equity investments	21	100
• Disposals of long-term investment securities	-	-
Repayment of financial receivables (long-term advances)	861,558	2,189,754
Repayment of other long-term loans and investments	173,312	13
Increase in shareholders' equity <sup>(2)</sup>	2,683,770	156,322
Increase in equity equivalents	500,000	2,000,000
New borrowings	700,000	2,077,400
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,403,686</b>	<b>6,652,029</b>
<b>Application of funds</b>		
Dividend distribution (including registration fees)	397,031	277,125
Acquisitions or increases in non-current assets:		
• Intangible assets and Property, plant and equipment	9,742	14,983
Long-term loans and investments:		
• Equity investments <sup>(3)</sup>	361,181	3,593,971
• Long-term financial receivables	1,072,955	3,261,981
• Long-term portfolio investments	186	231
Other long-term loans and investments	-	81,102
Decrease in shareholders' equity	-	-
Principal payments on borrowings	638,400	1,386,175
<b>TOTAL APPLICATION OF FUNDS</b>	<b>2,479,495</b>	<b>8,615,568</b>
Increase/decrease in working capital requirements	2,924,191	(1,963,539)
<b>TOTAL</b>	<b>5,403,686</b>	<b>6,652,029</b>

(1) Decrease of €115.7 million in operating items; increase of €400.8 million in financial items; increase of €1.6 million in exceptional items.

(2) Mainly the share capital increase for cash net of issues costs for €2.5 billion.

(3) Mainly the top-up payment payable to Engie of €347.4 million in respect of the acquisition of the 29.9% Suez share block by Veolia Environnement in 2020.

## 6.2.5 NOTES TO THE COMPANY FINANCIAL STATEMENTS

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NOTE 1

## MAJOR EVENTS OF THE YEAR

### 1.1 Suez combination

#### 1.1.1 Summary of the main combination stages

##### Key dates in 2021

**February 8, 2021:** publication by the AMF of the notice of filing for Veolia's Public Tender Offer for the Suez share capital.

**April 12, 2021: agreement in principle between Suez and Veolia** notably setting the price of the Public Tender Offer at €20.50 per Suez share (coupon attached) and creation of New Suez to be sold to the "Consortium" (Meridiam, Caisse des dépôts et consignations, CNP Assurances and Global Infrastructure Partners).

##### May 14, 2021:

- Combination agreement between Suez and Veolia setting the terms and conditions of the Public Tender Offer ("the Offer") and the general principles for the creation of New Suez;
- Memorandum of Understanding between Veolia, Suez and the Consortium for the acquisition of New Suez: Water and Waste activities (excluding hazardous waste) in France and certain international activities.

**June 27, 2021:** presentation by the Consortium of a firm offer defining the new Suez scope and conditional on certain reorganizations of the scope sold, the transfer to the Consortium of at least 90% of the revenues of the scope sold and the settlement delivery of the Public Tender Offer.

**July 20, 2021:** AMF notice of compliance on the draft Offer.

**July 29, 2021:** opening of the Offer at a price of €19.85 per share following the ex-dividend date for the €0.65 dividend per share approved by the Suez General Shareholders' Meeting of June 30, 2021.

**December 14, 2021:** approval by the European Committee of the proposed acquisition of Suez by Veolia.

#### January – February 2022: closing of the Public Tender Offer, sale to the Consortium

**January 10, 2022:** closing of the Public Tender Offer at €19.85 (distribution rights attached) per share

- 551,451,261 Suez shares held by Veolia, representing 86.22% of the share capital and voting rights of Suez.

**January 12-27, 2022:** reopening of the Offer enabling shareholders who have not tendered their shares to do so under unchanged conditions

- 613,682,445 Suez shares held by Veolia, representing 95.95% of the share capital and voting rights of Suez;
- Squeeze-out procedure for the remaining 26,020,336 Suez shares on February 18, 2022.

**January 31, 2022:** sale by Veolia to the Consortium of New Suez in accordance with the terms of the purchase agreement dated October 22, 2021, for an unchanged enterprise value.

**February 18, 2022:** delisting of the Suez shares from Euronext after market closing.

#### 1.1.2 Merger control authorizations

As of December 31, 2021, the proposed combination had already received 17 authorizations from the main national competition authorities in addition to the European Commission.

The Transaction is the subject of an investigation by the UK's Combination and Markets Authority (CMA), which decided on December 21, 2021 to open an in-depth investigation to assess in greater detail the impact of the Transaction in the United Kingdom. It nonetheless authorized in advance the close of the Public Tender Offer which took place on January 18, 2022.

### 1.2 Transaction financing

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

The acquisition of 29.9% of the Suez share capital was financed from the Group's own resources and then refinanced on October 14, 2020 by the issue of deeply subordinated perpetual hybrid notes in euros (€850 million bearing a coupon of 2.25% until the first reset date in April 2026 and €1,150 million bearing a coupon of 2.50% until the first reset date in April 2029).

#### Tender offer

The Public Tender Offer filed by Veolia concerned 451,892,781 shares not yet held by Veolia, at a price of €19.85, representing a maximum amount of €8.97 billion. The Offer was financed by a €9 billion bridge loan with a banking syndicate, as detailed in Financing commitments received (see Note 7.1 below). This loan was refinanced in part by the proceeds from the sale of "New Suez" received on January 31, 2022 and the share capital increase with preferential subscription rights finalized in October 2021 for €2.5 billion.

### 1.3 Impact in the Company financial statements for the year ended December 31, 2021 of the investment in Suez

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

It is recalled that Veolia Environnement recognized the acquisition of the 29.9% share block in equity investments in the 2020 Company financial statements.

#### Top-up right in favour of Engie

Under the terms of the share purchase agreement signed in October 2020, Engie benefited from a top-up clause in the event the market received an improved offer from Veolia, thus allowing Engie to benefit from the increase in the Offer price to €20.50 (cum dividend). This top-up right was equal – according to the scheduled combination planning – for each share sold in the context of the Share Block Acquisition, to the difference between the price per share paid under the Offer and the price per share paid in the context of the Share Block Acquisition.

Veolia Environnement recognized this top-up in equity securities through a liability of the same amount to Engie. The gross unit value of the share was therefore increased to €19.85.

### 1.4 Merger absorption of Veolia Environnement Finance

A draft merger absorption agreement for Veolia Environnement Finance, hereinafter VEF, was signed on March 26, 2021 and published in the French Official Bulletin of Civil and Commercial Announcements (BODACC) on March 31, 2021.

VEF is a simplified joint stock company (*société par actions simplifiée*) whose purpose is to provide all services relating to short-, medium- and long-term financing and the pooling of cash transactions of Veolia Environnement group subsidiaries.

This restructuring sought to:

- rationalize the legal structure of the Veolia group by grouping the Veolia Environnement subsidiary, VEF, in a single legal structure to promote better communication with partners both external and internal to the Group;
- reduce the Group expenses.

The merger took effect retroactively from January 1, 2021 from an accounting and tax point of view.

VEF contributed by merger to Veolia Environnement, subject to ordinary and legal warranties, all assets and liabilities, rights, securities and obligations, without exception or reserve, including the assets and liabilities resulting from transactions conducted between January 1, 2021, the date of effect chosen to establish the conditions of the transaction and the completion of the merger.

The merger transaction represents a comprehensive transfer of the assets and liabilities as well as the off-balance sheet commitments and related guarantees, comprising VEF.

Net assets contributed total €1,021,326,851. After elimination of the net value of VEF securities in the amount of €1,000,037,000, the merger surplus is €21,289,851. This surplus is recognized in financial income.

The following table presents the impact of the VEF merger on the Veolia Environnement Company financial statements:

## Assets

(€ thousand)	As of December 31, 2020 net	Merger impacts net	Merger eliminations net	January 1, 2021 As of net
Non-current assets				
Intangible assets	37,533	-	-	37,533
Property, plant and equipment	11,784	-	-	11,784
Long-term loans and investments	29,601,049	8,146,685	(8,647,649)	29,100,085
of which equity investments	15,476,691	-	(1,000,037)	14,476,654
of which loans to equity investments	12,236,979	8,146,685	(7,647,612)	12,736,052
Current assets				
Payments on account – inventories	2,302	-	-	2,302
Operating receivables	1,964,234	4,092,629	(1,681,579)	4,375,284
Marketable securities	3,095,894	119	(150)	3,095,863
Cash at bank and in hand	494,387	74,268	-	568,655
Prepayments	122,521	-	-	122,521
Accrued income and deferred charges	2,258,997	618,231	(672,696)	2,204,532
<b>TOTAL ASSETS</b>	<b>37,588,701</b>	<b>12,931,932</b>	<b>(11,002,074)</b>	<b>39,518,559</b>

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## Equity and Liabilities

(€ thousand)	As of December 31, 2020 net	Merger impacts net	Merger eliminations net	January 1, 2021 As of net
Shareholders' equity	12,215,605	1,021,327	(1,000,037)	12,236,895
Tax-driven provisions	9,095	-	-	9,095
Equity equivalents	2,000,000	-	-	2,000,000
Provisions for contingencies and losses	43,528	138	-	43,666
Financial liabilities	20,941,977	11,293,964	(9,322,280)	22,913,661
of which Other borrowings	9,904,904	11,283,587	(9,322,280)	11,866,211
Operating payables	217,223	3,272	(2,216)	218,279
Miscellaneous liabilities	266,483	150	(4,845)	261,788
Deferred income	75,075	-	-	75,075
Unrealized foreign exchange gains	1,819,715	613,081	(672,696)	1,760,100
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>37,588,701</b>	<b>12,931,932</b>	<b>(11,002,074)</b>	<b>39,518,559</b>

VEF contributed by merger to Veolia Environnement the following off-balance sheet commitments:

(€ thousand)	As of December 31, 2020	Merger impacts	Merger eliminations	January 1, 2021 As of
Endorsements and guarantees (commitments given)	1,782,904	517,834	-	2,300,737

## 1.5 Treasury shares

On September 20, 2021, in the context of the €2.5 billion share capital increase for cash, Veolia Environnement sold the preferential subscription rights (PSR) attached to its treasury shares for €10.2 million.

Due to the increase in the share price, Veolia Environnement recognized a reversal of financial impairment of €109.2 million in 2021, based on an average share price of €30.71 in December 2021, compared with €19.85 in December 2020.

The gross value of the 12,396,872 treasury shares held as of December 31, 2021 was €377.4 million, impaired in the amount of €33.6 million, giving a net carrying amount of €343.8 million.

### NOTE 2

## ACCOUNTING POLICIES AND METHODS

### 2.1 Basis of preparation

The Company financial statements for the year ended December 31, 2021 are prepared and presented in accordance with general accounting principles applicable in France, as set-out in Regulation no. 2014-03 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables*, ANC).

Amounts recorded in the accounts are valued on a historical cost basis in accordance with the true and fair principle.

The accounting period ends on December 31, 2021 and has a duration of 12 months.

Veolia Environnement, whose registered office is located at 21, rue La Boétie 75008 Paris, prepared Group consolidated financial statement under the number: 403,210,032 R.C.S. Paris.

A copy of the financial statements may be obtained at the Company's administrative headquarters at 30, rue Madeleine Vionnet -93300 Aubervilliers.

### 2.2 Main accounting policies

#### 2.2.1 Non-current assets

**Non-current assets:** on initial recognition in the accounts, non-current assets are recorded at acquisition cost if acquired for valuable consideration, at market value if acquired for nil consideration or at production cost if produced by the Company.

**Intangible assets:** in the course of major IT projects, the Company incurs project costs which it capitalizes when they satisfy certain criteria. These costs are not amortized prior to asset commissioning.

Technical merger losses are recognized according to the nature of the underlying asset to facilitate monitoring over time, in accordance with the new rules defined by ANC Regulation no. 2015-06. Technical merger losses are amortized on the same basis as the underlying asset to which the unrealized capital loss relates. The share of the loss allocated to nondepreciable assets is not amortized but is impaired, where appropriate, in accordance with Article 745-8 of the French General Chart of Accounts.

**Property, plant and equipment:** depreciation is calculated over the expected period of use. More specifically, fixtures and fittings and installations are depreciated on a straight-line basis over periods of 6 to 10 years. Furniture and office equipment are depreciated on a straight-line basis over periods of between five and ten years. Finally, vehicles are depreciated on a straight-line basis over 5 years.

**Equity investments:** this heading records the acquisition cost of securities held by Veolia Environnement in companies over which it exercises control or significant influence, directly or indirectly.

At the date of entry into Company assets, the gross value of "Equity investments" is their acquisition cost. The Company has elected to capitalize costs relating to the acquisition of equity investments. At the closing date, the value in use of equity investments is determined by the Company based on criteria encompassing profitability, growth perspectives, the net assets of the Company held and the stock market value of the securities acquired, where applicable. Where the net carrying amount of an equity investment exceeds its value in use, an impairment is recorded in the amount of the difference.

Pursuant to the change in tax regime applicable to equity investment acquisition costs introduced by Article 21 of the 2007 Finance Act and completed by Article 209 of the French General Tax Code and based on Opinion no. 2007-C of June 15, 2007 issued by the Urgent Issues Taskforce of the French National Accounting Institute (*Conseil National de la Comptabilité*), Veolia Environnement has recognized the tax deferral of security acquisition costs over a period of 5 years in the accelerated depreciation account since January 1, 2007.

**Other long-term loans and investments:** treasury shares are recorded in long-term investment securities when earmarked for external growth operations. They are recognized at acquisition cost and an impairment is recorded if their market value is less than their net carrying amount.

Term accounts not classified as cash equivalents are recorded in "Other long-term loans and investments".

Merger losses relating to financial assets are recognized in "Other long-term loans and investments" and are considered to have an unlimited duration.

Pursuant to Articles 214-15, 214-17 and 745-8 of ANC Regulation no. 2015-06, Veolia Environnement performs an impairment test at each period end to assess the net carrying amount of the asset compared with its current value. Where the current value of the asset

is less than its net carrying amount, an impairment is recognized in the amount of the difference and offset in priority against the share of the merger loss.

Where the current value of the asset cannot be determined separately, the current value of the group of assets is determined.

### 2.2.2 Marketable securities and Cash at bank and In hand

**Marketable securities:** marketable securities comprise treasury shares held in respect of Group savings plans, share option plans and other highly liquid investment securities. Treasury shares are classified as marketable securities when purchased for presentation to employees under share option plans and employee savings plans benefiting certain employees. Shares acquired and sold under the liquidity contract generate movements in the “marketable securities” account. Marketable securities are recognized at acquisition cost and an impairment provision is recorded if their market value is less than their net carrying amount.

**Cash at bank and in hand:** term accounts classified as cash equivalents are recorded in Cash at bank and in hand.

### 2.2.3 Foreign currency-denominated transactions

During the year, foreign currency-denominated transactions are translated into euro at the spot exchange rate.

Liabilities, receivables and cash balances denominated in currencies other than the euro are recorded in the balance sheet at their euro equivalent determined using year-end exchange rates. Gains and losses resulting from the translation of foreign currency liabilities and receivables at year-end exchange rates are recorded in “Unrealized foreign exchange gains and losses”. In accordance with Article 420-7 of the French General Chart of Accounts, unrealized foreign exchange gains and losses on foreign currency cash accounts are recognized directly in foreign exchange gains and losses. Similarly, foreign exchange gains and losses on subsidiary current accounts equivalent in nature to cash accounts are recognized directly in foreign exchange gains and losses, except where hedge accounting principles are applied.

Pursuant to ANC Regulation no. 2015-05, Veolia Environnement applies hedge accounting to clearly identified and documented matching foreign exchange positions, which seek to reduce the risk associated with currency fluctuations. Accordingly, all foreign exchange gains and losses calculated on liabilities and receivables and related hedging transactions included in these matching positions are recorded in dedicated unrealized foreign exchange gains and losses – matching positions accounts.

The corresponding increase or decrease in the value of treasury instruments is recorded in the Treasury instruments – Assets or Treasury instruments – Liabilities accounts.

Furthermore, in order to comply with the matching settlement principle, foreign exchange gains and losses realized on instruments hedging underlying items not yet matured are recorded in new balance sheet accounts in the French General Chart of Accounts: Change in the value of treasury instruments – Assets and Change

in the value of treasury instruments – Liabilities. On maturity of the underlying items, the foreign exchange gains and losses realized on the corresponding hedging instruments are released to profit or loss.

Pursuant to Article 628-11 of ANC Regulation no. 2014-03, when the underlying is unwound, the gains/loss on the hedging instrument is presented in the same section of the income statement (operating, financial) as the hedged item.

Hedge accounting is also applied to equity investments acquired in foreign currency and hedged by borrowings or foreign exchange derivatives in accordance with Article 628-8 of ANC Regulation no. 2014-03.

Other liabilities, receivables and foreign currency derivatives not forming part of matching hedge relationships are included in the overall foreign exchange position per currency, as provided in Article 420-6 of the French General Chart of Accounts. For those transactions with sufficiently close terms and conditions, the provision amount is determined by limiting the excess of unrealized losses over unrealized gains. This provision is calculated individually for each currency on realizable items maturing in the same fiscal year.

In the case of isolated open positions, a provision for foreign exchange losses is only recorded in respect of unrealized losses at the accounts closing.

Finally, pursuant to Articles 946-65 and 947-75 of ANC Regulation no. 2015-05, foreign exchange gains and losses on commercial receivables and payables and related hedging gains and losses are recorded in the accounts: Foreign exchange gains or Foreign exchange losses on commercial receivables and payables.

Foreign exchange gains and losses on financial transactions and related hedging gains and losses continue to be recorded in the accounts, Foreign exchange gains or Foreign exchange losses on financial items.

### 2.2.4 Recognition of financial transactions

Financial transactions (loans, borrowings, derivatives, etc.) are recognized at the value date, with the exception of cash pooling transactions with subsidiaries which are recognized at the trade date.

**Deeply-subordinated perpetual securities (TSSDI):** these securities represent perpetual bonds and are classified in equity equivalents. Issue premiums are recognized in balance sheet assets. Accrued interest is expensed in the accounting period to which it relates through an accrued interest on bond issues account. Accrued interest is recognized as a financial expense in the Income Statement. TSSDI issue costs are amortized on a straight-line basis over the estimated debt repayment period by Veolia Environnement, that is the period from the debt issue date to the first reset date.

**Derivatives:** Veolia Environnement hedges asset risks (acquisition of securities in foreign currencies), balance sheet risks (financing of subsidiaries in their local currency) and transaction risks (hedging of commercial flows on its own account and for all its operating subsidiaries). The Company has therefore adopted a strategy that consists in backing foreign currency-denominated borrowings with either assets denominated in the same currency or using foreign exchange derivatives (forex swaps, currency forward contracts, hedging options, cross currency swaps).



All transaction flows are hedged, primarily by currency forward contracts and forex swaps. Finally, market risks relating to interest rate fluctuations are hedged by interest rate swaps or interest rate caps and floors.

The notional amounts of instruments are recorded in specific off-balance sheet accounts.

**Interest rate derivatives:** pursuant to ANC Regulation no. 2015-05, income and expenses relating to the use of these instruments are recognized in the income statement to match income and expenses on the hedged transactions.

These transactions are recognized as follows:

- transactions qualifying as hedges:
  - a provision for unrealized losses is not recognized as changes in the value of the underlying item reduce the related risk;
- open-isolated positions:
  - unrealized losses, calculated individually for each instrument, are provided in full,
  - unrealized gains on instruments are recognized in income on the unwinding of the transaction only.

**Foreign currency derivatives:** for hedging transactions, currency financial instruments are valued by comparison with the closing exchange rate defined by the European Central Bank. The difference between the spot rate of the instrument and the closing rate is recorded in the dedicated unrealized foreign exchange gains and losses – matching position accounts and the difference between the forward rate and the spot rate of the instrument is recorded in a specific financial instruments account entitled “premium/discount”. This distinguishes the interest rate impact from the currency impact. The premium/discount is spread on a straight-line over the hedge period and is classified in net financial expense.

Realized gains and losses on currency transactions are recorded to match the gains and losses on the hedged transactions. If the underlying item has not matured, realized gains and losses on hedging instruments are recorded in accounts created in the French Chart of Accounts – Change in the value of treasury instruments – Assets and Change in the value of treasury instruments – Liabilities.

Where transactions do not qualify as hedges, the foreign exchange derivatives are included in the overall foreign exchange position.

## 2.2.5 Valuation of provisions

### Provisions for contingencies and losses

These provisions are valued at the best estimate of the outflow of resources necessary to settle the obligation. When valuing a single obligation in the presence of several valuation assumptions concerning the outflow of resources necessary, the best estimate is the most probable assumption.

### Provision for incentive schemes

The unit amount of incentive payments is defined:

- based on the results of Group subsidiaries for the following criteria:
  - current net income (Group share) compared to the 2021 budget,
  - 2021 purchase expenditure, excluding taxes, recorded for the sheltered employment sector (France scope);
- based on the results and performance of Veolia Environnement for the following criteria:
  - average number of training hours per employee in Veolia Environnement for 2021,
  - participation rate in the Veolia Environnement employee engagement survey in 2021,
  - employee engagement rate under the Veolia Environnement engagement survey,
  - employee subscription rate to the Veolia Environnement employee share ownership transaction in 2021.

Based on the observed growth rate and other criteria, the level of incentive payments is determined using a contractually defined chart. The total amount of incentive payments provided is equal to the individual amount determined above multiplied by the number of beneficiaries communicated by the Human Resources Department.

The maximum amount of the provision for incentive schemes cannot exceed €5,000 gross per beneficiary and per fiscal year.

### Provision for bonuses

This provision is determined based on the amount of bonuses awarded in the previous year multiplied by an estimated percentage change and changes in employee numbers.

## 2.2.6 Income from ordinary activities and exceptional income

Items concerning the ordinary activities of the Company, even if exceptional in amount or frequency, are included in income from ordinary activities. Only those items that do not concern the ordinary activities of the Company are recognized in exceptional items.

## 2.2.7 Valuation of employee-related commitments

Pursuant to Article L.123-13 of the French Commercial Code, Veolia Environnement has elected not to recognize a provision for retirement benefits and other employee commitments. This information is presented in off-balance sheet commitments in the notes to the financial statements.



NOTE 3

## BALANCE SHEET ASSETS

### 3.1 Non-current assets

#### Movements in gross values

(€ thousand)	Opening balance	Contributions	Increase	Decrease	Closing balance	Notes
<b>Intangible assets</b>	<b>237,546</b>		<b>8,783</b>	<b>20,226</b>	<b>226,103</b>	<b>3.1.1</b>
<b>Property, plant and equipment</b>	<b>39,812</b>		<b>959</b>	<b>546</b>	<b>40,225</b>	<b>3.1.1</b>
<b>Long-term loans and investments</b>						
Equity investments	17,351,251		361,181	1,007,555	16,704,877	3.1.2
Loans to equity investments	12,236,979	8,154,855	1,441,416	8,545,066	13,288,184	3.1.3
Long-term portfolio investments	6,864		285	-	7,149	
Other long-term investment securities	8,777		663	160	9,280	
Loans	1,256,429		1,843	166,400	1,091,872	3.1.4
Other long-term loans and investments	749,801		510	8,948	741,363	3.1.5
<b>TOTAL</b>	<b>31,887,459</b>	<b>8,154,855</b>	<b>1,815,640</b>	<b>9,748,902</b>	<b>32,109,053</b>	

#### Movements in depreciation, amortization and impairment

(€ thousand)	Opening balance	Contributions	Increase Charge	Decrease, removals and write-backs	Closing balance	Notes
Amortization of intangible assets	198,261		17,562	20,227	195,596	3.1.1
Depreciation of property, plant and equipment	27,311		3,338	546	30,103	3.1.1
Impairment of intangible assets	1,752			940	812	3.1.1
Impairment of property, plant and equipment	717		139	69	787	3.1.1
Impairment of equity investments	1,874,560		1,803	710,175	1,166,188	3.1.2
Impairment of loans to equity investments	0	8,170	-	8,170	0	
Impairment of long-term portfolio investments	1,152		-	-	1,152	
Impairment of other long-term loans and investments	133,340		-	99,623	33,717	3.1.5
<b>TOTAL</b>	<b>2,237,093</b>	<b>8,170</b>	<b>22,842</b>	<b>839,750</b>	<b>1,428,355</b>	

#### Nature of charges and write-backs:

Operating		20,676	21,782
Financial		1,803	809,798
Exceptional		363	-
<b>TOTAL</b>		<b>22,842</b>	<b>831,580</b>

#### 3.1.1 Intangible assets and Property, plant and equipment

Intangible assets have a gross value of €226.1 million and a net value of €29.7 million.

Property, plant and equipment have a gross value of €40.2 million and a net value of €9.3 million.

#### 3.1.2 Long-term loans and investments: equity Investments

Equity investments have a gross value of €16.7 billion as of December 31, 2021. Impairments total €1.2 billion, reducing the net value to €15.5 billion.

### 3.1.3 Long-term loans and investments: loans to equity investments

Loans to equity investments have a gross value of €13.3 billion as of December 31, 2021. Loans movements relating to the merger of Veolia Environnement Finance total €8.2 billion.

Movements recorded in 2021 break down as follows:

(€ thousand)	Opening balance	Contributions	Increase	Decrease	Unrealized foreign exchange gains (losses)	Closing balance
VE Finance	7,647,682	-	19,017	7,720,203	53,504	0
Veolia Eau – Compagnie Générale des Eaux	503,209	1,669,278	30,691	115,874	30,918	2,118,222
Veolia UK	712,212	1,161,626	1,428	5,734	124,482	1,994,024
Veolia Propreté	0	732,660	-	16	-	732,644
Veolia Česká Republika AS	746,687	-	-	19,534	(6,594)	720,559
Veolia Énergie International	427,741	299,410	1,317	40,586	16,266	704,148
Veolia Energia Polska SA	519,548	-	5,334	17,216	(3,736)	503,930
Veolia China Holding Limited	14,651	375,754	38,971	40	35,868	465,204
Veolia Propreté France headquarters	0	424,306	-	9	-	424,297
CHP Energia ZRT	323,595	-	11,013	894	(13,702)	320,012
Veolia Deutschland GmbH	0	300,522	-	7	-	300,515
SARP SA	10,011	38,046	180,370	11	-	228,416
Veolia (HARBIN) Heat Power Co Ltd	44,205	133,896	26,437	145	20,153	224,546
Veolia Environmental Services (Australia) Pty Ltd	0	211,713	-	8,460	7,135	210,388
Veolia Water Technologies	83,704	116,262	9	5,751	1,155	195,379
VUS Beteiligungsverwaltungs GmbH	17,034	165,260	30	34	-	182,290
Veolia Energie CR AS	0	171,766	319	-	9,547	181,632
Veolia Umweltservice GmbH	21,018	158,293	14	18	-	179,307
Veolia Energia Lodz SA	163,049	-	510	319	(1,317)	161,923
Veolia Holding America Latina SA	0	78,273	74,349	-	(4,188)	148,434
Vigie 43 AS	97,129	11,239	7,114	431	7,143	122,194
Veolia Nordic AB	0	124,688	-	9	(2,623)	122,056
Veolia Central & Eastern Europe	0	-	88,946	-	3,127	92,073
Veolia Water Industrial Shanghai Co. Ltd	56,793	-	25,037	145	7,502	89,187
Veolia Energia Poznan SA	106,907	-	271	22,672	(157)	84,349
Veolia Japan KK	0	95,114	-	10,783	(3,031)	81,300
Veolia Energia Slovensko AS (formerly DALKIA AS)	0	88,371	-	13,017	-	75,354
Veolia Verwaltungsgesellschaft MBH	0	73,733	-	2	-	73,731
Veolia Nederland Grondstof Beheer BV	0	56,516	15,011	-	-	71,527
Veolia Middle East	3,521	36,365	27,267	9	316	67,460
Vigie 1 AS	0	67,099	-	1	-	67,098
Veolia Environmental Services China Ltd	0	71,444	-	15,957	4,899	60,386
Veolia Es Singapore Industrial Pte Ltd	0	39,543	17,233	-	2,567	59,343
Veolia Umweltservice Sud GmbH & Co Kg	0	59,066	-	1	-	59,065
Aquiris	70,525	-	866	12,800	-	58,591
SARP Industries	0	56,347	643	-	210	57,200
Veolia Energy Hungary Co Ltd	0	57,889	90	-	(829)	57,150
Dalian Changxing Island Renewable Resource Co. Ltd	22,734	-	27,616	75	4,113	54,388
Société Eaux Régionalisées	0	-	53,956	-	-	53,956
Nova Veolia	0	58,369	-	5,182	-	53,187
Veolia Middle East For Environmental Services	0	-	49,509	-	2,086	51,595
Other	645,024	1,194,079	361,006	529,131	46,915	1,717,893
<b>TOTAL</b>	<b>12,236,979</b>	<b>8,154,855</b>	<b>1,100,536</b>	<b>8,545,066</b>	<b>340,880</b>	<b>13,288,184</b>

### 3.1.4 Long-term loans and investments: loans

Loans total €1.1 billion as of December 31, 2021.

Loans mainly include term accounts not classified as cash equivalents of €1.1 billion (including accrued interest).

### 3.1.5 Other long-term loans and investments

Other long-term loans and investments have a gross value of €741.4 million and a net value of €707.7 million as of December 31, 2021 and mainly comprise:

- the technical merger loss of €448.1 million recognized on the merger by absorption of Veolia Services Énergétiques in 2014. Impairment testing in 2021 did not give rise to the recognition of an impairment loss;

- the net carrying amount of the 8,389,059 treasury shares held by Veolia Environnement, with a gross value of €291.2 million and a net value of €257.6 million. An impairment reversal of €99.6 million was recorded in fiscal year 2021. Impairment of treasury shares totals €33.6 million as of December 31, 2021.

## 3.2 Trade receivables

Trade receivables have a gross value of €112.3 million and a net value of €97 million as of December 31, 2021 and primarily concern services billed to Group subsidiaries.

## 3.3 Other receivables

Other receivables total €4 billion and mainly comprise the following balances:

(€ thousand)	As of December 31, 2021	As of December 31, 2020
Current accounts with Group subsidiaries <sup>(1)</sup>	3,909,865	1,775,690
Other receivables	76,149	61,546
• Income tax receivables	24,442	26,947
• Other tax receivables	41,679	25,113
• Financial receivables on derivatives	4,470	6,319
• Accrued interest on current accounts	5,558	3,167

(1) Current accounts in debit include current accounts resulting from the VEF merger in the amount of €2.4 billion.

## 3.4 Marketable securities

### 3.4.1 Treasury shares

The remaining 4,007,813 shares recorded in marketable securities have a gross carrying amount of €86.2 million at the end of 2021. These shares are mainly allocated to cover stock option programs or other share award programs to Group employees, with 53,000 shares allocated to the liquidity contract.

An impairment reversal of €9.6 million was recognized in 2021 and reflects the difference between the average purchase cost of the Veolia Environnement shares and the average stock market price in December 2021.

#### Liquidity contract

This liquidity contract forms part of the share buyback program authorized by the Veolia Environnement General Shareholders' Meeting of April 24, 2014.

In 2021, 1,002,832 shares were purchased for a total amount of €26.1 million and a weighted average share price of €26 and 1,349,832 shares were sold for a total amount of €31.6 million and a weighted average share price of €25.25. A net capital gain of €2.5 million was generated under this contract.

### 3.4.2 Other securities

Other securities total €7.5 billion as of December 31, 2021 and comprise SICAV mutual funds.

### 3.4.3 Treasury instruments - Assets

Treasury instruments total €223.5 million as of December 31, 2021 and break down as follows:

- interest-rate derivative spreads: €1.4 million;
- foreign currency derivatives: €202.9 million;
- premium/discount: €19.2 million.

### 3.5 Cash at bank and in hand

Liquid assets total €608.4 million as of December 31, 2021 and include term accounts classified as cash equivalents and related accrued interest in the amount of €145 million.

### 3.6 Prepayments

Prepayments total €252.9 million and mainly concern:

- balancing cash adjustments paid on interest rate swaps of €45.6 million;
- expenditure incurred in relation to the Suez acquisition of €167.1 million;
- operating expenditure of €33 million.

### 3.7 Accrued income and deferred charges

#### 3.7.1 Deferred charges: bond issue costs

Bond issue costs are spread on a straight-line basis over the bond term. Net deferred charges as of December 31, 2021 total €61.3 million. The charge for the year was €11.5 million.

Other deferred charges total €0.3 million and mainly comprise credit line issue costs, amortized on a straight-line basis over the repayment term. The charge for the year was €0.1 million.

#### 3.7.2 Bond redemption premiums

Unamortized bond redemption premiums total €80.3 million and mainly comprise the redemption premium recognized on the bond exchange performed in 2015 of €64.9 million as of December 31, 2021.

Bonds redemption premiums are amortized on a straight-line basis over the bond term.

### 3.8 Accrued income

Accrued income totals €106.1 million and primarily comprises the following items:

(€ thousand)	As of December 31, 2021	As of December 31, 2020
Accrued interest on loans to equity investments	36,514	36,061
Sales invoice accruals	42,224	34,208
Supplier credit notes receivable	17,308	16,840
Accrued interest on current accounts	5,558	3,167

### 3.9 Foreign exchange gains and losses and changes in value of treasury Instruments

Foreign exchange gains and losses include unrealized foreign exchange gains and losses on matching positions and on the overall position per currency. In addition, matching positions include realized gains and losses on instruments where the underlying item has not yet matured.

(€ thousand)	Unrealized foreign exchange losses	Change in value of treasury instruments – Assets	Unrealized foreign exchange gains	Change in value of treasury instruments – Liabilities	Notes
Matching foreign exchange positions	690,470	1,778,293	357,133	1,834,118	3.9.1
Overall foreign exchange position	4,659	-	4,254	-	3.9.2
<b>TOTAL</b>	<b>695,129</b>	<b>1,778,293</b>	<b>361,387</b>	<b>1,834,118</b>	

The following tables present the foreign exchange positions for the main currencies determined at the reporting date.

### 3.9.1 Unrealized foreign exchange gains and losses and changes in value of treasury assets and liabilities on matching foreign exchange positions

Unrealized foreign exchange gains and losses presented below include not only unrealized gains and losses, but also realized gains and losses on financial instruments recognized in accordance with ANC Regulation no. 2015-05.

The following information concerns the most material currencies:

Account heading concerned by matching foreign exchange positions (€ thousand)	Unrealized foreign exchange losses	Unrealized foreign exchange gains	Change in value of treasury instruments - Assets	Change in value of treasury instruments - Liabilities	Total asset matching position	Total liability matching position
Loans	25,119	0	0	0		
Foreign currency derivatives	0	98	3,201	22,084		
<b>Total ARS</b>	<b>25,119</b>	<b>98</b>	<b>3,201</b>	<b>22,084</b>	<b>28,320</b>	<b>22,182</b>
Loans	41,150	0	3,389	1,649		
Current account hedges	0	0	391	1,724		
Foreign currency derivatives	8,128	110	165,900	201,545		
<b>Total AUD</b>	<b>49,278</b>	<b>110</b>	<b>169,680</b>	<b>204,918</b>	<b>218,958</b>	<b>205,028</b>
Loans	46,219	623	19	0		
Foreign currency derivatives	838	6,952	29,186	70,525		
<b>Total BRL</b>	<b>47,057</b>	<b>7,575</b>	<b>29,205</b>	<b>70,525</b>	<b>76,262</b>	<b>78,100</b>
Loans	0	199	1,754	1,477		
Foreign currency derivatives	231	0	16,841	17,100		
<b>Total CAD</b>	<b>231</b>	<b>199</b>	<b>18,595</b>	<b>18,577</b>	<b>18,826</b>	<b>18,776</b>
Loans	11,396	0	212	0		
Foreign currency derivatives	0	3,134	4,133	12,560		
<b>Total CLP</b>	<b>11,396</b>	<b>3,134</b>	<b>4,345</b>	<b>12,560</b>	<b>15,741</b>	<b>15,694</b>
Loans	1,203	71,989	14,906	15,540		
Borrowings	37,921	7	561	6,177		
Current account hedges	0	0	12,063	1,103		
Foreign currency derivatives	20,414	408	39,182	32,218		
<b>Total CNY</b>	<b>59,538</b>	<b>72,404</b>	<b>66,712</b>	<b>55,038</b>	<b>126,250</b>	<b>127,442</b>
Loans	32,724	0	0	0		
Foreign currency derivatives	0	2,972	24,781	47,425		
<b>Total COP</b>	<b>32,724</b>	<b>2,972</b>	<b>24,781</b>	<b>47,425</b>	<b>57,505</b>	<b>50,397</b>
Loans	0	34,836	23,370	57,060		
Current account hedges	0	0	66	0		
Foreign currency derivatives	22,182	1,908	94,134	50,032		
<b>Total CZK</b>	<b>22,182</b>	<b>36,744</b>	<b>117,570</b>	<b>107,092</b>	<b>139,752</b>	<b>143,836</b>
Loans	20,872	131,405	24,610	17,807		
Borrowings	13,623	7,795	0	0		
Current account hedges	0	0	135,009	87		
Foreign currency derivatives	13,185	0	522,387	574,289		
<b>Total GBP</b>	<b>47,680</b>	<b>139,200</b>	<b>682,006</b>	<b>592,183</b>	<b>729,686</b>	<b>731,383</b>

Account heading concerned by matching foreign exchange positions (€ thousand)	Unrealized foreign exchange losses	Unrealized foreign exchange gains	Change in value of treasury instruments - Assets	Change in value of treasury instruments - Liabilities	Total asset matching position	Total liability matching position
Loans	11,194	6,273	268	1,529		
Current account hedges	0	0	3,596	13		
Foreign currency derivatives	12,658	1,626	150,153	135,367		
<b>Total HKD</b>	<b>23,852</b>	<b>7,899</b>	<b>154,017</b>	<b>136,909</b>	<b>177,869</b>	<b>144,808</b>
Loans	46,714	0	73	9,215		
Current account hedges	0	0	0	82		
Foreign currency derivatives	41	16,249	40,772	55,268		
<b>Total HUF</b>	<b>46,755</b>	<b>16,249</b>	<b>40,845</b>	<b>64,565</b>	<b>87,600</b>	<b>80,814</b>
Loans	2,401	1,556	0	0		
Foreign currency derivatives	3,927	0	8,020	4,971		
<b>Total INR</b>	<b>6,328</b>	<b>1,556</b>	<b>8,020</b>	<b>4,971</b>	<b>14,348</b>	<b>6,527</b>
Loans	15,796	1,703	9,625	3,134		
Current account hedges	0	0	830	0		
Foreign currency derivatives	163	672	43,489	64,308		
<b>Total JPY</b>	<b>15,959</b>	<b>2,375</b>	<b>53,944</b>	<b>67,442</b>	<b>69,903</b>	<b>69,817</b>
Loans	7,993	525	456	16		
Foreign currency derivatives	431	3,844	5,709	10,394		
<b>Total KRW</b>	<b>8,424</b>	<b>4,369</b>	<b>6,165</b>	<b>10,410</b>	<b>14,589</b>	<b>14,779</b>
Loans	1,679	105	99	0		
Foreign currency derivatives	983	0	12,194	14,850		
<b>Total MXN</b>	<b>2,662</b>	<b>105</b>	<b>12,293</b>	<b>14,850</b>	<b>14,955</b>	<b>14,955</b>
Loans	30,755	14	29,067	5,020		
Foreign currency derivatives	3,150	2,274	148,575	192,182		
<b>Total PLN</b>	<b>33,905</b>	<b>2,288</b>	<b>177,642</b>	<b>197,202</b>	<b>211,547</b>	<b>199,490</b>
Loans	8,460	0	0	0		
Current account hedges	0	0	0	709		
Foreign currency derivatives	11	530	4,433	11,674		
<b>Total RON</b>	<b>8,471</b>	<b>530</b>	<b>4,433</b>	<b>12,383</b>	<b>12,904</b>	<b>12,913</b>
Loans	4,056	656	702	0		
Current account hedges	0	0	76	0		
Foreign currency derivatives	0	1,479	15,837	18,508		
<b>Total SEK</b>	<b>4,056</b>	<b>2,135</b>	<b>16,615</b>	<b>18,508</b>	<b>20,671</b>	<b>20,643</b>
Loans	391	38,659	13,203	9,746		
Borrowings	221,378	483	20,458	32,534		
Foreign currency derivatives	5,883	62	105,778	86,949		
<b>Total USD<sup>(1)</sup></b>	<b>227,652</b>	<b>39,204</b>	<b>139,439</b>	<b>129,229</b>	<b>367,091</b>	<b>168,433</b>
<b>Total Other currencies</b>	<b>17,201</b>	<b>17,987</b>	<b>48,785</b>	<b>47,245</b>	<b>65,986</b>	<b>65,234</b>
<b>Grand total</b>	<b>690,470</b>	<b>357,133</b>	<b>1,778,293</b>	<b>1,834,118</b>	<b>2,468,763</b>	<b>2,191,251</b>

(1) A provision was not booked in respect of US dollar net unrealized foreign exchange losses on matching positions of €201.7 million, as they correspond to a hedge of securities.

### 3.9.2 Unrealized foreign exchange gains and losses on the overall foreign exchange position per currency, excluding matching positions

The following table presents the most material unrealized gains and losses on foreign currencies included in the overall foreign exchange position:

Currencies concerned by the unrealized foreign exchange gains and losses (€ thousand)	Total net unrealized foreign exchange losses	Total net unrealized foreign exchange gains
AED	542	2
AMD	15	41
ARS	122	0
AUD	537	11
BHD	0	58
CAD	0	180
CLP	53	106
CNY	136	207
COP	959	180
CZK	0	350
GBP	3	526
HKD	5	113
HUF	518	1
JPY	585	0
KRW	1	228
MXN	615	242
PEN	0	221
PLN	355	0
QAR	0	116
RON	0	373
RUB	13	273
SAR	0	269
SGD	0	73
SEK	3	97
USD	73	121
ZAR	2	365
Other currencies	122	101
<b>GRAND TOTAL</b>	<b>4,659</b>	<b>4,254</b>

Provisions for foreign exchange losses concern:

- the overall foreign exchange position for €6.7 million, determined based on the overall foreign exchange position for each currency and year of maturity;
- operating receivables for €0.5 million.

## NOTE 4

## BALANCE SHEET EQUITY AND LIABILITIES

## 4.1 Share capital and reserves

(€ thousand)	Opening balance	Increase	Decrease	Closing balance
<b>Share capital<sup>(1)</sup></b>	<b>2,893,057</b>	<b>605,569</b>	-	<b>3,498,626</b>
Additional paid-in capital <sup>(1)</sup>	2,972,826	2,121,642	103,999	4,990,469
Additional paid-in capital (2003 share capital reduction)	3,443,099	-	-	3,443,099
Additional paid-in capital in respect of contributions	3,971	-	-	3,971
Additional paid-in capital in respect of bonds convertible into shares	681,881	-	-	681,881
Additional paid-in capital in respect of share subscription warrants	2,725	-	-	2,725
Reserve required by law	289,306	60,557	-	349,863
Special long-term capital gains reserve	-	-	-	-
Frozen reserves	-	-	-	-
Other reserves	-	-	-	-
Retained earnings	1,307,827	223,882	-	1,531,709
Prior year net income/(loss)	620,913	-	620,913	-
Tax-driven provisions	9,095	8,888	-	17,983
<b>TOTAL BEFORE NET INCOME FOR THE YEAR</b>	<b>12,224,700</b>	<b>3,020,538</b>	<b>724,912</b>	<b>14,520,326</b>
Net income for the year	-	1,248,830	-	1,248,830
<b>TOTAL AFTER NET INCOME FOR THE YEAR</b>	<b>12,224,700</b>	<b>4,269,368</b>	<b>724,912</b>	<b>15,769,156</b>

(1) €2.7 billion net share capital increase through the issue of 121,113,904 new shares with a par value of €605.6 million, plus net additional paid-in capital of €2.1 billion (see Note 7.8 below).

The share capital comprises 699,725,266 shares with a par value of €5 each, compared with 578,611,362 shares with a par value of €5 each as of December 31, 2020.

The €605.6 million increase in share capital is the result of the share capital increase for cash for €552 million, subscriptions under the Group employee savings plan for €48.7 million and performance shares for €4.9 million.

The €2.1 billion increase in "Additional paid-in capital" is due to the share capital increase for cash for €2 billion and the share capital increase under the Group employee savings plan for €167.6 million.

The €104 million decrease in "Additional paid-in capital" corresponds to the €60.6 million charge to the reserve required by law, performance shares for €4.9 million and net issue costs for €38.6 million.

Dividends distributed to shareholders totaled €397 million and were deducted from net income for fiscal year 2020 and retained earnings for the balance of €223.9 million.



## 4.1A Equity equivalents

(€ thousand)	Opening balance	Increase	Decrease	Closing balance
Proceeds from issues of equity equivalent securities	-	-	-	-
Subordinated loans	-	-	-	-
Other	2,000,000	500,000	-	2,500,000
<b>TOTAL EQUITY EQUIVALENTS</b>	<b>2,000,000</b>	<b>500,000</b>	<b>-</b>	<b>2,500,000</b>

The €500 million issue of deeply-subordinated perpetual securities (TSSDI) in November 2021 bears a coupon of 2% until the first reset date in February 2028.

## 4.2 Provisions for contingencies and losses

### Movements in provisions for contingencies and losses

(€ thousand)	Opening balance	Contributions	Charge	Write-backs used	Write-backs not used	Closing balance
Provision for foreign exchange losses	7,955	138	586	1,467	-	7,212
Provision for other contingencies	28,544		2,298	1,107	10,701	19,034
Provision for losses	7,029		7,254	1,993	3,152	9,138
<b>TOTAL</b>	<b>43,528</b>	<b>138</b>	<b>10,138</b>	<b>4,567</b>	<b>13,853</b>	<b>35,384</b>
Nature of charges and write-backs:						
Operating			7,727	3,323	3,198	
Financial			113	137	-	
Exceptional			2,298	1,107	10,655	
<b>TOTAL</b>			<b>10,138</b>	<b>4,567</b>	<b>13,853</b>	

## 4.3 Bond issues

(€ thousand)	Opening balance	Increase	Decrease	Foreign exchange translation	Closing balance
Other bond issues	10,878,135	700,000	638,400	110,232	11,049,967
Accrued interest on bond issues	148,928	150,255	148,928	-	150,255
<b>TOTAL</b>	<b>11,027,063</b>	<b>850,255</b>	<b>787,328</b>	<b>110,232</b>	<b>11,200,222</b>

The €700 million increase reflects the issue of a new bond loan on January 11, 2021, maturing in January 2027 (6 years) and paying a coupon of 0.00%.

The €638.4 million decrease reflects the maturity on January 6, 2021 of a euro-denominated bond line.

## 4.4 Bank and other borrowings

Bank and other borrowings total €13.2 billion and break down as follows:

(€ thousand)	As of December 31, 2021	As of December 31, 2020
Current accounts with Group subsidiaries <sup>(1)</sup>	6,527,520	3,809,758
Treasury note outstandings	5,873,937	5,949,859
Bank borrowings <sup>(2)</sup>	699,331	-
Tax group current accounts	66,671	145,287
Bank accounts in overdraft and short-term bank facilities	15,692	10,010
<b>TOTAL</b>	<b>13,183,151</b>	<b>9,914,914</b>

(1) Current accounts in credit include current accounts resulting from the VEF merger in the amount of €2 billion.

(2) Bank borrowings include two loans maturing in 2022 for an amount of €700 million and accrued interest payable of -€669 thousand.

## 4.5 Operating payables

### Tax and employee-related liabilities

This heading totals €89 million and mainly includes:

- personnel costs – accrued expenses: €48.5 million;
- social welfare organizations: €31.6 million;
- taxes collected on behalf of the French State: €2.3 million;
- value added tax: €4.8 million;
- French State – accrued expenses: €1.6 million.

## 4.6 Miscellaneous liabilities

### Treasury instruments – Liabilities

This heading totals €312.3 million and includes:

- interest-rate derivative spreads: €1.8 million;
- foreign currency derivatives: €253.3 million;
- premium/discount: €57.2 million.

### Deferred income

Deferred income totals €59.9 million and mainly concerns financial instruments:

- balancing payments on derivatives of €40.8 million;
- bond issue premiums of €14.1 million;
- interest on treasury notes of €4.9 million.

## 4.7 Accrued expenses

Accrued expenses total €427 million and primarily comprise the following items:

(€ thousand)	As of December 31, 2021	As of December 31, 2020
Accrued interest on bond issues	150,255	148,928
Purchase invoice accruals	193,323	102,804
Provisions for personnel costs	69,878	56,562
Accrued customer credit notes	5,803	12,441

NOTE 5

## RECEIVABLES AND DEBT MATURITY ANALYSIS

(€ thousand)	Amount	Falling due in one year	Falling due in more than one year
<b>Non-current assets</b>			
Loans to equity investments	13,288,184	36,514	13,251,670
Other long-term investment securities	9,280	-	9,280
Loans	1,091,872	281,721	810,151
Other long-term loans and investments	741,363	-	741,363
<b>Current assets</b>			
Payments on account – inventories	2,259	2,259	-
Trade receivables and related accounts	112,265	112,265	-
Group and associates	3,909,865	3,909,865	-
Other receivables	100,156	80,564	19,592
Marketable securities	7,795,255	7,727,445	67,810
Cash at bank and in hand	608,359	608,359	
Prepayments	252,945	196,627	56,318
<b>TOTAL RECEIVABLES</b>	<b>27,911,803</b>	<b>12,955,619</b>	<b>14,956,182</b>

(€ thousand)	Amount	Falling due in one year	Falling due in one to five years	Falling due in more than five years
<b>Liabilities</b>				
Bond issues	11,200,222	1,444,847	4,566,964	5,188,411
Bank borrowings	699,331	699,331	-	-
Other borrowings	5,873,937	5,873,937	-	-
Group and associates	6,594,192	6,594,192	-	-
Bank accounts in overdraft and short-term bank facilities	15,692	15,692	-	-
Other	1,156,371	1,014,872	78,442	63,057
<b>TOTAL LIABILITIES</b>	<b>25,539,745</b>	<b>15,642,871</b>	<b>4,645,406</b>	<b>5,251,468</b>

## NOTE 6

## INCOME STATEMENT

## 6.1 Net income from ordinary activities

Net income from ordinary activities before tax is €1.2 billion.

## 6.1.1 Operating revenue

(€ thousand)	Year ended December 31, 2021	Year ended December 31, 2020	Notes
Sales of services and other	512,206	526,656	Note 1
Own production capitalized	7,795	9,606	
Operating subsidies	74	174	
Write-back of provisions (and depreciation and amortization) and expense reclassifications	17,994	75,525	
Other revenue	80,195	74,331	Note 2
<b>TOTAL</b>	<b>618,264</b>	<b>686,292</b>	

**Note 1:** the decrease in sales of services is tied to amounts billed to Group subsidiaries.

**Note 2:** other revenue includes indemnities in full and final settlement of repair and maintenance work (see Note 7.2. below).

## 6.1.2 Operating expenses

(€ thousand)	Year ended December 31, 2021	Year ended December 31, 2020	Notes
Other purchases and external charges	401,495	366,401	
Duties and taxes other than income tax	17,113	31,581	
Personnel costs (wages, salaries and social security contributions)	226,157	206,562	
Depreciation, amortization, impairment and charges to provisions	42,532	41,894	
Other expenses	102,065	96,559	Note 1
<b>TOTAL</b>	<b>789,362</b>	<b>742,997</b>	

**Note 1:** other expenses consist of renewal expenses (see Note 7.2. below).

## 6.1.3 Financial income and expenses

(€ thousand)	Year ended December 31, 2021	Year ended December 31, 2020	Notes
<b>Expenses on borrowings</b>	<b>(336,707)</b>	<b>(320,913)</b>	
<b>Income from other securities and long-term receivables</b>	<b>3,456</b>	<b>5,754</b>	
<b>Foreign exchange gains and losses</b>	<b>(738)</b>	<b>1,131</b>	
Other financial income and expenses	26,032	(20,208)	
Amortization, impairment and charges to provisions for financial items	(26,932)	(220,720)	
Investment income	886,059	498,175	Note 1
Net gain/loss on sales of marketable securities	(5,856)	(5,501)	
Write-back of provisions for financial items, impairment and expense reclassifications	819,681	650,093	Note 2
<b>Other financial income and expenses</b>	<b>1,698,984</b>	<b>901,839</b>	
<b>NET FINANCIAL EXPENSE</b>	<b>1,364,995</b>	<b>587,811</b>	

**Note 1:** investment income comprises dividends received of €373.9 million and income from other loans to equity investments of €512.1 million.

**Note 2:** write-backs of provisions and impairment in 2021 primarily break down as follows:

- reversal of impairment of the investment in Veolia Eau – Compagnie Générale des Eaux for €700 million.

## 6.2 Exceptional items

Exceptional items, representing a net expense of €7 million, break down as follows:

(€ million)	Year ended December 31, 2021
Net reversal of contingency provisions	9.5
Net exceptional income from non-capital transactions	0.0
Loss on redemption of bond and convertible issues	0.0
Other <sup>(1)</sup>	(16.5)
<b>TOTAL</b>	<b>(7.0)</b>

(1) Mainly the net carrying amount of equity investments for -€7.5 million and charges to accelerated depreciation of -€8.9 million.

## 6.3 Income tax and the consolidated tax group

Within the framework of a tax group agreement, Veolia Environnement forms a tax group with those subsidiaries at least 95% owned that have elected to adopt this regime. Veolia Environnement is liable for the full income tax charge due by the resulting tax group.

The income tax expense is allocated to the different entities comprising the tax group according to the “neutrality” method. Each subsidiary bears the tax charge to which it would have been liable if it were not a member of the tax group. The parent company records its own tax charge and the tax saving or additional charge resulting from application of the tax group regime.

The tax group election came into force on January 1, 2001 for a period of five years and benefits from tacit renewal failing explicit termination by Veolia Environnement at the end of the five-year period.

The application of the tax group regime in 2021 is reflected in the Veolia Environnement financial statements by a tax saving in respect of the subsidiaries of €91.1 million.

A tax charge of €34 million corresponding to income tax and tax credits not offset against current income tax was also recognized.

## 6.4 Net income

Veolia Environnement reported net income of €1.2 billion for fiscal year 2021.

## NOTE 7

## OTHER DISCLOSURES

## 7.1 Off-balance sheet commitments

Commitments given by Veolia Environnement total €11.2 billion as of December 31, 2021, (including counter-guarantees) and primarily consist of financing and performance guarantees given on behalf of subsidiaries:

(€ thousand)	As of December 31, 2021	As of December 31, 2020	Notes
<b>Commitments given</b>			
Discounted notes not yet matured			
Endorsements and guarantees <sup>(1)</sup>	11,178,759	1,782,904	Note 1
Equipment finance lease commitments			
Real estate finance lease commitments			
Pension obligations and related benefits	69,768	71,478	Note 2
<b>TOTAL</b>	<b>11,248,527</b>	<b>1,854,382</b>	Note 3
<b>Commitments received</b>			
Endorsements and guarantees	9,000,000	-	Note 4

(1) Of which commitments given in respect of related companies: €1.8 million.

**Note 1: Main endorsements and guarantees**

The €9.4 billion increase in commitments given breaks down as follows:

- a €9 billion increase relating to the Suez Public Tender Offer scope;
- contributions of €517.8 million resulting from the Veolia Environnement Finance merger;
- a €203.3 million net decrease in guarantees given during the period;
- a €111.3 million increase related to foreign exchange impacts.

Veolia Environnement is required to grant the following types of endorsement and guarantee:

- **Operational or operating guarantees of €1.5 billion**

These are commitments not relating to the financing of operations, required in respect of contracts and markets and generally in respect of the operations and activities of Group companies (bid bonds accompanying tender offers, completion or performance bonds given on the signature of contracts or concession arrangements and counter-guarantees granted by Veolia Environnement to insurance companies that issue bonds on behalf of its subsidiaries). This type of guarantee also includes letters of credit delivered by financial institutions to Group creditors, customers and suppliers for their business requirements or to guarantee various commitments such as the payment of leases or reinsurance obligations.

- **Financial guarantees of €9.7 billion**

These primarily relate to guarantees given to financial institutions in connection with the borrowings of subsidiaries, including project financing, and Veolia Environnement's joint and several commitments regarding divestments by subsidiaries or direct Veolia Environnement warranties on asset divestitures.

Warranties mainly included:

- warranties given on the divestiture in 2004 of Veolia Environnement's activities in the United States in the amount of €66.2 million;
- warranties relating to guarantees (joint and several) covering obligations of US and Canadian subsidiaries under letters of credit granted by several banking institutions in the amount of €477.5 million;
- warranty given under the trade receivables factoring program in France, the United Kingdom and the United States in the amount of €92.1 million.

In addition, financial guarantees include a guarantee relating to the Suez Public Tender Offer scope of €9 billion.

**Note 2: Pension obligations and related benefits**

Obligations net of plan assets break down as follows:

(€ thousand)

Pension obligations pursuant to Title V of the Collective Agreement	49,966
Collective insurance contract in favour of Group executives (active and retired)	15,697
Insurance company contract in favour of Executive Committee members (retired)	4,105
<b>TOTAL<sup>(1)</sup></b>	<b>69,768</b>

(1) Of which obligations for Executive Committee members as of December 31, 2021: €3.7 million.

The economic assumptions underlying the actuarial valuation of employee-related commitments as of December 31, 2021 are a discount rate of 0.90% and an inflation rate of 1.5%.

**Note 3: Other commitments given**

In addition to commitments given of €11.2 billion, Veolia Environnement also granted commitments of an unlimited amount in respect of:

- completion or performance bonds;
- a sludge incineration plant construction contract and waste processing contracts in Hong Kong in the Water and Waste businesses;
- a Hong Kong landfill contract.

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

**Note 4: Commitments received**

In the context of the Public Tender Offer for Suez Group, two banks, HSBC Continental Europe and Crédit Agricole Corporate Investment Bank, acted as guarantor banks covering the content, finality and nature of commitments given by Veolia Environnement. Commitments received total €9 billion.

## 7.2 Specific contractual commitments

The financial management of maintenance and repair costs for installations provided by delegating authorities, for certain French subsidiaries, was mutualized and centralized until December 31, 2003 within Veolia Environnement and, partially, since January 1, 2004 within Veolia Eau-Compagnie Générale des Eaux.

Therefore, Veolia Environnement, as an active partner of certain water and heating subsidiaries of Veolia Eau-Compagnie Générale des Eaux, has undertaken to repay all maintenance and repair costs resulting from contractual obligations to local authorities under public service delegation contracts. In return, the subsidiaries pay an indemnity in full and final settlement to Veolia Environnement, the amount of which is approved annually by the Supervisory Board of each subsidiary benefiting from this guarantee.

## 7.3 Derivative financial instruments and counterparty risk

Veolia Environnement is exposed to the following financial risks in the course of its business:

**Market risk**

- Interest rate risk (interest rate hedges, cash flow hedges).

The financing structure of Veolia Environnement exposes it naturally to the risk of interest rate fluctuations. As such, floating-rate debt impacts future financial results in line with changes in interest rates. Veolia Environnement manages a fixed/floating rate position in each currency in order to limit the impact of interest rate fluctuations on its net income and to optimize the cost of debt. For this purpose, it uses interest rate swap and swaption instruments.

- Foreign exchange risk (hedges of balance sheet foreign exchange exposure and overall foreign exchange risk exposure).

Foreign exchange risk is primarily managed using foreign-currency denominated financial assets and liabilities including foreign-currency denominated loans/borrowings and related hedges (e.g. currency swaps). With many offices worldwide, Veolia Environnement organizes financing in local currencies. In the case of inter-company financing, these credit lines can generate foreign exchange risk. To limit the impact of this risk, Veolia Environnement has developed a policy which seeks to back foreign-currency financing and foreign currency derivatives with inter-company receivables denominated in the same currency.

**Equity risk**

As of December 31, 2021, Veolia Environnement held 12,396,872 treasury shares, of which 8,389,059 were allocated to external growth operations and 4,007,813 were acquired for allocation to employees under employee savings plans. As part of its cash management strategy, Veolia Environnement holds UCITS. These UCITS have the characteristics of monetary UCITS and are not subject to equity risk.

## Liquidity risk

Liquidity management involves the pooling of financing in order to optimize liquidity and cash. Veolia Environnement secures financing on international bond markets, international private placement markets, the treasury note market and the bank lending market.

## Credit risk

Veolia Environnement is exposed to credit risk on the investment of its surplus cash and on its use of derivative instruments to manage interest rate and foreign exchange risk. Credit risk reflects the loss that Veolia Environnement may incur should a counterparty default on its contractual obligations. Veolia Environnement minimizes counterparty risk through internal control procedures limiting the

choice of counterparties to leading banks and financial institutions. Veolia Environnement does not expect the default of any counterparties which could have a material impact on transaction positions or results.

As of December 31, 2021, the main derivative products held primarily comprised:

- interest rate swaps;
- trading swaps;
- cross-currency swaps;
- forward purchases of currency;
- forward sales of currency;
- hedging options.

The net carrying amount of derivatives at the reporting date is presented below:

(€ thousand)	Assets	Liabilities
Accrued interest on swaps	1,384	1,821
Foreign currency derivatives	202,941	253,358
Premium/discount <sup>(1)</sup>	19,174	57,168
Prepayments	45,617	-
Deferred income	-	40,837
<b>TOTAL</b>	<b>269,116</b>	<b>353,184</b>

(1) The premium/discount represents the difference between the spot rate and the forward rate of the instruments. It is amortized over the term of the financial instrument.

The fair value of derivatives at the reporting date is presented below:

(€ thousand)	Assets	Liabilities
<b>Interest rate derivatives</b>		
Hedging derivatives	24,472	400
Derivatives not qualifying for hedge accounting (trading)	-	-
<b>Foreign currency derivatives</b>		
Derivatives used in matching foreign exchange positions	102,316	137,040
Derivatives used in the overall foreign exchange position	87,472	90,379
<b>Commodity derivatives</b>		
Derivatives hedging fuel and metals	5,271	5,271
<b>TOTAL</b>	<b>219,531</b>	<b>233,090</b>



The notional amounts of interest rate swaps globally designated as interest rate hedges at the reporting date are presented below:

(€ thousand)		Foreign currency amount	€ equivalent
<b>Swaps hedging debt</b>			
Fixed-rate payer/floating-rate receiver swaps	EUR	515,819	515,819
Floating-rate payer/fixed-rate receiver swaps	EUR	540,500	540,500
<b>TOTAL</b>		<b>1,056,319</b>	<b>1,056,319</b>
<b>Trading swaps</b>			
Fixed-rate receiver/floating-rate payer swaps	EUR	-	-
Fixed-rate payer/floating-rate receiver swaps	EUR	-	-
<b>TOTAL</b>		<b>-</b>	<b>-</b>

The notional amounts by currency of the most material cross-currency swaps, currency swaps and currency forwards at the reporting date are presented below:

(€ thousand)	Purchases	Sales
<b>Currency hedging instruments included in matching foreign exchange positions:</b>		
Cross currency swaps:		
CNY	87,314	-
CZK	-	181,028
EUR	288,666	60,000
KRW	-	108,847
<b>TOTAL</b>	<b>375,980</b>	<b>349,875</b>
Currency forwards:		
AUD	5,123	377,201
BRL	58,188	53,153
CAD	133,818	8,788
CLP	1,448	41,234
CNY	188,289	364,317
COP	43,218	13,399
CZK	420,493	521,053
EUR	6,387,040	446,978
GBP	651,684	451,353
HKD	142,885	292,838
HUF	252,586	228,154
IDR	68,011	59,005
INR	35,605	-
JPY	49,169	31,967
KRW	50,432	17,603
MXN	13,740	21,798
MYR	7,630	30,519
NOK	11,012	5,306
PLN	237,768	787,170
RON	61,224	58,497
RUB	85,764	85,468
SAR	9,870	47,976
SEK	57,657	161,565
SGD	17,344	54,124
USD	306,019	420,241
Other currencies	17,751	50,043
<b>TOTAL</b>	<b>9,313,768</b>	<b>4,629,750</b>

(€ thousand)	Purchases	Sales
<b>Currency hedging instruments included in the overall foreign exchange position:</b>		
Cross currency swaps:		
CNY	-	-
EUR	60,000	-
<b>TOTAL</b>	<b>60,000</b>	<b>-</b>
Currency forwards:		
AED	43,950	17,053
AUD	134,016	73,251
CAD	45,468	177,727
CHF	32,555	774
CNY	243,708	100,777
COP	16,004	4,019
CZK	482,573	443,444
DKK	24,099	11,607
EUR	2,996,180	4,027,729
GBP	1,270,752	167,830
HKD	200,307	359,634
HUF	331,206	270,487
JPY	135,486	104,023
MXN	43,148	7,150
NOK	8,490	5,703
OMR	12,942	10,568
PLN	515,306	321,886
RON	105,243	96,846
RUB	22,178	2,405
SAR	21,066	7,962
SEK	203,503	71,823
SGD	35,024	19,236
USD	1,425,635	457,717
Other currencies	68,106	11,048
<b>TOTAL</b>	<b>8,416,945</b>	<b>6,770,699</b>

## 7.4 Average workforce

	2021 Salaried employees	2020 Salaried employees
Executives	981	978
Supervisors and technicians	36	41
Administrative employees	62	52
Workers	-	-
<b>TOTAL</b>	<b>1,079</b>	<b>1,071</b>

The average workforce as defined by Article D.123-200 of the French Commercial Code (French Chart of Accounts Articles 832-19, 833-19, 834-14 and 835-14) is now disclosed. The average number of salaried employees is equal to the arithmetical average of the number of employees at the end of each quarter of the calendar year, holding an employment contract with the Company.

## 7.5 Management compensation

<i>(in euros)</i>	Amount
<b>Compensation granted to members of management bodies</b>	<b>3,063,046</b>

The above amount only includes compensation borne by Veolia Environnement.

Compensation paid by other entities is, therefore, excluded.

## 7.6 Deferred tax

<b>Deferred tax liabilities</b> <i>(€ thousand)</i>	Amount
<b>Tax-driven provisions</b>	
Accelerated depreciation	17,983
Provisions for price increases	-
Provisions for exchange rate fluctuations	-
<b>Other</b>	
Investment subsidies	-
Income temporarily nontaxable	-
Income deferred for accounting but not tax purposes	-
Expenses deducted for tax purposes but deferred for accounting purposes	75,219
Unrealized foreign exchange losses	2,352,526
Change in value of treasury instruments – Assets	-
<b>TOTAL</b>	<b>2,445,728</b>

<b>Deferred tax assets</b> <i>(€ thousand)</i>	Amount
<b>Provisions not deductible in the year recorded</b>	
Provisions for paid leave	-
Statutory employee profit-sharing	-
Provisions for contingencies and losses	-
Other nondeductible provisions	103,717
<b>Other</b>	
Taxed income not recognized	30,961
Difference between the net carrying amount/tax value of treasury shares	90,203
Amortization of option premiums	-
Unrealized foreign exchange gains	2,195,505
Change in value of treasury instruments – Liabilities	-
<b>TOTAL</b>	<b>2,420,386</b>
Tax losses carried forward	3,536,425
Long-term capital losses	-

If the Company were taxed separately, the impact of these timing differences on the financial statements would generate a theoretical net tax receivable of €907 million (income tax rate hypothesis for the calculation of the deferred tax position: 25.83%).

## 7.7 Audit fees

Audit fees billed in respect of the statutory audit of the accounts and services falling within the scope of related diligence procedures are presented in the Veolia Environnement annual financial report (see Chapter 6, Section 6.1.6, Note 17 above).

## 7.8 Share-based compensation

### 2021 Employee savings plan

Veolia Environnement regularly sets up, through Group Savings Plans (GSP), in France and internationally, standard and leveraged savings plans which enable a large number of employees of Veolia Environnement and its subsidiaries to subscribe for Veolia Environnement shares. Shares subscribed by employees under these plans are subject to certain restrictions regarding their sale or transfer.

In 2021, Veolia proposed a new Group employee share ownership transaction, rolled-out across 40 countries.

Under this transaction, shares were subscribed with a 20% discount on the average closing price of the share during the twenty trading days preceding the date the subscription price was set by the Chairman and Chief Executive Officer. The subscription price was set at €22.20.

Under the so-called secure format, employees benefit from:

- a gross contribution from the Group equal to 100% of the employee's investment up to a maximum of €300;
- a leveraged system supplementing their personal investment in the event of an increase in the share price.

This personal investment and the net contribution from the Group are guaranteed in the event of a fall in the share price and receive a guaranteed minimum return.

A financial institution is appointed by Veolia Environnement to hedge the transaction.

On December 8, 2021, Veolia Environnement issued 9,745,281 new shares under the Group Savings Plan, representing a share capital increase of €216.3 million.

In 2021, an expense of €11.5 million was recognized in respect of the savings plan and rebilled in part to Group subsidiaries.

### 2021 Performance share grant plan

In 2021, the Group granted 937,182 performance shares (PS) to executives and employees of the Group, subject to the beneficiary's presence in the Group on May 4, 2024 and performance conditions based on the following criteria:

- financial criteria (average increase in Current net income attributable to owners of the Company and relative performance of the total shareholder return (TSR) of the Veolia Environnement share compared with the Stoxx 600 Utilities (Price) SX6P index);
- quantifiable non-financial criteria relating to the Company's Purpose.

Taking account of these characteristics and market conditions at the plan implementation date, the fair value of the instruments was estimated at €24.97.

A charge to the provision for performance share grant plans was recorded in operating income in the amount of €0.54 million in 2021.

### Plans implemented before 2021

Veolia Environnement implemented the following plans in previous years:

- **2020 Employee Savings Plans:** in 2020, the Group proposed a Veolia Environnement employee share ownership transaction, rolled-out across 31 countries. This plan expired on December 31, 2020 and therefore had no impact on the Company financial statements in 2021;
- **2019 and 2020 Performance Share Grant Plans:** the Group set-up performance share grant plans (PSP) in 2019 and 2020 subject to the beneficiary's presence in the Group at the vesting dates on April 30, 2022 and May 5, 2023, respectively, and performance conditions. A net charge to the provision for performance share grant plans was recorded in operating income in the amount of €3.8 million and €1.4 million, respectively, in 2021;
- **settlement of the 2018 Performance Share Grant Plan:** the Group set-up a performance share grant plan (PSP) in 2018 subject to the beneficiary's presence in the Group at the vesting date on May 2, 2021 and a performance condition. The plan expired and the Company performed a share capital increase in the first half of 2021. The net expense for the year is €2.3 million.

## 7.9 Related-party transactions

### **Relations with Icade SA, a subsidiary of Caisse des dépôts et consignations (6.04% shareholding as of December 31, 2021)**

On January 31, 2013, Icade SA and Veolia Environnement entered into a firm lease for off-plan property (BEFA) for the building housing Veolia's administrative headquarters in Aubervilliers. This nine-year lease entered into effect on July 18, 2016, for an annual rent of €16,590,104, excluding taxes and VAT.

Veolia Environnement recorded a rental expense payable to the lessor of €17,624,171 in respect of fiscal year 2021.

As of December 31, 2021, Caisse des dépôts et consignations (CDC) and its subsidiary, Icade SA, are considered related parties in the context of this lease agreement. CDC is a director on the Board of Directors of Veolia Environnement, as a legal entity, and of Icade SA. In addition, Mr. Olivier Mareuse, CDC's representative on the Veolia Environnement Board of Directors, also sits on the Icade SA Board of Directors as a private individual.

## 7.10 Subsequent events

### **Suez combination**

With regard to the Suez combination, the Public Tender Officer for Suez was closed and the sale of New Suez to the Consortium was completed in January 2022 (see Note 1, Suez combination, for further details).

## 7.11 Subsidiaries and equity investments <sup>(1)</sup>

Investments acquired in 2021, within the meaning of Article L.233-7 of the French Commercial Code (crossing of investment thresholds laid down by law) concern:

- Institut de l'Économie Positive at 5.35%.

Company	Number of shares held	Share capital	Shareholders' equity other than share capital*	% share capital held	Carrying amount of shares held	
					GROSS	NET
Veolia Eau – Compagnie Générale des Eaux <sup>(1)</sup>	214,187,296	2,207,287	2,256,808	100.00%	8,300,000	7,366,473
Suez <sup>(1)</sup>	187,810,000	2,558,399	NC	29.36%	3,771,773	3,771,773
Veolia Propreté <sup>(1)</sup>	8,967,700	143,483	1,144,343	100.00%	1,930,071	1,930,071
Veolia Énergie International <sup>(1)</sup>	87,996,970	1,760,127	369,106	99.99%	1,137,296	1,137,296
Veolia North America Inc. <sup>(2)</sup>	198	1	925,562	13.43%	693,526	693,526
Veolia Holding America Latina SA	16,283	97,698	35,033	100.00%	311,397	311,397
Veolia Environnement Énergie et Valorisation <sup>(1)</sup>	13,703,700	137,037	6,238	100.00%	137,037	137,037
Artelia Ambiente S.A.	10,000	50	(36)	100.00%	134,211	0
Veolia Environnement Services – RE	11,099,999	111,000	53,973	100.00%	111,000	111,000
Campus Veolia Environnement	10,000	100	(11,910)	100.00%	85,351	0
Codeve	18,000,000	18,000	30,840	100.00%	53,000	48,910
Veolia Industries Global Solutions	1,33,334	15,500	(10,351)	100.00%	16,113	16,113
VIGIE 43 AS <sup>(1)</sup>	3,700	37	(9,430)	100.00%	10,037	10,037
Veolia Environnement Ingénierie Conseil	14,657	147	121	100.00%	7,521	159
Veolia Water Information Systems (VW IS)	260,173	9,625	1,669	13.52%	1,717	1,527
Tallano Technologie	9,090	556	19,942	1.63%	1,000	1,000
Veolia Innove	3,700	37	(4,195)	100.00%	903	0
SA LT 65	60,000	1,220	(1,162)	1.03%	300	0
VIGIE 3 AS	41,829	251	11,576	100.00%	266	266

\* Including net income for the year.

\*\* Including partner current accounts.

(1) Company which is primarily a holding company. The "Revenue" column includes operating revenue and financial income, excluding provision write-backs and foreign exchange gains and losses.

(2) The main activity of this company is head holding company of the US consolidated tax group.

(3) The main activity of this company is head holding company of the UK consolidated tax group.

(4) Number of votes.

NC Not communicated

N/A Not applicable

(1) Reporting currency in thousands of euros.

Loans and advances granted by the Company (gross)**	2020 revenue	2021 revenue (provisional figures)	2020 net income	2021 net income (provisional figures)	Dividends recorded in the last fiscal year	Year-end
1,283,058	2,006,198	1,992,439	151,526	1,703,871	152,387	Year ended December 31, 2021
-	681,999	NC	246,143	NC	122,077	Year ended December 31, 2021
822,949	365,617	536,178	21,996	28,405	93,174	Year ended December 31, 2021
(218,417)	116,820	59,394	(36,695)	26,675	-	Year ended December 31, 2021
109,132	47,776	38,223	994	(42,425)	-	Year ended December 31, 2021
226,366	11,178	15,692	(12,141)	9,855	-	Year ended December 31, 2021
(202,108)	102,191	199,376	(170)	(467)	-	Year ended December 31, 2021
318	-	-	(105)	59	-	Year ended December 31, 2021
(310,587)	72,131	71,457	6,541	9,304	-	Year ended December 31, 2021
44,469	26,681	26,732	(10,851)	(13,497)	-	Year ended December 31, 2021
-	42,962	41,341	2,361	2.29	-	Year ended December 31, 2021
1,456	182,143	214,140	(9,866)	1,787	-	Year ended December 31, 2021
166,023	1,245	1,398	(9,147)	(8,210)	-	Year ended December 31, 2021
6,937	111	119	(15)	108	-	Year ended December 31, 2021
-	89,866	104,549	196	205	-	Year ended December 31, 2021
-	1,214	388	326	(3,719)	-	Year ended December 31, 2021
6,173	5,744	771	(4,272)	(458)	-	Year ended December 31, 2021
-	1,108	925	1	166	-	Year ended June 30, 2021
8,508	-	-	4,421	3,496	5,579	Year ended December 31, 2021

## Appendix 1.4

### COMMITMENTS OF A FINANCIAL NATURE

Vigie implements a policy of optimizing its financing costs on its net debt position by using several types of financial instruments (swaps and interest rate options) depending on market conditions.

In thousands of EUR	Notional as at June 30, 2022					Fair value of derivatives as at June 30, 2022	Notional as at Dec. 31, 2021
	One year at most	From one to five years	From six to ten years	More than ten years	Total		
INTEREST RATE SWAP							
fixed rate payer / variable rate receiver	0.0	1,350,000.0	650,000.0	600,000.0	2,600,000.0	-290,332.4	2,767,000.0
variable rate payer / fixed rate receiver	-	-	-	-	-	-	-
TOTAL	0.0	1,350,000.0	650,000.0	600,000.0	2,600,000.0	-290,332.4	2,767,000.0

The fair value of -290 million euro represents the market value of derivatives in place as at June 30, 2022.

### Other financial commitments given

In thousands of EUR	June 30, 2022	End of 2023	Maturity From 2024 to 2027	2028 and beyond
FINANCIAL COMMITMENTS				
Sureties, endorsements and guarantees granted to subsidiaries	11,000.0			11,000.0
<b>TOTAL</b>	<b>11,000.0</b>			<b>11,000.0</b>

### FINANCIAL COMMITMENTS RECEIVED

In thousands of EUR	June 30, 2022	End of 2023	Maturity From 2024 to 2027	2028 and beyond
Credit facilities obtained and not used	2,500,000.0		2,500,000.0	
Other financing commitments received				
Other financing commitments received				
<b>TOTAL</b>	<b>2,500,000.0</b>	<b>-</b>	<b>2,500,000.0</b>	<b>0.0</b>

### OPERATIONAL COMMITMENTS GIVEN

In thousands of EUR	June 30, 2022	End of 2023	Maturity From 2024 to 2027	2028 and beyond
OPERATIONAL COMMITMENTS				
Sureties, endorsements and guarantees granted to subsidiaries	3,100.0			3,100.0
<b>TOTAL</b>	<b>3,100.0</b>	<b>-</b>	<b>0.0</b>	<b>3,100.0</b>

Vigie has given guarantees to the Hong Kong government for the operation of several waste storage facilities.